

FUNDAÇÃO GETULIO VARGAS  
ESCOLA DE ADMINISTRAÇÃO DE EMPRESAS DE SÃO PAULO

MAROUANE EL KHADIR

**The Lebanese Brazilian Entrepreneurs:  
Entrepreneurship in Building an Elite**

SÃO PAULO

2016

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Knowledge Field: Entrepreneurship

Adviser: Prof. Dr. Tales Andreassi

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*“When men's minds seem narrow to you, tell yourself that the land is broad. Never hesitate to go far away, beyond all seas, all frontiers, all countries, all beliefs.”* Amin Maalouf, French-Lebanese author, *Leo Africanus*, 1986.

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## **ABSTRACT**

Brazilians of Lebanese descent occupy high positions in economic, political and cultural fields. This community is widely associated with the image of success in the country's collective psyche. Historically, most of the first Lebanese immigrants have started their journey in Brazil as entrepreneurs, concentrating on trade and moving later to industry. This focus on entrepreneurial activities still holds true today. Their early success in business then led to the emergence of a powerful elite whose influence goes beyond the economic sphere. This study deals with this case of ethnic entrepreneurship and aims at presenting and explaining why and how this phenomenon took place. It also shows that entrepreneurship can not only be an economic activity but also lay the foundation of a community and structure its identity. This work thus brings a contribution to the study of ethnic entrepreneurship which can be important in order to understand the economic and social rise of certain minorities or immigrant groups and draw up possible inspirational models. This dissertation also outlines several factors that participate to the success of entrepreneurs.

**Keywords :** Entrepreneurship, Ethnic Entrepreneurship, Lebanese Entrepreneurs, Brazil, Arab Brazilian

## RESUMO

Os brasileiros de origem libanesa ocupam posições bem elevadas em áreas econômicas, políticas e culturais. Esta comunidade é amplamente associada com a imagem de sucesso na psique coletiva do país. Historicamente, a maioria dos primeiros imigrantes libaneses começaram como empresários, com foco no comércio e, em seguida, movendo-se para a indústria. Este foco em atividades empresariais ainda é verdade hoje. Seu sucesso inicial no negócios levou depois ao surgimento de uma poderosa elite cuja influência vai além da esfera econômica. Este estudo aborda esse caso de empreendedorismo étnico. Ele tem por objetivo apresentar e explicar por que e como esse fenômeno ocorreu. Ele também mostra como o empreendedorismo não pode ser apenas uma atividade econômica mas também lançar as bases de uma comunidade e estruturar a sua identidade. Portanto, este trabalho traz uma contribuição para o estudo do empreendedorismo étnico que pode ser importante para compreender o crescimento econômico e social de algumas minorias e grupos de imigrantes e elaborar modelos possíveis de inspiração. Esta dissertação também descreve vários fatores que participam para o sucesso dos empreendedores.

**Palavras-chave:** Empreendedorismo, Empreendedorismo Étnico, Empresários Libaneses, Brasil, Árabes Brasileiros



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## 1. Introduction:

### 1.1 – General Introduction:

Before I moved to Brazil for an entire academic year, I thought I already knew a lot about this country which I am passionate about. I had already taken a great interest in its people, culture, arts and nature. Constantly reading and gathering information about its societal topics and its history, I was particularly amazed by the high degree of ethnic and cultural diversity that characterizes this Latin American giant. Over the past five centuries, indigenous people, colonial settlers, slaves and immigrants have brought their respective legacies to merge together in order to form a unique mixed society, one that is open, tolerant and accustomed to difference.

Soon after I spent some time in Brazil, I started to notice hints and signs that testified of the presence of a community that I could not have suspected the existence on this American land, so distant from its original Mediterranean homeland: the Arab Brazilians. Streets and squares with Middle-Eastern names, beach vendors in Copacabana dressed as Bedouins selling Levantine snacks as popular as the *kibé* and the *esfiha* (Barros, 2010), skyscrapers with Lebanese flags above their gates on Paulista Avenue and words in Arabic heard here and there are some of the most obvious manifestations of this unexpected community and its heritage. In fact, these were only small illustrations of its considerable contribution to Brazilian society and culture. Being myself from the part of the planet known as the Arab world, these signs have instantly grabbed my attention and many of them struck me with their familiarity. However, my native region, the Maghreb, has enough specificities and differences for me to clearly distinguish that the Arab immigration that had taken place in Brazil was from the Middle-East, more precisely from the Levant, an area that comprises what is now Lebanon, Syria, Jordan, Palestine and Israel (Siddiqi, 2014).

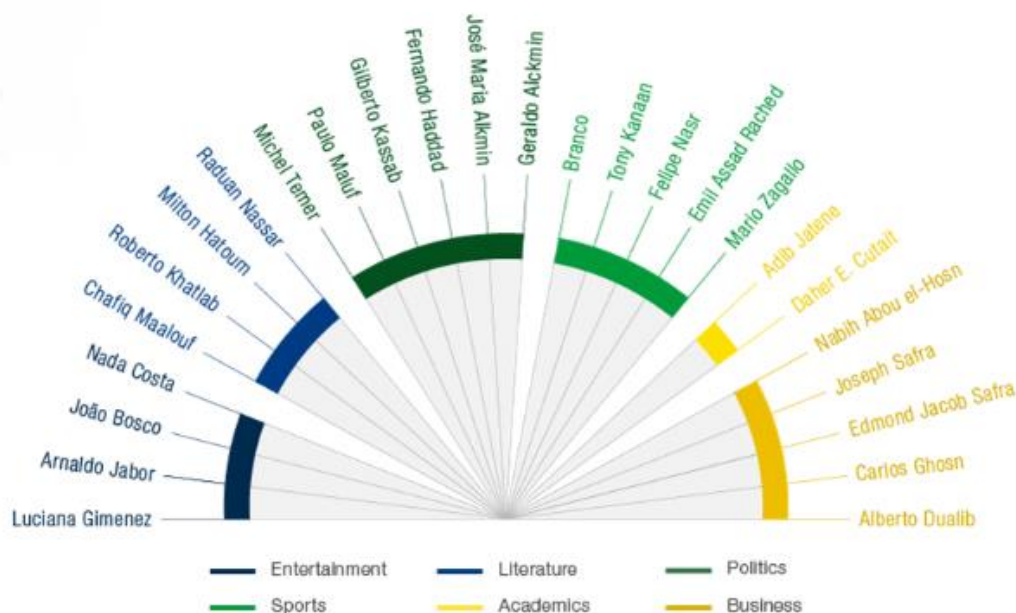
Western Europe, where I have lived as a student for a few years, was also home to millions of Arabs and their descendants, mainly originating from North Africa. The first generations occupied low-wage jobs, employed as miners or industrial workers in European factories during *Les Trente Glorieuses*, an expression referring to the extraordinary economic growth observed throughout the continent between the end of the Second World War in 1945 and the 1973 oil crisis. With the economy slowing down, their descendants as well as new immigrants faced durable problems of unemployment, ghettoization, social exclusion and discrimination (Khader, 2010). Until today, young Europeans born to immigrant parents tend to be less educated, less integrated to local labor markets leading them to have lower incomes than the

rest of the population. In the European Union, their unemployment rate in 2015 was 50% higher than their fellow countrymen without foreign origin (OECD, 2015).

