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Mestrado em: Economia e Estudos Europeus

**Transnationalism in the Luso-American Community: Networks  
and economic connections between the Portuguese living in the  
United States and Portugal**

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*Provas concluídas em:*

## **Abstract:**

The main objective of this dissertation is to investigate more in depth the economic aspect of transnationalism in the Portuguese community living in the United States and, through social and economic networks, their contribution to the development in their home country, Portugal. Different variables will be observed, mainly economic growth and some social, cultural and political dimensions related to the economy.

This dissertation observes the evolution of Portuguese immigration to the U.S., as well as identifies the characteristics of the Portuguese population that might be relevant to their economic behavior. According to the most recent statistical data, the U.S. Census Bureau estimates that 1,176,615 persons claimed primary Portuguese ancestry for the year of 2000. The evolution of the socio-economic characteristics of the Portuguese-American population in the United States, using the U.S. census and other sources that study the depth of the problem, will be analyzed and explained. Based on the educational, economic, and political characteristics of the Portuguese Americans we build the hypothesis that the Portuguese persons living in the United States have structural limits hindering the increase of trade and economic agreements with the country of origin, Portugal. In fact, they show low educational attainment, work in low qualified jobs and engage in and intra-ethnic networks instead, of integrating directly with other communities. For this reason, remittances stand as the most important transnational economic flow involving this group.

However, by examining the economic networks, political networks, and some cultural aspects involving the Portuguese and the Americans in the United States we find that there are institutions and groups formed to lobby participation in the American political process, in the way in which Portuguese-Americans would be supporting issues that interest them particularly. These networks also prove that there are successful members of the Portuguese community that own businesses and are very active in developing the economic interests of Portuguese entrepreneurs living in the United States. Portuguese entrepreneurs take action and join local Chambers of Commerce to promote their business, their products, and services to the community at large, therefore integrating directly in the American society. Moreover, the younger generations already born and/or educated in America show a better education and occupational insertion that their parents, suggesting the possibility of a more active economic role.

**Keywords:** Transnationalism, diasporas, social networks, social capital, remittances, investment

## **Transnacionalismo Entre a Comunidade Luso-Americana: Redes e ligações económicas entre os portugueses residentes nos Estados Unidos e Portugal**

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### **Resumo:**

O objectivo principal desta dissertação é investigar em pormenor o aspecto económico do transnacionalismo na comunidade Portuguesa residente nos Estados Unidos da América, bem como, através do plano social e das redes económicas, investigar a sua contribuição para o desenvolvimento do país de origem, Portugal. Este texto procura analisar diferentes variáveis de desenvolvimento, principalmente o crescimento económico e a evolução das dimensões sociais, culturais e políticas da comunidade relativas à economia.

Neste estudo, considera-se a análise das duas grandes vagas de imigração Portuguesa para os E.U.A., deste modo, pretendemos identificar quais são as características sociais da população portuguesa que podem ser relevantes para o comportamento económico. No que diz respeito aos dados estatísticos mais recentes do Censos Americano, existiam 1.176.615 pessoas que se afirmavam de ascendência portuguesa no ano 2000. Nesta parte do estudo pretende-se analisar e explicar a evolução das características socio-económicas da população Luso-Americana nos Estados Unidos usando para tal, os dados provenientes do Censos Americano, assim como, de outras fontes que estudam em profundidade este problema. Através das características educacionais, económicas e políticas da comunidade Luso-Americana observadas no Censos Americano, construímos uma hipótese de que os portugueses residentes nos Estados Unidos têm limites estruturais para promover trocas comerciais e laços económicos entre o país de acolhimento (EUA) e de origem (Portugal). De facto os resultados demonstram os baixos níveis de educação, permanecem em trabalhos pouco qualificados e fazem parte de redes intra-étnicas, o que faz com que haja um baixo nível de integração na comunidade local.

No entanto, se observarmos as redes políticas, as redes económicas e alguns aspectos culturais envolvendo a comunidade Portuguesa e a Americana nos Estados Unidos, encontramos instituições e grupos cujo seu objectivo é fazer um “lobby” para a participação política das comunidades portuguesas. Estas redes também provam que existem membros da comunidade portuguesa com sucesso empresarial e com uma vasta actividade no desenvolvimento dos interesses económicos da comunidade residente nos Estados Unidos. Os empresários portugueses nos Estados Unidos fazem parte das Câmaras de Comércio locais para assim promoverem os seus serviços e os seus produtos à comunidade local, e assim integram-se directamente na sociedade Americana. Conjuntamente, as gerações que já nasceram e/ou estudaram nos Estados Unidos demonstram um aumento no nível de educação e ocupação profissional do que os seus pais, sugerindo a possibilidade de um aumento na actividade económica.

**Palavras-chave:** Transnacionalismo, diásporas, redes sociais, capital social, remessas, investimento

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## INTRODUCTION

Transnationalism is a concept presented as the process in which immigrants still keep a social and economic relationship, connecting both societies, with the host country and country of origin (Schiller, 1992:1; Vertovec, Cohen, 1999; Portes, 1999:133). There are different aspects of “transnationalism”; this study will focus principally in the economic aspect of transnationalism, which includes commercial and financial contacts (investments, remittances, trade), although some reference will also be made to the social, political, and cultural aspects, with the exchange of ideas and cultural influences.

Diaspora is a term used for these migrant communities (transnational communities) that are still somewhat related to their home countries (Vertovec, Cohen, 1999: viv). However, not all immigrants are or become diaspora. Only those immigrants who settle abroad and remain connected to their country of origin are considered diaspora (Cohen, 1997:57). Accordingly, diaspora develop behavior that can eventually encourage trade and economic agreements depending on their policy interest. The characteristics and types of diaspora have been changing along side with the transformation of the world market along the years. After the globalization “revolution” starting in the 1980’s, diaspora who were classified as defenseless and isolated before are now making a strong representation in the world economy.

Diaspora groups develop a sense of “multi-locality”, where they connect themselves to their place of origin, but also to their country of residence. Transnationalism does not only impact the cultural dimensions of the diaspora groups, but also influence the people back in the home country. Some scholars suggest that diaspora engaging in transnational activities get more involved politically in the host country as well as helping the development of their home societies (Stuart Hall, 1990:225; Steven Vertovec, 2004:975).

The “late modern experience” was marked by the success of classified “business diaspora” groups and their entrepreneurial capacities in the global economy. Immigrant entrepreneurs have a common dependency on social capital and social networks for the success of their businesses. Social networks among diaspora help them to source business tips and to a better access the market and to start up building capital for the construction of those firms. Ethnic firm owners feel more comfortable in dealing with members of the same network. The members of the network have a better access to employment by the sharing of information as well as other forms of social capital (Cohen, 1995:13; Portes, 1995:14).

One of the most evident and studied economic transnational transactions performed by immigrants are monetary remittances. Migrant entrepreneurs also perform transnational transactions such as commercial trade and investments. According to studies, migrants who often engage in transnational entrepreneurship, usually participate in philanthropic activities to their places of origin.

### **Main Objectives and Hypotheses**

The main objective of this dissertation is to investigate more in depth the economic aspect of transnationalism in the Portuguese community living in the United States, mainly in the New England area and, through social and economic networks, their contribution to the development in their home country, Portugal.

This study observes the evolution of Portuguese immigration to the U.S., as well as identifies the characteristics of the Portuguese population that might be relevant to their economic behavior. According to the most recent statistical data, the U.S. Census Bureau estimates that 1,176,615 persons claimed primary Portuguese ancestry for the year of 2000. The evolution of the socio-economic characteristics of the Portuguese-American population in the United States, using the U.S. census and other sources that study the depth of the problem, will be analyzed and explained. Based on the educational, economic, and political characteristics of the Portuguese Americans we build the hypothesis that the Portuguese persons living in the United States have structural limits hindering the increase of trade and economic agreements with the country of origin, Portugal. In fact, they show low educational attainment, work in low qualified jobs and engage in intra-ethnic networks instead of integrating directly with the local community. For this reason, remittances stand out as the most important transnational economic flow involving this group.

However, by examining the economic networks, political networks, and some cultural aspects involving the Portuguese and the Americans in the United States we find that there are institutions and groups formed to lobby participation in the American political and economical process, in the way in which Portuguese-Americans would be supporting issues that interest them particularly. These networks also prove that there are successful members of the Portuguese community that own businesses and are very active in developing the economic interests of Portuguese entrepreneurs living in the United States. Portuguese entrepreneurs take action and join local Chambers of Commerce to promote their business, their products, and

services to the community at large, therefore integrating directly in the American society. Moreover, the younger generations already born and/or educated in America show a better education and occupational insertion than their parents, suggesting the possibility of a more active economic role.

Two hypotheses may be outlined:

**Hypothesis 1:**

Based on the educational, economic, and political characteristics of the Portuguese Americans we build the hypothesis that the Portuguese persons living in the United States have structural limits hindering the increase of trade and economic agreements with the country of origin, Portugal.

**Hypothesis 2:**

There are successful members of the Portuguese community that own businesses and are very active in developing the economic interests of Portuguese entrepreneurs living in the United States. Their economic networks and political networks, involving the United States and Portugal are strong enough to prove that the economic ties with the home country (Portugal) will be maintained. Moreover, if parents pass the transnational links on to their offspring, the younger generations already born and/or educated in America show a better education and occupational insertion than their parents, suggesting the possibility of a more active economic role.

**Methodology**

The data for this study was obtained from several sources. The theoretical views on transnationalism, diaspora, and economic relations were gathered by the consultation of official documents, books, and scientific articles, mainly from the library of ISEG and online data sources such as JSTOR and Proquest. The authors that break the ground and are the main references on the subjects of diaspora, transnationalism, and economic relations studies are Alejandro Portes, Robin Cohen, Steven Vertovec, Nina Schiller, and Mark Granovetter. More recent research by other authors, mostly about economic relations and transnationalism, was conducted to complete the evolution and theoretical views on the subject.

The principal analysis on the Portuguese population living in the United States is based on the U.S. Census Bureau of 2000. The Census 2000 data includes social and economic characteristics together with important variables such as age, education, foreign born and per capita income. The Census 2000 data set available online also shows variables such as job occupations of the Portuguese living in the United States. Other online sources such as the US Department of Homeland Security were crucial for the analysis of the evolution of the Portuguese immigrants entering the United States as legal permanent residents.

For the theoretical and empirical views on the evolution of the Portuguese immigration to the U.S. and their socio-economic conditions, we explored a number of studies that were performed on this matter. Books and dissertations were gathered from the Luso-American Foundation, University of Massachusetts Dartmouth Center for Portuguese Studies, UMass Dartmouth Library, ISEG Library and Brown University Library.

To study the economics of transnationalism in the Portuguese community residing in the United States we looked into what kind of economic and financial relations they have with their country of origin, including the reason why remittances from families are still relevant. We closely examined the commercial activity, investment, and business strategies involving the Portuguese community in the United States, mainly in New England, and the business organizations and economic transactions contributing to build bridges between United States and Portugal. Besides consultation to official documents and statistics, such as Bank of Portugal online databases, AICEP (*Agência para o Investimento e Comércio Externo de Portugal or Business Development Agency*), and U.S. Department of Commerce, the main methodological tools of analysis were in-depth semi-structured interviews with privileged informers of the Portuguese-American community and representatives of Portuguese associations and institutions in the United States, as well as case studies of some firms engaged in business linking the two countries. The case study on the Portuguese living in the United States was divided in three main parts which include: remittances; commercial flows; and investments in Portugal.

It is important to emphasize that the results of this research were based on in-depth interviews and case studies and are exploratory. Only a conducted survey with collected data of Portuguese immigrants in the United States would bring precise conclusions. The selected regions for the research on the case studies were located in states with a large concentration of Portuguese in New England, such as Massachusetts and Rhode Island. Information of Portuguese descendents living in the states of New Jersey, New York, and Connecticut was

used to compare studies of monetary remittances. One business in particular (*Seabra Supermarkets*) was contacted in New Jersey because it is where the flagship of the firm is located. The interviews were mainly performed during the months of May, November, and December of 2007.

The first set of contacts was informal interviews with privileged members of the Portuguese community in the U.S., mainly in New England and institutions promoting transnational relations. Some of the privileged informers contacted for the first set of informal interviews were Onésimo Almeida (Professor at Brown University and member of the Department of Portuguese and Brazilian Studies at Brown University); Frank Sousa (Professor at UMass Dartmouth and Director of the UMass Dartmouth Center for Portuguese Studies and Culture); Michael Baum (Professor at UMass Dartmouth).

In Portugal, contacts to the Luso-American Foundation for Development and AICEP (*Business Development Agency*) were made for general information about all the transnational economic, cultural, and political relations among Portugal and U.S.

The second set of contacts were Manuel Adelino Ferreira, the director of *Portuguese Times* (a Portuguese-American newspaper), and Alfredo Alves, city counselor of the city of Fall River, Massachusetts, Carlos Martins, responsible for “money remitting” agency for *Banco Espírito Santo*; Michael Sullivan (representative of Massachusetts import/export center); Jim Mathes (former president of New Bedford Chamber of Commerce); and Peter Kortright (president of Fall River Chamber of Commerce). These selected people gave out important information and contacts of local Portuguese-American firms and entrepreneurs conducting transnational economic activities between the U.S. and Portugal on a daily basis. Appendix 1 shows a complete list of all people contacted for the realization of the case studies.

The questions asked to the privileged informers were:

1. Are there transnational economic relations among the Portuguese community in the United States and Portugal?
2. Who is involved in economic relations such as remittances, commercial activity, and investments between Portugal and the U.S.?
3. Who are the top businesses and firms importing/exporting goods to and from Portugal?

After speaking to these members of the Portuguese community in New England, they delivered the names of what they thought were the top five Portuguese-American businesses trading and investing in Portugal. From their selected list of Portuguese-American entrepreneurs, most of the same names of businesses were identified, therefore were chosen to be the case studies of this research.

For the commercial trade case studies, the businesses that were selected and contacted based on the information given by the privileged informers of the Portuguese community were: *Grape Moments*, *Saraiva Imports* (wine industry); *Seabra Supermarkets*, and *J.Moniz Company Inc.*, *Portugalia Imports*, and *Seamans Imports Inc.* (“ethnic” trade and goods); *Eurogranite & Tile Inc.* and *RECER* (tile, granite imports).

A special questioner was then conducted to entrepreneurs of these firms, to gain detailed information about their businesses and the character of their activities. The questions the head figures of these businesses had to answer were:

- 1 When was the business established, and how?
- 2 What commercial activities does the business conduct with Portugal?
- 3 How many Portuguese businesses are involved in commercial activities of this firm?
- 4 What is the business turnover of the firm and has it been increasing?
- 5 Is the business focused only on the Portuguese community or is it also expanding to the local American market?
- 6 Does the success of the firm depend on the contacts and intra-ethnic networks created in the Portuguese community located in the area and inter-ethnic networks established in Portugal?
- 7 What are the future strategies of the business to maintain success in the Luso-American community?
- 8 Are there any know-how exchanges between this business and the interacting firms in Portugal?

For the in-depth research of remittances sent by Portuguese descendents living in the United States, Luís Bettencourt, the responsible of the “money remitting” agency for the bank *Santander Totta* in New Bedford, MA, was one of the main contacts. He provided information and contacts of other *Santander Totta* agencies located in Newark, New Jersey, Mineola, New York, and Naugatuck, CT. Carlos Martins, the responsible for the *BES* agency of East

Providence, RI, was another contact and also provided the contact information for the Newark, New Jersey office. The responsible for the international relations of the *Millenium BCPbank* in New England, Nuno Rocha, was also interviewed about the money transfers performed by Portuguese immigrants.

The questions asked to the responsible of these financial institutions abroad were:

- 1 What are the main characteristics of migrants who transfer money to Portugal?
- 2 What is the annual volume of remittances to Portugal, and has that number been increasing or decreasing?
- 3 For what purposes remittances sent to Portugal serve? Family related, or/business related?
- 4 Does integration in the American (local) community diminish the financial relationships between the U.S. and Portugal?

The in-depth research for “investment” that the Portuguese-Americans have in Portugal was limited because in the area, not many Portuguese descendants that were interviewed were interested in performing investments in Portugal, other than real-estate purchasing (information gathered by banks) for immigrants who are returning or vacationing in their place of origin. The interviewed Portuguese descendents who are not only entrepreneurs, but also invest (through firms) in Portugal that were selected for case studies after questioning Portuguese community members were: James Pavão, the owner of *Whaling Industries*, a clothing manufacturing firm in Fall River, who opened up a factory named *Articostura* located in Ponta Delgada, Azores. João Moniz of J.Moniz Company Inc. also was interviewed on the investments he had in Portugal. He conducted investments in two factories called *Melo Abreu*, and *Corretora* which specialize in food and drink products.

The questioner that was conducted to the investors had the following questions:

- 1 What were the motives to create business investment in Portugal? How did the investment start?
- 2 What is the description of investment?
- 3 What is the turnover of the particular business investment located in Portugal?
- 4 Are there any know-how exchanges between workers in Portugal and United States?

5 How many times in a year dislocation to Portugal is necessary because of the investment?

6 What are the future strategies to maintain success?

Through this research based on case studies we can identify what are the main transnational economic activities of Portuguese-Americans living and Portugal. Even though this study is exploratory and doesn't create final conclusions, we can establish what the main regulations involved transnational connections are and produce some recommendations concerning Portuguese investments in the U.S.

### **Chapter Outline**

*Chapter 1* examines the theoretical aspects of transnationalism and diasporas, by pointing out the main concepts and its historical evolution, as well as the main types and characteristics of diaspora. Also in this chapter, the social and cultural dimensions are closely observed, mainly the social networks and social capital existent in migrant communities, as well as established social relations between host and home countries. The cultural and political aspects are also points discussed in the second chapter in order to evaluate the level of interest and policy options of migrant communities. The second part of this chapter is dedicated to the economic aspect of transnationalism, therefore pointing out the embeddedness of economy in society, such as social capital and social networks involved in economic activity of immigrants. The types of transnational economic relations such as remittances and entrepreneurship are identified.

*Chapter 2* of this study observes the evolution of Portuguese immigration to the U.S., as well as the social trends of the Portuguese population that might be relevant to their economic development. According to the most recent statistical data, the U.S. Census Bureau estimated that 1,176,615 persons claimed primary Portuguese ancestry for the year of 2000. This section is intended to analyze carefully and explain the evolution of the socio-economic characteristics of the Portuguese-American population in the United States using the U.S. census and other sources that study the depth of the problem.

*Chapter 3* studies the networks and economic connections involving the Portuguese community living in the U.S. and Portugal. To study the economics of transnationalism in this community we look into what kind of social and financial connections the Portuguese



American community has with their country of origin and why remittances from families are still relevant. We closely examine the commercial flows, investment, and business strategies involving the Portuguese community and the United States, mainly in New England and the business organizations contributing to build bridges between United States and Portugal.

*Conclusion:* gives out a brief summary of the study, and based on the research conducted on the interviews and case studies, we perform the main conclusive remarks and recommendations concerning transnationalism and economic relations of Portuguese-Americans and Portugal.

# I. Diásporas, Transnationalism and Economic Relations

## *I.1.Theoretical aspects*

### I.1.1 Main concepts and historical evolution

There are two terms that serve as main points of reference for this study: diaspora and transnationalism. Due to the progressively increase in mass migration around the world in the second half of the 20<sup>th</sup> century, the concepts of diaspora and transnationalism have been used by scholars who research the development and the effect of migration in the host country and country of origin. Next, the terms “diaspora” and “transnationalism” are introduced when they were first applied to migration studies.

#### **Diaspora**

The term “diaspora” is usually referred to describe persons who live and/or work in a host country while keeping social, financial, and/or cultural connections with their country of origin. The background of the term “diaspora” comes from the ancient Greek word *diaspeiro*, which means to scatter from one end to the other. When this concept was first applied to humans, the ancient Greeks described “diaspora” as migration and colonization (Cohen, 1997). According to Merz, Chen, and Geithner (2007: 2), historic “diaspora” were often powerfully excluded, while the modern diasporas are those who travel abroad to look for and take advantage of better economic conditions a host country may offer.

The evolution of the concept of “diaspora” developed diverse meanings among different groups, however according to Robin Cohen, a common feature in all diaspora groups settling outside their natal (or imagined natal) territories is that, the country of origin always has some claim on their loyalty and emotions, either buried in their language, religion, custom, or folklore (Cohen, 1997, Gabriel Sheffer 1986: 3).

Merz, Chen, and Geithner, suggest that for some diasporas, the home country is “an example of national survival and the individual’s identification” (2007: 3). The Jewish culture is at times used as an example of historical “diaspora” because the Jews are spread all over the world. Most Jews may not have ever been to their home country, although, they stay true to their cultural origins. Thus, they remain as one of the key examples of historical “diaspora”

because most live outside their country of origin and have developed several external centers of religion and culture. William Safran, explains the difference between the historical and contemporary meaning of diaspora in his study, and stated that

“the exile of the Jews from their historical homeland and their dispersion throughout many lands, signifying as well the oppression and moral degradation implied by that dispersion”. Today, “diaspora” and, more specifically, “diaspora community” seem increasingly to be used as metaphoric designations for several categories of people—expatriates, expellees, political refugees, alien residents, immigrants, and ethnic and racial minorities *tout court...*” (1991:364)

For other diaspora groups such as Africans, Palestinians and Armenians, the expression also contained a disturbing and a cruel meaning. For these groups, the concept of diaspora signified a collective suffering, a banishment, where one dreamed of home but lived in exile; this concept is described by Robin Cohen and is identified as “victim diasporas” explained more in depth in the next point of this chapter (Cohen, 31:1997). Other migrants communities who live abroad and maintain strong collective identities have, in recent years, defined themselves as “diaspora”, although they were neither active agents of colonization nor passive victims of discrimination.

Merz, Chen, and Geithner suggest that diasporas are individually different in their own formation, their characterization. The creation of “diasporic identities” influences the relationship among different groups of diaspora, to the larger transnational community and to their home country (2007: 3).

Manuel Orozco, studies the various concept of diaspora and suggests that “not all ethnicities who have a common national origin can be regarded, or regard themselves, as diasporas.” He also states that because the categorization of diasporas is vague, some scholars hypothesize that description depends on the type of connection that the diaspora group has with the country of origin. The process of tracking down the type of connection or relationship is hard to discover (Orozco, 2007:21). Further in his study, Manuel Orozco identifies four factors that he believes facilitates the formation of contemporary diaspora communities. The four factors are: The level of community, where migrant groups share common interests identified and also share with their homeland; the homeland’s perceptions of emigrants, where the country of origin contributes for a positive link between them and their emigrant community;

the outreach policies by governments in the homeland, where the country of origin forms policies to outreach their emigrant community and; the existence of relationships between source and destination countries (Orozco, 2007:22-26).

The phenomenon of globalization had an impact on diaspora in a way that they can feel closer to home, even though they are far away. Steven Vertovec points out that modern concept of “diaspora” are migrants that are globally spread and due to low costs in transportation and advanced technologies in communication in the last 25 years, they stay in close contact with their places of origin (Vertovec, 2006: 5).

### **Transnationalism**

The concept of “transnationalism” is related to the term diaspora in the way that it is the process in which migrants maintain a relationship with the home country while living abroad. Steven Vertovec and Robin Cohen suggest that “Transnationalism has changed people’s relations to space, particularly by creating social fields that connect people in more than one country” (Vertovec, Cohen, 1999).

The first use of the term transnationalism came from studies of international relations; in the context of the growth of international organizations and particularly relations between non-governmental bodies. In transnational relations, boundaries are being crossed rather than maintained or negotiated by state representatives (Vertovec, Cohen, 1999). Scholars such as Nina Glick Schiller, Linda Basch, and Cristina Blanc also suggest that in the 1960’s the term was used by economic scholars who wanted to refer to businesses and companies that had established bases in more than one country (1995:49).

Glick Schiller, Basch, and Blanc, are in fact among the first authors bringing up the term “transnationalism” into migrant studies. In the earlier studies of transnationalism, the authors point out that

“A new kind of migrating population is emerging, composed of those whose networks, activities and patterns of life encompass both their host and home societies. Their lives cut across national boundaries and bring two societies into a single social field” (Schiller, Basch, Blanc, 1992:1).

They define “transnationalism” as the method immigrants use to form communities, and associations connecting together their home and host countries. The so called “transmigrants”

keep associated to their home country by a number of different relations such as social, religious, political, familial, and organizational.

A later study performed by Nina Schiller, Basch, and Blanc, suggests that the word “transnational” in the social sciences and cultural studies brings out the fact that the capitalist world is becoming more globally oriented and less nationalistic in the production and distribution of objects, ideas, and people. The process of globalization, advances in telecommunications, satellite and the internet, are examples that facilitated the trans-local communication that keep migrants in close contact with their homelands. The globalization phenomenon fermented the process of “transnationalism”, highlighted Alejandro Portes (1999: 133). He states that the emerging of the phenomenon of transnationalism was constructed around the idea that communities exist outside their national borders, and they are not considered here or there.

Schiller, Basch, and Blanc also suggest that transnationalism is a “product of the capitalist world” and the economic disparities between the less developed countries and industrialized nations increased the need for migration. The immigrant enrolls in the transnational process because they feel insecure and vulnerable in the host country and have difficulty constructing a secure cultural, social or economic base within their new settings (Schiller, Basch, Blanc, 1992: 9).

In the book “International Migration”, Alejandro Portes suggests three possible theories for transnationalism. One being linked with capitalism, the second is a different adaptation method from the other migrants, and the third is the phenomenon which is fed by the process of globalization (Portes, 1999:134). Portes argues that the immigration has been induced by the dynamics of global capital; therefore he suggests that nowadays, people migrate mostly for economic reasons.

