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WORKING PAPER SERIES

COLLECTIVE PROPERTY RIGHTS FOR GLASS MANUFACTURING IN MURANO: WHERE CULTURE MAKES OR BREAKS LOCAL ECONOMIC DEVELOPMENT

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Collective Property Rights for Glass Manufacturing in Murano: where Culture Makes or Breaks Local Economic Development

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1 Introduction

The production of culture-based goods and services in a locality assumes an autonomous interest when the institution of collective property rights on the production of a cultural or artistic good are analysed. Within this context, the institutional framework leading to the creation of collective trademarks, as well as its implications for the evolution of the cluster, are analysed according to the analytic framework of Santagata (2004). The identification of various types of cultural clusters, inserted in different institutional frameworks, hints at the possibility to respond to peculiar problems with tailor-made strategies regarding the regulatory framework of property rights.

Within the literature on intellectual property, Posner (2003) underlines the economic function of trademarks, which, by giving assurance of uniform quality, allows consumers to reduce search cost. The introduction of *collective property rights*, in particular, sustaining the quality supplied by the producers involved, may lead to the restructuring of the markets, strengthening the competitive position of a cluster of producers. Cuccia and Santagata (2003) and Segre (2003) warn, however, against possible drawbacks in the institution of property rights. Incentives to exit for producers who enjoy individual property rights of a higher reputation than that of the collective brand would generate instability in the cluster structure. Moreover, static rules on the cluster membership impose a disadvantage on product innovation. As a consequence, when the cluster achieves a mature structure, the exit strategy from the collective trademark prevails. At that stage, individual members turn to promote exclusively their private trademarks, which rely on an excellent reputation.

According to this framework, the case of glass production in Murano is analysed, where difficulties in the launching phase of the trademark are emerging. Murano, the second largest cluster of inhabited islands in the lagoon of Venice, is famous in the world for its glasswork which dates from the 13th century. The value of the industrial district of Murano exceeds the mere commercial value of glass production and even the symbolic value of glass, a relevant part of the local cultural heritage. In fact, Murano is presently one of the last manufacturing settlements left in the old city of Venice, counting for some 8% of its population. Furthermore, it is one on which planners attribute some emphasis in regeneration plans, highlighting the advantages of the "flexible" district economy of glass factories and shipyards over the "Fordist" model of the chemical industries that have dominated the economic structure of the region in the XX century. In short, Murano Glass is seen as a stronghold for a Venice that does not want to do be left completely over to tourism, and instead looks for ways to re-build its lost fortunes, putting to value its assets in a changing economic environment. It remains to be seen how realistic is this aspiration (and how strong is the assumption of glass production following a "third Italy" model). To some extent, we argue against it on the basis of the analysis carried out in this paper, especially in the light of the instruments deployed to consolidate the glass manufacturing district.

The "Vetro Artistico Murano" trademark was recently introduced by a Regional Law as the collective property right for glass producers with plants in the island. The lack of reputation of the collective trademark seems to be the most important explanatory factor of the difficulties in the launching phase of the trademark. The promotion of the mark suffers of a typical free-rider problem, since the members of the institution