On the other side of the Atlantic, the migration experience known by Middle-Eastern Arabs and their progeny seemed completely different. It might have been true that the first generations experienced some kind of discrimination and socio-economic marginalization in Brazil. This is inherently associated with most forms of immigration. Nevertheless, as we will see in more details, economic and social uplift, which is the main objective that motivates one to move out of his country to settle in another, was rapidly achieved by first generations of Arabs in Brazil. Unlike many immigrants such as the case of North Africans in Europe mentioned above, they did not choose the path of employment but the one of self-employment made possible by entrepreneurship. Great fortunes were made in trade and industry by people who often arrived to the Americas with nothing but a suitcase and a burning desire to become rich or, how immigrants used to express it, *fazer a América*.

After a brief research, it appeared that, despite the various names employed to call them such as *Turcos* (Turks) or *Sírios* (Syrians), the overwhelming majority of Brazil's Arabs were, in fact, Lebanese (*Libanês*). Indeed, as we will see further, this tiny country located on the Eastern shores of the Mediterranean will know a migratory rush towards the Americas starting from the 19<sup>th</sup> century and that will continue throughout the 20<sup>th</sup> century. A large share of this flow will head to Brazil, outnumbering any migration coming from other Arab lands. Therefore, the focus of this study will be on this particular nationality that is most representative of the Arab presence in this country.

The success in business of the Lebanese in Brazil thus lied the foundations of a respected and powerful community and led to even more achievements that go beyond the economic sphere. Indeed, Arab entrepreneurs who eventually settled in this country had the chance to see their names shine in the firmament of the Brazilian nation. Regarding their small number in comparison to other ethnic groups, their own and their descendants' countless contributions to Brazilian business, politics, science and arts are particularly remarkable. Today, for the average citizen, the Arab community is widely associated with the image of success and with the country's elite. The figure below exemplifies some famous Brazilians of Lebanese origin who have excelled in various fields. They represent the embodiment of a long heritage and a story of dreams, hard work and success. A story that this dissertation will intend to tell.



*Famous Lebanese Brazilians (Luca, 2015)*

## 1.2 – Personal Motivations:

Before we enter the main subject of this dissertation, it seems to me significant that I present to the reader the primary reasons that made me select this theme for my thesis work.

First, as exposed in the general introduction, I am originated from Morocco which is regarded as a part of the Arab world. A side of my identity is Arab and I consider myself as familiar with the Levant region, its people, language and culture. Besides, I have a great interest in its troubled history and the numerous issues and conflicts that characterize it since the collapse of the Ottoman Empire after the First World War until to the current Syrian Civil War, not to mention the ongoing Israeli-Palestinian conflict that has covered the major share of this chronological period. In addition, I chose this subject in relation to Brazil where I have lived an entire year which increased my passion for this country and made me even more sensitive to its history and issues. Therefore, the theme reconciled two distant geographic regions that are of particular interest to me which made the work more pleasant and fascinating for me.

In addition, I believe it is important for me to understand immigration paths that led to a full and successful integration to the host society as, in my case, I live in Europe, a continent that has known large ways of immigration, particularly coming from North Africa. This latter migratory phenomenon did not take the same trajectory as the Arab presence in Brazil, raising many questions about social and economic integration in European societies. Consequently, it

can be useful and inspiring to get to know the selected subject in order to draw eventual comparisons between these two migratory movements.

Finally, I chose the theme of Lebanese entrepreneurs in Brazil as possible role models for aspiring entrepreneurs, including myself. Entrepreneurship plays a significant role in modern economic progress and has gained increased popularity among academic and professional environments. Furthermore, possessing and developing an entrepreneurial spirit is important within different perspectives, whether it is from the aspect of business creation, innovation or investment.

### 1.3 – Research Questions:

Throughout this dissertation, we will intend to answer several questions:

What are the historical circumstances that led the majority of Lebanese immigrants in Brazil to choose the path of entrepreneurship and what was their background? What was the role of entrepreneurship in laying the foundation of a Lebanese identity and community in the host country? Finally, what are the factors that contributed to the success of these entrepreneurs?

### 1.4 – Objectives:

One primary objective of this study is to understand the main reasons that led most of the first generations of Lebanese immigrants in Brazil towards entrepreneurial activities. This implies a historical research about cultural, social and economic conditions both in Lebanon and Brazil at the time when this immigration started taking place.

Furthermore, during this paper, we will review the Lebanese Brazilian entrepreneurial phenomenon and present the different stages that it has experienced. This will help us achieve another objective which is to comprehend how entrepreneurship strengthened a Lebanese community in Brazil that was established around it and how it has shaped its identity.

Lastly, the dissertation will aim at explaining the success achieved by the Lebanese Brazilian community in business by enumerating several factors for these positive accomplishments that can be retrieved from the study of this remarkable case of ethnic entrepreneurship.

This research seem particularly relevant as it intends to give elements to better understand the path and the rise of an influent and successful Brazilian community. Several academic works have explored this theme and this particular example of ethnic entrepreneurship. However, they have insisted on realizing it from a sociological point of view. This study thus intends to fill a

void by dealing with this subject from a more corporate and managerial approach. An additional goal should be to provide business students and professionals with an example of a successful entrepreneurial group and several factors that have made its achievements possible. Ultimately, we will attempt to produce a contribution to the study of ethnic entrepreneurship which is expected to gain even more importance in the upcoming decades due to increasing human migratory flows in a globalized world.

## **2. Theoretical Referential:**

### **2.1 - Definition of Entrepreneurship:**

The concept of entrepreneurship has proved to be quite broad and its definitions can vary depending on the context. In general, it is associated with “starting a business” (Dees, 1998, p. 1). Therefore, a broad definition of an entrepreneur could be a self-employed professional that owns a company or pursues a for-profit activity independently. It is commonly admitted that the term originated from the works of the French economist Jean-Baptiste Say who, as early as in the 19<sup>th</sup> century, used it to describe individuals who create economic value by conceiving and adopting innovative practices and means in business. For him, “the entrepreneur shifts economic resources out of an area of lower and into an area of higher productivity and greater yield” (The Economist, 2009). This is closely related to the idea of risk and venture. Consequently, this explains the choice of the term “entrepreneur” which, in French, means “the one who undertakes” a project (Dees, 1998).

Entrepreneurship is also largely associated with the concept of “creative destruction” coined by Joseph Schumpeter in 1942 who defined entrepreneurs as “individuals who exploit market opportunity through technical and/or organizational innovation” (Dameri & Beltrametti, 2015). He considered entrepreneurs as agents of change who reorganize industries. They are mercantile adventurers who develop new markets, products and technologies. They can create short-term instability but they generate long-term economic progress. Indeed, by identifying new business opportunities, they provoke a chain reaction that consists in other entrepreneurs entering the market and adopting the same innovations. Thus, for Schumpeter, they are the true engine of a thriving economy (Reier, 2000).