Particularly, and following this reasoning, the globalization phenomenon has also helped the Portuguese diaspora living outside their natal country. The next chapters of this study will focus on Portuguese diaspora residing in the United States that still maintain a vast relationship with their country of origin, and eventually encourage economic development and trade agreements between both places.

### I.1.2 Main types and characteristics

The characteristics and types of diaspora have been changing along side with the transformation of the world market along the years. William Safran (1991:364) describes the diaspora characteristics by:

1) they have been dispersed from their home and natal state to two or more foreign regions; 2) they retain a collective vision, and myth about their homeland; 3) they believe they cannot fully be accepted in the host country; 4) they stay true to their homeland and would eventually want to return; 5) they want to contribute to their homelands development and safety; 6) their relationship to the homeland characterizes their “solidarity and ethno-communal consciousness” to their homeland.

Robin Cohen is known to formally introduce the different types and characteristics of “diaspora” and their historical evolution in his essays and, including a book named “Global Diasporas”. He classifies the Jewish and African diaspora as “victim diaspora” in the pre-modern and early modern experiences of diaspora. Occurrences such as the destruction of Jerusalem and the slave trade made the Jews and Africans respectively, “victims” for their suffering, isolation and insecurity of living outside their natal places, residing in unfamiliar surroundings, and rejected by the foreign societies (Cohen, 1995:6).

The classification of “victim diasporas” was also used by Robin Cohen, when he talked about the Armenian diaspora when they were deported by the Turks during the twentieth century. After being forced to dislocate during 1915-16, the Armenians went to Syria and Palestine, and a number of them went to the United States and France (Cohen 1995: 9; Merz, Chen and Geithner, 2007: 3).

During what Cohen called the “modern imperial and middlemen diasporas” period, European nation-states were sending diaspora to their colonies. Also during this time, the classification of “trade diasporas” was given to those groups of “imported” diaspora that belonged to nation states, specially European, who started military conquests and colonial expansion. Examples of “trade diasporas” are Chinese traders who went to South East Asia, and Indian merchants in East Africa (Robin Cohen, 1995:11).

In his book, Cohen suggests that the Jews developed a type of “pariah-capitalism”, which started with money lending and led to the creation of investments followed by banking and high finance. According to Robin Cohen, the “castle-like” features of the Jews, gave them the needed trust in their network and secured themselves against the “outsiders” (Cohen,

1997:101). There are some analogies between the pariah people and the auxiliary trade diaspora like the Chinese, Lebanese and Indians, who were permitted to engage in commerce by the colonial regime but had a similar fear of being absorbed by the native populations. The combination of blocked opportunities, hostility from others and ethnic cohesiveness seem to create an advantageous sociological and commercial ethnos in the ethnic group concerned (Cohen, 1997:101).

Diaspora as a “form of cultural production” puts together the process of production and transnational social and cultural phenomenon. In the book “Global Diasporas”, Robin Cohen says that diaspora can be caused by ambitiousness and pursuit of trade and an expanded search for work in the home country. Cohen classifies this group as labor and imperial diaspora (Cohen, 1997:57). He suggest that, “if, we can evidence that workers overseas have a strong retention of group ties sustained over an extended period a) in respect of language, religion, endogamy and cultural norms, b) a myth of and strong connection to a homeland, and c) high levels of social exclusion in the destination societies, a labor diaspora can be said to exist” (Cohen, 1997:58).

After the globalization phenomenon started to speed after the 1980’s, diaspora who were defenseless and isolated before, are now stronger and making an important representation in the world economy. The “late modern experience” was marked by the success of “business diaspora” groups and their entrepreneurial capacities in the global economy. Robin Cohen comments on the success of the Jewish diaspora, and their strong “trust” network of family, kin and co-ethnic members. The Jewish are well educated and became strong business leaders in their new societies (Cohen, 1995:12). Because the characteristics of the Jews are represented in the various states and meanings of the term “diaspora”, William Safran (1991:365), identifies them as the “ideal type” of diasporas, which was later criticized by James Clifford (1994:305-306), who points out that the Jewish do not fit to one of the common characteristics of diaspora identified, as the need to return to their home country.

The “business diaspora” make a strong representation in the international market for skills and in the demands of the powerful multi-national corporations. However a different kind of diaspora, often unskilled labor migrants are in rising demand for large corporations in industrialized countries (Cohen, 1995:13). Nina Glick Schiller, in her early studies of transnationalism, suggests that there is a strong link between transnationalism and world capitalism. Transnational migrants primarily occupy low skilled and “proletarian” jobs in the labor country’s employment force (Schiller, Blanc, Basch 1992:13). David de Ferranti and

Anthony J. Ody, (2007:64) reinforce this statement and suggest that while there is an international market for people with higher educational degrees (e.g. PhD., MD, and MBA), there is also a large market for unskilled migrants to work in blue-collar jobs in agriculture, construction, and cleaning. According to Ferranti and Ody, the Pew Hispanic Center survey of Mexican applicants for the “matricula consular” in the US, revealed that only 6 percent had a college degree and 72 percent had less than a high school diploma. Another interesting point is also made by the same authors, which is that the level of proximity to industrialized countries such as US, Western Europe also affects the process of unskilled migration, because poor people born far away from these industrialized countries do not have the means to travel and are less likely to participate in the transnational process (Ferranti, Ody 2007:64).

### I.1.3 Social and cultural dimensions

#### Social Networks and Social Capital

The social networks that are created among migrant communities go across geographical, cultural, and political borders. Scholars have created suggestions for the framework of migration networks. Steven Vertovec points out that “the social network approach sees each person as a node linked with others to form a network” (Vertovec 2003: 647). In one of his studies, he also suggests a structure pattern to understand more in depth social networks within migrants. The framework he presents is as follows: the research of *data* (various terms and concepts that will help define the various elements within a network) which include: 1) network size (number of participants in a network); 2) density (to what degree contacts know each other); 3) multiplexity (the degree to which relations between participants include overlapping institutional spheres); for instance, individuals who are work associates may also be linked by family ties, political affiliations, or club memberships; clusters or cliques; strength of ties; durability and frequency, or regularity of contact within a social network (Vertovec 2003: 647). Vertovec refers to Nohria, 1992, and emphasizes that networks are socially constructed and can intentionally be altered by their members. Vertovec notes that the social networks and social capital are constructed by diaspora and made stronger by their social relations.

Immigrants have a high level of uncertainty and lack of trust in the host country. Portes refers to Guarnizo (1992) in saying that the sociological element of this theory is the



level of uncertainty that the immigrants have, creating the necessity of staying loyal to their partners, and the people they mostly trust. People within this network do not explore the outside (of the network) opportunities the host country has to offer. They stay limited to the resources offered by the diaspora community (Portes, 1999: 136).

Most people choose to migrate to more developed countries because of the job opportunities. However, sometimes, most jobs offered are less qualified with low wages. After being in the host country for a period of time, immigrants realize that the salary conditions are not as good as they thought, and they become conscious that their economic objective, which is their main reason for migrating, is not simple to achieve. In order to prevent poor work conditions, immigrants mobilize and construct their social networks. Therefore Portes (1999: 135) emphasizes that the construction of social networks between immigrants improves their economic condition.

Economic strategies diaspora have among them will make this process even stronger. In the second point of this chapter I will talk more about how social networks lead to, and strengthen economic networks among diaspora. Portes in one of his articles suggests that “large co-ethnic concentrations create multiple opportunities for transnational enterprise, while extensive outside discrimination forces the group inwards encouraging durable contacts with its home communities” (Portes 2003: 880). Therefore the process of transnationalism protects the diaspora communities against the resentment that the host society might have.

According to M. Patricia Kelly, social capital is composed by a variety of benefits derived from the trust and collaboration within a group of people or a formed network realized by “common interests” that are usually exchanged socially and maintaining a continuous connection within the relationship (Kelly, 1995:216). The concept of social capital is linked to social networks, earlier discussed in this section. Portes suggests that “better networked immigrants are much more likely to become transnational activists” (Portes, 2003:886). In one of his earlier studies, he describes this concept as “the capacity of individuals to command scarce resources by virtue of their membership in networks on broader social structures. The resources themselves are not social capital; the concept refers instead to the individual’s ability to mobilize them on demand” (Portes, 1995:12). For instance, Portes describes this concept as a form of “gift” with no monetary repayment in a given period of time. This “gift” (social capital) relates to the positive economic effects that individuals gain due to the set of relationships with others in the same network.

Usually social capital is played by members of the same community, where they feel trusted and secured by its members and know that through this mechanism their representation will be strengthened among the network. Portes adds to this discussion by suggesting “that the greater the density and multiplexity of the networks involved and the less central the position of an obligated member, the greater the trust in her\his fulfillment of reciprocity expectations”. (Portes, 1995:14)

#### Social relations in host and home countries

The level of transnationalism and the social relations migrants maintain in their community (in the host country) and the home country can differ. Also, the levels of integration migrants have in the host country might influence their transnational behavior. An additional social indicator, such as education might too affect how migrants relate to their home country. Social relations in host and home countries lead to the construction of different forms of transnationalism. One type of transnationalism is caused by less integration in the host country; this is when the immigrant communities form closed or “intra-ethnic” networks among themselves. The other form of transnationalism is due to more openness among the immigrant communities and the host country.

Alejandro Portes (2003:876), suggests that even though transnational activities are common among immigrants, not all engage in them, implicating that most immigrants either do not connect with their home societies, or/and if they do, only do it occasionally (maybe just to speak to their family members).

Studies show evidence that there is a connection between higher education achieved by diaspora in the host country, and higher rates of transnational behavior between host and home country. According to Portes, “every year of education increases probability of transnational entrepreneurship by 1 percent and high school diploma leads to a 173 percent increase in the count of regular transnational political activities” (Portes, 2003:886).

Higher levels of education can encourage an increase in political participation. The variables that demonstrate the assimilation between education and transnational activities among migrants are even more relevant to prove the more politically engaged diaspora are in the host society, the higher the probability they have to get involved in transnational behavior. For example, we could assume that the immigrants who acquire citizenship in the host country would reduce their transnational participation, although Portes suggests, that a more open and

integrated diaspora can increase levels of transnational participation. Migrant business entrepreneurs have more advantages when they have dual citizenship, especially if they are going to be engaged in businesses that involve contacts between the country of origin and host country. Therefore according to this study discussed by Portes, “transnational activities are not the preserve of the poor and marginalized, but are consistently associated with higher human capital resources: more education, more years in the host country (this case study was in the U.S.), and occupational status” (Portes 2003: 886).

Also in the case study performed by Portes, he found that Dominican, Salvadorian, and Colombian transnational entrepreneurs engage on transnational activities and shows that there are findings of economic, socio-cultural and political transnationalism among immigrants.

There continues to be a lot of debate and controversy among scholars over if higher levels of integration of immigrants in the host country increase or decrease relations with the country of origin. Some studies indicate that the most recent immigrants and the less educated are the ones who engage in transnational activities and stay more in contact with their home countries because they feel a need to. This is an example of transnational behavior caused by “closed” immigrant community networks.

However, David de Ferranti and Anthony Ody suggest that there is a trend implying that the more established the migrants are in the host country the less they will feel the need to connect with their ties in the home country. The ties among the second generation of immigrants will weaken even more than the first (Ferranti, Ody, 2007:62).

Steven Vertovec and Robin Cohen state the importance of social relationships and they identify this idea as “diasporas as a social form” created by migrants that share the same identity due to the difficulty of integration in the host society; therefore they continue to maintain ties with the country of origin (Vertovec and Cohen, 1999 *see intro*). In the Metropolis Bulletin of 2006, Howard Duncan emphasizes that the close tie kept by diaspora to their homeland may be regarded as a “counter-force” to full integration and citizenship in the society of destination. Because diaspora are still strongly connected to their homeland, they might never fully integrate in the host society. Therefore, the author asks, “does maintaining strong homeland ties actually diminish the potential for social integration and accepting the responsibilities of membership in the destination society” (Howard Duncan, 2006: 2)? The different political orientations between diasporas and the host society can too create a somewhat restraint from adapting to the destination.

Through social relations between host and home countries, migrants can influence the family, community, political integration, entrepreneurship levels of kinship members in the country of origin. According to Peggy Levitt, this notion is identified as “social remittances”, described as “ideas, behaviors, identities, and social capital that flow from receiving-to-sending country communities” (Peggy, 1998:927). Schiller, Blanc, and Basch also highlight this idea by suggesting that the embeddedness of material goods in the social relations among immigrants explains that those cross-border relations are not limited only to the circulation of goods but also the distribution of ideas among them (Schiller, Blanc and Basch 1992:10).

Though advancement of technology, communication and transportation, migrants interact with the host country through a variety of ways. The every day relationships among diaspora in the host country and relatives in the country of origin can create new “cultural patterns”. For instance, if the home society maintains higher rates of contact with the migrants in the host country they are introduced to new life routines, new ideas, and better technology.

### Cultural Dimensions

Global migration and transnationalism among immigrants create a world-wide flow of ideas, cultural meanings and entities with the effect influencing and transforming identities with the back-and-forth changes and communications between the country of origin and host country. The idea of a cultural transformation among migrants is examined by Stuart Hall, who points out that even though cultural identities are historical, they experience changes with time (Stuart Hall, 1990:225). Coming to the new world, migrants are exposed to new and a diversity of ideas, therefore renovating their way of thinking, and renew their identity. Migrants do not necessarily change their identity, but the new culture and ideas they are exposed to in the new world make them “reproduce themselves anew”. These cultural transformations among diaspora are even more visible in the second generation, where they are exposed to “ethnic” cultural habits and routines, but are transformed with the mutual influences of the host country (Stuart Hall, 1990:235).

Diaspora develops a sense of dual belonging, a balance of feelings between their host and home country, what Steven Vertovec describes as “bifocality”. Another consequence of “bifocality” is that the transformation of cultural identities affects the people (mostly relatives) who are left behind in the home country as well. The information and new ideologies that are

crossed over the borders by the migrants can transform and modify the daily lives of the people who stayed in the home country (Vertovec, 2004:975-976).

Diaspora develop an “awareness of multi-locality”, where they connect themselves to their home country but also their host country. Robin Cohen implies that diaspora are pushed to be active in human rights and public duty because they are aware of their own struggles as an immigrant. This awareness is made up with negative experiences such as discrimination and exclusion in the host society and constituted positively by being a part of an historical heritage, ethnic group, cultural or political forces. This behavior transformation is due to their experience of migration, influencing members of their relatives and friends they have social relations with back at home. A good example of this is the engagement of community politics among diaspora (Cohen, 1997:46).

#### I.1.4 Political dimensions

Some scholars suggest that diaspora engaging in transnational activities get more involved politically in the host country as well as helping the development of their home societies. Eva Ostergaard-Nielson studies more in depth why and how immigrants engage in political activities. Her study suggests that “migrants’ transnational practices are shaped through a multilevel process of institutional channeling constituted by the converging or differing interests of political authorities in not only the country of origin but also the country of settlement, global human rights norms and regimes, as well as the network of other non-state actors with which migrants’ transnational political networks often are intertwined (Ostergaard-Nielson, 2003: 763).”

Ostergaard-Nielson focuses on the results of the political engagement practiced by diaspora and on the positive effect they can bring to the country of origin’s policymaking. This study suggests that immigrant political activities are those that migrants participate to improve their status or situation in the host country when it comes to “obtaining more political, social, economic rights.” When the home country becomes to some extent involved in helping these immigrants improve their legal socioeconomic status, is when these political activities practiced by diaspora become transnational. Therefore, this study suggests that political actions become transnational when they are practiced by immigrants in associations, politicians and the governments in the host country, as well in the country of origin.

There are various reasons why diaspora engage in transnational politics. Sending country governments' encourage immigrants to stay in touch especially when they can provide their home countries with political and economic support. In the case of Turkey, Ostergaard-Nielsen suggests that the Turkish government approaches emigrants to include them in economical and political actions. Also in this context, Turkey's political parties and religious groups show an interest by traveling around Europe to gather emigrant support for both economic and political means.

Some studies argue that the level of integration in the host country reflects upon the transnational political orientation of diaspora. As argued before by Alenjandro Portes, the more involved and educated diaspora are in the host country the more likely are they to participate in transnational political activity (Portes 2003:886).

The state plays a very important role in the level of political participation among migrants. For instance, recipient states who simplify international banking and financial services can facilitate money transfers, philanthropy, and access to financial services to the people left behind in the home country. With the elimination of financial barriers, governments strengthen their investment climate, easing diaspora to strengthen their financial ties with their country of origin (Mark Sidel, 2007:30).

Ostergaard-Nielson also points out that transnational political engagement can only be possible if the government of the host country has policies that help the diaspora community to engage in the host country's politics. For that they need some kind of voting or participating rights. Some countries do not allow immigrants to have dual citizenship; therefore their political engagement cannot be transnational due to the fact that immigrants can only participate politically in one country. Transnational political engagement practiced by diaspora is beneficial because most immigrants are looking towards a better identified status and "institutionalization" of their condition as residents abroad, but can still contribute to the economical, social, and political participation in their home countries (Ostergaard-Nielson 2003: 763).

Mark Sidel also suggests that states with a supportive mindset, allow migrants to acquire dual citizenship. Dual citizenship increases the migrant's integrations and engagement in home and host societies (Mark Sidel, 2007:30). A supportive state creates government and non-government agencies such as diaspora advisory councils, diaspora ministries, consulates, and foundations that serve to support and inform diaspora, which with the implementation of occasional meetings, promote the involvement and engagement of diaspora in the home

country's development through philanthropic investment. According to Mark Sidel (2007:47), "governments can continue to provide incentives for diaspora giving while reducing regulatory obstacles of various kinds, and at the same time add specific preferences for certain kinds giving that serve broad-based, equitable developmental goals".

## ***I.2. Transnationalism and economic relations***

In some cases, the economic success of diaspora comes from the social relations among them. With the social relations and networks built, they can more easily pool resources, transfer credit, and create investment. (Vertovec, Cohen, 1999) This next subchapter is dedicated to the economic asset to transnationalism which is the main focus of this study.

### **I.2.1 Embeddedness of economy in society, social capital / social networks**

The concept of embeddedness comes from the idea where economic actions and transactions are placed socially and enriched by the members of a social network. The problem of embeddedness is introduced by Mark Granovetter, who suggests that just like all other social actions, the economic action and outcomes are affected by its actors' relations and by the structure of the overall network of relationships (Granovetter, 1985:482). In the studies of "economic sociology", Alenjandro Portes examines the concept of embeddedness and breaks it up in two parts: 1) "relational" embeddedness, which refers to the personal relationships of one another, such as normative expectations, approvals, and the relationship between people involving the exchange of goods and services; and 2) "structural" embeddedness, which is referred to the network of social relations in which these actors are a part of (the network as whole) (Portes, 1995:14; *also in* Vertovec, 2003:649).

Henry Wai-chung Yeung also suggests that transnational business networks are structured by economic and social relations embedded inside the network as well as outside firms (Yeung, 1998:65). Steven Vertovec emphasizes that transnational business networks are "empirically embedded" in the ongoing relationships among actors and firms within the network. This idea suggests that the problem of embeddedness could benefit actors that

perform economic transactions within their shared networks, such as the trading of information and other valuable resources (Vertovec, 2003:656).

Portes incorporates the concept of embeddedness into studies of immigration by stating that the possibilities or constraints imposed to immigrants by society as a whole can be understood as “structural” embeddedness, while “relational” embeddedness can be classified as the support or constraints offered by that immigrant community, arranged by the immigrant social networks (Portes, 1995:25).

In one hand, social networks can provide better access to resources, but on the other they can also restrict its members of expanding outside those relationships built within the network. Portes suggests that social networks are “one of the most important types of structures in which economic transactions are embedded, because they are sources for the acquisition of scarce means, such as capital and information” (Portes, 1995:8). For immigrants, social networks among them are their way of survival in an unfamiliar society, although the dependency on the network also brings constraints in the integration in the host society.

Social capital in immigrant networks also brings in advantages and disadvantages (Steven Vertovec 2003:651). Individuals engaged in social capital are entitled to “share the wealth” among the members of the same network. For instance, members of a network should share business information, buyer loyalty, etc; these are examples of social capital within a business network. Social capital in business networks can be represented as a number of meetings and events, visits, membership of network associations, and communication by post or telephone. (Vertovec 2003:648).

The economic opportunities within the “ethnic” communities often play an important role in the second generations of immigrants. According to Portes, the second generations of immigrants could obtain the ability to gather resources and have better access to jobs in the “ethnic” community that their parents are mostly active in (Portes, 1995:257).

Ethnic entrepreneurs have a common dependency on social capital and social networks for the success of their businesses. Social networks among diaspora help them to source business tips and to a better access the market and to start up building capital for the construction of those firms. Ethnic firm owners feel more comfortable in dealing with members of the same network, thus, helping the members of the network to have better access to employment options by sharing of information, as well as other forms of social capital (Portes 1995:29).



## I.2.2 Types of transnational economic relations

The process of globalization has changed the world economy. Therefore transnational corporations make faster and solid transactions between borders due to cheaper and faster communication, transportation, liberalization of trade, and international division of labor. Usually when economists talk about globalization and the world economy, they usually refer to the market as the only mechanism needed to run the global economy. However, behind the global market lie the institutions and social mechanisms that run it as well as agents who engage in market transactions.

One of the most evident and studied economic transnational transaction performed by immigrants are monetary remittances. Diasporas connect to the home country by sending money to relatives and for investments. They perform this economic activity through banks, remittance agencies, and social networks. Immigrant monetary remittances have become one of the most important private transactions in the global economy, at times even higher than development monetary aid to undeveloped countries (Steven Vertovec 2004:985, Luis Guarnizo, 2003:672, Bimal Ghosh, 2007: 7).

According to Saskia Sassen, immigrants then develop a central place, usually in a large metropolitan city where a lot of immigrants of the same ethnic group are concentrated. These centers or “global cities” as Sassen defines it, are also centers of communication, information, with agencies, entertainment and ethnic products located in the host country. The migrant communities create an “ethnic” market as well as commerce and trade to supply their community with products from their country of origin. They take advantage of their social networks and relations with their home country for their economic success in the host society (Saskia Sassen, 2003:267).

When we travel to these “centers” where one ethnic group is mainly concentrated, we can find businesses such as travel agencies, restaurants, markets, clothing stores, etc; this is what we call “ethnic market”. These “global cities” now depend on this ethnic community and not so much on their “national” roles (Cohen, 1997:167-169). These enterprises and industries are supported by migrants’ home countries and purposely reach out to diaspora customers abroad (Steven Vertovec, 2004:984).

The performance of transnational practices encourages migrants to form businesses. According to Luis Guarnizo, “the business investment decisions are embedded in a web of

social expectations and obligations tied to their place of origin” (Guarnizo, 2003:676). The social ties and relationships that immigrants have with their home country are present in their entrepreneurship. Social networks within the migrant community are also important for the success of the migrant enterprises. Through social networks, migrants directly perform labor recruitment within the community, as well as calling upon relatives from the country of origin to come and work for their business.

Skilled migrants integrate in the labor market of the country of residence. Guarnizo suggests even though not many studies discuss this, labor mobility and transnational practices among migrants is associated with the mobility of capital (Luis Guarnizo, 2003:680).

Migrants, who often engage in transnational entrepreneurship, usually participate in philanthropic activities to their places of origin. Giving back to their home community usually involves making part of a “hometown” association which collectively transfers resources to support the development of the place of origin, by building schools, roads, hospitals, etc. (Portes, Guarnizo and Haller, 2002:287; Guarnizo, 2003:677; Merz, Chen and Geithner, 2007:3-4).

The transnational economic relations call upon multinational corporations as well as international financial institutions to promote their services to diaspora who maintain a regular contact with the country of origin. With transnational connections, migrants demand services such as, transportation and communication services. They not only create their own businesses to supply the community, but they attract large communication and airline corporations (such as AT&T and American Airlines respectively) to provide a variety of services (Luis Eduardo Guarnizo, 2003:685).

### I.2.3 Remittances

As it was introduced before, the most discussed and studied economic aspect related to transnationalism and migration studies are monetary remittances diaspora transfer to their country of origin. The reasons for so much concern and research involvement is because through the evaluation of remittances we can easily measure the connection of migrants to their societies of origin (Vertovec 2004:985, Guarnizo 2003:673).

Recent migration scholarship shows that the totals of remittances transferred worldwide account for the same amount of Foreign Direct Investment and double the size of official

development assistance. The World Bank records are 160 billion dollars worth of immigrant remittances to less developed countries in 2004 and estimated 167 billion dollars in 2005 (Ferranti and Ody 2007:55; Ghosh, 2006:7). However, these figures do not show the unofficial remittance transfers. IMF (International Monetary Fund) studies estimates that informal transfers and remittances could amount to \$10 billion per year, other studies have accounted an amount to \$15 billion a year (Vertovec, 2004:985).

The migrants who have a higher propensity to remit are low-skilled migrants. One of the reasons for this assumption is that low-skilled diaspora are more likely to leave behind relatives in the home country, therefore they have an obligation to transfer money to them. On the other hand, highly-skilled migrants usually bring their relatives to the host country and therefore do not have significant reasons to remit. Another reason that the highly-skilled diaspora do not perform regular transfers as low-skilled ones, is that because they are usually linked to a higher income class that does not feel the need to transfer money to their relatives (Ferranti and Ody 2007:65). The utilization and purpose of remittances vary and remain unclear because they serve for the same reasons as any other source of income. Migrants who are expected to return have a higher propensity to remit and engage in asset investment, such as purchase of property and small enterprises (Ferranti and Ody 2007:67-68).