More recent theories of entrepreneurship include the conception of Peter Drucker who does not necessarily see entrepreneurs as agents of change but rather as individuals who make the most of opportunities opened up by change. As he puts it, “the entrepreneur always searches for change, responds to it, and exploits it as an opportunity” (Martin & Osberg, 2007, p. 31).

Furthermore, the theorist of entrepreneurship, Howard Stevenson, defines it as “the pursuit of opportunity beyond resources controlled”. This is what really makes an entrepreneur, according to him. Far from being limited by what that they possess, entrepreneurs can mobilize financial, material, technological and human resources detained by other people in order to implement their projects and achieve their vision (Eisenmann, 2013). Finally, merging these ideas of innovation, opportunity and resource mobilization, the scholars Martin and Osberg (2007) defined entrepreneurship as a “special, innate ability to sense and act on opportunity, combining out-of-the-box thinking with a unique brand of determination to create or bring about something new to the world” (Martin & Osberg, 2007).

Hence, building on these academic conceptions, we will draw our own definition of entrepreneurship. Throughout this paper, we will use the term entrepreneur for individuals who identify business opportunities and thus mobilize resources they do not necessarily possess in order to carry for-profit projects and ventures. Inventing and adopting innovative practices and technologies, they develop their sector as well as new markets, thus generating durable growth for the entire economy.

## 2.2 - Ethnic Entrepreneurship:

Roger Waldinger who published a work about this topic in 1990, defines ethnic entrepreneurship as a “set of connections and regular patterns of interaction among people sharing common national background or migration experiences” (Desai, Nijkamp, & Stough, 2011). In other words, it refers to entrepreneurship conducted by ethnic or immigrant minorities in a particular country, an ethnic minority being “a segment of a larger society whose members are thought, by themselves or others, to have a common origin and to share important segments of a common culture and who, in addition, participate in shared activities in which the common origin and culture are significant ingredients” as defined by Milton Yinger (Eller, 1997).. As of the term immigrant, it distinguishes the individuals belonging to this ethnic group that have immigrated to the country, unlike descendants who were born in it. Consequently, in the case of a newly established community, the term ethnic and immigrant will be interchangeable.

The academic interest for ethnic entrepreneurship can be traced back as early as 1880 in the United States after the tendency for immigrants to start their own businesses became important. With this phenomenon expanding to Europe after the Second World War, this field of studies gained even more popularity. Hence, a great focus was given in order to attempt to clarify this attraction of immigrants and ethnic minorities for entrepreneurship. One major explanation is

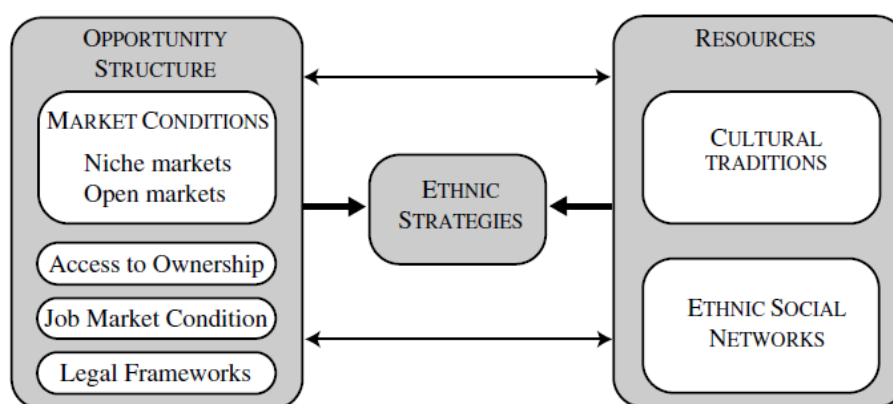


the so-called disadvantage or structural theory which claims that some categories of immigrants cannot enter the labor market in the host country because of a lack of professional experience, skills or knowledge of the local culture, society and, more importantly, language (Volery, 2007, p. 32). In some cases, this exclusion can even be the result of discrimination (Desai, Nijkamp, & Stough, 2011, p. 238). As a reaction to these barriers to salary occupations, these people take recourse to entrepreneurship as a self-employment alternative. The other main theory is the culturalist approach according to which immigrants who choose entrepreneurship are culturally predisposed to do so. According to Desai, Nijkamp and Stough (2011), “this view emphasizes the meaning of entrepreneurship in different cultures, such as the propensity to enterprise in the homelands” (Desai, Nijkamp, & Stough, 2011, p. 238). Hard work, a modest way of life, strong clannish solidarity and acceptance of risk are, amongst others, cultural traits that followers of the culturalist theory believe these individuals to be equipped with which pushes them towards establishing entrepreneurial ventures (Volery, 2007, p. 33).

Explanatory components of both the disadvantage and culturalist approaches serve as elements included in two theories that we will present further: the middleman minority and the ethnic enclave. These latter provide two major theoretical frameworks in the study of ethnic entrepreneurship so as to understand the emergence and the *modus operandi* of this phenomenon.

The interactive model developed in 1990 by Roger Waldinger, Howard Aldrich and Robin Ward intends to take into account both the opportunities and barriers encountered in the local environment by immigrants as well as their cultural and ethnic conditions. Indeed, according to this model, “the success of an ethnic enterprise depends on a complex interaction between opportunity structures and group resources (Volery, 2007, p. 34). On one hand, opportunities can arise from economic circumstances, market structures, labor conditions and legal frameworks. On the other hand, entrepreneurs can benefit from resources provided by their cultural heritage and by the ethnic network they are part of. This latter can offer them cheap and loyal labor in addition to very favorable financing tools like credit rotations that are widely used, for example, by the Chinese diaspora all around the world and which provide cheap loans to a segment of the population that usually does not have access to loans and financial services offered by the traditional banking system (Nicholls, 2013). This network is also crucial in the decision to migrate. As Volery (2007) puts it, “the decision to migrate or to stay, the selection of a destination, and the adjustment process at the destination are massively influenced by ethnic kinship and friendship networks in which people participate (Volery, 2007, p. 38).

Indeed, ethnic networks can establish a migration chain from the homeland to the host country that substantially facilitates the settlement process for new immigrants, finding them housing and employment. Opportunity structures and group resources thus interact and influence each other. As a result of this interaction represented by the model, ethnic entrepreneurs adopt ethnic strategies in order to seize opportunities using resources made available by their ethnic networks. A common ethnic strategy consists in initiating a business activity that only requires a small capital and liquid assets to start (Volery, 2007, p. 37). Portability of the assets and the activities is thus preferred in order to ease the future project of returning to the homeland of which we will talk more about when we will present the middleman minority theory. In many cases, the new immigrant gets training and financial aid to set up his own enterprise while still employed in the business of the family member or the acquaintance who served as his host in the country of destination. As Volery (2007) puts it, “this stereotypical path represents a case of entrepreneurial reproduction: that is, the entrepreneurs perform a familiar activity and attempt to bring added value to their services or products through operational efficiency” (Volery, 2007, p. 37). Indeed, new ethnic entrepreneurs follow the same trajectory taken by their elders, often in the very same economic sector.

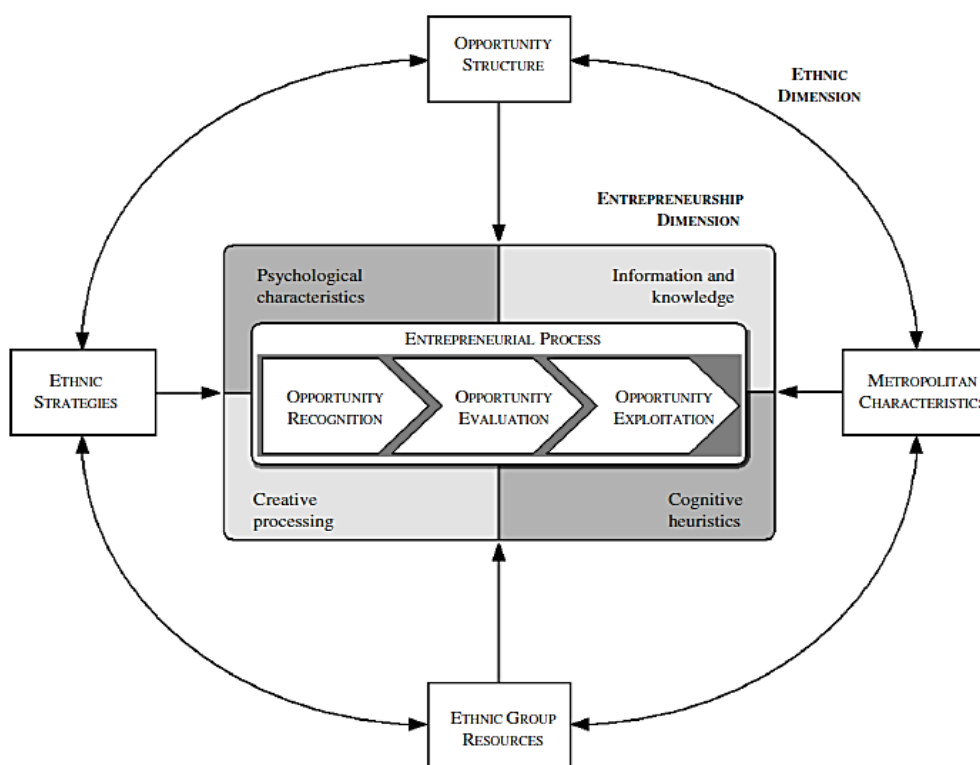


*Interactive Model by Waldinger & Associates (Volery, 2007)*

As a scholar specialized in entrepreneurship, Volery (2007) moved to integrate the entrepreneurial process identified in academic literature into this interactive model. He suggested an enhanced model of ethnic entrepreneurship that takes into account the entrepreneurial dimension that is inherent in business initiatives, regardless of the cultural and ethnic background of their initiators (Volery, 2007, p. 35). This layer includes psychological features like risk acceptance, mechanisms and tools of gathering information and knowledge such as the networks the entrepreneur is part of, the creative processing through which an identified opportunity is translated into a for-profit idea and, finally, cognitive heuristics which

designate the intellectual and judgmental capacities of the entrepreneur. Of course, the ethnic dimension influences all these four parameters. For instance, ethnic networks can play a great role in the acquisition of information and knowledge. Moreover, cultural features can influence cognitive heuristics.

Overall, as captured by the interactive model, the interaction between group resources and opportunity structures gives rise to ethnic strategies. These three elements then influence the entrepreneurial process per se. Finally, Volery (2007) identifies urban and metropolitan characteristics like the size and the geographic distribution of the ethnic community as another key element impacting ethnic business initiatives. Indeed, the bigger and more geographically concentrated a minority is, the more likely their members will become entrepreneurs as they will find support and resources more easily.



*Enhanced Interactive Model of Ethnic Entrepreneurship*  
(Volery, 2007)

### 2.3 - The Theory of the Middleman Minority:

The middleman minority is a concept in sociology that was coined by Hubert Blalock in 1967. Edna Bonacich further developed it in 1973 in a prominent paper that gives a model to identify these groups and to explain their rise. According to her, middleman minorities can be defined as ethnic minorities who, by focusing on certain activities like trade and commerce, play the economic role of intermediary in a society, which explains the name given to the concept. Indeed, they represent the “middleman between producer and consumer, employer and employee, owner and renter, elite and masses” (Bonacich, 1973).

Middleman minorities tend to appear in two kinds of situations. First, when an ethnic minority or an immigrant group faces blocked opportunities and marginalization in the labor market of the host society. This economic exclusion could be caused by linguistic, qualification, administrative or discriminative barriers (Douglas & Saenz, 2007). Hence, according to Douglas & Saenz, “traditional middleman minorities have experience discrimination and hostility in different parts of the world” (Douglas & Saenz, 2007, p. 147). As a reaction, the marginalized group develops a strong sense of solidarity and an ability to overcome these obstacles. Second, middleman groups are often found in societies that are characterized by a strong “status gap” between the elite and the rest of the population such as in feudal and colonial societies. Indeed, as Bonacich (1973) explains, “they are not involved in the status hang-ups of the surrounding society, they are free to trade or deal with anyone. In contrast, elites may feel that they lose status by dealing with the masses” (Bonacich, 1973, p. 583).

One common feature shared by all middleman minorities is that they are composed of immigrants who are sojourners, a term that refers to individuals that do not plan to settle permanently in their receiving country (Douglas & Saenz, 2007). Their stay in the territory to which they emigrated is therefore only temporary and serves a clear and defined purpose. Indeed, the main goal of these immigrants is to accumulate wealth in a short period of time before going back to their native land once this project is accomplished. Throughout their laborious years of exile, they save and send back money to their relatives that remained in the homeland in order to improve their livelihoods, to purchase land and property as well as to prepare their own retirement (Bonacich, 1973).