Sixty percent of remittances go to developing countries, therefore, we can see that these transfers performed by migrants living abroad account for a significant amount of money that is entering their home country's economy. Immigrant remittances generate "multiplier" effects in the home country's economy, some of which are positive and others are negative. The positive effects are that monetary remittances indirectly create investments by producing new businesses and generating consumption in the home country. Guarnizo (2003:672) reports on Abebman and Taylor (1992) suggesting that "each migradollar entering Mexico produced \$2.90 increase in the country's gross domestic product (GDP) and raised exports by a total of \$3.20" (Guarnizo 2003:672).

Although remittances are reported to have a positive impact in the country of origin's economy, various studies come to account some negative effects as well. The reported negative impacts show that remittances can reproduce economic inequality in developing countries. Steven Vertovec suggests that "migrant remittances are said to: displace local jobs and incomes; induce consumption spending; inflate local prices of land, housing, and food; create disparity and envy between recipients and non-recipients; and create a culture of economic dependency" (Vertovec, 2003:985). Luis Guarnizo also implies that remittances used on

immediate consumption (to buy goods, purchase new homes, etc.) can result in price inflation. There are reports showing that in countries in which have a high emigration rate, such as El Salvador and Dominican Republic, local markets are distorted due to remittances. Local natives of these countries are now less willing to settle for lower wages due to the money transfers entering their country (Guarnizo, 2003:673; *also see* Ghosh, 2006:57-67).

#### I.2.4 Ethnic businesses and entrepreneurship

Alejandro Portes suggests that “each additional social tie increases the probability of transnational entrepreneurship by 1 percent” (Portes, 2003: 875). In 2002 Luis Guarnizo, Portes, and Haller wrote an article focusing on transnational economic enterprise as one of the most highlighted in recent studies but most importantly “one with the greatest potential to affect the socioeconomic mobility of immigrant groups and their influence on the communities of origin”(Portes, Guarnizo and Halles, 2002:283).

In this study, Guarnizo, Portes, and Haller point out that sending remittances or visiting occasionally the home country are “the least novel manifestation of transnationalism as occasional return trips and remittances as they do not represent an alternative mode of economic adaptation because most persons engaged in them are still wage workers in the host society”. Therefore, in their terms, what defines transnationalism is: a distinct engagement among migrants who engage in economic activities in both the home and host countries on a regular basis and depend on these activities for their daily life and survival.

Transnational migrants who engage in entrepreneurship and business activities differ from those who just maintain regular contacts with their relatives and send remittances (Portes, Guarnizo, Haller, 2002:284). Their study shows data from the Comparative Entrepreneurship Project (CIEP), which was an initiative among some universities in the United States to study the impact and importance of entrepreneurship among immigrants. The study selects Colombian, El Salvadorian, and Dominican immigrants as target ethnic groups for the transnational entrepreneurship case. The types of transnational enterprises defined are: circuit firms (which transfer goods and remittances), cultural enterprises (daily contacts with cultural goods such as newspapers, CD’s, videos from their home country), and ethnic enterprises (foodstuffs and clothing), and return migrants enterprises (this last type requires the entrepreneur to stay fully in contact with the host country due to precarious situations with and in the country of origin). (Portes, Guarnizo, Haller, 2002:280)

Transnational entrepreneurs were identified as business owners who traveled for business for at least twice a year and who depend on a regular contact with their home country (Colombian, Dominican, El Salvador) for the success of their firm. Although there was difficulty sorting out the firms who engage in transnational activity, the study indicates that a sizable percentage of all immigrant entrepreneurs, engage in the process of transnationalism. In the pooled and weighted CIEP sample, transnationals represent only five percent of the total, but make up 58 percent of the self-employed.

The research analysis also points out a link between migrant successful entrepreneurs and high income, the acquisition of U.S. citizenship simultaneously, and preservation of a number of ties with the home country. A traditional assimilation approach toward immigration would suggest that transnational activities are transitional and are bound to disappear overtime as immigrants become better integrated in the host society, however the study case proved that immigrant businesses rely on the transnational social contacts, the relationships between the home and host country would not disappear overtime, but in contrary, become stronger.

Recent writings on the economic sociology of immigration highlight other relevant factors that contribute drastically to the success and preservation of transnational firms, one being social networks which play an important role in the process of immigrant adaptation based on their size and other characteristics. The trust involved in a diaspora social network is usually high, and is related to the business success. According to Mark Granovetter, migrant entrepreneurs rather employ a trusted family or co-ethnic acquaintance instead of expanding the size of the firm (Granovetter, 1995:157). The social structure and social networks of a business creation plays a determinant role for the success of an “ethnic” enterprise in migrant communities of countries of residence.

## **II. The Portuguese in the United States**

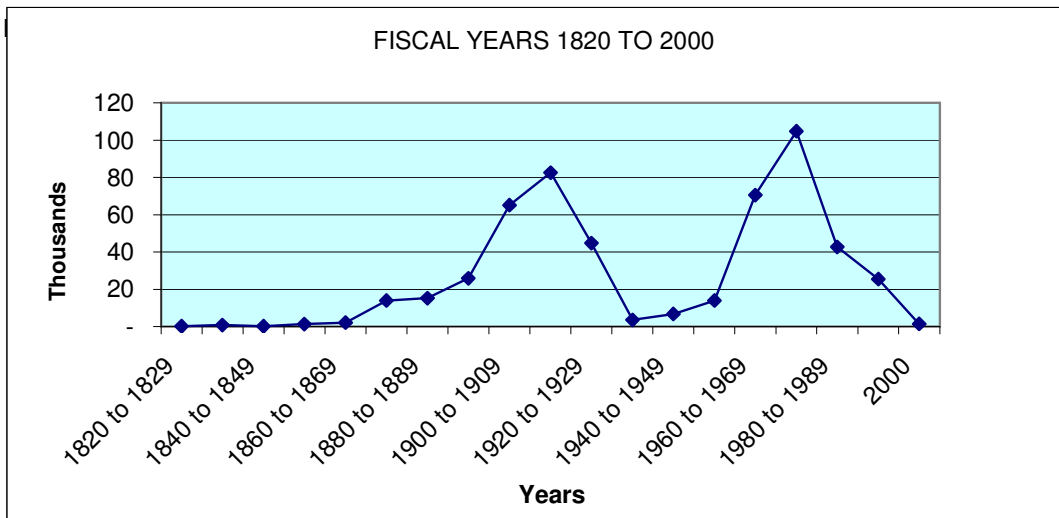
This chapter is started by a brief demonstration of the evolution of Portuguese immigration to the United States. It is important to know what brought the Portuguese into America, and find out if those reasons are still relevant and for those who are still immigrating to the United States today. The second point of this chapter illustrates the Portuguese living in the US in the last decade. This helps us to get a general idea about how many Portuguese immigrants live in the United States today and how many are still coming into the U.S. territory. In the Socio-Economic analysis point, the most recent data taken from the U.S. Census 2000 and the Department of Homeland Security, about education, labor force, and naturalization of the Portuguese community in the United States is observed. The last point of the chapter is the Political, Economic networks and Cultural aspects among Portuguese in the United States, where the strength of the Portuguese-American socio-economic relations is studied.

The objective of this chapter is to observe the waves of Portuguese immigration to the U.S. up to most recent statistical data, as well as identifying the social trends of the Portuguese population that might be relevant to their economic development. This next point will help us understand why there were two major waves of immigration to the United States, and why the immigration rates have decreased and become steady in the most recent years.

### ***II.1. The Evolution of Portuguese Immigration to the United States***

Before starting to describe the evolution of the Portuguese immigration to the United States it is important to look at Figure 2.1 which shows that there were two major waves of Portuguese immigrants coming in to the United States: the first one started around the early 1900's and peaked during the 1920's, and the second one started in the late 1960's and reached its peak around the decade of 1980.

**Figure 2.1 – Portuguese Obtaining Legal Permanent Resident Status in the U.S.**



Source: Department of Homeland Security

There are studies which confirm that Portuguese emigration to the United States started very early, even during colonial times. The Portuguese Jews were an example of the first registered Portuguese emigration to the United States establishing the first Jewish community in New Amsterdam (now New York) in 1654 (Ribeiro, 2000:45). The Portuguese Jews also were a fundamental part in the development of the whaling industry in America. This particular industry started growing in New England, and expanded to California. Leo Pap (1981:11) suggests that that “Aaron Lopez, one of the Portuguese Jews who settled to Newport, introduced the sperm-oil industry to America”.

The development of the whaling industry grabbed the interest of Portuguese men in immigrating to America. In the early 1800’s Portuguese living mostly in the Azores wanted to escape from precarious economic situations, as well as the military service in the islands, therefore jumping in the ships sailing to America. According to Ribeiro (2000:48), the whaling vessels looked for whales in a circuit between New Bedford, Nantucket in New England, or Monterrey in California, and then back to the Azores. Some of these trips lasted as long as one year.

During this time Portugal was going through a lot of economic problems, mainly in the Azores. People were experiencing extreme poverty due to unproductive harvest times and

because of the bad weather conditions resulting in the devastation of the fields. Portuguese living through these conditions were left with no choice but to immigrate.

The first large flow of Portuguese immigrants was caused by the whaling industry starting in the 1800's (Mulcahy, 2003:15, Barrow, 2002:10). New England became a major whaling industry center in the United States, mainly the city of New Bedford; most of the whaling vessels carried more than one Portuguese man. By the end of the 19<sup>th</sup> century the Portuguese community in New Bedford and other New England communities were expanding, as a result of social networks developed between men that came to work mainly in the whaling industry and their families and friends of their place of origin (mainly the Azores) (Mulcahy, 2003:15; Barrow, 2002:10).

The California Gold rush of the 1800s was also one of the main causes why Portuguese first immigrated to the United States. Maria Baganha (1990:23), suggests that flyers with information about the California gold mines were published in the city of Porto in 1849. Due to a decline in agricultural output in Portugal, men jumped to the so called "land of opportunity". Furthermore, Portuguese men that already worked as whalers in the United States abandoned the industry to work in the California gold mines. California became the most registered state with most Portuguese immigrants where more than half of the Portuguese residing in the United States lived in that state. According to Mulcahy, "until 1890, California was the major destination of Portuguese immigration" (Mulcahy, 2003:19).

Portuguese-Americans who worked in the gold mines abandoned the industry to work in other less dangerous activities. A lot of them began working in agriculture, an industry that the Portuguese had a vast experience in. Along with Lionel Holmes and Joseph d' Alessandro, cited in Ribeiro (2000:49), "some of the miners were successful, though, and through their industry and thrift, saving everything that they earned, many were able to save enough money to purchase land to begin a farm."

According to Rosalie Ribeiro (2000:49), in the nineteenth century, most Portuguese immigrants coming to America ended up in New England, California, and Hawaii, three very dispersed geographical points of the United States, although with a few points in common. These three host places were very active in the whaling industry, other types of fishing, and farming. These are activities Portuguese immigrants were experienced and came to work in. Most Portuguese came to city ports of New Bedford, Nantucket, Provincetown, and Gloucester in Cape Cod, Monterey, Sacramento, California, and Hawaii (Ribeiro, 2000:50).



A lot of the Portuguese preferred immigrating to New England at this time because it was at its peak of the whaling industry, other fishing industries, and agriculture, as well as due to the proximity to Portugal, especially the Azores islands. Those immigrants who became successful became captains and owners of fishing vessels forming a working crew of the same ethnic background. Those who turned into the agriculture production started owning their own farms, managing fruit harvest, and holding cattle industries. Most of the Portuguese people living in California were of Azorean descent. According to Ribeiro (2000:51), they accounted to about 80 to 90 percent of the Portuguese population and were dedicated to farming and agriculture.

During the late 1800's and early 1900's the Portuguese immigration began accelerating. In Hawaii most immigrants went to work in the sugar cane plantations. According to Ribeiro (2000:52), who sites E.M. Dias in his book about the Portuguese presence in Hawaii, between 1878 and 1899, about 12,870 Portuguese (mostly from Madeira and the Azores) went to work in the sugar cane plantations.

The period of 1917 and 1920 was marked by the first large wave of immigration because of the development of the textile industry, the economic sector that induced the persons from Portugal and other places to immigrate to New England, particularly the state of Massachusetts. New England became specialized in this sector for quite a while; in fact, Fall River became the textile center of the United States.

According to Mulcahy (2003:21-22), "by the end of the 19<sup>th</sup> century, New England and in particular the state of Massachusetts, succeeded California as the major area of settlement for the Portuguese. In 1900, 37 percent of the Portuguese in the U.S. lived in Massachusetts as opposed to 32 percent in California, and between 1901 and 1910, 61 percent of the Portuguese immigrants entering the country said that they intended to settle in Massachusetts, while only 15 percent intended to reside in California. In 1900's almost half (44 percent) of all Portuguese lived in Massachusetts and the majority of these were concentrated in just two cities: New Bedford and Fall River."

Employers of the textile mills didn't need qualified personnel, which meant that basically anyone could work in these factories, including women, even children. Employers paid these workers low wages, and increased their productivity, ending up in large profits. The cities of Fall River, New Bedford, and other cities of New England became the destinies of a lot of the Portuguese in necessity of a better life. According Maria Baganha (1995:293-295), the Portuguese living already in the United States established networks with family members

and friends in the home country, and responded quickly to this opportunity. Even though these were low wage jobs with poor working conditions, they made Portuguese leave the precarious circumstances they lived back in their places of origin (Ribeiro, 2000:55).

High poverty rates among Portuguese immigrants were observed during this period. According to Mulcahy (2003:23), “immigrants who arrived in the new world depended on established relatives and acquaintances to obtain jobs and housing” (also in Baganha, 1995). This usually meant low-levels, low-paying, unskilled factory work and crowded tenements of insalubrious conditions in ethnically segregated neighborhoods. Portuguese immigrant’s socioeconomic status was one of the lowest in the area.

The years between 1920 and 1950 had low rates of immigration due to new restriction laws imposed by the American government. The first restricting law affecting Portuguese newcomers to the New World was the “literacy test” imposed in 1917 that required all people above the age of 16 to read and write. The lack of studies and high illiteracy levels in Portugal made it very difficult for the Portuguese to pass this test and immigrate to the United States (Ribeiro, 2000:57; Mulcahy, 2003:25).

The second set of laws restricting immigration were the Immigration Acts of 1921, 1924, and 1929, the first two were also known as “Quota Laws” and “National Origin Act”, which imposed entry numbers in the country. The Portuguese immigration to the United States declined significantly due to these restricting laws. Between 1911 and 1920, there entered 89,732 Portuguese immigrants. Between the years of 1931 and 1940, only 3,329 persons immigrated (Ribeiro, 2000:57; Mulcahy, 2003:57).

The textile mills in New England were shifting to other states in the nation with cheaper labor, such as Pennsylvania, North and South Carolina, and Florida, ending up in the closing of most of the textile factories in the region (Ribeiro, 2000:57). With the textile crisis, Portuguese immigrants were forced to take upon other occupations, and some even had to move to other states to find work. According to Mulcahy (2003:28), “the closing of the New England mills, allied to anti-immigrant sentiment and general economic problems of the Depression, made America a place to leave rather than come to.”

The “anti-immigrant sentiment” in the U.S. began to shift after amendments in the immigration laws, with the end of WWII and the rise in the American economy. The volcanic eruption on the Island of Faial in 1957 made 25,000 people move out of the island in the following year (Ribeiro, 2000:59; Mulcahy, 2003:30; Barrow, 2002:10). Portuguese-Americans lobbied their political representatives to help their families and friends of Faial. The Azorean

Refugee Acts of 1958-1960 were introduced by the state senators John Pastore from Rhode Island and John F. Kennedy from Massachusetts, which under their legislation led 4,811 persons admitted into the United States.

According to Rosalie T. Ribeiro, (2000:59) and Mulcahy (2003:30), the Immigration Act of 1965 gave assigned visas on a “first come first serve basis” (with a maximum of 20,000 per year for countries of the Eastern Hemisphere), focused on a preference system for relatives of U.S. citizens and permanent residents aliens (for reunification of families) and for persons with special occupational skills, abilities, or training (needed in the United States). With this immigration law, the Portuguese immigration to the United States increased dramatically. From 1961 to 1980, 182,775 Portuguese arrived in the United States, 84,000 of those being from Azorean descent (Ribeiro, 2000:59). In the following decade, arrivals decreased to 40,431, and since then they have been averaging less than 2000 per year, in the most recent years (Mulcahy 2003:30).

## *II.2. Portuguese Persons Living in the United States*

The U.S. Census Bureau estimated that 1,176,615 persons of Portuguese ancestry<sup>1</sup> lived in the United States for the year of 2000. When we look at the total population of the United States, we can observe that the Portuguese living in the U.S. represent a very small percentage (0.4%).

Most of those 1,176,615 persons who claimed primary Portuguese ancestry are concentrated in eight states, as seen in Table 2.1. As we can see in the table below, the states of Rhode Island, with 8.7 percent, and Hawaii, with 4 percent, have the highest percentage of Portuguese descendents in the United States. In absolute terms the state of California hosts the largest number (330,810 thousand), followed by Massachusetts is the second state in the U.S. to hold the largest Portuguese community with 279,513 persons of claiming primary Portuguese ancestry. The state of New Jersey has also a large Portuguese community with 72,193 persons of Portuguese descent.

**Table 2.1 - The Portuguese in the United States, 2000**

<b>State</b>	<b>Total Population</b>	<b>Portuguese Population</b>	<b>Percent of Total</b>
California	33.871.648	330.810	1,0%
Conneticut	3.405.565	44.695	1,3%
Massachusetts	6.349.097	279.513	4,4%
New Jersey	8.414.350	72.193	0,9%
New York	18.976.457	43.829	0,2%
Rhode Island	1.048.319	91.387	8,7%
Florida	15.982.378	48.757	0,3%
Hawaii	1.211.537	48.521	4,0%
All Other States	192.162.555	216.910	0,1%
<b>Total</b>	<b>281.421.906</b>	<b>1.176.615</b>	<b>0,4%</b>

*Source: U.S. Census Bureau, 2000*

In a country where 58 million are of Germanic descent, 39 million are of Irish descent, and 33 million are of English descent, we consider the Portuguese as a “minority” ethnic group in the U.S. (Ribeiro, 2000:34). However, the Portuguese population living in the United States forms large communities in some of the states’ regions. When we travel to some cities of the

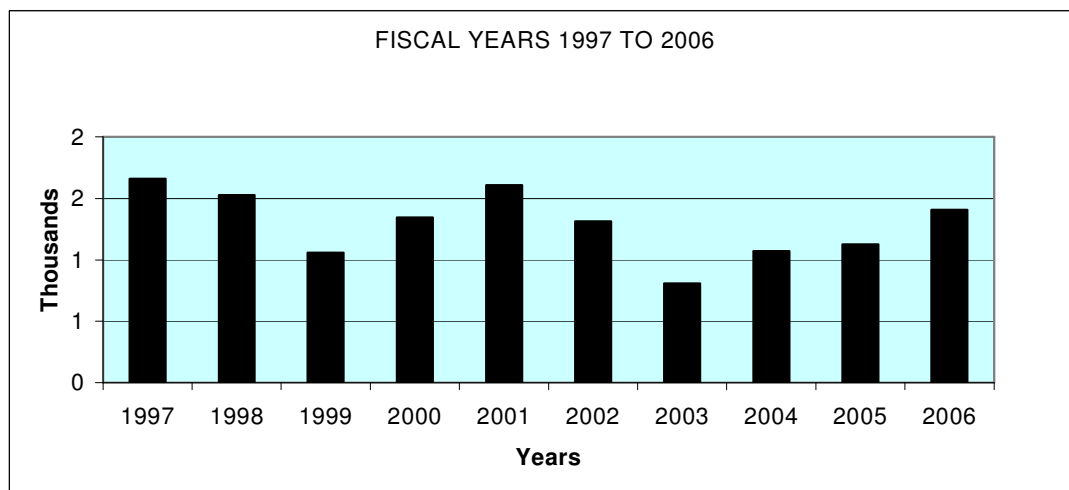
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<sup>1</sup> According to the U.S. Census Bureau, ancestry refers to a person’s ethnic origin, heritage, or the place of birth of the person or the person’s parents or ancestors before their arrival in the United States.

states where the Portuguese-Americans are concentrated it is very hard to ignore the Portuguese culture and heritage implemented in them. For example, in the state of Massachusetts, most Portuguese descendants live in the southeastern region of the state. In the city of Fall River, with a total population of 91,938 persons in 2000, 43,202 persons claimed Portuguese primary ancestry that year. When we take a closer look at these statistics we see that nearly half of the city’s population claims Portuguese ancestry.

The numbers of people claiming Portuguese ancestry, in the U.S. Census doesn’t identify if these “ethnic” numbers are first, second, or third generations of immigrants. We can only identify the first generation by the number of “foreign born” (see table 2.3). This means that by looking at the census data we can’t differentiate the generations of ancestors.

**Figure 2.2 – Portuguese Immigrants Obtaining Legal Permanent Resident Status in the United States from 1997-2006**



Source: Department of Homeland Security

In the last decade, the pace of Portuguese immigration to the United States has become very steady. Since the year of 1997, less than 2000 Portuguese immigrants have entered the United States per year as legal permanent residents, according to the U.S. Department of Homeland Security (see figure 2.2).

**Table 2.2 - Portuguese Obtaining Legal Permanent Resident Status by Broad Class**

<b>Broad Class Admission: Fiscal Year 2006</b>		
	<i>number</i>	<i>percentage</i>
Total Persons	1.409	
Family-sponsored preferences	154	11%
Employment-based preferences	392	28%
Immediate relatives of U.S. citizens	846	60%
Diversity	5	0,04%
Refugees and asylees	6	0,04%
Other	6	0,04%

*Source: Department of Homeland Security*

Table 2.2 shows that, in the year of 2006, 1,409 Portuguese immigrants obtained legal permanent resident status in the U.S. One of the benefits of becoming an American citizen is the facilitation of sponsoring family members into the country. According to this table, immediate relatives of U.S. citizens report the highest percentage (60%) of obtaining permanent residency in the United States. There is a significant percentage (28%) of employment-based preferences of Portuguese coming in to America, which could indicate that the Portuguese immigrating to the United States come to work in a specific field or specialized work due to changes in the economic system.

There are no records of irregular Portuguese immigration to the United States, however, according to interviews performed for chapter 3 (Economic Networks and Contacts), two of the representatives of the money transfer agencies, one in New Bedford Massachusetts and the other in Mineola, New York, reported that a significant number of non-permanent residents or illegal immigrants transferred money to Portugal through their agencies. This information could be an indicator for irregular Portuguese immigration in the United States in the most recent years.

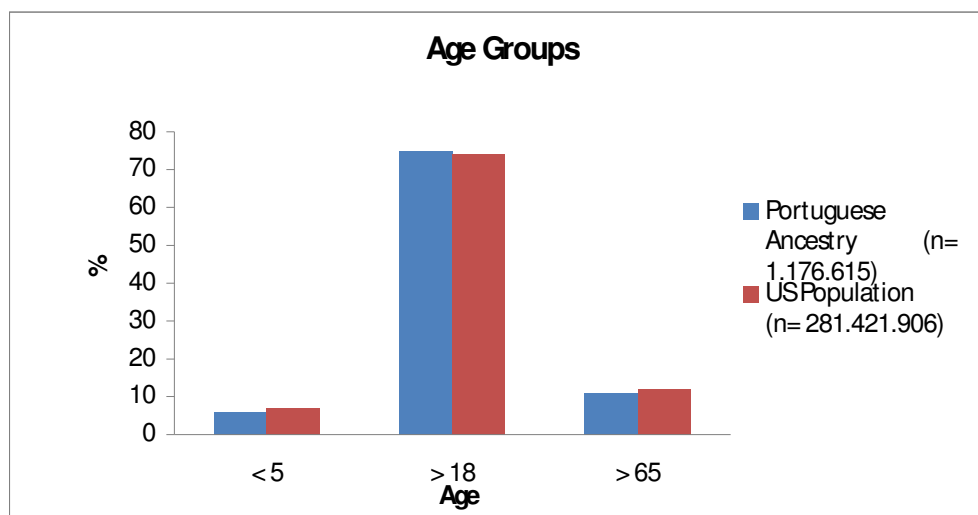
**Table 2.3 –Demographic Characteristics of Portuguese Ancestry Group**

<b>General Characteristics</b>	<b>Portuguese Ancestry Group</b>	<b>%</b>	<b>Total US Population</b>	<b>%</b>
Total population	1.176.615	100%	281.421.906	100%
Male	578.523	49%	137.916.186	49%
Female	598.092	51%	143.505.720	51%
Median age (years)	35		35	
Under 5 years	73.072	6%	19.046.754	7%
18 years and over	888.315	75%	209.279.149	74%
65 years and over	125.127	11%	34.978.972	12%
Household population	1.160.019	99%	273.637.396	97%
Average household size	3		3	
Average family size	3		3	
Foreign Born	240.780	20%	7.784.510	3%

*Source: compiled by author from U.S. Census, 2000 data*

As it was mentioned before, the number of Portuguese that claimed primary ancestry living in the United States in 2000 is 1,176,615 persons. This number consists of Portuguese who were born in Portugal and are permanent residents in the United States, Portuguese that were born in Portugal and obtained American citizenship, and Luso descendants born in the U.S. which still claim primary ancestry. Table 2.3 shows the demographics of the Portuguese ancestry group, and for the total U.S. population. The percentages from the total of each group indicate that the Portuguese ancestry group's demographics are similar to the total U.S. population, except for the percentage of foreign born. Of the total Portuguese ancestry population group, 49% are male and 51% is female. The percentages are the same for the total U.S. population (*see Table 2.3*). The household population for the Portuguese ancestry group is 99%, in comparison to 97% for the total U.S. Population. The average family size is the same for both the Portuguese ancestry group and total U.S. population. The number of persons who were not born in the United States that claim Portuguese ancestry is 240,780, only 20 % of the total group population claiming primary Portuguese ancestry. The fact that immigration has stagnated in the last decade could indicate that the percentage of foreign born tends to decrease, as well as the people claiming primary ancestry.