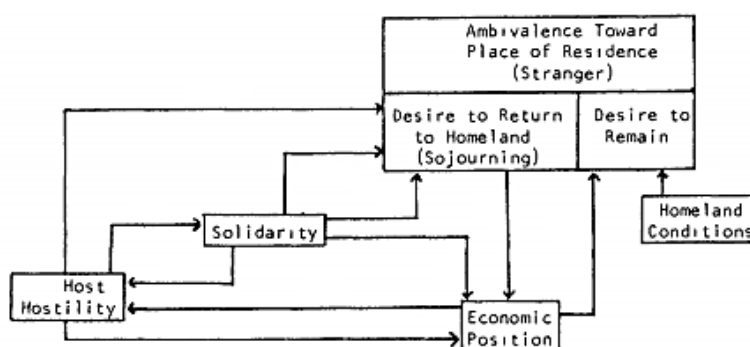
This has tremendous economic impacts on their way of living and on their choice of professional occupation. Indeed, in order to accelerate the accomplishment of these objectives, the sojourner accepts to endure short-term self-deprivation and hard work. This translates into

basic living conditions, long working hours and low expenses in consumption with almost no money spent on leisure and recreation (Bonacich, 1973). As Bonacich (1973) explains, “thrift is the product of a willingness to suffer short-term deprivation to hasten the long-term objective of returning to the homeland”. Another main economic consequence of sojourning is the choice of activity which needs to satisfy certain conditions. Indeed, it should enable a fast capital accumulation while only requiring a small and easily transferable investment to initiate it. Consequently, many middleman minorities concentrate on trade and commerce which are economic activities that meet these criteria (Bonacich, 1973).

As they are not planning to settle permanently in the country they move to, “middleman minorities have little incentive to develop ties to the host society”, in the view of Douglas and Saenz (2007). Instead, they establish relationships with people from the same group. These links might, indeed, last when they return to the homeland and they are also a way for them to keep the connection to their native culture vivid during the years of exile. As a result, strong solidarity emerges within the group which has economic consequences on the distribution of resources like capital and labor. Members of the community can thus benefit from free or cheap loans and purchase from suppliers on credit. In terms of labor, a middleman immigrant can employ relatives who are willing to work long hours for low wages. In exchange, these benefit from training and receive help when they move to set up their own business. As a result of this internal solidarity, we observe the formation of specific sectors that are vertically integrated and dominated by a particular ethnic group. Edna Bonacich (1973) mentions several examples like the case of Jewish clothing retailers who purchased their products from Jewish wholesalers whose inventory was produced by Jewish clothing manufacturers in New York (Bonacich, 1973, p. 586).

Another characteristic observed in middleman minorities is the hostility they provoke among certain population categories of the receiving society (Bonacich, 1973, p. 589). The degree of this enmity varies from one country to another. These minorities usually face several accusations from their opponents. One of them consists in blaming middleman immigrants of draining wealth from the host country and not contributing to its economic progress. Because they are sojourners who send money back to their homes, they are thus accused of absorbing national resources for the benefit of foreign countries. Moreover, conflict can arise with other groups that are competing in the same economic areas and which suffer from the competitive advantage middleman minorities usually possess thanks to their vertical integration and to their willingness for thrift and personal deprivation.

Ultimately, middleman immigrants can be divided in two categories. Even though almost all of them move to the host country with the initial intention of returning to the homeland once their goal of enrichment is achieved, not all succeed in this. While some eventually go back to their place of origin, many end up settling permanently for two main reasons. First, the political situation in the native territory might not be in favor of a return. Indeed, circumstances like foreign occupation, war, a dictatorial regime or structural political instability can make the immigrant extend his exile unwillingly. Secondly, economic opportunities in the homeland may not be as attractive as in the host country (Bonacich, 1973, p. 592). Paradoxically, after the sojourning approach led him to adopt ethnic strategies that contributed to his economic success, this very same success and the resulting social prestige can prevent the immigrant from returning to his country of origin out of concern that he might not encounter a similar prosperity and social status (Douglas & Saenz, 2007). “As settlers, they tend to become more integrated into the host society”, Douglas and Saenz (2007) outline.



*Development and Perpetuation of a Middleman Minority*  
(Bonacich, 1973)

#### 2.4 - The Immigrant Enclave Theory:

An immigrant or ethnic enclave is an economic and geographic formation established by immigrant entrepreneurs in order to serve both their ethnic group and the general market (Portes & Shafer, 2006). According to Portes and Manning (1986), for an ethnic enclave to emerge, three preconditions need to be fulfilled. First, there has to be an important number of immigrants with a prior experience in business. Second, sources of capital have to be accessible. Finally, these entrepreneurs should also be able to use available sources of labor.

After modest beginnings, ethnic enclaves grow rapidly as a result of the strong solidarity between its members that enables the mobilization of their resources to help one another.

Practices like cheap and accessible loans, credit rotations and supply on credit are common and they give to these business owners a competitive advantage over native entrepreneurs. Moreover, in terms of labor, they can hire relatives or family acquaintances that are willing to work hard for long hours in exchange of lower-than-average salaries. For the price of their work and their loyalty, these employees can however expect to receive training and, more importantly, support from their employers in launching their own business (Portes & Manning, 1986).

The two concepts of immigrant enclaves and middleman minorities share many aspects and their definitions are actually very similar. Yet, for Portes and Manning (1986), there are three main differences between the two. The first one is that, unlike middleman minorities, enclave entrepreneurs do not restrict themselves to trade and commerce. Indeed, their activities can include other economic fields like agriculture, industry and real estate. Furthermore, middleman minorities, through their intermediary economic role between elites and masses, are not directly competing with dominant groups in society. However, ethnic enclaves can clash with the interests of these latter and enter into competition with domestic elites. Third, the ethnic enclave is often located in a clearly identified geographic space like peculiar streets and neighborhoods whereas middleman entrepreneurs are dispersed throughout the population and the territory. This geographic concentration is motivated by a desire for proximity to markets, ethnic resources and sources of labor (Portes & Manning, 1986).

The two concepts of the middleman minority and the ethnic enclave are indeed very close to each other. All the three differences between them identified by Portes and Manning (1986) are not always fulfilled at the same time. As we will see with our case of the Lebanese Brazilian entrepreneurs, characteristics from both definitions can be observed. Therefore, we will use both theoretical frameworks to help us comprehend and explain the emergence of Lebanese entrepreneurship in Brazil.

### 3. Literature Review:

#### 3.1 – The Lebanese Community in Brazil:

##### 3.1.1 - The Confusion around the Lebanese Identity in Brazil:

Although this might seem like an obvious matter, it is important for what is going to follow to define who is considered as Lebanese in this dissertation. Throughout this study, the term Lebanese will be used for people who were born within the borders of what is today the territory of the Lebanese Republic, a country located in the Middle-East, as well as their descendants born abroad. This Arab state was created in 1926. Before this date, the territory it covers today was under foreign rule, Ottoman since the 16<sup>th</sup> century then French at the end of the First World War in 1918.

Therefore, when the human migratory flow from Lebanon to Brazil started in the end of the 19<sup>th</sup> century, these immigrants were rarely described as Lebanese by the local population and authorities since this nationality did not officially exist yet. Consequently, they were mainly known as *Turcos* (Turks) because, as subjects of the Empire of Constantinople, they traveled with Ottoman passports (Rodrigues, 2012). As a result, data about immigration to Brazil that mentions immigrants holding Turkish nationality actually refers to individuals coming from the Arab provinces of the Ottoman Empire, mainly from modern-day Lebanon and Syria, while only a very negligible number of ethnic Turks immigrated to this country.