**Figure 2.3 – Age Groups**



source: worked by author from U.S Census 2000 data

Figure 2.3 shows the age groups of both the Portuguese ancestry population group and total U.S. Population. The graph indicates that both population groups have a similar distribution of ages among them.



### II.3. Socio-Economic Analysis of the Luso-Americans

This section is intended to analyze carefully and explain the evolution of the socio-economic characteristics of the Portuguese ancestry population group in the United States using the U.S. census and other studies that studied the depth of the problem.

#### II.3.1 Education

**Table 2.4 – Education - High School and Bachelor’s Degrees**

Education Characteristics	Portuguese	%	Total U.S.	%
Population 25 years and over	773.722		182.211.639	
High school graduate or higher	580.999	75%	146.496.014	80%
Bachelor's degree or higher	147.529	19%	44.462.605	24%

*Source: worked by author from U.S. Census, 2000*

**Table 2.5 – Education – Language Characteristics**

Education Characteristics	Portuguese	%	Total U.S.	%
Population 5 years or higher	1.103.543		262.375.152	
Speak a language other than English at home (pop. 5 years and older)	332.908	30%	46.951.595	18%

*Source: worked by author from U.S. Census, 2000*

The educational characteristics shown by the Census help us acquire a general idea about the social status of the Portuguese ancestry population living in the United States in the most recent years. The total Portuguese ancestry population living in the U.S. with 25 years of age and older is 773,722. Of those persons, 580,999 (75%) acquired a High School Diploma or higher, which means that about 25% of the Portuguese ancestry group didn't finish High School (assuming that those with a Bachelor Degree and higher also have a High School diploma). Considering that Portugal is a country where the levels of education are still very low, where only 37.9% of the population have the lower secondary education in 2001(taken form Statistics Portugal-INE), when we look at the percentage of Portuguese living in the United States as a whole we find that the results are not as severe. However, the total U.S. population showed better results than the Portuguese ancestry group. Only 20 percent of the

total U.S. Population didn't finish High School. For the total U.S. population 25 years of age and older, about 20% didn't finish High School and 24% have a bachelors degree or higher.

If we observe the same education characteristics of the Portuguese ancestry group in some cities of America where Portuguese communities are mostly concentrated we find results that are not very pleasing.

**Table 2.6 – Education Characteristics of Portuguese ancestry group in cities with large Portuguese communities**

City	Pop w/25 years or older	% Did Not Finish High school
<b>Fall River</b>	28.401	54%
<b>New Bedford</b>	24.146	53%
<b>Newark</b>	10.808	70%
<b>San Jose</b>	10.428	22%
<i>Source: data calculated by the author from U.S. Census, 2000</i>		

In cities like New Bedford and Fall River, where almost half of the total city population is of Portuguese descent, the education levels are extremely low. More than half of the Portuguese ancestry group doesn't even have a High School diploma. The situation is even more extreme in Newark, New Jersey. The people claiming Portuguese ancestry are a total of 15,801 in Newark, where 10,808 are 25 years old and older, and only 3,231 persons have a High School diploma or higher. This means that about 70 percent of the Portuguese ancestry population in Newark didn't finish High School. The education attainment in San José, California is fairly well compared to other cities with a high concentration of Portuguese residents, since only 22 percent of the Portuguese ancestry group doesn't have a High School diploma.

A common pattern is observed among the cities with a high concentration of Portuguese-Americans where the number of persons foreign born is higher; the assumption is the percentage of persons without a high school diploma to be higher as well. In cities such as San Jose, out of 15,801 persons claiming primary Portuguese ancestry, only 3,615 are foreign born. As a result, the second, third, and beyond generations of Portuguese tend to achieve a higher education level than their ancestors. In cities such as Fall River, New Bedford, and especially Newark, first generation of Portuguese immigrants are still very present. As it was stated before, the number of Portuguese immigrants coming to America in the last decade has stagnated, therefore the suggestion is that the percentage of high school diplomas and higher tends to increase in the future.

The percentage of Portuguese-Americans who went beyond high school is small; only 19% of persons have a Bachelors Degree or higher. In comparison to the national level, where about 24% of Americans have a Bachelor Degree or higher, the Portuguese living in the United States are at disadvantage in educational results.

Even though the percentages of Portuguese education attainment are very low when compared with U.S. levels and other ethnic groups who immigrated to America, there has been an increase since the last decade. This could also be due to the fact that most part of the Portuguese-Americans living in the United States at this time are mostly descendents from Portuguese who immigrated in the decades of 1960, and 1970, and even earlier (Vicente, 1999:53). The job market in the United States is also shifting; manufacturing jobs in the United States, mainly in Massachusetts, are diminishing and those that still exist are not well paid jobs (Mulcahy, 2003:32). As a result, the workforce coming into the U.S. may have other levels of education, purposely to work for certain firms and jobs.

The given data in the census about how many persons speak a language other than English at home can explain the level of integration in the host society. At3nio Vicente also explains in his study (1999:53) that one can only fully integrate in the host society if he or she has knowledge of the local language.

Table 2.5 shows that in 2000, 30% of the Portuguese ancestry population with the age of 5 and older spoke another language other than English at home; 12% more than the total U.S. population. Of the total U.S. population, only about 18 percent of the population 5 years and over speak a language other than English at home. Portuguese in the United States have a history of a higher percentage of linguistic isolation than other ethnic groups living in America, which suggests that Portuguese communities are segregated from the local community, slowing down the integration process.

**Table 2.7 – Percentage of Portuguese who speak another language other than English at home**

% of Portuguese Who Speak Another Language Other Than English at Home	
Fall River	48%
New Bedford	54%
Newark	93%
San Jose	37%

*Source: data calculated by the author from U.S. Census 2000*

Table 2.7 shows just that. In cities with high percentage of people claiming Portuguese ancestry, such as Fall River, New Bedford, Newark and San Jose, a significant percentage speaks another language other than English at home. The highest percentage of Portuguese descendants who speak another language other than English at home is 93%, suggesting that the majority of these people in Newark, NJ, still depend on the Portuguese language.

### II.3.2 Economic Characteristics

Studies up until 1990 have found that the economic situation of Portuguese-Americans today has improved but hasn't changed much since the early decades of the 20<sup>th</sup> century. We still find Portuguese working in numerous sectors of the economy that are particularly characterized as low-skilled and low-paid occupations, that require low educational skills (Barrow, Borges, Sweeney 2002:97, Ribeiro 2000:109). These sectors, mainly the agricultural, fishing, and textile sectors are not as strong as they used to be in the beginning of the 20<sup>th</sup> century, therefore causing economic instability throughout the Portuguese communities in the United States.

The Luso-Americans show a lower level of education than the rest of the population living in the United States, however they have a larger percentage of persons in the labor force than the total American population.

**Table 2.8 – General Economic Characteristics**

<b><i>Economic Characteristics</i></b>	<b>Portuguese</b>	<b>%</b>	<b>Total U.S.</b>	<b>%</b>
In labor force (population 16 years and over)	629.034	68,3%	138.820.935	63,9%
Median household income in 1999 (dollars)	48.300	(x)	41.994	(x)
Median family income in 1999 (dollars)	55.100	(x)	50.046	(x)
Per capita income in 1999 (dollars)	22.368	(x)	21.587	(x)

*Source: US Census Bureau, 2000*

Table 2.8 shows that there are 629,034 Portuguese (16 years and over) working in the labor force, which is 68,3% of the total Portuguese ancestry population in the labor force, in comparison to 63,9% of the total U.S. population. In the household and family income characteristics of the U.S. Census, the Portuguese also exceed the total U.S. population. The

Portuguese household and family median income is higher than the national level by a few thousand dollars.

According to the U.S. Census of 1990, the economic characteristics of the Portuguese also topped the total U.S. population except for the per capita income level of the Portuguese that was 4,400 dollars lower than the national level. According to Mulcahy (2003:49), in 1990, “the apparent advantage in household and family income relative to the national average seems to be the result of larger household and family size among the Portuguese, as indicated by the lower per capita income figures.” However, ten years later this suggestion might not be the case any longer. The per capita income of the Portuguese surpasses the national level by only 781 dollars.

**Table 2.9 –Employment, Occupation, Industry, and Class Worker**

<b>Profile of Selected Economic Characteristics, 2000</b>				
<b>Portuguese Ancestry Group</b>			<b>Total U.S. Population</b>	
<b>EMPLOYMENT STATUS</b>	<b>number</b>	<b>%</b>	<b>Number</b>	<b>%</b>
<b>Population 16 years and over</b>	<b>921,252</b>	<b>100.0</b>	<b>217,168,077</b>	<b>100.0</b>
In labor force	629,034	68.3	138,820,935	63.9
Civilian labor force	624,724	67.8	137,668,798	63.4
Employed	594,062	64.5	129,721,512	59.7
Unemployed	30,662	3.3	7,947,286	3.7
Percent of civilian labor force	4.9	(X)	5.8	(X)
Armed Forces	4,31	0.5	1,152,137	0.5
Not in labor force	292,218	31.7	78,347,142	36.1
<b>Employed civilian population 16 years and over</b>	<b>594,062</b>	<b>100.0</b>	<b>129,721,512</b>	<b>100.0</b>
<b>OCCUPATION</b>				
Management, professional, and related occupations	177,567	29.9	43,646,731	33.6
Service occupations	95,005	16.0	19,276,947	14.9
Sales and office occupations	163,42	27.5	34,621,390	26.7
Farming, fishing, and forestry occupations	4,511	0.8	951,81	0.7
Construction, extraction, and maintenance occupations	64,837	10.9	12,256,138	9.4
Production, transportation, and material moving occupations	88,722	14.9	18,968,496	14.6
<b>INDUSTRY</b>				
Agriculture, forestry, fishing and hunting, and mining	10,514	1.8	2,426,053	1.9
Construction	49,915	8.4	8,801,507	6.8
Manufacturing	86,142	14.5	18,286,005	14.1
Wholesale trade	22,938	3.9	4,666,757	3.6
Retail trade	74,077	12.5	15,221,716	11.7
Transportation and warehousing, and utilities	27,948	4.7	6,740,102	5.2
Information	16,864	2.8	3,996,564	3.1
Finance, insurance, real estate, and rental and leasing	40,922	6.9	8,934,972	6.9
Professional, scientific, management, administrative, and waste management services	52,917	8.9	12,061,865	9.3
Educational, health and social services	107,163	18.0	25,843,029	19.9
Arts, entertainment, recreation, accommodation and food services	48,118	8.1	10,210,295	7.9
Other services (except public administration)	29,756	5.0	6,320,632	4.9
Public administration	26,788	4.5	6,212,015	4.8
<b>CLASS OF WORKER</b>				
Private wage and salary workers	473,71	79.7	101,794,361	78.5
Government workers	78,052	13.1	18,923,353	14.6
Self-employed workers in own not incorporated business	40,797	6.9	8,603,761	6.6
Unpaid family workers	1,503	0.3	400,037	0.3

Source: U.S. Census, 2000

As shown in Table 2.9, the percentage of the unemployed for the year of 2000 is slightly greater for the total U.S. population than the Portuguese ancestry group by 0.4%. In 1990 the unemployment rate for the Portuguese was 6.5% and the national average was 6.3%. In the last ten years the Portuguese achieved better results than the total U.S. population average.

According to the U.S. Census 2000, 29.9% of the job occupations that the Portuguese employed civilian population engages in are: management, professional, and related occupations. The percentage for management, professional, and related occupations for the total U.S. employed civilian population is 33.6, slightly higher than the Portuguese. According to the U.S. Census 1990, only 19.5% of Portuguese worked in this category of jobs, indicating that in a period of 10 years, the percentage for management, professional, and related occupations increased by about 10%. This may be due to the increase in education attainment of the Portuguese ancestry group in the last 10 years.

Table 2.9, shows that 27.5% of Portuguese employed civilian population works in sales and office occupations. This percentage is slightly higher than the national level, which is 26.7%. The service occupations for the Portuguese accounted for 16%, which is also higher than the U.S. employed civilian population by 1.1%.

The Portuguese employed civilian population is somewhat more likely to work in lower skilled occupations such as construction, extraction, maintenance, production, transportation, and material moving than the national employed civilian population.

Table 2.9 also shows the industry classifications that the Portuguese employed civilian population is engaged. The educational, health and social services industry had a higher percentage (18%) of Portuguese employed civilian population engaged. For this industry, the national employed civilian rate was slightly higher by 1.9%. Another industry that the Portuguese are greatly involved in is manufacturing. According to the U.S. Census 2000, 14.5% of the Portuguese work in the manufacturing industry. The U.S. civilian employed population also engages in this industry with the rate of 14.1%. Retail trade is another top industry selected by the Portuguese with the rate of 12.5%.

The participation in professional, scientific, management, administrative and waste management services industries are less common for the Portuguese than the U.S. population. Table 2.9 shows that 8.9% of the Portuguese civilian employed population engaged in these industries, compared to 9.3% of the U.S. civilian employed population.

Among the civilian employed civilian Portuguese population living in the United States, 79.7% classify as a “private wage and salary worker”. This percentage rate is slightly higher than the U.S. residents by 1.2%. The U.S. population is also more likely than the Portuguese to classify as government workers by 1.5%. However, the Portuguese classify as “self-employment workers in own not incorporated business” more than the total U.S. employed civilian population slightly by 0.3%.

**Table 2.10 – Poverty level characteristics**

<b>Economic Characteristics</b>	<b>Portuguese</b>	<b>%</b>	<b>Total U.S.</b>	<b>%</b>
Families below poverty level	19.301	6,1%	6.620.945	9,2%
Individuals below poverty level	93.702	8,1%	33.899.812	12,4%

*Source: US Census Bureau, 2000*

In terms of poverty rates the Portuguese also have a better performance than the total U.S. population. According to the U.S. Census 2000, a total of 6.1% Portuguese families lived below poverty level in comparison to 9.2% of the total families in the U.S. For the Portuguese individuals, 8.1% lived below poverty level. The percentage of the total U.S. individuals below poverty level is higher than the Portuguese ancestry group by 4.3%.

In some of the aspects of economic status, the Portuguese ancestry group is attaining better results than the general U.S. population, in terms of labor force participation, median household income, median family income, per capita income, and poverty rates. There has been a significant increase in terms of per capita income since 1990, when the Portuguese results were lower than the national level. Considering that the Portuguese are at disadvantage in terms of education attainment, they performed better than the total U.S. population in terms of economic characteristics. In the last 10 years there has been a significant rise in Portuguese who engage in management, professional, and related occupations. This may be due to the rise of second and subsequent more educated generations of Portuguese immigrants better categorized in the economy.

### II.3.3 Naturalizations

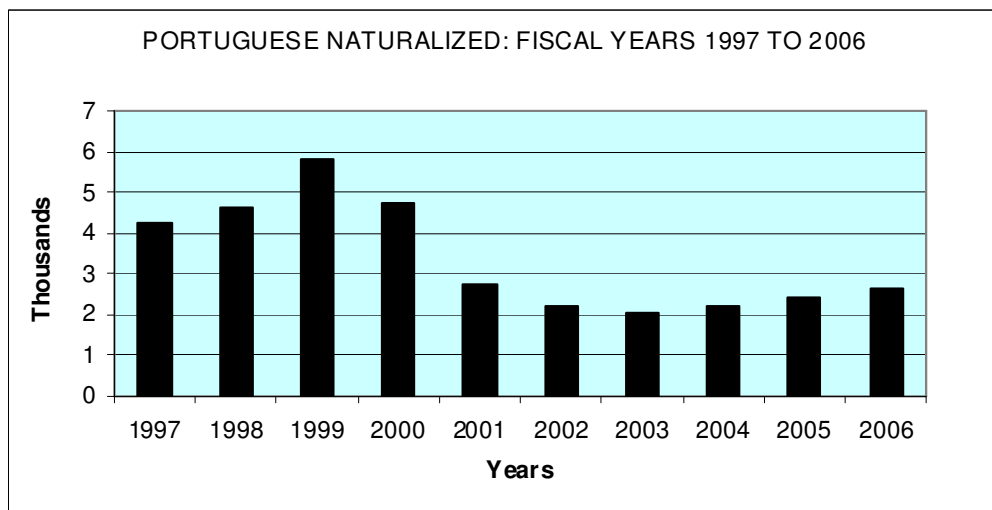
A lot of the Portuguese social associations have been taking initiatives to inform the Portuguese population living in the United States about the naturalization process, mainly



because it brings many advantages to an immigrant. These are the reasons why people are advocating for the naturalization process:

- It brings people the right to vote, therefore participating and being more active in the national political system (Vicente, 1999:45).
- It allows people to obtain full social security retirement plans, which are substantially reduced if an immigrant doesn't become a U.S. Citizen (Vicente, 1999:45).
- The immigrants who are not American citizens and break any laws in the United States can be deported back to Portugal. The naturalization process can stop that from happening (Vicente, 1999:45).
- According to Bloemraad (1999:109), a U.S. citizen has an easier time sponsoring a family member to come to the United States than one who is a permanent resident.
- The benefit of traveling with an American passport is another advantage of becoming an American citizen.

**Figure 2.4 – Naturalizations: Fiscal Years 1997-2006**



*Source: Department of Homeland Security*

Figure 2.4 shows the number of Portuguese immigrants who have been through the naturalization process in the last ten years. According to the table, 5,810 Portuguese immigrants became American citizens the year of 1999; in the last 10 years, 1999 was the year that had the highest number of immigrants obtaining American citizenship. The number of Portuguese immigrants naturalizing themselves has been steady since 2001. These numbers have ranged

between 2034, and 2762 from 2001 to 2006. According to the U.S. Census 2000, 9.4% of the total Portuguese ancestry population is not an American citizen. Of the total foreign born, around 46% have yet not become naturalized citizens.

According to Vicente, (1999:46) the naturalization process of immigrants living in the United States could bring more benefits than other immigrant communities in other countries. So why are still so many immigrants living in the United States who aren't naturalized citizens? According to some studies, there is a lack of information encouraging immigrants to become naturalized citizens. In a study about the Portuguese immigrants and citizenship in North America, Irene Bloemraad wrote: "the U.S. places more emphasis on the control and containment of immigration. There is no official policy encouraging citizenship. The message to immigrants in the US seems to vacillate between suspicion and the desire to assimilate newcomers (1999:113)." The lack of initiatives informing immigrants about the benefits of becoming a citizen leaves it up to voluntary social groups to start on this project. Life under an authoritarian dictatorship is said to have fostered high levels of distrust in government, and this lack of interest in politics leads to low levels of political knowledge and creates a cultural disincentive to become citizens of the United States. It is assumed that many Portuguese immigrants intend to return to their home country and thus they do not place any importance on becoming citizens or on participating in the American political process (Bloemraad, 1999:113).

According to Vicente (1999:59), the Portuguese immigrants have the lowest turnout rates of naturalizations in comparison to other ethnic groups living in the United States resulting in lack of integration. The transnational activities could become stronger if Portuguese immigrants take part in the political system in both the host and home country; the same idea goes to the knowledge of the English language.

## *II.4. Political, Economic Networks and Cultural Aspects involving Portuguese and Americans in the United States*

### II.4.1 Political Networks

Some Portuguese-American communities represent a large amount of local population in some of the cities and counties of states; therefore politicians and Portuguese constituents have all the interest in lobbying for political support, thus forming political networks.

Barrow (2002:13), states that “Portuguese immigrants do not have a history of political participation and therefore have failed to develop a democratic civic culture.” According to Onésimo Almeida, the lack of political participation is not only found among the Portuguese-Americans. This problem is also common among Portuguese immigrants living in France, in Canada, Venezuela, and South Africa (Almeida, 1998:235).

The reason for the lack of interest in the political system might be because for many years Portugal was ruled by a dictatorship regime, however, even before the regime, the Portuguese showed low turnouts in political participation. For the same reasons, however it is often argued that Portuguese-Americans are more involved in “non-political” civic associations that they can relate culturally and emotionally, such as churches, nationality groups, fraternal organizations, and athletic clubs (Almeida, 1998:237).

The first generation of Portuguese immigrants in Southeastern Massachusetts show a significant low educational attainment and participation in low-skill and low-paid jobs. In general, various academic studies on political behavior and political sociology state that low levels of political participation are strongly linked with low educational achievement and low earnings.

Another factor for lack of participation in the US political process is that many Portuguese, especially in southeastern Massachusetts’ urban areas, reside in ethnic neighborhoods where Portuguese is commonly spoken, where they have access to Portuguese language television, radio, and newspapers, and where they can find employment with little interaction outside their well-known ethnic borders. Since the existence of these enclaves does not encourage Portuguese-Americans to become fluent in English, they remain isolated from the U.S. political process, which is conducted mainly in English.

However, studies indicate that there is a steady increase in the numbers of Portuguese persons acquiring American citizenship in the last few years (Mulcahy, 1998:280). Onésimo Almeida places an emphasis on the second generation of Portuguese immigrants in suggesting that they can generate positive changes and increase political participation (Almeida, 1998:242).

Those Portuguese-Americans who become citizens and register to vote, have a significant impact in the community they live in. For example taken from a study in the Southeastern Massachusetts area, it was found that the Portuguese-Americans remain loyal to the Democratic Party and the principles of economic liberalism, although the independent vote has been increasing along the most recent years (Barrow, 2002:31, Marinho, 2002:165). Portuguese-Americans articulate a mix of ideas that are best described as economically liberal, socially liberal, but culturally conservative. The surveys conducted in Southeastern Massachusetts revealed that most Portuguese-Americans are optimistic about their economic situation, but are disturbed by the lack of progress on reducing poverty, and they strongly agree that inequalities of wealth and income are too extensive in the United States (Barrow, 2002:32, Marinho, 2002:165).

Portuguese-Americans have higher turnouts of political expression at a local level, rather than national. Barrow explains that the Portuguese-Americans are more focused on local elections, where they have neighborhood enclaves, access to Portuguese language media, and a greater probability of finding Portuguese candidates running for office. Rosalie Ribeiro (2000:158), states the importance that community lobbying groups have in “ethnic vote” among the Portuguese community. These groups lobby for a so called indirect participation in the American political process, in the way in which Portuguese-Americans would be supporting issues that interest them particularly.

At a national level there are two main groups that support issues concerning Portuguese living in the United States. One group is the House Portuguese American Caucus, a group of politicians who took the initiative of forming a society that lobbies and discusses issues related to the Portuguese community and is composed of members of the House of Representatives. We also find congressmen elected by their electoral districts with a high representation of Portuguese-Americans. A lot of the members in the caucus represent Portuguese constituents at a local level, resulting in a high importance of local politics participation represented by the Luso-American community at large (Vicente, 1999:91).

The Portuguese American Leadership Council of the United States lobbies indirectly by informing Portuguese-Americans about problems affecting the community, by printing out a newsletter, and offers incentives to young Portuguese-Americans to acquire higher education by giving out grants. According to Vicente (1999:91), this organization has had large support from other governmental and private organizations for its amount of activism in the Portuguese community in the United States.

The Portuguese Citizenship Project, founded by the Luso-American Foundation located in Lisbon, Portugal is also committed to strengthen the Portuguese community living in the United States, by lobbying directly and encouraging Portuguese to participate in fully activities and become U.S. citizens. This project acts particularly in the Portuguese-American communities by speaking directly with organizations and forming ad-hoc committees of concerned citizens that want to help in forming strategic plan and goals to address community problems.

#### II.4.2 Economic Networks

The Portuguese immigrants have always been an interesting group in forming group networks that were quite strong in supporting the job and land opportunities in the region of settlement. Looking back in the early settlements of Portuguese immigrants, studies have found that immigrants relied on family members in the United States, as well as family savings in Portugal to pay for the costs of their trip to the United States. They then found support through a Portuguese migrant network in the United States to find work conditions to sustain themselves. They arrived in the United States without knowing the English language and with just the knowledge of a few words to help them get to the place of destination. According to Baganha, connections in the United States were therefore entirely essential for the initial process of immigration, and they determined the destination of the Portuguese immigrants. Immigrants that become dependent upon a migrant network, tend to not want to learn the English language due to the lack of need, therefore resulting in lack of economic resources available for the immigrant. As a result, the Portuguese had a much higher dependence rate on their migrant network than other European groups that also immigrated to the United States (Baganha, 1995:293).

Studies have found that Portuguese-Americans are more economically successful and supply their labor demands if they rely in the formed networks. According to a study regarding the historical evolution conducted by Baganha, analyses three places with high percentages of Portuguese in the United States in the turn of the 20<sup>th</sup> century and suggests that “the functions performed by the migrant network varied from place to place, but in all cases it functioned partly because it was economically advantageous to those involved (Baganha, 1995:295)”. In California, newcomers were employed by the already established elements of the Portuguese community, although receiving lower wages than the ones already established. In return, new arrivals received board, information, and the guarantee of a job as soon as they arrived in California. In Massachusetts, the situation was always a bit different because the Portuguese already living in the area had no control over the economic positions, although established Portuguese could still rely on the newcomers to increase their incomes by offering them room and board, and the newcomers could more easily become accustomed to their new setting by temporarily accommodating in a Portuguese household (Baganha, 1995:295).

Portuguese immigrants still rely on the “intra-ethnic” networks and relationships among the community to find jobs. As it was stated before, there is a high percentage of Portuguese that do not need to use the English language to perform their everyday life routine. Networks and relationships among the community support this factor.

However, the important kind of networks that are relevant for the transnational economic relations and connections between the United States and Portugal are the “inter-ethnic” networks among the Portuguese-American community. These are the networks that Portuguese-Americans form when they are integrated in the local community but still remain contact with their country of origin.

Successful members of the Portuguese community that own businesses are very active in developing the economic interests of Portuguese entrepreneurs living in the United States. Therefore they take action and join local Chambers of Commerce to promote their business, their products, and services to the community at large. Portuguese Chambers of Commerce and Portuguese Business Associations were formed to protect and serve the Portuguese economic interests in the most abundant Portuguese communities. However, most of these associations do not exist, or mostly inactive today.

Portuguese business people are mostly active in local Chambers of Commerce, where members of businesses (ethnic and non-ethnic) located in that area take part in activities that enhance economic growth and job creation for the benefit of the communities involved. There

is a shift in the position of Portuguese-Americans and who they want to direct their attention to, and the turnouts could come out positive. Many of these local chambers of commerce are directly involved with economic development and job creation opportunities of their local communities. The involvements of Portuguese-Americans in these organizations bring benefits to both the members of the Portuguese community and local firms, affecting the local economic growth. In my point of view, if the members of the Portuguese community are getting more involved and performing in activities where the community at large is taking place, the level of integration among Portuguese-Americans in the local community increases, and makes it easier for transnational transactions between Portugal and the United States to occur.

Local Chambers of Commerce also promote commerce and trade between the United States and Portugal, by organizing workshops and social events with business owners and economic development officials. For instance, the Chamber of Commerce of Fall River, Massachusetts, realized a series of workshops and social events in May of 2006. This initiative was named “Commerce & Trade with the Azores: An Archipelago or Opportunity”, and its goal was to develop trade and tourism networks between local and Azorean businesses. The local companies looking to expand their activities to the Portuguese archipelago or learn about products offered by Azorean companies attended these series of events.

Associations such as the Luso-American Foundation, have an interactive cooperation with the Portuguese-American community, to provide financial and strategic support for innovative projects to contribute to the economic development of Portugal. This foundation is extremely important because it finances commercial and research projects thus developing the economic relationships between Portugal and the United States which will be talked about in the next chapter. In forming a stable network with institutions such as FLAD, organizations in Portugal can form future contacts in United States.

### II.4.3 Cultural Aspects

Ethnic and cultural characteristics come across as very present in the Luso-American community. Onésimo Almeida makes an approach to the Portuguese ethnic community by stating that the ethnic culture is so present in the Portuguese community in the United States, forming a community that is not quite Portugal, although not quite America either, but yet a mixture of both cultures (Onésimo, 1987; Ribeiro, 2000:39). Bela Feldman-Bianco and Donna

Huse suggest that “America is present in the everyday life of the Azores just as the Azores is present in the everyday life in America” (1998:62). The large emigration flows of Portuguese from the Azores to the United States, affected the daily lives of the relatives and friends who stayed back in the place of origin.

Barrow suggests that Portuguese descendents of the second and third generation more easily integrate into the U.S. economy and become involved in local politics, but still maintaining a distinct culture and a living language within ethnic neighborhoods, sports clubs, and fraternal societies. In a collection of surveys for the study named “Portuguese-Americans and Contemporary Civic Culture in Massachusetts”, it was found that membership in Portuguese political organizations has been decreasing over the last 25 years, while membership in various civic associations, predominantly sports clubs and social clubs, has been increasing, making the Portuguese ethnic identity social or cultural, instead of political (Barrow, 2002:28).

These civic associations, such as sports and social clubs, are constituted by members of the Portuguese community that play a fundamental role in the everyday life of the Portuguese-Americans. Portuguese restaurants, travel agencies, markets, book stores, local Portuguese press, radio stations, TV stations, and libraries are a common feature when we travel to Portuguese communities in the United States. Portuguese immigrants feel much comfortable and closer to home in a familiar system where they don’t feel the need to interact with the American culture, but their own.

In a country where the Portuguese immigration is declining, Barrow (2002:28), affirms that it is important “to measure whether the Portuguese culture and identity will remain vibrant a generation from now.” The Portuguese language instruction is also another factor that should be looked at in terms of how it is being offered in middle schools and high schools located in towns and cities with significant concentrations of Portuguese-Americans. Portuguese language courses are offered to heritage speakers of Portuguese, as well as English-Speaking students.

Just to name a few, centers such as the University of Massachusetts Dartmouth Center for Portuguese Studies and Culture, a center for multidisciplinary international studies and an “outreach unit” dedicated to the study of the language, literatures and cultures of the Portuguese-speaking world, contributes to the education, culture awareness, and economic development related to the Portuguese-American Communities. Another example is the Department for Portuguese and Brazilian Studies at Brown University established in 1977 with the mission to research and teach about the Portuguese-Speaking world. This department not



only performs services inside the university community but also reaches out to Brazilian and Portuguese universities, by publishing books and three scholarly journals, and by organizing cultural events.

### **III. Economic Networks and Contacts**

#### ***III.1 Remittances from USA to Portugal***

##### **III.1.1. The Economic Framework of Remittances**

In this section of the chapter, we will analyze the networks and economic connections involving the Portuguese community living in the United States and Portugal by referring to studies about immigrant remittances to Portugal as well as general statistics from the Bank of Portugal. To enrich the empirical and theoretical studies of remittances, interviews were performed to members of the Portuguese community in the United States, mostly in New England. Portuguese financial institutions have “money remitter” agencies in the United States facilitating immigrants to transfer money into their Portuguese bank accounts. The bank representatives of those financial institutions gave very important and useful qualitative information to be added to the existing studies of remittances. The information includes: the use and purposes of remittances, the characteristics of immigrants who perform transfers, and volume of remittances flows.

##### **III.1.1.1 World Migrant Remittance Records**

Before making an evaluation on the impact that the migrant remittances have in Portugal, and more specifically Luso-American money transfers, we briefly introduce what impact does remittances have in the world, and why there has been a rising interest on this subject. Remittances are now one of the largest sources of external financial flows to developing countries, the first one being Foreign Direct Investment. During the last two decades accounted remittances have increased significantly, causing a large interest from private institutions. The World Bank recorded 160 billion dollars worth of remittance flows through formal channels in 2004. In comparison, in 1995 the record of world remittances through formal channels was only about 54 billion dollars. According to Ghosh (2006: 7),

remittances have remained as a stable source of financial flows to developing countries, compared to other sources, having an impact on the GDP of home countries. In the IMF “balance of payments statistics yearbook”, worker remittances worldwide for the year of 2005 are recorded to be more or less 151 billion dollars, where 139 billion dollars went to developing countries (Reinke, 2007:15).

Ghosh (2006:13) suggests that most of the world’s remittance flows go directly to less developed countries, although industrial countries also receive remittances from immigrants abroad.

Formal channels of money transfers are the most important way to record remittance flows. This dramatic increase of remittances in just a period of 10 years is assumed to be because migrants started using more of formal channels for transferring money instead of informal channels (Ferranti, Ody 2007:63).

### III.1.1.2 Studies about Remittances in Portugal

There aren’t many studies about the impact migration can generate into the national Portuguese economy. Baganha, (1994:963), introduces two indicators that refer to the evaluation of the migration’s impact on a national economy. The first indicator is the ratio of remittances over national exports. Because Portuguese emigration is considered to be an “economic emigration”, it can be measured as an export of “man power”, thus remittances are assumed to be considered the monetary value that “man power” brings back to the national economy in comparison to other exports. According to this indicator, in the 1950’s, remittances represented 13% of national exports, 25% in the 1960’s, 56% in the 1970’s, and 45% in the 1980’s. This study suggests that migrant remittances had a significant weight on Portuguese exports. No other good or service exported has as much influence on the weight of exports as remittances.

The second indicator is the ratio of remittances over gross domestic product (GDP), where remittances are the monetary return to the home country’s economy of the immigrant workers’ productivity abroad. According to Baganha, the results show that between the ends of the 19<sup>th</sup> century up until the WWI, remittances represented 2% of the Portuguese GDP, and 4% right before the Great Depression. Between the decades of 1950 to 1980 there was a significant increase on the weight of remittances in relation to the GDP, where in the 1950’s the weight of

remittances over the GDP was 2%, 4% in the 1960's, 8% in the 1970's, and 10% in the 1980's (Baganha, 1994:963).

Rick Chaney (1986) also suggested that Portuguese emigration had a significant impact on the national economy. He also used the two indicators to explain the evolution of the weight of remittances in the Portuguese economy between the years of 1950 to 1980. In his book, he argued that remittances performed by Portuguese emigrants living abroad were used for savings and contributed to the increased rate of capital formation throughout that period (1986:24). He also mentions that specific emigrating regions of a country and their uniform socio-economic characteristics are more appropriate for the focus of remittances than the country itself. There he suggests that “a theory of international migration and remittances can then become meaningful for sets of regions (1986:40).

### III.1.1.3 Measuring Remittances

The formal channels of remittances have been the major source for the recording of money transfers. The national flows of remittances are recorded through the balance of payments account under the “current transfers”. Afterwards, each country sends the national statistics of the remittances in their balance of payments account to the International Monetary Fund. According to Ghosh (2006:11), the IMF reports remittances in three different headings: “current transfers” (transfers from workers staying for longer than one year); transfers of workers staying less than one year in the host country labeled “labor income”, recorded under the “income” sub-category of “current account”; and “capital transfer”, flows of goods and financial assets linked to the migrants' cross-border movements. The category that is more consistent and more focused on is the first one, “current transfers”, probably because it is easier to track the remittance statistics.

In the balance of payments framework, according to Jens Reinke from the Statistical Department of the IMF, remittances are classified as: compensation of employees; workers' remittances; and migrants' transfers (2007:2). The report prepared by this author suggests that:

➤ “*Compensation of employees* comprises wages, salaries, and other benefits earned by individuals in economies other than to those in which they are residents, for work performed for and paid for by residents of those economies.”

➤ “*Workers’ remittances* cover current transfers by migrants who are employed in new economies and considered residents there.”

➤ “*Migrants’ transfers* are contra-entries to the flow of goods and changes in financial items that arise from the migration of individuals from one economy to another.”

The difference between workers remittances and migrants’ transfers is that workers’ remittances “involve a current transfer between residents of different countries, while migrants’ transfers relate to the capital account changes caused by the change of residence of a household, at the time this takes place” (Reinke, 2007:3). It is up to the data users to decide which interpretation of remittances best serves their specific study.

Jens Reinke suggests that the Balance of Payments Manual doesn’t have a precise definition of workers or migrants. This author mentions the Balance of Payments Textbook, which points out that although workers’ remittances consist of transfers sent by migrants living and working in “new” economies to residents of the economies in which the migrants previously lived in, this record does not classify “self employment” as *workers remittances* but as *current transfers*. According to Reinke, this characteristic difference among remittance data is important because the textbook suggests that workers’ remittances occur from “labor” and not from “entrepreneurial income” (Reinke, 2007:5).

It is important to note that in the Bank of Portugal statistics, migrant remittances from the United States are classified only as “migrant remittances” under the current transfers account, and are not distinguished if they are compensation of employees, workers’ remittances and/or migrants’ transfers. We could assume that most of these remittances performed by Portuguese immigrants in the United States are workers’ remittances and migrants’ transfers, although we are not certain. According to Reinke, households’ income can come from a variety of sources such as their wages, their entrepreneurial labor, their investments, as well as other transfers. This process makes the practice of determining whether transfers are made from wage or other income a complex one (Reinke, 2007:5). The qualitative information of the interviews performed to the Portuguese money remitter agencies in the United States, discussed further, can help in the process of this assumption.

### III.1.1.4 Financial Institutions and Corporate Sector

According to Ghosh (2006:8), “major banks and financial agencies have begun to view remittances not only as a source of potential profits generated by a rising level of cross-country money transfer business and from their securitization, but also as a promising channel to reach migrants as regular customers in the future.” The cost of transferring remittances through formal institutions has also declined in the last few years, making it easier for migrants to remit to their home countries. According to David Ferranti and Anthony Ody (2007:71), “a significant amount of work has been done on the relationship between remittance senders and financial institutions in the specific context of the costs of effecting international transfers from the sender to the ultimate beneficiary.”

The financial institutions interviewed for this research played an important part in providing information of remittances sent by the Portuguese living in the United States. A few of Portuguese financial institutions have money remitter agencies in Portuguese communities of the U.S. The financial institutions involved in the interviews were *Santander-Totta*, *Banco Espirito Santo* and *Millenium BCP Bank*. According to the representative of the financial institution *Santander-Totta*, the agencies serve specifically as “money remitters”<sup>2</sup> with the only function of transferring money from the United States to Portugal. The client is required to have an account with the regarding financial institution for easier access. The financial institution invests in the Portuguese communities abroad because they have a good potential of gaining clients with their services.

*Millenium BCP Bank* is the only Portuguese affiliated financial institution interviewed for this study that performs actual banking services in the United States. This institution bought a local American bank and serves the American population as any other local bank. Since this institution is affiliated with Millenium BCP in Portugal, it opened up branches in the Portuguese community, offering a number of financial services relating both countries, and is now expanding to other localities of the United States.

The representative from *Santander-Totta* also suggests that financial institutions are very engaged in this process because Portuguese immigrants still look upon the country of origin as an alternative, and still highly connect to it. The second generation still has a financial

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<sup>2</sup> “Money remitter” agencies refer to bank agencies specifically to perform services dealing with remittances.

affiliation because they have to deal with their parents investments (property, business) in Portugal. If the economic relationship turned out to be positive for the first generation, the second generation will most likely keep this relationship. According to the interviews, the social ties are still very present in the second generation if their parents have made good investments in Portugal. The second generation also wants to connect to where their ancestors came from.

### III.1.2. Remittance flows of Luso-American immigrants

#### III.1.2.1 Volume of Remittances

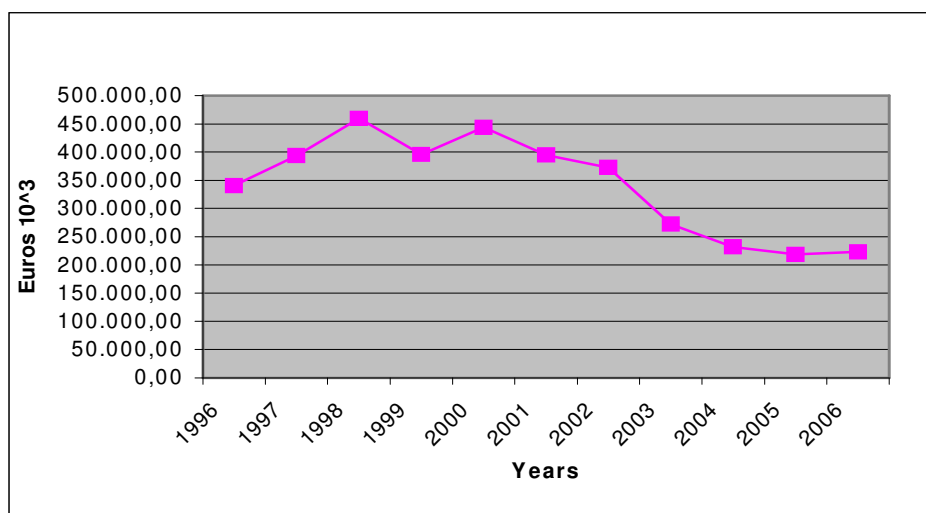
The Bank of Portugal records the transfers of immigrants in its national balance of payments account. Through the statistical reports of the Bank of Portugal we may analyze the remittances of Portuguese immigrants in the United States and study its evolution along the years. To complement this analysis, the Portuguese money remitting agencies located in the United States, mainly in the Luso-American communities of Massachusetts and Rhode Island were interviewed. The representatives of the money remitters gave important information, mainly for what purposes serve the remittances of the Portuguese immigrants to Portugal, and what locations are they coming from as well as going to.

**Table 3.1 – Immigrant Remittances from United States to Portugal, 1996-2006**

<b>Immigrant Remittances Years 1996-2006 U.S. to Portugal</b>	
<b>Year</b>	<b>Euros 10<sup>3</sup></b>
1996	340.557
1997	393.460
1998	459.499
1999	395.721
2000	443.455
2001	394.583
2002	372.451
2003	272.122
2004	231.901
2005	218.369
2006	223.065
2007 Jan-Oct	175.064

*Source: Bank of Portugal*

**Figure 3.1 – Evolution of Immigrant Remittances from U.S. to Portugal, 1996-2006**



*source: Bank of Portugal, Balance of Payments*

According to figure 3.1, immigrant remittances from the United States to Portuguese accounts have been decreasing since the year 2000, although reaching stability in the last two years. Table 3.1 shows the amounts (in euros) of remittances transferred in the last ten years - the only for which data is available. In 1998, Portuguese immigrants living in the United States transferred 459 million euros. This was the year with higher flow of remittances in the last ten years. According to the statistics of the Bank of Portugal's, Balance of Payments account, in 2007 the amount transferred from the months of January to October was 175 million euros. According to the data released by the Bank of Portugal, the amount of immigrant remittances from the United States between the months of January and October of the year 2006 was 190 million euros. The volume of remittances in 2006 is higher than the values released in 2007; therefore, we can guess that remittances transferred by Portuguese immigrants in the United States also have decreased in 2007 in comparison to 2006.

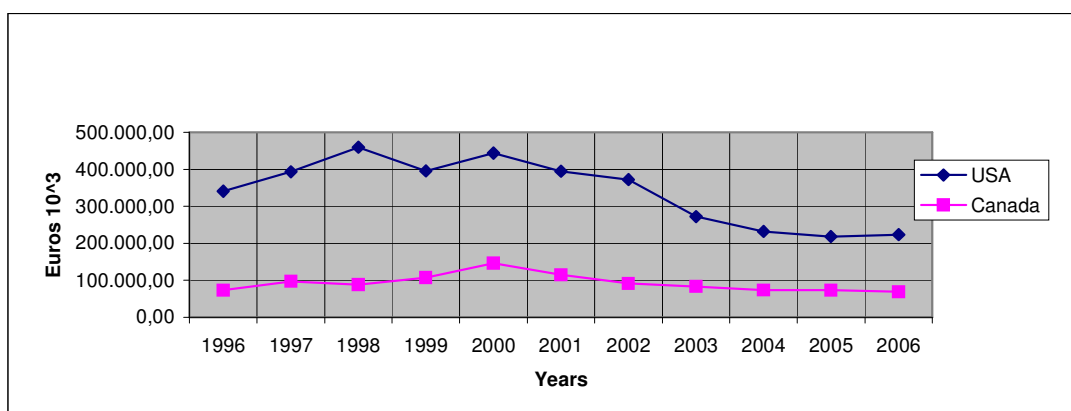
The decrease in remittance flows can be related to the decrease in Portuguese immigration in the United States, although, in the last 3 years, the currency exchange between the euro/dollar has been also an influencing factor for the downturn of flows. This can mean that immigrants are transferring the same or more amount of money in dollars, but it is worth less in euros. According to the "money remitter" agencies interviewed in New England, the immigrant remittance flows have been stable or increased in the last years, therefore suggesting that the unfavorable exchange rates could be the cause of the decrease of remittance flows in the Bank of Portugal, balance of payments account.



The data shown in table 3.1 is only data released by the Bank of Portugal. According to a representative of the Bank of Portugal, the records of migrant remittances from the United States to Portugal are only available from the years of 1996 up until now. The statistical data of immigrant remittances from the United States prior to the year of 1996 are combined with statistical data of immigrant remittances from Canada.

The lack of data information from years before 1996 leaves us with only ten years to evaluate; however, there are existing remittance records from the United States and Canada from the years of 1953 up until the year of 1991. The remittance records of Portuguese migrants from United States and Canada combined can misinterpret our analysis. Therefore, we took a look at the Luso-Canadian remittances along side the Luso-American remittances in the last 10 years and we verified that the remittances from the United States have been decreasing, and remittances from Canada remain constant to the past years (Figure 3.2). However, Canadian immigrant remittances account for much less in comparison to Luso-American immigrant remittances.

**Figure 3.2 – Immigrant Remittances from USA and Canada to Portugal, 1996-2006**



*Source: worked by author from Bank of Portugal, Balance of Payments*

Table 3.2 shows data gathered by the annual reports of the Board of Directors of the Bank of Portugal. Because they were recorded in millions of escudos, they had to be converted in euros to facilitate the analysis.

The table below shows compiled information among 1970 and 1991. During this period, the volume of immigrant remittances was high because immigration to North America was at its peak. The Figure 3.3 shows that the migrant remittance flows increased dramatically after

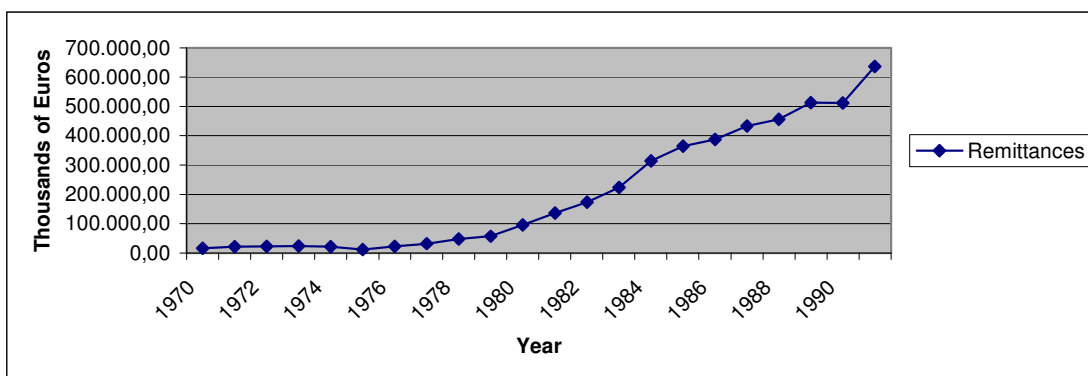
the 1980. This could be a result of the second wave of immigration which started in the early 70's.

**Table 3.2 – Total emigrant/immigrant remittances from United States and Canada to Portugal, 1970-1991**

<b>Emigrant/immigrant remittances Total United States and Canada</b>		
<b>Year</b>	<b>Millions of Escudos</b>	<b>Thousands of Euros</b>
1970	3246	16.190,98
1971	4286	21.378,48
1972	4498	22.435,93
1973	4754	23.712,85
1974	4317	21.533,11
1975	2163	10.789,00
1976	4508	22.485,81
1977	6354	31.693,62
1978	9584	47.804,79
1979	11413	56.927,80
1980	19278	96.158,26
1981	27400	136.670,62
1982	34744	173.302,34
1983	44721	223.067,41
1984	63149	314.985,88
1985	72954	363.893,02
1986	77602	387.077,14
1987	86730	432.607,42
1988	91576	456.779,16
1989	102960	513.562,31
1990	102513	511.332,69
1991	127528	636.106,98

*Source: compiled by author from annual reports of the Bank of Portugal, Balance of Payments*

**Figure 3.3 – Evolution of Immigrant Remittances from U.S. and Canada to Portugal, 1970-1991**



Source: worked by author from annual reports of the Bank of Portugal, Balance of Payments

According to Gosh (2006:22), the migrants that leave social obligations, such as housing expenses, or family behind, have a higher propensity to remit. Maria Baganha suggests that the Portuguese emigration is considered an economic emigration (Baganha, 1994:963), therefore the large quantity of Portuguese immigrants in the United States in the decades of 1970 and 1980 could explain such high flows of remittances back to Portugal.

### III.1.2.2. Characteristics

The interviews with the Portuguese “money remitter” agencies in the Portuguese community of United States helped out this study tremendously regarding qualitative information of immigrants who transfer money back to their home country. The characteristics of migrants that transfer money are important to find out why remittances performed by Portuguese immigrants are still so relevant.

According to interviews performed with the representatives of money remitting agencies, the first generation of Portuguese immigrants in the United States still have the buying power in comparison to the second generation, which can be reason why the remittances have been high along the years, and remained stable. The *Santander-Totta* representative from Mineola Village in the state of New York suggests that most of the immigrants who send money to Portugal in that area will move back to their home country eventually. The immigrants who send larger and more frequent quantities of remittances are

immigrants who came from the continental part of Portugal. Therefore, according to the interviews, Portuguese immigrants from the continent have a higher tendency to move back to Portugal later in their lifetime than Portuguese immigrants who came from the islands of the Azores. New England and, more specifically, the state of Massachusetts, which according to the representative of the same bank in that state, has a high percentage of Portuguese immigrants, send fewer quantities of remittances to their home country since they mostly originated from the Azores. The *Santander-Totta* “money remitter” agency in New Bedford, MA, is one with the lowest annual volumes in comparison to agencies located in New Jersey, New York, and Connecticut.

Most immigrants who send remittances to Portugal immigrated to the United States in the 1960’s and 1970’s. Family related remittances are performed by immigrants with low-skilled jobs. According to the representatives in Mineola, NY and Naugatuck, CT, most immigrants performing remittances work in the construction sector.

The representative from *Banco Espírito Santo’s* money transfer agency in East Providence in Rhode Island suggested that the more integrated Portuguese immigrants are in the United States, the more distant they are (economically) from Portugal, therefore decrease their remittance flows. He also suggests that the first generation of Portuguese immigrants are the ones who still send a higher amount of remittances, and this might indicate that the second and third generations might not be familiar with the advantages of having financial investments in Portugal.