Another common word that is used in Brazil to wrongly designate people who are in fact Lebanese is the term *Sírio* (Syrian). It is true that Syrians have also immigrated to this country in large numbers, creating the second largest Arab Brazilian community. However, in comparison, the phenomenon of Lebanese immigration was much more important and durable. Since the beginning of their settlement in this country until today, the Lebanese have constituted by far the majority of Arabs in Brazil. Yet, they have often been associated with their Syrian neighbors. This confusion is due to several reasons. First, from the perspective of the local population, it must have been extremely difficult to distinguish between these two peoples who share the same language, physical look, culture, history, cuisine, religions and traditions. In addition, the two communities themselves lived very close to each other and mixed through many marriages. The ancient term of Syria having historically designated, in many Western languages, the region of the Levant which includes both modern Syria and Lebanon, it is understandable why it was used more than the word Lebanon whose use in defining a distinct political entity, starting from the second half of the 19<sup>th</sup> century, had only recently appeared as



a result of a nascent local nationalism. This brings us to another reason for this misunderstanding which is that many of these Lebanese immigrants contributed to the confusion themselves by describing themselves as Syrians. This is mainly the case for those who were followers of Pan-Arab or Pan-Syrian nationalisms which considered that Lebanon's future was to be integrated to a Greater Syria, once freed from the Ottomans (Kirby, 2012, p. 108). Consequently, just like with the term *Turco*, many official documents and data describes as Syrian a group that was in fact mostly Lebanese and who should therefore be taken into account in this study.

A popular expression emerged in Brazil in order to designate this community with more accuracy. Indeed, with the rise of Lebanon as an autonomous and later as an independent political entity, the *Sírios* will become more and more known as the *Sírio-Libaneses* (Syrian Lebanese). The merger of these terms does have some relevancy in Brazil as the two communities mixed to a great extent with many of their members having a parent and relatives from both sides. Their collaboration in business and various fields has also been frequent and fruitful, the most prominent demonstration of this successful inter-Arab collaboration being the famous *Hospital Sírio-Libanês* (Syrian-Lebanese Hospital), one of the most important hospital complexes in Latin America which was originally created by Lebanese and Syrian philanthropists (Hospital Sírio-Libanês, 2016). However, it is important to bear in my mind that the two communities still have many distinct institutions and associations. Moreover, they do not share the same immigration history, process and demographics. For instance, the *Câmara de Comércio Brasil – Líbano* is a chamber of commerce that is in charge of business relations between Brazil and Lebanon and which provides support to Lebanese businessmen and their Brazilian descendants. It was founded in 1958 after a split from the Syrian Lebanese Chamber of Commerce which then became the *Câmara de Comércio Árabe-Brasileira* (Brazilian-Arab Chamber of Commerce) focusing on business relations between Brazil and the Arab world in general. We can also mention the example of the two prestigious country clubs located in São Paulo, *Esporte Clube Sírio* founded in 1907 and *Clube Atlético Monte Líbano* founded in 1934 by Lebanese members of the former who wanted to have their own club. The idea of a homogenous and compact Syrian Lebanese community should be thus viewed cautiously.

Therefore, the focus will be given exclusively to the Lebanese group. Data and information mentioning Turks or Syrians in a broad way will be taken into account and analyzed since the Lebanese usually composed the majority of these imprecise categories, according to scholars who studied this group.

### 3.1.2 - Number of Lebanese Brazilians:

Estimating the number of individuals with Lebanese ancestry in Brazil is a difficult task due to several factors as explained above. First, the Lebanese nationality only appeared officially in 1926 with the creation of the Republic of Lebanon under French mandate, so well after the start of the migratory outflow from that region in the late 19<sup>th</sup> century. Second, there are often problems of clarity in the concepts and definitions used in official statistics collected by the host countries. This makes the counting highly approximate. For instance, in the case of the Lebanese in Brazil, they have regularly been mingled in categories such as Syrians, Arabs, Turks or Other Nationalities. Moreover, most of immigrants' children are not declared in the registers of nationality in Lebanese consulates. Also, the nationality legislation in Lebanon forbids the transfer of citizenship from the mother to her children, in case of a marriage with a non-Lebanese. Consequently, these latter cannot pretend to obtain it and are, thus, excluded from the censuses (Kirby, 2012, pp. 96, 97).

From the 1920s and throughout the 1940s, there were around 50,000 Lebanese and Syrians across Brazil, most of them in the South East.

État	1920		1940	
	Nombre	%	Nombre	%
São Paulo	19 285	38,4	23 948	49,3
Rio de Janeiro (District Fédéral)	9 321	18,5	9 051	18,6
Minas Gerais	8 684	17,3	5 902	12,1
Autres États	12 956	25,8	9 713	20,0
Brésil	50 246	100,0	48 614	100,0

#### *Number of Lebanese and Syrians in Brazil*

(Truzzi, 2002, p. 128)

In the 1980 census, there were about 22,000 Lebanese in the country, mainly located in São Paulo, being the nation's economic hub (Luca, 2015). However, these two previous statistics are about the individuals who only hold the Lebanese citizenship. They do not take into account the people who acquired the Brazilian nationality, the first generations of Lebanese immigrants who do not have the citizenship of their country of origin and their descendants.



*Non-naturalized Lebanese in 1980*

*Source: Lebanese Emigration Research Center*

In total, from 1872 to 1972, about 130,000 Syrian Lebanese entered Brazil. As some scholars believe the Lebanese component to be of approximately 90% of this group, we can estimate their number to amount to 117,000 people. Compared to other major immigrant groups like the Italians or the Portuguese who represent about 1.6 million incomers each for the same period, their migratory movement can be described as modest on the scale of the country. Indeed, they only amounted to 2.1% of the 5.5 million people who immigrated to Brazil between 1872 and 1972. Despite that, as we will see further, the role they play and the place they occupy in the Brazilian society are important if not disproportionate relatively to the size of the group.



*Total immigrants per nationality in Brazil 1872-1972 (Varella, 2000)*

Overall, it is believed that nearly 10 million Lebanese nationals and descendants live in Brazil today (Agência Senado, 2015). This is higher than the population of Lebanon which is of 5.8 million people as of 2015 (United Nations - Department of Economic and Social Affairs, 2015). Yet, this is an overestimated figure according to some scholars such as Guita Hourani, director of the Lebanese Emigration Research Center at the university of Notre Dame near Beirut, Lebanon. Indeed, she believes that the actual size of the Lebanese Brazilian community ranges between 6 and 8 million people which represents about 3 to 4% of the country's total population. For her, this kind of overestimates, of which some can even go beyond 12 million, are mainly

motivated by politics. As we will see further below, nearly 8% of the members of Brazilian Congress have a Lebanese background. As a consequence, some works have tried to increase the numbers in order to give legitimacy and justification to this political overrepresentation (Dyke, 2014).