In East Providence, Rhode Island, 95 percent of the remittances are family related remittances and 80 percent of those transfers are going to continental Portugal. According to the *Santander-Totta* representative located in New Bedford, Massachusetts, a number of immigrants sending remittances transfer them to the regions of Trás-os-Montes (Chaves), Madeira Islands, Monte Alegre, and the city of Figueira da Foz. The representative in Naugatuck, Connecticut, suggests that Chaves and Murtosa are the regions in Portugal from where Portuguese in that area remit the most. According to the representative of Mineola, NY, Chaves, Murtosa and Minho are also the regions from where Portuguese immigrants located in that area remit. This information implicates that Portuguese immigrants who transfer money to their home country are mostly from the northern regions of Portugal. Therefore, there might be a common pattern among immigrants who have a tendency to move back to Portugal after they retire.

To perform the remittances, immigrants only need some form of identification. This means that illegal immigrants and non-American residents who work in the US can transfer their money to Portugal. According to the agencies in Mineola and New Bedford, there has been an increase of illegal immigration from Portugal in the last years.

All the interviews performed revealed that family related remittances are more frequent than business related remittances. Most agencies interviewed also mentioned an estimated amount being transferred each year, except the agencies contacted in New Jersey. The *Santander-Totta* branches of New Bedford MA, Naugatuck CT, Mineola NY, and the *Banco Espírito Santo* in East Providence, RI, transfer between 9 and 16 million dollars per year; most of those remittances are family related remittances and are going to the northern continental regions of Portugal. The representative of the *Banco Espírito Santo* in Newark NJ did not reveal the total volume of remittances accounted for in that agency; however, he suggested that 70 percent of the remittances recorded by the Bank of Portugal's Balance of Payments account come from the Newark, New Jersey area of the United States. As indicated by representatives from these "money remitting" agencies, Newark has a high percentage of continental Portuguese immigrants in comparison to other cities and states of the US. This is the main reason why the branches in Newark NJ have higher volumes of remittances in comparison to other agencies located in other Portuguese communities.

### III.1.2.3 The purpose and Use of Remittances

The purposes of migrant remittances differ among groups. Latin-American and African studies have analyzed how remittances can contribute to the home country's economic development, by contributing to support in local infrastructures, such as education, health, roads, etc. The purpose of why some migrant groups remit can be linked to the home country's development. However, in the Portuguese immigrants' case, the main reasons to transfer money can be of a different kind. Ferranti and Ody argue that "migrants who expect to return relatively soon may be interested in investing in assets such as housing or a small enterprise to prepare the ground for their return, while those planning to stay away may be more concerned with supporting the level of consumption of family members at home" (2007:68). The point of view suggested by these authors is connected to some of the reasons Portuguese immigrants

remit to their home country. The interviews with the “money remitting” agencies also helped investigate the main purposes of remittances of Portuguese immigrants.

In Mineola, NY, the representative of the *Santander-Totta* agency stated that about 20 percent of the Portuguese immigrants who remit to Portugal have real estate investments, such as house and property purchases. Therefore immigrants transfer money to Portugal to pay for their mortgages. The rest of the percentage of people remitting money to Portugal keeps it as savings for after retirement. The representatives of the “money remitting” agencies call this savings a “nest egg”. The *Santander-Totta* representative of New Bedford, MA, said too that one of the main reasons why the family related remittances have been increasing is that the Portuguese immigrants in the USA use their account in Portugal as a “nest-egg”, and the benefit of this account is long-term savings. The financial institutions facilitate this process by keeping the money in dollars for an extended period of time, until the euro/dollar exchange rate is more favorable. According to the representatives of *Santander-Totta*, *Banco Espirito Santo*, and *Millenium BCP Bank*, the main reason why Portuguese immigrants have this savings account in Portugal and not in the United States is that they receive interest without fiscal responsibility from Portugal and they don’t have to declare US government taxes on that money transferred.

In Mineola, NY, the family related remittances make up for about 95 percent of the total on this particular *Santander-Totta* branch. The representative states that about 150 thousand Portuguese persons transfer money in the branch of Mineola Village annually, and most of them maintain a strong relationship with Portugal.

➤ **Business related**

The money transfers of Portuguese immigrants living in the United States can also be business related. The representative of *Santander* in New Bedford, MA, suggests that the remittances transferred from transnational enterprises in the Portuguese community in the area are very important to this particular agency. The family related remittances might happen with more frequency, although the business related transfers have much higher volumes (sometimes 45 thousand dollars at a time). Businesses that import goods from Portugal use “money remitters” to transfer money loads to Portuguese exporters. The “business” transfer is usually done at a personal level, which means that the responsible person of the business is the one who performs the remittance under his own name (as an individual).

Buying products in Portugal at the current time isn't in the best interest of the Portuguese-American enterprise because of the exchange rate of the euro, although the "money remitter" agency services the firms by keeping the money in dollars until the exchange is performed at the most favorable rate.

According to the *Santander* agency in New Bedford, the business remittances have been excelling because some of the Portuguese products such as wine, tile and foods have been expanding to the local (American) market due to the quality of the merchandise. He suggests that Portuguese-American companies have been developing different and better approaches to promote Portuguese products in the local community. The businesses which use the services of this agency to transfer money on a daily basis are jewelers, food stores, travel agencies and wine distributors. *Millenium BCP Bank* is another financial institution which businesses use to transfer money to import "ethnic" products from Portugal. However due to the decrease of Portuguese immigration in the area, this bank is turning into emerging markets such as Brazil. Though *Millenium BCP Bank* still feels that is important to have a positive relationship with some of the Portuguese-American businesses in the area, mostly the ones that are most profitable, and have a potential for growing in the near future.

The representative of *Millenium BCP Bank* suggests that the businesses that remit larger quantities and are most profitable (several million dollar revenues) are the Portuguese wine distributors. Portuguese wines have been recognized as upscale wines. Therefore the importing sector is expanding not only to the Portuguese community, but also to the American market. These businesses will be explored more in depth in the next part of this chapter.

#### III.1.2.4 Remittances and growth

Studies mentioned in the first chapter of this research, developed by authors (Guarnizo, 2003:673; *also see* Ghosh, 2006:57-67) suggest that remittances are a large contribution to economic development of home countries through positive multiplier effects in the national economy. Although this might be controversial, according to Ferranti and Anthony, along with other home country's state policies, remittances have the investment resources to support many vulnerable people in the home country (2007:82).

According to the interviews, the remittances performed by the Portuguese living in the United States are not used directly for the development of infrastructures of home countries'

localities, but for personal wealth reasons and investments. However, one particular “money remitting” agency (*Banco Espirito Santo*, in RI) engages in promoting investment to the Azores region. The representative from the agency states that there is a difference among the Portuguese who came from the Azores and the Portuguese that come from continental Portugal. The difference is that the Portuguese who came from the continent remit larger quantities of money to Portugal than the immigrants from the Azores. Azorean Portuguese immigrants went to the United States without thinking of returning, mainly because the lack of economic growth in the Azores along the years.

This particular “money remitter” promotes investment in the islands of the Azores because most of the people of Portuguese descent in East Providence are of Azorean descent. This “investment” includes working with the Azorean government and chambers of commerce to promote more tourism, real estate purchasing, and business creation in the Azores. The financial institutions want to serve and gain more clients, therefore seek Portuguese of Azorean descent to invest in transfer money regularly to the Azores. If first generation immigrants succeed in making investments in Portugal, the second and third generations will also make that commitment.

Some scholars researching about migrant remittances say remittances could have a positive impact on the economic growth of the home county. However, these transfers’ impact on the national economic performance of the home country, in the Portuguese case, could be small. However, the fact that Portuguese immigrants maintain and buy homes in Portugal stimulates the growth in the real estate sector.



## *III.2. Commercial Flows Involving Portugal and the US*

### III.2.1 International Trade between Portugal and the US

To evaluate the commercial flows involving the Luso-American community and find out if they have a relevant comparative advantage in trade between Portugal and the United States, we must take a look at the general economic trade relations between the two countries. Through exports and imports statistics between Portugal and the United States, we can trace down and hypothesize which are the products that can potentially have a relationship with the Portuguese community in the United States. This section is based mostly on the AICEP (*Portuguese Business Development Agency*) report of economic relations between the USA and Portugal and contacts to members of AICEP located in New York and Lisbon, as well as information of the US Department of Commerce.

According to AICEP, the United States is one of the most important trading Portuguese partners outside the European Union. To Portugal, the United States is classified in 5<sup>th</sup> export client, and 9<sup>th</sup> import supplier. As for the United States, Portugal's classifications as client and supplier are much reduced. This could be because United States has much stronger market and investment capabilities than Portugal.

According to the commercial bilateral account, AICEP suggests that the Portuguese exports to the US (US imports from Portugal) have had a positive evolution in the last five years, with an annual growth rate of 2 percent. In the year of 2005 the Portuguese exports faced a 5.5% downturn in comparison to the year of 2004, although in the first semester of 2006 the pace accelerated: there was an (+31%) increase in Portuguese imports to the US.

According to the report, "the imports from the United States (total US exports to Portugal) have been quite irregular, showing a negative annual growth of -5.4 percent along the last 5 years" (AICEP, 2006: 3). According to the report, the commercial bilateral balance account shows that exports from Portugal to the United States (US total imports) have been greater than the imports from United States to Portugal, therefore favoring Portugal's account balance.

For the year of 2007, commercial flows take yet another turn in the bilateral account. According to AICEP statistics, between the months of January-October of 2007, the Portuguese

exports (US imports) to the United States have shown a negative growth of -14.3 percent relatively to the year before. As for imports from the United States (US exports) to Portugal, through the months of January-October of 2007 general US exports to Portugal have increased by 17.8 percent in comparison to 2006. This irregularity of the bilateral account could also be due to the constant change of exchange rates between the euro/dollar currencies.

Now we must look carefully at the products being exchanged among the two countries. The next charts will indicate the top 15 products that are exported from Portugal to the USA, and products that are imported from the USA to Portugal.

**Table 3.3 – Top 15 U.S. total imports from Portugal**

Millions of U.S. Dollars				
Discription		2004	2005	2006
		2243,257	2328,675	3041,111
1	Mineral Fuel, Oil Etc	305,819	250,900	690,430
2	Machinery	386,782	530,886	562,479
3	Electrical Machinery	408,397	367,571	462,033
4	Misc Textile Articles	205,086	196,986	176,625
5	Cork	164,797	168,006	173,292
6	Vehicles, Not Railway	28,040	21,974	157,223
7	Paper, Paperboard	69,187	73,036	88,418
8	Beverages	64,261	74,566	73,838
9	Footwear	87,509	73,505	58,635
10	Knit Apparel	53,862	49,679	49,898
11	Special Other	21,193	38,878	47,353
12	Rubber	25,443	48,153	44,241
13	Ceramic Products	48,240	42,069	40,304
14	Woven Apparel	45,015	43,400	39,848
15	Organic Chemicals	41,548	46,186	34,694

*Source: U.S. Dept. of Commerce, Bureau of Census*

In 2006 the total US general imports from Portugal accounted for 3041,111 million dollars. This number increased by 712,436 million dollars in comparison to the year of 2005. According to the US Department of Commerce, the top four imports from Portugal to the US are: mineral fuel, machinery, electrical machinery and textile articles. In the year of 2006 the percent share of these exports represented 62.2 % of the total share of exports from Portugal.

The product ranked number one in the US Department of Commerce of 2006 is mineral fuel. It is the main import from Portugal, and the description is oil (not crude) from petrol and bitum minerals, representing 22.7 % share of the total imports from Portugal. Machinery and

electrical machinery are the next top items in the list of imports from Portugal into the United States. The machinery items, which include parts of typewriters and other office machinery represent 18.5% share from the total imports. The electrical machinery includes electronic integrated circuits and stand for 15.2% of the total share of imports. The next top item on the import list from Portugal in 2006 is textiles, which include bed linen, table linen, toilet linen and kitchen linen. Textiles represent 5.8% of the total share of imports from Portugal.

Other products are also part of the long list of exports from Portugal that are important to mention and describe. Other products such as cork, paper, beverages and footwear also represent a significant share of exports coming from Portugal.

According to AICEP, between the years of 2001 and 2004, there was a registered decrease of Portuguese businesses that export goods to the United States. In 2001 there were 3,074 businesses that exported goods to the United States, and in 2004 there were only 2,698.

In relation to exports from United States to Portugal, we can see that there is a concentration of three main groups of products that make up for 60.4% of the total share of exports in 2006.

**Table 3.4 – Top 15 U.S. total exports to Portugal**

Millions of US dollars			
Description	2004	2005	2006
1 Aircraft,Spacecraft	337,003	366,809	459,384
2 Electrical Machinery	56,250	79,972	247,827
3 Machinery	131,073	161,133	180,605
4 Optic,Nt 8544;Med Instr	60,220	57,796	68,569
5 Fish And Seafood	37,087	41,958	57,762
6 Wood	47,265	52,543	55,625
7 Misc Grain,Seed,Fruit	57,021	61,821	51,499
8 Mineral Fuel, Oil Etc	22,455	32,852	39,076
9 Food Waste; Animal Feed	55,094	39,242	31,435
10 Special Other	20,553	22,954	30,376
11 Organic Chemicals	25,309	20,438	28,870
12 Vehicles, Not Railway	27,492	26,761	25,223
13 Inorg Chem;Rare Erth Mt	8,306	6,224	20,308
14 Art And Antiques	14,606	7,039	16,723
15 Plastic	8,304	10,949	13,584

Source: U.S. Dept. of Commerce, Bureau of Census

The top three US exports to Portugal are aircraft and spacecraft, electrical machinery and other types of machinery. On the list of exports reported by the US Department of Commerce, the first constitutes of powered aircraft, spacecraft and launch vehicles. This category makes up for 31.2% of the total exports. The second highest category is electrical machinery, such as electronic integrated circuits and micro assemblies, which makes up for 16.9% of the total US exports. The third highest category is also other types of machinery such as turbojets, turbo propellers and other gas turbines, which represents 12.28%.

Other categories, such as chemical products, food waste and animal food products and frozen fish also make part of the list of top US exports to Portugal.

### III.2.2 Commercial flows involving the Luso-American Community and Portugal

Above are shown the top US imports and exports from and to Portugal. In this section we will evaluate if the Portuguese community is involved in the main commercial flows between the two countries. When writing an article for the periodical magazine distributed by the American Chamber of Commerce in Portugal, Dr. Basílio Horta, the president of the Administrative Board and Executive Commission for the Portuguese Investment Agency, suggests that the Portuguese communities in the United States could be a great potential for the consumption of Portuguese products and the possibility of promoting networks between United States and Portugal (Horta, 2007:13).

Most products listed on the US Department of Commerce imports from Portugal aren't being consumed necessarily by the Portuguese community. Instead, products ranked first and second on the US import list such as mineral fuel and machinery items are going right to the American market. The category of textiles, such as bed linen and table linen, could very well be consumed by both markets (American and Portuguese-American). According to AICEP, items such as footwear, molds and paper are also going directly to the American consuming market.

The process of tracking down what imported products from Portugal are being consumed by the Portuguese communities in the United States is not an easy task. A representative from AICEP in New York informed that when the products coming from Portugal to the United States are distributed to various regions of the country, there is no way

of knowing who the main consumers are. The representatives of AICEP, indicated that the products that are easy to track down are the products such as food items and beverages that are consumed mainly by the Portuguese community, therefore going directly to areas where the Portuguese diaspora is located in the United States.

From the list of US imports from Portugal, for the year of 2006, the AICEP representative in New York suggested that beverages (including wine), which represent 73,838 million dollars (2.23%) of total imports, go directly to the areas with large Portuguese communities. Besides beverages, another item that too can be more consumed by the Portuguese community is the ceramic tableware and kitchenware that is imported from Portugal. Ceramic imports from Portugal represent 40,304 million dollars of the total imports from Portugal. We need to find out if the US imports from Portugal going to the Portuguese community in the United States, and if those commercial flows have increased or decreased in the recent years, and what are future prospects of this business.

To find out what weight commercial flows between Portugal and the US have in the Portuguese communities, we used interviews with privileged informers of the Portuguese-American community and representatives of Portuguese associations and institutions in the United States, as well as case studies of some firms engaged in business linking the two countries.

### III.2.2.1 “Ethnic Enterprises” - Trade Linked to 1<sup>st</sup> Generation

When we travel to some of the areas in the US where the Portuguese communities are concentrated, we must not ignore the Portuguese “ethnic” businesses along the main streets of some of the American cities. According to Howard Aldrich and Roger Waldinger (1990: 112), “an «ethnic» enterprise may be no more than a set of connections and regular patterns of interaction among people sharing common national background or migratory experiences”. The authors suggest that levels of entrepreneurship are explained by social and cultural structures.

In-depth interviews with Luso-American business owners in New England facilitate the analysis of how “ethnic trade” associates with the Luso-American community and if Portuguese “ethnic” entrepreneurship in the first and second generations have higher rates of business formation. According to research by Butler and Herring (1991:82), the first generation immigrants have higher rates of entrepreneurship and self-employment than their children,

although if the parents are entrepreneurs, it increases the chance of entrepreneurship of the offspring. Therefore, this means that there might be a positive relationship between “ethnicity”, which is more present in the first generation, and entrepreneurship. Portuguese “ethnic” businesses started arising in abundance in cities like New Bedford, Fall River and Newark because there was a demand for this type of market. For that reason, the first generation of Portuguese immigrants have the advantage of forming businesses linked to the “ethnic” market, importing goods and serving the needs of the Portuguese community abroad.

In the next paragraphs we will investigate more in depth the characteristics, transnational activities and strategies of some enterprises started by Portuguese first generation immigrants.

### ➤ **Characteristics of “Ethnic” Enterprises**

According to Aldrich and Waldinger, specific characteristics of immigrant groups and businesses are important to analyze, because they can explain why particular “ethnic” groups, in this case the Portuguese, are extremely concentrated in ethnic enterprises. The group characteristics, such as the socio-economic motives and socio-cultural behaviors of Portuguese descendants living in the United States, were identified in chapter two of this study. With the demographic and socio-economic information analyzed from the US census we can assume that most Portuguese living in the United States are settled in concentrated areas of United States, therefore influencing the business development of local communities (Aldrich, Waldinger, 1992:123).

Most of the businesses interviewed for this study are small scale enterprises. According to Joaquin Beltrán Antolin’s study on Asian enterprises in Spain, economists pay small attention to these firms and, for most part, they only consider large enterprises and enterprises with great business volumes (Altolin, 2008:9). Even though a great amount of Portuguese “ethnic” enterprises in the United States could be considered small scale, the interviews on some will show the importance that these businesses have in the local community, and the impact they may have in the development of the home country’s economy.

As mentioned above, most of the Portuguese “ethnic” businesses interviewed are small scale, family run enterprises, and most of them started out with a low amount of capital invested. *J. Moniz Company Inc.*, a Portuguese “ethnic” food product distributor located in Fall River, Massachusetts, is an example of just that. João Moniz immigrated to the New England

area in 1974, during the peak of the second wave of Portuguese immigration to the United States. He started his food distributing company by importing cheeses from Portugal in 1978. During this time, there was a large demand for Portuguese “ethnic” food products, due to the high concentration of Portuguese immigrants in the area. The opportunity structures of the market were open to Portuguese “ethnic” businesses and the potential for success was extremely elevated at the time, due to a great number of first and second generations of Portuguese immigrants in New England.

Another Portuguese immigrant who took advantage of the opportunity structures of the “ethnic” market was John Silva, the owner of *Seamans Imports Inc.* This Luso-American company located in Chelmsford, Massachusetts, also began its commerce by importing cheese from Portugal, then acquiring licenses from the United States and Food Administration to bring in the cheese in larger quantities to distribute to local stores.

*Portugalia Imports*, another “ethnic foods” distributing business, is also a family run enterprise in Fall River, Massachusetts. Fernando Benevedes, started his business by importing expresso coffee and selling it to local Portuguese run cafés and restaurants. The great demand of this type of products and the success of the business made Fernando Benevedes start to import more goods from Portugal and supplying the Portuguese community in New England with foods and beverages from their home country.

Joaquín Beltrán Antolín, a scholar at the Autonomous University of Barcelona, suggests that migrants don’t turn to self-employment as a refuge and because they can’t have another profession in the home society. He believes that migrants become self employed because they have a business spirit, just like any other entrepreneur. We could suggest that the Portuguese-American entrepreneurs mentioned above also had the character and spirit of business creation. João Moniz of *J.Moniz Company Inc.*, Jorge Silva of *Seamans Imports Inc.*, and Fernando Benevedes from *Portugalia Imports*, all had other full-time jobs, mainly in local factories, when they started their import business. Just as Aldrich and Waldinger refer in their study, “immigrant workers often begin as temporary workers in small businesses, seeking jobs that provide opportunities to work long hours and accumulate savings and human capital as an incentive to start up as self employed” (1992:125). They worked full-time to accumulate capital, and performed their commercial business part-time. When they observed that trading “ethnic” products for a market in demand was growing, they started importing more “ethnic foods” from Portugal, such as fresh and frozen fish, olive oil, serial, beverages, etc, and turning this part-time job as a full-time growing business.

Transnational entrepreneurs are those whose business activities require frequent travel abroad and who depend on their contacts and associates in another country for the success of their firms, primarily in their country of origin, just as Portes, Guarnizo and Haller mention in their research (2002:280). All of the entrepreneurs interviewed for this study make regular (around four times a year) business related visits to Portugal during the year. One in particular (João Moniz) goes to Portugal, mainly the Azores, about 15 times a year. He explained that it is as easy to travel to the Azores from Boston by plane, as traveling to New York by car. He has other businesses in the Azores, which require him to go there more than once a month at times.

Another Portuguese-American “ethnic” business that we can’t go without mentioning is one of the largest Portuguese-American enterprise network created, which is called the *Seabra Group*. The *Seabra Group* started about 35 years ago as a grocery store located on Ferry Street, Newark, NJ, with the intent to serve the Portuguese community with the products of its origin. In the late 60’s, early 70’s, there were a lot of Portuguese families immigrating to Newark, NJ, therefore this opened up an excellent opportunity for commercializing “ethnic” products. This company started importing ethnic food products from Portugal in New Jersey and now it distributes the products to many stores. They opened up their own network of supermarkets, as well as other ethnic stores and restaurants, and sell the imported products at their own stores.

Today, after 38 years of business, *The Seabra Group* has become an administrative and functional structure with various strategic business units under its own responsibility. This includes supermarkets, restaurants, slaughter house, meat processing and packaging plant, real estate holdings, a broadcasting company (SPT – Television), bakeries and wholesale import and export. This business “empire” has over 200 million dollar business volume each year and exclusive rights with Portuguese brand products, such as *Sumol*, *Agua Castello*, *Agua do Luso*, *Castelao Cheese*, and *Sagres* beer. This means that if other distributors want to import this product, they can’t; therefore other distributing companies have to buy these products directly through *TRIUNFO* (*Seabra Group’s* distributing company).

The *Seabra Group* also has supermarkets in the main areas with large Portuguese communities in the states New Jersey, Massachusetts, and Rhode Island, and intend on opening more in other states in the near future.

Most of the enterprises interviewed for this study are family run businesses, although they show they have invested in new technology and human resource development. For example, there are 12 employees working for *Seamans Imports Inc.*, functioning with the latest



technology to maintain a successful business, where for example distributing orders can be placed and be put in the order system anywhere by the phone.

*J.Moniz Company Inc.* has 9 employees working for this company. One of the loyal employees of the president of this enterprise is his daughter, who works for him too. She is a second generation Portuguese descendent and has a degree from Boston's Northeastern University. João Moniz, the president, is very protective of the traditional "ethnic" market in the United States, and believes that the Portuguese "ethnic" market will never end. He thinks that everything will return to how it was when he started his business: the big supermarkets will decrease their sales because they don't offer a personalized relationship to the customer, whereas in the mini markets and "ethnic" stores the people know the owners and know what they are consuming. The second generation of Portuguese descendents can enrich this phenomenon by modernizing the smaller "ethnic" stores with new technology to serve its community.

### ➤ **Business Strategies**

In this point, the main strategies and the development of the businesses mentioned above will be identified and analyzed. According to Aldrich and Waldinger (1992:130), "strategies emerge from the interaction of opportunity structures and group characteristics, as ethnic entrepreneurs adapt to the resources available to them, building on the characteristics of their groups". The Portuguese-American entrepreneurs have made changes in how they perform the "ethnic" market and how they maintain their business running successfully.

As we know, Portuguese immigration to the United States has decreased dramatically in the last 20 years, affecting the "ethnic" businesses. Increasing emigration of other "ethnic" migrant groups to the United States, such as Latin Americans and Brazilians, has helped to maintain success in some Portuguese "ethnic" food businesses in the area because they have similar gastronomy habits. The majority of the clients of *J.Moniz Company Inc.* (around 70%) are still mainly Portuguese descendents. The rest of the clients of this "ethnic" food business are other cultural groups, such as Cape Verdeans and Latin-Americans, which have a similar gastronomy. Due to the fact that most clients are of Portuguese descent, *J.Moniz Company Inc.* invests about 30 thousand dollars each year on advertising on local TV stations, radio stations, and newspapers, which are also available to other ethnic groups.

The strategy of attracting other ethnic groups with common culinary tastes can be a smart one, considering that Portuguese immigration has decreased and other migrant groups have increased. *The Seabra Group* is doing just that. They are maintaining the Portuguese clients, with the intention of pleasing them, by offering Portuguese products at a reasonable price at their stores. In my opinion, *the Seabra Group* is expanding into a type of “ethnic supermarket”, because now they import products from Brazil and other Latin countries of South America, satisfying those immigrants as well, which are located in the same areas and are growing migrant communities in the United States.