### 3.2 - Lebanon in the Late 19th Century:

#### 3.2.1 - A Province of a Declining Empire:

The region of the Eastern Mediterranean which is today called Lebanon has been subject to the Ottoman Empire's rule from the 16<sup>th</sup> century until the end of the First World War in 1918 after which it was placed under French mandate. For at least four centuries, this empire had been one of the greatest military powers in the world, spreading through three continents, Asia, Africa and Europe. This transcontinental political entity played a major role in European affairs and even constituted regular threats to Western European states, besieging Vienna twice, although without success, in 1529 and in 1683. Despite being a Muslim Caliphate dominated by the Turks, the Ottoman state ruled over a wide plethora of peoples very different from each other in terms of ethnicity, religion and language. Indeed, Jews, Christians from various churches and Muslims lived together within the imperial borders. Under the same sovereign authority, Armenians, Arabs, Turks, Serbs, Greeks, Kurds and many other ethnicities cohabited in a relatively peaceful and tolerant pluralistic Ottoman society for the major part of the long history of this empire (Corm, 2012, p. 468).

However, starting from the end of the 18<sup>th</sup> century, the balance of power between the Ottomans and the Western European states started to shift. Confronted to the impoverishment and the weakening of the empire, these latter will increasingly intervene in the Ottoman internal affairs in order to gain commercial concessions and territories, throughout the 19<sup>th</sup> century. One of the strategies used by foreign powers to undermine the central imperial authority over its provinces consisted in patronizing several of its countless ethnic, religious and linguistic minorities. In the context of a flourishing of nationalisms all around the Mediterranean Sea, it was easy for European capitals to plant the idea of independence among many peoples living under the Ottoman yoke, causing revolts and instability that accelerated its fall. (Corm, 2012, p. 468) By 1830, the Algerian Ottoman province had fallen under French rule and, throughout the century, Western powers will help Christian Balkan peoples like the Greeks, the Serbs and the Bulgarians to gain their independence. The Ottoman Empire will therefore be known as "the sick man of Europe" to refer to this long process of decline and disintegration that will continue

throughout the early 20<sup>th</sup> century until its official dissolution in 1923 when Mustafa Kemal abolished the Caliphate and founded the Republic of Turkey.



*The Ottoman Empire in 1900 and modern-day Lebanon*

The territory of Lebanon has been historically associated with the mountain range known as Mount Lebanon (see Map below). Steep, isolated and rough, this geographical entity has always been difficult to govern. Over the centuries, this characteristic has made it a prime destination for a lot of persecuted religious groups looking for a home and a shelter. This explains the concentration of so many different churches, sects and faiths in such a tiny space living side by side to this day in Lebanon. (Corm, 2012, p. 470). Historically, the majority of the population consisted of Maronites, Arab Christians that recognize the authority of the Roman Catholic Church, living alongside a sizeable minority of Druzes who are the followers of a Muslim esoteric sect.

Under the Ottoman rule, this region was then known as the Emirate of Mount Lebanon. This subdivision enjoyed a certain degree of autonomy and the sultans of Constantinople used to rely on local aristocratic families for collecting taxes. Starting from the 16<sup>th</sup> century, two families of emirs will rise and compete for leadership over the Lebanese mountains. One was Maronite while the other was of Druze obedience. In order to overcome one another, each clan sought foreign European support which will culminate in the 19<sup>th</sup> century. On one hand, the Maronite emirs put themselves under the umbrella of the Catholic superpower of France. On the other hand, the United Kingdom, always concerned by balancing French influence in the world, chose to protect the Druze side (Corm, 2012, p. 471).



*Geography of Lebanon*

### 3.2.2 - The Lebanese Civil War (1841-1861):

The French important presence in the region will provoke several shocks that will cause a severe turmoil within the Lebanese society. First on the economic level, the competition of the French silk industry will lead to the decline of the region's main activity, silk farming. This general impoverishment caused by the protector of the Maronite Lebanese will generate a feeling of resentment against this group who was associated with France.

Furthermore, under the French umbrella, the Maronites will enjoy a process of modernization, particularly through the education provided by the several missionary schools established by Christian Westerners in the country. That increasing cultural gap will differentiate the community more and more from the rest of the Lebanese religious groups. This is all the more true as the project of an independent Christian state emerged, an idea encouraged by France and promoted by the Maronite Church among its followers. This foreign destabilization of the political and economic balance that used to prevail for centuries between the different local communities will lead to a bloody civil war between the Maronite and the Druze Lebanese which will last from 1841 to 1861 (Corm, 2012, p. 472). In the year 1860 alone, in Lebanon and Syria, over 20,000 Christians were massacred and 380 villages destroyed, after the uprising of Maronite peasants violently repressed by their Druze overlords (Lutsky, 1969).

### 3.2.3 – The Silk Crisis:

In the second half of the 19<sup>th</sup> century, the economy of the region of Mount Lebanon was mainly based on sericulture, representing 82.5% of its overall exports by 1873. Revenues of the silk production grew eleven-fold between 1840 and 1857 before increasing five times between 1861 and 1890 (Karam, 2004, p. 323). Fully integrated to the global market, the Lebanese silk production faced ups and downs, depending on the volatility of prices set in France. However, low-price silk produced in East Asia, mainly China, and exported to Europe thanks to cheaper costs of transportation will durably drive prices down and extremely harm the Lebanese economy. According to John Tofik Karam, the price of silk lost half of its value by 1890 compared to the 1870s when it had reached its peak (Dyke, 2014).

This industry was clearly dominated by Christians. Indeed, by 1911, 93% of the employees of silk mills were from the different Christian faiths that lived in Mount Lebanon. This meant that this is the population that suffered the most from the crisis in silk production.

Population According to McCarthy				Mills and Employees in 1911			
	N.	%					
Mt. Lebanon:							
Maronite	135,259					8500	
Greek Orthodox	31,923					2500	
Greek Catholic	20,298					2000	
Total Christian	187,480	79.6	144	93.0		13,000	92.9
Druze	29,367	12.4	7	4.5		1,000	7.1
Other	18,322	7.9	1	0.6			
Total Mt. Lebanon	235,169	100.0	155*	100.0		14,000	100.0

*Population and spinning mills employees in Mt Lebanon by faith*

(Kedourie & Haim, 1988, p. 32)

### 3.2.4 - Causes of the Lebanese Emigration:

We saw that the end of the 19<sup>th</sup> century was particularly troubled and eventful in the region which is now Lebanon. Massacres where thousands found death had been committed. A serious economic turmoil had also occurred as a result of the severe weakening of the main industry and that situation was expected to last. In addition, all this happened in the context of a declining empire exposed to foreign appetite and showing increasing hostility towards its ethnic and religious minorities, especially the non-Muslim ones, which will culminate in the Armenian genocide.

Confronted with the combination of these factors, emigration became an attractive and viable alternative for young Christian Lebanese peasants with limited economic perspectives and concerns about their safety. While the persecution of minorities and the drop in silk price continued, the rush to new shores started. According to the English consulate, about 4,500 Christians left Lebanon in 1892. 2,500 of them sailed towards Brazil. In 1896, 5,500 Lebanese chose to leave the country, mainly to settle in South America (Kedourie & Haim, 1988, p. 33). Overall, it is estimated that between the third and half of the population of Mount Lebanon emigrated between 1860 and 1914, of which more than 90% were Christian. One third of these immigrants are believed to have landed in Brazil.