The owner of *Seaman’s Imports Inc.* is a strong believer in distributing the Portuguese food imports to American chain supermarkets, attracting American customers, which is another important strategy that Portuguese “ethnic” business should consider. Today, the company is a licensed importer and wholesaler of food products in the state of Massachusetts and sells imported frozen and other products in the area of New England to restaurants and super markets. *Seaman’s* company has warehouses in New Bedford, Wareham, and New Jersey, usually with 30-40 tons of frozen fish to distribute to supermarkets, ethnic stores, and restaurants. There are two sub-divided distributing groups within the company. One is “*Seaport Fish*”, which distributes larger volumes of goods (usually fish imported from Spain and other Asian countries). The second is “*Seamans*”, which is dedicated to ethnic imported products (mainly from Portugal, and distributed to Portuguese community). The main import from Portugal is frozen fish from a Portuguese company located in Peniche, named *Portfish*.

The owner of “*Seamans*” criticizes the strategies performed by groups such as the *Seabra Group*. The *Seabra Group* has constructed social capital and networks along the years, establishing a kind of monopoly in the United States, and has comparative advantages over other Portuguese-American distributing companies, making it difficult for them to import products from Portugal. Brand companies in Portugal that want to export their goods choose the *TRIUNFO-Seabra Group* to distribute their product in the United States, because they prove to be the company with the best turnover and increase their sales each year. Portuguese exporting companies also know that their product will be automatically distributed to supermarkets, restaurants, and advertised in the SPT-Television, and have a guarantee that their product will be sold, which with other distributing companies they don’t.

Yet a different strategy conducted by *J.Moniz Company Inc.* is developing its own food product brands. João Moniz says that he can sell his own products very well because he assures they are the best quality for the consumer. The company owns seven different brands for

different products. The brands are: *Santa Isabel*, flour (factory located in Canada); *Tiago*, Olive Oil (producer in Portugal, Estremoz); *Sweet Life*, olives, seasonings, olive oils (producers in Spain and USA); *Moubesa*, canned goods (factory located in Cape Verde); *Mestre Alfredo*, canned goods; *Seamar*, frozen fish and other products (producers located in Sines, Portugal); *Sao Joao*, cheese (producers located in USA).

*J.Moniz Company Inc.* targets ethnic clients that have a lot of the same food traditions, or at least similar to the Portuguese, such as Cape Verdeans, Guatemalans, and migrants from Haiti. The company's product brands are just an example of how he wants to please not only the remaining Portuguese immigrants in the area but other "ethnic" groups as well. Lately, Latin Americans, Cape Verdeans and Brazilians immigrant groups have increased their presence in America, mainly in the New England area, helping the business tremendously in the future.

Although the business volume of *J.Moniz Company Inc.* has increased each year, it has been facing a problem that other Portuguese-American businesses that import goods from Portugal also have: the exchange rate of the euro to the dollar. The company is forced to raise some prices, especially on the goods imported from Portugal. The Seabra Group also confirms that the group needs to raise prices on the products coming from Portugal with the intention of not losing money in the trading process.

As a result of the euro/dollar exchange rate not being very favorable to the Portuguese-American businesses importing goods from Portugal at the time, these businesses are now looking to import goods from other countries that can sell the same kind of products for lower prices. This is the case with *Seamans Imports Inc.* One of the business strategies of the company is to follow the global market, buy food products from the Chinese and Vietnamese markets, and start selling other Portuguese quality enhanced products that have greater market demand at the time, such as wine. One of the things we must reflect on, also mentioned by Portuguese "ethnic" entrepreneurs in the US, is that Portuguese food products show more quality than other products. Although quality based products coming from Portugal have marked higher prices, there is still a demand for them in the American market. Portugal could specialize in these types of products, one being wine, bringing us to the next point.

### III.2.2.2 Other Types of Trade

In this point, we will address other businesses which import specialized products from Portugal, such as wine and ceramics. These products are placed separately from the group above because while making part of the Portuguese “ethnic” market, they have been other special characteristics and are being introduced in the American market. According to the interviews, the Portuguese products, such as wine and ceramics, are of superior quality than other similar products imported from other markets. Therefore, these products are worth exploring in this study because they can be the bridge between the “ethnic” Portuguese market in the United States and the local (American) market.

Some Portuguese wine distributors in the United States are acquiring credit in the American wine market due to the upscale and quality recognition of the Portuguese wine practiced by wine professionals.

The ceramics and tile too can be worth exploring in the American market due to the quality of the products, in comparison to the less quality enhanced products coming from other markets such as the Asian markets. According to an interview with a construction company that imports tile and granite from Portugal, the quality of the Portuguese tile and granite is superior. The company has shown great success in the Luso-American community, although they are too gaining value by the American community as well.

According to the interviews with AICEP in Lisbon, regarding the commercial trade between the two countries, Portuguese exporters should play a central part in the investment and the marketing of the products going to America. United States has probably the largest middle to upper class, and can certainly buy superior quality products for higher prices.

In the next paragraphs, we will study the characteristics and business strategies of three cases, while these interviews can also serve as awareness to Portuguese exporters about the potential of investment in top quality products in the United States. It is also curious to see, in most of these next interviews, the involvement of the second and third generation of Portuguese immigrants in the performance of the enterprises. They are educated, have better know-how than the first generation and can be an important link among transnational businesses.

### III.2.2.2.1 Portuguese Wine Distributors

This next group of interviews was performed with two wine distributors in the New England area of United States. *Grape Moments* and *Saraiva Enterprises* are two distinct enterprises, with a few common business strategies, although serving the same communities. With their business characteristics we will evaluate their business approaches, and in what position the wine distributors stand in the local community in order to achieve their goals. According to these interviews, the importation of Portuguese wine in the United States has great potential due to the recognition of the quality of the wine. Therefore the business strategies of wine distributors might be shifting due to the decrease of Portuguese immigration to the United States.

#### ➤ **Business Characteristics**

*Grape Moments* started running as a business four years ago. Jack Couto, the former President (a Portuguese descendant from Sintra, Portugal) worked for an American wine distributor in Massachusetts for twenty years prior to that, where he created a division for importation of Portuguese wine. Subsequently, he and his partner Mark Cruz, created their own import wine distributing company, *Grape Moments*, a division of *Sintra Imports*. The business portfolio consists of about 80 percent of wine imported from Portugal and around 20 percent of wine imported from Spain, Chile, and Italy.

Jack Couto explains how, when Portugal joined the EU in 1986, there was a significant development in the wine sector and exportation of wines from Portugal, and this improvement was due partially to the access to better technology, and better know-how exchanges in the viticulture sector. Joining the EU has helped Portugal in the wine sector because it is very important to work in parallel with other markets. Jack Couto always worked closely to this transition even though he was living in the United States.

What makes this enterprise different from the other importers of wine in the area is that *Grape Moments* imports an “upscale” quality wine, considered by wine experts. The wines are gourmet and cava wines (“vinhos de quinta”) and are usually sold to a selected group of people. To make it more clear, Jack explains that the wines have been portrayed with 85-95 scale points of class in the wine industry.

At this time, *Grape Moments (Sintra Imports)* distributes the wine to a total of 24 states, and also works with sub-distributors of wine to bring it to customers. They also perform a variety of press releases in American wine magazines. Therefore the American market is their best target at the moment, and for the future.

*Saraiva Enterprises* is another distributor of Portuguese wine, located in New Bedford, and is one of the largest in the area. This company distributes wine in Massachusetts, New Hampshire, Rhode Island and New York, as well as having other partner distributors. Joe Saraiva is the president and he and his parents immigrated to the United States in the 1970s from Celorico da Beira. First his father opened up a cod fish drying factory in the 1980s, near the New Bedford fishing port, where they would buy the fresh cod fish from the fishing vessels and dry it (traditional Portuguese) and sell it to the Portuguese community.

In 1987 they started importing wines from Portugal. Because Portuguese immigration has decreased, the Saraiva's noticed that the wine business was more profitable than the drying cod business, therefore just dedicating themselves to importing and distributing Portuguese wine. They distribute wines of all scales and qualities. For the success of this business they need to make regular visits to Portugal (about three to four times a year), to make contact with local producers of wines and see if they are considering in exporting. They maintain these contacts with Portuguese wine producers along the several years. *Saraiva Enterprises* imports wine from Portugal and also sell a variety of imported liquors from Southern American countries. The clients of *Saraiva Enterprises* are mostly Portuguese. They distribute the wine to Portuguese restaurants in the area and American liquor stores in places that have a big Portuguese community. Joe Saraiva mentioned that it is still difficult for *Saraiva Enterprises* to distribute Portuguese wine in American Restaurants however they are now working on new marketing strategies to sell in the American market.

### ➤ **Business Strategies**

*Grape Moments'* turnover average along the last four years has been about 100 percent, says Jack Couto, and the annual sales volume is around one million dollars every year. Seventy five percent of the sales are generated from the local (American) market. The business strategy of this business has always been to target the American market, as well as the "ethnic" market, although expanding by portraying a level of quality in this Portuguese product that hasn't been portrayed in the past.

In regards to the Portuguese “ethnic” market for wine, the second and third generation of Portuguese immigrants is the best target of the enterprise, because they already have the know-how, the business knowledge, and are much well informed about the wine quality. Jack explains how *Grape Moments* wants to create an image of great quality of Portuguese products that hasn’t been implemented in the past. This strategy could be the engine to the implementation of other gourmet products, as well as other possible product imports.

The growing success of the last four years has been due to a network created in 20 years that Jack (the president) has built while working for another wine distributor. His goal is to keep the network of costumers he created along the years interested in the quality of the wine his distributing, in the majority, Portuguese wine. He also mentioned the need to work in parallel with local wine stores and restaurants to demonstrate the quality of the wine.

*Grape Moments* has seduced American customers to buy Portuguese wine, while one of the main future strategies of *Saraiva Enterprises* is to sell outside the “ethnic” market. The main reason of this strategy is because Portuguese immigration has decreased. Therefore *Saraiva Enterprises* is now working towards the promotion of their wines in “wine seminars” and American wine tastings. Another strategy performed by this enterprise is selling a good image of Portugal before they sell the wine. By doing this, they are educating and showing the American people, interested in the wine sector, about Portugal and Portuguese vineyards. To promote Portugal they use photographs and they also do sponsoring to sell the wine.

However, the most important strategy of *Saraiva Enterprises* is to continue to be the greatest seller in the “ethnic” market. The first generation of Portuguese immigrants still has economic and buying power, which means that they are the main consumers and clients of *Saraiva Enterprises*. Their hope is that they pass this on to the second and third generations of Portuguese immigrants.

#### **III.2.2.2.2 Portuguese Granite and Tile**

##### **➤ Business Characteristics**

*Eurogranite & Tile, Inc.* is a home interior construction business in New Bedford, Massachusetts, founded by two first generation Portuguese immigrants who previously worked in the construction sector, and also own other Portuguese-American businesses in the area (restaurants, bakeries, etc.). Due to the fact that the owners were linked to the construction

sector, they saw that there was a need and a demand in the market for better quality tile and granite. Therefore they founded the business and started importing tile and granite from one of Portuguese largest producers: *RECER*. *Eurogranite & Tile, Inc.* has exclusive rights with *RECER* for the states of New England. According to Tony Afonso (one of the owners of *Eurogranite*), *RECER* also exports to the state of New Jersey.

This business performs transnational relations with Portugal on a regular basis. According to Sandra Arribada, the store manager, a representative of *RECER* comes to the United States two to three times each year. He brings and shows samples of new tile and granite products that *RECER* in Portugal is producing at the moment and can be exported to the United States. The representative of *RECER* also comes to *Eurogranite & Tile, Inc.* to make an evaluation of the promotion and selling of the product, as well as analyzing what type of market New England has for the Portuguese tile and granite.

The owners of *Eurogranite & Tile Inc.* also travel to Portugal a few times a year to see the show rooms in *RECER*. According to the interviews, the show rooms that Portugal offers are very well developed in comparison to the showrooms offered by *Eurogranite & Tile, Inc.*. With this transnational exchange arises a good opportunity for a better “know-how” as well as a swap of ideas for better showrooms, in relating to what customers are looking for in the indoor construction, using Portuguese tile and granite.

The social relations acquired by *Eurogranite & Tile, Inc.* and *RECER* are extremely important for the development of this enterprise. According to the manager, throughout the year she maintains a close relationship with the *RECER* representative via email and telephone. She also explains that she has developed a personal relationship with *RECER* because it is important for the business performance. It wasn't difficult to establish this personal relationship because there was no language barrier. This is a very important point because “ethnic” businesses could become transnational alliances.

### ➤ **Business Strategies**

*Eurogranite & Tile, Inc.* imports about 45 thousand dollars worth of tile per year from *RECER*. They only sell around 30 thousand dollars worth of tile imported from Portugal, which makes for 30 percent of annual sales of the company. They have been importing fewer quantities of granite and tile from Portugal due to the euro/dollar exchange, and are looking into importing from other markets where the exchange rate is more favorable to the dollar.



A good amount of the clients of this company are of Portuguese descent (about 60 percent) and around 40 percent of customers are American. There are more Portuguese clients because the company serves a vast Portuguese community in New England. Also, because the owners are of Portuguese descent, the business strategy was to market in the Portuguese community through arrangements with Portuguese owned real estate companies and contractors in the area. The contractors arrange for kitchen and bathrooms displays in the area as well as some housing arrangements, with the aim of selling the products to potential customers.

According to the manager of *Eurogranite & Tile, Inc.*, the possibility of expanding the contract and relationship with the Portuguese producer/exporter *RECER* in the future is at stake because the global economy is shifting. This occurrence is not allowing the relationship to expand because the Portuguese-American company will look for cheaper products in the tile and granite sector, in order to sell these products at a price the market is demanding at the moment.

Tony Afonso, the owner of *Eurogranite & Tile, Inc.*, assured that he wants to continue to import tile and granite from Portugal, because the quality of the products are much superior to any other. For that, Portuguese tile companies need to become familiar with the American market and develop strategies to gain American customers and selling their product. The manager of *Eurogranite & Tile, Inc.* suggests that *RECER* should create a warehouse in the United States. This would allow the business to have access to higher quality tile and granite at a cheaper price due to the cuts of transportation costs. Therefore *Eurogranite & Tile, Inc.* would be able to sell more, and *RECER* would also have more profits.

### III.2.2.3 Social Capital and Social Networks involving these businesses

According to Hitt, Lee, and Yucel (2002:355), social capital is a result from the social relationships and social networks among people. We have suggested before that the Portuguese community in the United States depend crucially on social networks and relationships among themselves. These relationships facilitate the performance and action among the community, in this case Portuguese-American entrepreneurs. The concept of social capital is linked to social networks, earlier discussed in this study. Portes suggests that better networked immigrants are much more likely to become active in transnational behavior with their home country (Portes, 2003:886). In this point we will analyze if this concept is valid in Luso-American business and

what level of transnational behavior the businesses practice due to the formed social relations and social capital among them.

The inter-ethnic relations and social capital among community members can generate an easy access to entrepreneurship and business creation. According to the president of *J.Moniz Company Inc.*, he started arranging the contacts for his business through personal relationships he had with community members as well as social contacts with Portuguese cheese producers in the Azores. He believes that social connections with other business members in his home country are essential for the success of his business and the creation of seven different brands, some of which are produced in Portugal.

The transnational connections between Portuguese and American businesses are good opportunities for know-how exchange. The president of *Seamans Imports Inc.* has developed a number of contacts in Portugal for his business. He usually travels to Portugal about six times per year (usually right before the holidays) to see what potential products he would be interested in importing. The Portuguese suppliers also come to the United States, mainly the suppliers of *Port Fish* (company in Peniche, Portugal), to see how their products and business is being handled and to gather more contacts.

The president of *Seamans* suggests that they usually exchange business ideas during these visits, so that the businesses work in parallel with each other. For example, according to the president of *Seamans*, the Portuguese supplier, *Port Fish*, is learning how to better market its products in the American market. The Portuguese products are more expensive, although the quality is greater; the company is learning how to portray that in the American market. *Port Fish* has two brands, one is named *Maresia*, and the other is called *Atlantis*. The president of *Seamans* suggests that the marketing strategies for the *Maresia* brand will have a larger impact in the American market. Americans find it easier to recognize the name of the brand.

The wine distributor, *Grape Moments*, shows another example of “know-how” exchanges between the Luso-American and Portuguese businesses. The first point the president of *Grape Moments* makes is that he believes that it is very important that everyone involved in this business has a proper education and specialized training in the wine business. His employees enroll in wine courses regularly to better understand the quality of wines and business targets. The second point, the most important, is that he suggests that *Grape Moments* is working in parallel with the Portuguese producers of wine and showing them how the wine business works in the United States. He believes that *Grape Moments* is transmitting the business “know-how” to the Portuguese business people. For instance, *Brew Master Company*

*of Portugal* (wine producer in Portugal) sends full time workers to the United States to better specialize in the business, along side with *Grape Moments* and other wine enterprises.

The president of *Saraiva Enterprises*, another interviewed wine distributor, formed a social and business link with AICEP (Portuguese Business Development Agency), which usually organizes some promotional wine tasting promotions to encourage Portuguese products into the American market. *Saraiva Enterprises* suggests that the American market for wines is a very demanding one; therefore Portuguese wine suppliers need to organize better their business strategies, especially in the way they promote their wines to other countries. According to *Saraiva*, Portuguese wine suppliers worry more about the price and he thinks that they should focus more on the quality factor.

*Eurogranite & Tile Inc.* showed a good example of an intra-ethnic networking among the Portuguese-American businesses in the community. They make arrangements with Portuguese-American real estate agencies and contractors in the area, so they have better access in selling their tile and granite products. These social networks, constructed along the years, facilitate their business and guarantee their place and success in the Portuguese-American community. According to the manager of *Eurogranite & Tile Inc.*, the business doesn't even invest in promotion (TV, newspaper ads). The networks they have created are strong enough to ensure they will sell their product well.

It is important to emphasize two types of social capital involving the Portuguese community present in the United States and Portugal; the first being the common language, and cultural patterns which facilitate future business relations and economic networking among the two countries. Secondly, the social capital involving the Portuguese community and Portugal that could be very important is the link among the first and second generations of Luso-Americans maintain with the first generation. According to the interviews, second generation Portuguese ancestors were highly involved in their ancestors' businesses. With higher rates of education than their parents, we could create the hypothesis that second and subsequent generations could help transnational business creation.

### *III.3 Investment Plans*

#### III.3.1 Foreign Direct Investment and Migration

A number of studies state that Foreign Direct Investment contribute to economic growth by bringing capital, new technology and know-how to a less developed country. Harding and Javorcikr (2007:2) suggest that FDI may also be linked to more productivity spilling over to local firms. These scholars developed a working paper showing what relevance Investment Promotion Agencies (IPA's) have bringing foreign investors to a specific country.

The study shows that one of the most successful strategies of IPA's is to target particular sectors in the home country's economy to attract FDI. According to Harding and Javorcikr, a set of prioritized (target) sectors receive more than twice as much FDI than the other sectors. By targeting, the scholars mean picking a few industries and promoting their image, investment generation, and activities (2007:18). This could be the best practice performed by Investment Promotion Agencies by a country's government. Harding and Javorcikr suggest that "the idea behind targeting is that a more focused message tailored and delivered to a narrow audience will be more effective than general investment promotion activities" (2007:19). In the next point of this section, we will discuss the general FDI involving Portugal and the USA, and what are the main targets of the Portuguese Investment Promoting Agency to attract potential American investors.

According to Javorcik, Ozden, Spatareanu, and Neagu 2006, migrant networks lead to international trade, which can have a positive effect on FDI. This particular study suggests that the common language skills and familiarity with the foreign country can significantly lower the communication costs. Migrant entrepreneurs can be an important bridge to bringing investment to the home country's economy because they are familiar with the market structure, consumer preferences, business ethics, and commercial policies in the home and host country's economy.

This could be the case with the Portuguese migration networks, and the business entrepreneurs studied in the commercial activities involving "ethnic" enterprises. The results mentioned by these scholars suggest that the positive effect of migration networks and FDI flows has a stronger relationship in skilled migration, rather than non-skilled migration (Javorcik, Ozden, Spatareanu, Neagu, 2006:2-3).

Another form of FDI could be brought by the second and third generations of Portuguese immigrants in the United States have higher rates of college education.

### III.3.2 FDI involving United States and Portugal

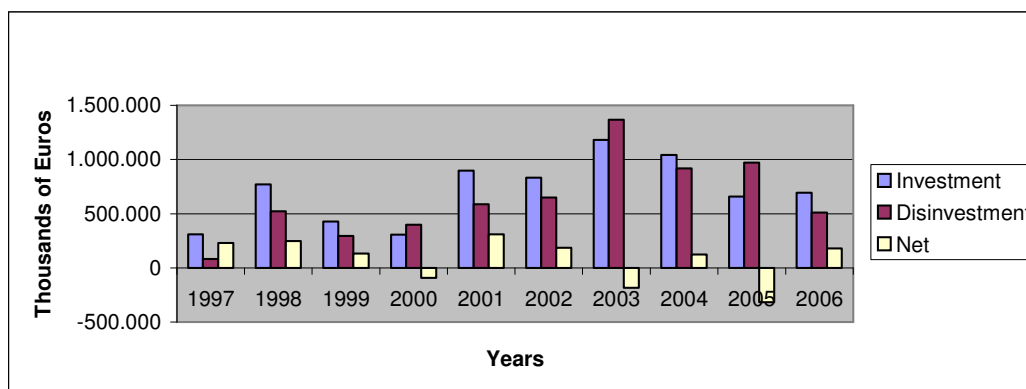
According to the annual report of AICEP (Portugal’s Business Development Agency) and the Bank of Portugal, the American direct investment in Portugal has been significant. In the last years, United States has been the eighth investing country in Portugal.

**Table 3.5 – United States FDI in Portugal, 1997-2006**

Thousands of Euros				
Year	Investment	% Total	Desinvestment	Net
1997	310.677	3,9	81.531	229.146
1998	771.267	7,0	523.212	248.055
1999	428.941	3,1	296.578	132.363
2000	306.474	1,2	398.344	-91.870
2001	898.947	3,2	587.998	310.949
2002	833.106	3,8	648.529	184.577
2003	1.182.472	3,7	1.367.273	-184.801
2004	1.044.201	3,9	920.510	123.691
2005	658.979	2,4	972.401	-313.422
2006	692.674	2,5	511.742	180.932

Source: AICEP

**Figure 3.4 – Evolution of U.S. FDI in Portugal, 1997-2006**



Source: AICEP

The table and graph above show the evolution of the United States FDI in Portugal during the last decade. The last few years in the table show that the United States direct

investment in Portugal has been irregular. In the last five years, 2005 showed the minimum value of United States FDI in Portugal in relation to other years, with a total of 659 millions of euros. In the year of 2006, United States direct investment in Portugal increased by 34 million of euros. According to the data, the disinvestments have been significant, causing negative net amounts in 2003 and 2005.

According to AICEP, most of the United States direct investment in Portugal was performed in the construction industries, retail and repairing industries, real estate activities, lending and business consulting. The main North American industries with investments in Portugal are: cosmetic industries (Avon), services (Clarius Entertainment, Warner Lusomundo Cinemas), equipment (Dayton Progress, Wolverine), automobile components (Globe Motors Portugal), energy and telecommunications (General Cable Celcat) computer equipment (ORACLE Portugal, Hewlett-Packard) and pharmaceutical industries (Wyeth Lederie Portugal).

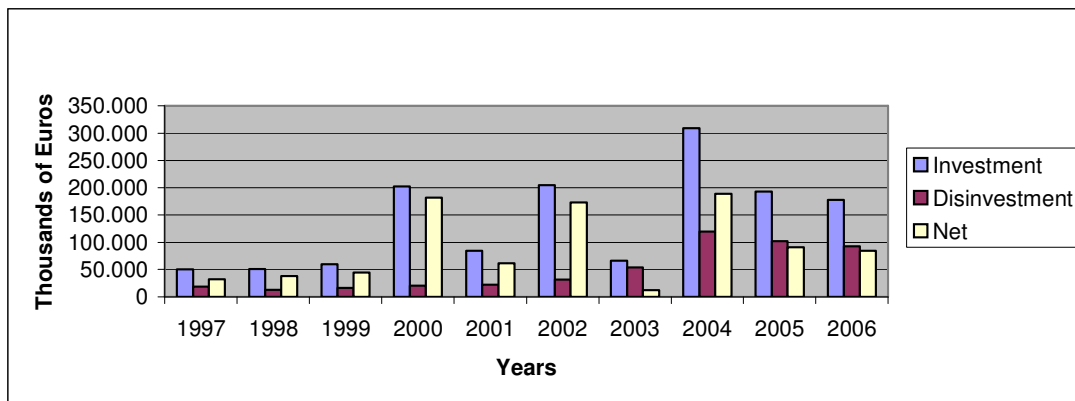
The next table shows the Portuguese direct investment in the United States. According to the table Portugal invests less in the United States, in comparison with the United States direct investment in Portugal.

**Table 3.6 – Portuguese FDI in the U.S., 1997-2006**

Thousands of Euros				
Year	Investment	% Total	Disinvestment	Net
1997	50.710	2,3	18.552	32.158
1998	51.094	0,5	12.772	38.322
1999	60.180	0,6	16.013	44.167
2000	202.405	1,4	20.727	181.678
2001	84.128	0,6	22.351	61.777
2002	204.771	1,8	31.628	173.143
2003	66.496	0,6	54.183	12.313
2004	308.946	2,5	119.860	189.086
2005	192.733	2,0	101.729	91.004
2006	177.599	3,2	92.719	84.880

Source: AICEP

**Figure 3.5 – Evolution of Portuguese FDI in the U.S., 1997-2006**



Source: AICEP

According to the data released by the Bank of Portugal and AICEP, the Portuguese direct investment in the United States has been significant, however also irregular during the last ten years.

During the last years, the Portuguese direct investment in the United States was marked by retail, repairing, and commercial industries, real estate activity industries, lending and services, and financial activities.

The Portuguese businesses that are investing in the United States reported by AICEP are: wine producers (Sogrape Vinhos de Portugal and Grupo Symington); foods (ECOO); cork, (Amorim industrial Solutions and Cortiças Janosa); Pharmaceuticals (Hovione); textiles and clothing (Mundotextil, Habidecor, Maconde, Petit Patapon, Antonio Almeida & Filhos); ceramics and glass (Vista Alegre); civil engineering (Soares da Costa Contractor, Mota-Engil); financial sector (BCP Bank, Banco Espírito Santo, Caixa Geral de Depósitos, Santander-Totta, BPI, Banif); aviation companies (TAP Air Portugal, SATA); travel agencies (King Holidays, Abreu Tours).

The interview with members of AICEP in Lisbon suggest that the United States direct investment in Portugal and the Portuguese direct investment in the United States had little or almost nothing to do with the Portuguese community in the United States. The Portuguese are structured to invest directly more in American distribution and lending services. The American direct investors are looking into the energetic sector for potential investment. These companies don't have any relation to the Portuguese community in the United States.

According to the representatives of AICEP, the Portuguese food exporters to the United States, directed to the Portuguese "ethnic" market, do little investment and promotion of the

product abroad, because the export/import process is mostly done by warehousemen and wholesalers; therefore the producers aren't exporting directly to the American market. Still according to them, the Portuguese investors should take advantage of the Portuguese community present in the United States, and use the community as an integration link between the Portuguese market and the American market.

The representatives of the Business Developing Agency stated that Portuguese industries, such as wine, textiles, and ceramics, have great potential in the international market because the products have higher quality than other goods produced in other countries. They are involved in the promotion of such products. Due to the high number of middle class consumers in North America, the American market is one of the best markets to invest these "higher quality" products in. The Portuguese industries and businesses need to have the interest in studying the American market structure as a potential market to invest. They should follow the American tendencies to market their quality based products. According to the representatives, there is a lack of interest among Portuguese businessmen to invest in the American market. On the one hand, Portuguese businesses want to follow the global market and are investing in emerging markets, such as Asian and Brazilian. On the other hand, this strategy might not be the best one considering that the Portuguese products are of higher quality, therefore generating higher prices. The second and third generations of the Portuguese community in the United States are now integrating deeper in the American customs and tendencies, yet they are still interested in what Portugal has to offer.

### III.3.3 Investments Involving the Portuguese Community in the US and Portugal

According to the banks and agencies, the primary investment performed by the Portuguese-Americans of the first generation in Portugal is the purchase of real estate. Some Portuguese-Americans are buying vacation homes in the Algarve region, others maintain and buy property located in their places of origin, such as the region of Trás-os-Montes, Minho, and the district of Aveiro.

Although it was very hard to find Portuguese descendents wanting to invest in the Portuguese market (other than real estate purchasing), after a long searching, I still managed to find successful Portuguese-American entrepreneurs who in the last years have contributed to



direct investment in Portugal. In this following section, two Portuguese-American businessmen from the New England region of the United States were interviewed on their investment in the Portuguese market. Both businessmen developed their know-how and work ethics in the United States. Afterward, because they were still so emotionally linked to their home country and community, they decided to bring their business into their home region, the Azores, Portugal.

The first company mentioned in this section is named *Whaling Industries*, located in Fall River, Massachusetts. This company is a clothing manufacture company that was built 38 years ago. Around the time it was originated, Fall River and New Bedford had great potential for the textile sector; therefore this particular factory had around 750 people working for specifically men's clothing. The market for the production of textiles changed and started being manufactured in the Asian countries. Due to this shift in the textile market in the area, James Pavão, the President of the company, was forced to change the way he performed business.

Now *Whaling Industries* specializes specifically in fire department, law office, and police department clothing, for the reason that it is a much more stable market; the fashion trends of this type of clothing change less often. Today there is less than 50 people working in the factory in Fall River. Because of labor competition from the Asian countries, James Pavão opened up factories in China and Vietnam, and one in the Azores, Portugal.

The factory in the Ponta Delgada, in the island of São Miguel, is called *Articostura*. The transnational business relationship began because James Pavão is of Portuguese descent and wanted to "help out" some people in the Azores, Portugal. He was asked by the former mayor of Ponta Delgada to act upon solidarity and help people in the Azorean community by creating jobs. At first (for the first 6 months) the business relationship was very hard, because the way people were trained to work in Portugal was very different from the way employees worked in the United States. Many times the clothing had to be sent back to the Azores because it wasn't manufactured correctly. James Pavão came close on giving up the business in the Azores because he wasn't profiting, but, in the contrary, he was losing revenue. However, the commitment and dedication to the Portuguese community didn't allow him to quit yet. Now, with a lot of training dedication and involvement, working ethics in *Articostura* are in much better shape, according to James.

There are about 40 people working in *Articostura* factory. The work (about 5 percent of what the company produces) is prepared in Fall River, Massachusetts, and then sent to the Azores to be finished; then is sent back to the United States.

In nowadays, the only problem is the euro/dollar exchange. The company is losing money again, according to James Pavão, although he is not walking out in his promise of helping out the Portuguese community of where he came from. In fact, he is interested in the European market for investment, and he believes that his factory in the Azores could be the center of manufacturing for Europe in the future. The international relations working staff of *Whaling Industries* Company are currently studying and exploring this possibility. The type of clothing the industry specializes could be used by Northern European countries with the same type of climate of New England, United States.

The other Portuguese-American entrepreneur that has invested in the Portuguese market is João Moniz, mentioned in the section above. After his success with *J.Moniz Company Inc.* he decided to engage in direct investment in Portugal and opened up factories in the Azores. *Melo Abreu*, one of the industries, specializes in the production of soda drinks, two of which are brand names: *Kimá*, a passion fruit soda drink, and *Laranjada*, an orange soda drink. These products are made particularly with local regional fruits.

This industry was founded about 2 years ago and has 84 employees. The products are being sold specifically in the Azorean market and the Portuguese-American community (distributed by *J.Moniz Company*); they will soon start to be distributed to the rest of the Portuguese market.

The other industry João Moniz is engaged in is named *Corretora*, producing canned goods (canned sardines, tuna). This factory was established ten years ago, and has 120 employees. The products are also being sold in the Azorean market and distributed by *J.Moniz Company* in the United States. These particular industries' annual sales volume has increased at a ten percent rate each year, and has a tendency to increase annual sales, according to João Moniz.

These interviews suggest that the transnational industries created by Portuguese-Americans, such as *Articostura*, *Melo Abreu*, and *Corretora*, have the potential of helping the local economy of Azores region. These considered "small to medium" enterprises usually are unrecognized by major economic studies. However, they contribute to local economic growth, and, my point of view, are fundamental for the know-how exchange between the United States and Portugal.

## CONCLUSION

The main focus of this study is to investigate more in depth the economic relations and connections between the Portuguese who live in the United States, mainly in the New England area, and Portugal. We tried to investigate if their economic connections and political networks, involving the United States and Portugal were strong enough to prove that the economic ties with the home country Portugal would be maintained or if their structural limits based on low education, participation in low-skilled jobs, and low political activity hindered the increase of trade and economic agreements between both countries.

To study the transnationalism aspect in the Portuguese diaspora residing in the United States, first we must research the theoretical views about transnationalism and how it is applied to diaspora studies. The modern meaning of the term diaspora is referred to persons who live and work in a host country while keeping social, financial, and cultural connections with their country of origin (Cohen, 1995:12; Sheffer, 1995:384). The ethnic and cultural characteristics of Luso-Americans come across very present in their community abroad (Ribeiro, 2000:39). Interviews with the Portuguese community in the U.S., mostly performed in New England, made it clear that there are financial and economic ties among Portuguese immigrants and Portugal, practiced through remittances, commercial activity and investments. The current literature confirms that there is a link among the Luso-American community and Portugal on a cultural and political level (Barrow, 2002:28; Ribeiro, 2000:158). This reinforces the importance of the Portuguese diaspora in the United States.

The process in which migrants maintain a relationship with their home society while living abroad is called “transnationalism”. When diaspora engage in this process, they include both their host and home societies in their daily lives and main activities (Schiller, Basch, Blanc 1992:1; Vertovec and Cohen, 1999; Portes, 1999:133). While maintaining regular contact with their country of origin, via phone or regular visitations, Portuguese diaspora also are active in Portuguese-American civic associations in the host country, such as local sports clubs, social clubs, and religious groups. These organizations play a fundamental role in the everyday life of Portuguese-Americans. Immigrants feel more comfortable and closer to home in a familiar system where they don’t need to interact with the American culture, but their own.

This brings us to the concept mentioned by Steven Vertovec called “bifocality” where diaspora develop an awareness of “multi-locality” or “dual belonging”. Diaspora connect themselves to their home country but the routines practiced in the host country are now

embedded in their daily life (Vertovec, 2004:975-976)). Onésimo Almeida (1987) incorporated this idea to the Portuguese diaspora living in the United States when speaking about the Portuguese “ethnic” culture present in the American society by Azorean immigrants. He suggests that the Portuguese “ethnic” culture is so present in the Portuguese community, that the formation of this community is not quite Portugal, although, not quite America either, but yet a mixture of both.

According to the most recent statistical data, the U.S. Census Bureau estimates that 1,176,615 persons claimed primary Portuguese ancestry for the year of 2000. When we analyse the information reported in the Census, we observe that the Portuguese descendants living in the United States show lower levels of educational attainment and work in low qualified jobs in comparison to the total United States population, however the results have shown a positive increase in the last 10 years.

Social networks are very relevant in diaspora communities because of their uncertainty and lack of trust in the host society. Diaspora groups stay loyal to their partners, and the members of the same ethnicity group are the people they mostly trust (Portes 1999:136). The discrimination posted by the host society pushes the diaspora group in their formed network. This process encourages durable relationships between the diaspora and the home country’s society (Portes 2003:80). Studies involving the Portuguese immigration to the United States have found that Portuguese-Americans are more economically successful and find more employment opportunities if they rely in the formed “intra-ethnic” networks (Baganha, 1995:295). For instance, Portuguese do not need to use the English language to perform their daily routines because of the strong networks and relationships among their community.

However, the networks and relationships that diaspora form with their country of origin is the most relevant to this study. The integration levels of migrants in the host country might influence their transnational behaviour. Socio-economic indicators, such as education and employment, may indicate how diaspora relate to their home country (Portes, 2003:876, Ferranti and Ody, 2007:62). For instance, successful Portuguese-American business owners integrate in the local community and join local chambers of commerce to promote their businesses. Many of the local chambers of commerce are directly involved with economic development and job creation opportunities in the local communities. If members of the Portuguese “ethnic” community are getting more involved and performing activities where the community at large is also a part of, the level of integration among Portuguese descendants and

Americans increases and makes it easier for transnational behaviour between Portugal and U.S. to occur.

In some studies, scholars suggest that the less integration in the host country the higher levels of transnationalism among immigrants (Ferranti and Ody 2007:65). Other studies (Portes, 2003:886), suggest that more integration in the host country leads to more transnationalism. It is not easy to explain this contradiction, especially in the Portuguese-American case. There is the indication for different types of transnational behavior practiced by Portuguese diaspora in the U.S. According to studies and interviews, some Portuguese-Americans form closed (intra-ethnic network) immigrant communities, and relate to Portugal economically through remittances. This would be one type of transnational behavior. Another type is resultant of more assimilation among immigrants and the host country, where they can engage in economic, political, and cultural practices in both the U.S. and Portugal.

Diaspora can also engage in transnational politics. Sending country governments' encourage immigrants to stay in touch especially when they can provide their home countries with political and economic support. However, transnational political engagement can only be possible if the government of the host country has policies that help the diaspora community to be active in their political system. For voting rights, they need to obtain citizenship of the host country. Dual citizenship increases the migrant's interactions and engagement in the home and host societies (Mark Sidel 2007:30; Ostergaard-Nielson, 2003:763). Portuguese immigrants, while living abroad, can still participate in political elections of their home countries through Portuguese consulates and embassies.

Portuguese-American organizations, such as the House of Portuguese American Caucus and The Portuguese American Leadership Council of the United States, serve as intervention groups and lobby indirectly by informing Portuguese-Americans about problems affecting the community (Vicente 1999:91). Another example is the Portuguese Citizenship Project, founded by the Luso-American Foundation located in Portugal. This project is committed to strengthen the Portuguese community living in the United States by lobbying directly and encouraging Portuguese-Americans to participate in political activities and become U.S. citizens.

The problem of "embeddedness" of the economy in society is introduced by Mark Granovetter, who suggests that economic action and outcomes are affected by its actors' relations and by the structure of the overall network of relationships (Granovetter, 1985:482). With the social relations and networks built, diaspora can more easily pool resources, transfer credit and create investment (Vertovec and Cohen, 1999). Social capital also relates to the

positive economic effects that individuals gain due to the set of relationships with others in the same network (Portes, 1995:14; Kelly, 1995:217).

In the Portuguese-American community, the cultural and linguistic link among the Luso-Americans and Portugal facilitates future economic connections and promotes business creation. Also, the interviews performed with businesses such as *Grape Moments* and *J.Moniz*, as well financial institutions suggest that the second and third generations of Luso-Americans could maintain a strong connection with the first generation of Portuguese immigrants. Therefore, Portugal can benefit from the better education attainment and better know-how that the second and subsequent generations have. Migrant entrepreneurs can be an important bridge to bringing investment to the home country's economy because they are familiar with the market structure, consumer preferences, business ethics, and commercial policies in the home and host country.

Diaspora maintain transnational economic relations with the home country through various means. One of the most discussed and studied economic aspect related to transnationalism and migration studies are monetary remittances diaspora transfer to their country of origin. These money transfers are usually associated with and measure the connection of migrants to their home country (Vertovec, 2004:985, Guarnizo, 2003:673). According to the World Bank, remittance flows account for 160 billion dollars through formal channels in 2004. Ghosh suggests that remittances are now one of the largest sources of external financial flows to developing countries, the first being Foreign Direct Investment (Ghosh:2006:7).

According to the Bank of Portugal, the volume of remittances of immigrants from the United States to Portugal in 2006 was 223 million Euros. The year of 1998 was the year with the highest flow of remittances in the last ten years. The reason for the decrease of remittance flows can be related to the decrease in Portuguese immigration to the United States, although, in the last three years, the currency exchange between the euro/dollar has been also an influencing factor for the downturn of flows.

Financial institutions play a very important role in the process of transferring money. According to Ghosh (2006:8), major banks and financial institutions have begun to view remittances not only as a source of potential profits generated by a rising level of cross-country money transfer business, but also as a promising channel to reach migrants as regular customers in the future. The financial institutions interviewed for this study played an important role in providing qualitative information of remittances sent by Portuguese. A few of

Portuguese financial institutions have “money remitter” agencies in Portuguese communities of the U.S. and their main function is the service of transferring money from the United States to Portugal. For instance, the representative of the *Santander-Totta* agency in New Bedford, Massachusetts suggests that the financial institutions are very engaged in this process because Portuguese immigrants still look upon the country of origin as an alternative and still highly connect to it. Although it is not confirmed, the second generations could keep this economic connection if their parents made good investments in Portugal.

However, the representative from *Banco Espírito Santo’s* money transfer agency in East Providence in Rhode Island suggested that the more integrated Portuguese immigrants are in the United States, the more distant they are (economically) from Portugal, therefore decrease their remittance flows. He also suggests that the first generation of Portuguese immigrants are the ones who still send a higher amount of remittances, and this might indicate that the second and third generations might not be familiar with the advantages of having financial investments in Portugal.

This brings up the theoretical question mentioned above which asks: does more or less integration in the host country leads to more or less transnational behavior? The representative from *Banco Espírito Santo* suggests that the more integrated the Portuguese diaspora are in the U.S., the less they will connect (economically through remittances) with Portugal. However, transnational migrants who engage in entrepreneurship and business activities differ from those who just maintain regular contacts with their relatives and those who just send remittances. This difference marks the importance of entrepreneurship as a great potential on to impact economic development in the home societies (Portes, Guarnizo, Haller, 2002:284).

The interviews with Portuguese-American businesses owners, especially wine distributors and entrepreneurs who have investments in the Azores, suggest that they are well integrated in the American market while performing transnational economic practices between the U.S. and Portugal for the success of their business. Therefore this might indicate that in the Portuguese economic transnational case, the Portuguese-American business entrepreneurs have a higher potential of performing economic transnational activities through investment and trade than other Portuguese-Americans who only maintain an economic relationship with Portugal through money remittances.

The top US imports and exports from and to Portugal aren’t very much related to the Portuguese community of the U.S., however the commercial trade involved between Portugal and United States is very present where the Portuguese concentrate. In-depth semi-structured

interviews with Luso-American business owners facilitate the analysis of the commercial activity, investment, and business strategies involving the Portuguese community in the United States, mainly in New England, and the business organizations and economic transactions contributing to build bridges between United States and Portugal.

Portuguese “ethnic” businesses started arising in abundance in cities like New Bedford, Fall River, and Newark because there was a demand for this type of market. The businesses were mostly formed in the second peak of Portuguese immigration to the United States. According to Butler and Herring (1991:82), the first generation immigrants have higher rates of entrepreneurship and self employment than their children. Most of the businesses interviewed for this study are small scaled enterprises, with the exception of *Seabra Group*. Although they are small scaled, the evidence from the interviews shows the importance that these businesses have in the local community, and the impact they may have in the development of the home country’s economy.

Ethnic enterprises who import Portuguese foods and beverages from Portugal such as *J.Moniz Company Inc.*, *Portugalia Imports* specifically target Portuguese-Americans in the local communities. Because Portuguese immigration to the United States has decreased dramatically in the last 20 years, the “ethnic” businesses are being affected negatively. Therefore their main strategy to maintain success is to follow the global market and buy products from the Chinese, Vietnamese, and Latin American markets. Another strategy is attracting other “ethnic” groups, with the same culinary tastes, such as Cape Verdeans and Latin Americans. These business strategies’ are decreasing the economic networks and relations with Portugal and are a clear sign of distancing from their home country.

Products such as wine and ceramics that come from Portugal are sometimes of superior quality than other similar products imported from other markets. Therefore, these products are starting to be explored at a higher rate because they can be the unbreakable bridge between the “ethnic” Portuguese market in the United States and the local (American) market. For instance, according to the interviews, Portuguese wine distributors such as *Grape Moments* generate 75 percent of their sales to the local American market. The representative of this business presented another important point and suggests that the business is working in parallel with the Portuguese producers of wine, by showing them how the wine business works in the United States. Other business such as *Eurogranite & Tile* (Portuguese tile importers) also showed a good example of a social relationship with Portuguese *RECER* representatives. This creates a



potential for an economic transnational tie among the distributor in the United States and the tile exporter *RECER* in Portugal.

The interviews to banks and agencies suggested that the principal investment performed by the Portuguese-Americans of the first generation in Portugal is the purchase of real estate. Not many Portuguese business entrepreneurs interviewed were interested in any other form of investment in their home country although there were two Portuguese descendants selected for this study who are not only entrepreneurs, but also invest (through firms) in Portugal. The interviews suggest that the transnational industries created by the Portuguese Americans, such as *Articostura*, *Melo Abreu*, and *Corretora*, have the potential of helping the local economic growth, and could be fundamental for the know-how exchange between the United States and Portugal.

The first hypothesis shown in the introduction suggested that based on the educational, economic, and political characteristics, the Portuguese-Americans have structural limits hindering the increase of trade and economic agreements with the country of origin, Portugal. The interviews and studies analyzed suggest that the first generation of immigrants which show low educational attainment as well as low political participation might connect economically with Portugal only through remittances. However Portuguese transnational business entrepreneurs fit better in the second hypothesis which suggests that there are successful members of the Portuguese community that own businesses and are very active in developing the economic interests of the Portuguese living in the United States and practice economic transnational behavior (through trade and investment). Moreover, if parents pass the transnational links on to their offspring, the younger generations already born and/or educated in America show a better education and occupational insertion than their parents, suggesting the possibility of a more active economic role.

### **Final Thoughts and Recommendations:**

First I recall that the results of this research are exploratory and they were based on in-depth interviews and case studies limited in the New England region. Only a conducted survey with collected data of Portuguese immigrants in the United States would bring precise conclusions. However, some observations and recommendations can be made with the results of this research.

It is important to note two forms of social capital involving the Portuguese community present in the United States and Portugal, the first being the common language and cultural patterns which facilitate future business relations and economic networking among the two countries. The representative of the American Chamber of Commerce in Portugal suggested that most of the commerce involved in both countries doesn't involve the Portuguese community in the U.S. When the Portuguese invest in the United States they don't usually have the Portuguese community in mind. However, when Portuguese entrepreneurs explore the possibility of investing in the U.S. they come across with a few problems, such as regulations and policy limitations imposed by the American government. Portuguese community in the United States has the potential of being a bridge between the commercial activities among Portugal and the United States. Their know-how of American culture and policies could facilitate business relations among both countries.

The second form of social capital involving the Portuguese community and Portugal that is worth exploring is the possibility of an existing tie among the second generations of Luso-Americans and first generation. The second and third generations are embedded in American society although they still highly relate to their ancestors. Their higher rates of education, familiarity with the American market structure and commercial policies than their parents, could help transnational business creation.

For the continuation and preservation of these two forms of social capital, both governmental and non-governmental actors must show an interest for the exploration of the Portuguese-American community as a bridge among Portugal. Also, Portuguese exporting firms should implement market studies in the U.S. to investigate what Portuguese products best fit in the American market. According to the interviews with AICEP in Lisbon, regarding the commercial trade between the two countries, Portuguese exporters should be involved directly in the investment and the marketing of the products going to America. United States has probably the largest middle to upper class, and can certainly buy superior quality products for higher prices. Portuguese products such as wine, textiles, and tile, have great potential in the international market because according to the interviews performed for this study, they were considered of higher quality than other goods produced in other countries. The American market could be the one of the best markets to invest in higher quality products due to the high number of middle class consumers in America.

Portuguese entrepreneurs, mostly producers of wine, gourmet foods, tile, and textiles should follow the American tendencies to market their "quality" based products. The

Portuguese community already has the knowledge that the Portuguese products are of good quality, so they could implant that awareness in the American society. The U.S. Census 2000 showed a significant increase in the socio-economic characteristics of the Portuguese ancestry group in the last ten years. This could implicate that the second and third generations of Portuguese-Americans could be an even better target for the marketing of “quality” based Portuguese products. Some, not only may be involved in the transnational businesses of their parents such as real-estate investments in Portugal and working in their parents businesses, but they have the education to create even more.

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**Banco de Portugal:** <http://www.bportugal.pt/>

**Instituto Nacional de Estatística:** <http://www.ine.pt>

**U.S. Census Bureau:** <http://www.census.gov/>

**U.S. Department of Commerce:** <http://www.commerce.gov/>

**U.S. Department of Homeland Security:** <http://www.dhs.gov/index.shtm>

## **Appendix I**

### **List of contacts made for this study:**

#### **Luso-American Foundation (FLAD):**

Eng. Luís Santos Ferro – *former Director of Culture and Communications*  
Dr. Miguel Vaz – *Director of Culture and Communications*  
Dr. António Luís Vicente - *Deputy Director; Portuguese-American Community*

#### **Portuguese Business Agency (AICEP):**

Eng. Pacheco Miranda – *Commercial Director*  
Dr.<sup>a</sup> Maria Margarida Matos – *Commercial area*  
Dr. Luís Manuel Moreira – *Small and Medium Enterprises Unit*  
Dr.<sup>a</sup> Maria Graça Leite Freitas – *Product Manager AICEP, NY*

#### **American Chamber of Commerce in Portugal:**

Dr.<sup>a</sup> Elsa Picão – *Technical Economist*

#### **Brown University:**

Doctor Onésimo T. Almeida – *Professor and former director of the Department of Portuguese and Brazilian Studies at Brown University.*

#### **University of Massachusetts, Dartmouth:**

Doctor Frank Sousa – *Professor and director of the Center for Portuguese Studies and Culture*  
Gina Reis – *Assistant-director of the Center for Portuguese Studies and Culture*  
Doctor Michael Baum – *Professor and Chair of Political Science Department*

#### **Members of Portuguese-American Community:**

Manuel Adelino Ferreira – *director of “Portuguese Times”*  
Alfredo Alves - *city counselor of the city of Fall River*  
Michael Sullivan - *representative of Massachusetts import/export center*  
Jim Mathes - *former president of New Bedford Chamber of Commerce*  
Peter Kortright - *president of Fall River Chamber of Commerce*

Luis Bettencourt - *Representative of Santander-Totta Agency, New Bedford, MA*  
Antonio Matos - *Representative of Santander-Totta Agency, Naugatuck CT*  
Pedro Sá - *Representative of Santander-Totta Agency, Mineola, NY*  
Nuno Rocha – *Representative of Millenium BCP Bank, New England*  
Carlos Martins – *Representative of Banco Espírito Santo, East Providence, RI*  
António Gato – *Director of Banco Espírito Santo, Newark, NJ*

João Moniz – *owner of J.Moniz Company Inc.*  
João Fonceca – *commercial director of Triumfo Foods (Seabra Group)*  
Jorge Silva – *owner of Seamans Imports Inc.*  
Tony Afonso – *co-owner of Eurogranite & Tile, Inc.*  
Sandra Arribada – *Manager of Eurogranite & Tile, Inc.*  
Joe Castelo – *ERA Castelo Real Estate*  
Jack Couto – *president of Grape Moments*  
Joe Saraiva – *president of Saraiva Enterprises*  
James Pavao – *President of Whaling Industries (Articostura in the Azores)*