Other factors can be mentioned. For instance, the contact with Europe through Lebanese exportations and the numerous education missionary institutions opened by Europeans and Americans in the 19<sup>th</sup> century in Lebanon brought Western ideas of modernity. Not only did this opened local minds but it also opened them to new perspectives in Europe's colonies and in the Americas. This influence seems to make sense since most of the students of those institutions were Christians, the same category who will end up being the first to emigrate massively (Kirby, 2012).

It is interesting to mention that the same two main factors which are difficult economic conditions and the outbreak of armed conflicts, will motivate the following waves of immigration from Lebanon throughout the 20<sup>th</sup> century. Because of the regular wars against Israel that is founded in 1948 and the Lebanese Civil War that lasts from 1975 to 1990, thousands of people will choose to leave the country for Brazil, most of them being this time Sunni and Shia Muslims (Daniel, 2012).

### 3.3 - The Lebanese Debuts in Brazil:

#### 3.3.1 - The Choice of Destination:

Why did these immigrant pioneers choose Brazil? To this question, some Lebanese Brazilians mention a story which is popular among the community. Indeed, the legend has it that, during his trip to the Near-East in 1876, the emperor of Brazil, Dom Pedro II, met some peasants and engaged in a conversation with them, on his way to visit ruins of ancient Roman temples. During this unannounced encounter, he supposedly told them about the wealth of his country and encouraged them to move to Brazil to strike it rich. With his words, he caused the migratory rush (Associação Cultural Brasil-Líbano, 2011). Through this legend, Dom Pedro II plays the role of a savior and a sort of patron saint for a Brazilian minority which, therefore, has a



legitimate place in Brazilian society thanks to the devotion and care it received from one of the main figures of the nation's history.

It is actually true that Dom Pedro II, who was an admirer of Arab civilisation and who could speak Arabic among other languages, visited Lebanon in 1871 and 1876 (Daniel, 2015). During his second journey to the region, he met with several prominent families of notables and intellectuals, including the Jafets who will later become one of the most powerful Brazilian Lebanese dynasties, and encouraged them to migrate to Brazil. However, it is unlikely, especially in a world where information still circulated very slowly, that this gesture alone could explain the huge scale of the migratory human flow from Mount Lebanon to the Americas (Dyke, 2014).

The main reason to migrate to Brazil was to strike it rich in “Amrika” (America in Arabic). The strategy of most of these immigrants was to accumulate a sizeable capital in the New World before going back to their country of origin. This temporary immigration called sojourning will have a profound impact on the nature of the activities that they will undertake, as we will see later.

It is worth mentioning that a lot of these early Arab candidates for immigration were first heading to the United States, as it was already the world's first economic power at the time. However, it was common that they were not given access to the territory for health, legal or illiteracy reasons. Confronted with the shameful and costly character of a return trip to Lebanon, they simply chose to head south, the majority landing in Brazil or Argentina. In some reported cases, some unscrupulous shipping companies even disembarked their passengers in the ports of Rio de Janeiro or Santos, mistaking them into believing that they had arrived in North America.

All in all, these first Arab immigrants in Brazil were to play the role of pathfinders. If their experience were to succeed, more of them would follow their steps. Arriving in Brazilian ports with passports issued by the Ottoman Empire, they were known as *Turcos*, a nickname that last until today although it has lost its old pejorative connotation (Rodrigues, 2012).

According to the statistics of the IBGE, the Brazilian national statistics institute, between 1884 and 1893, 96 “Syrians and Turks” set foot in Brazil. In reality, these were most probably coming from Mount Lebanon with Ottoman passports, hence the confusion. These pioneers' successful and lucrative adventure, as we will describe later, will open the way and provoke continuous inflows of Lebanese immigrants, eager to become rich in a short period of time in the New

World. This number of arrivals will increase to 7,124 in the 1894-1903 period and to 45,803 between 1904 and 1913. The First World War interrupted the human flows between the Eastern Mediterranean and South America. However, at the end of the conflict, they started again, yet in a lesser extent (Kirby, 2012, p. 106). 40,800 more Arab immigrants will settle in Brazil from 1914 to 1933 (IBGE, 2000).

Nacionalidade	1884-1893	1894-1903	1904-1913	1914-1923	1924-1933
Alemães	22778	6698	33859	29339	61723
Espanhóis	113116	102142	224672	94779	52405
Italianos	510533	537784	196521	86320	70177
Japoneses	-	-	11868	20398	110191
Portugueses	170621	155542	384672	201252	233650
Sírios e Turcos	96	7124	45803	20400	20400
Outros	66524	42820	109222	51493	164586
Total	883668	852110	1006617	503981	717223

*Immigration to Brazil by Nationality (1884-1933)*

(IBGE, 2000)

### 3.3.3. – Arriving in an Agricultural Country:

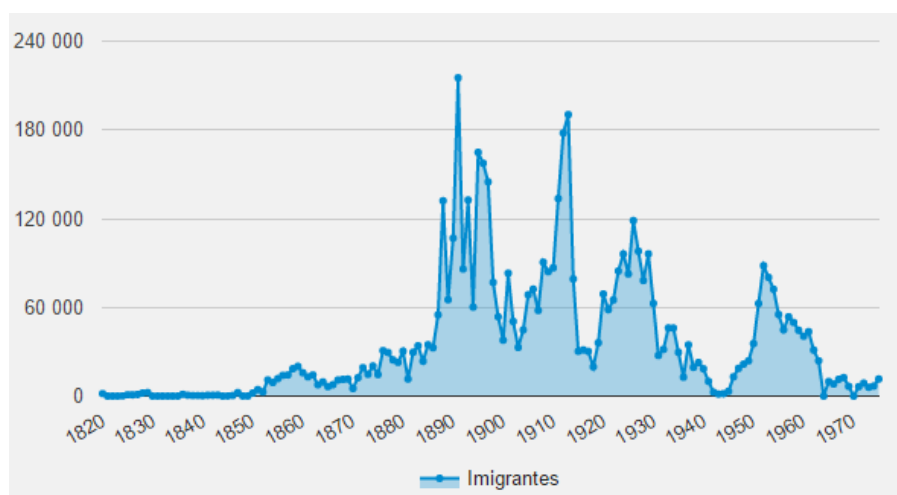
It must have been a complete change of scenery for the first Arab immigrants that arrived in Brazil, a very distant tropical land with its ethnically diverse people who spoke an incomprehensible language, Portuguese. Many things must have looked so different for them who sailed from their Lebanese mountains pursuing wealth. Yet, according to John Tofik Karam (2004), this new country might not have seemed so different after all in terms of economy, at the end of the 19<sup>th</sup> century and in the early 20<sup>th</sup> century. Indeed, just like Lebanon that was dependent on Western demand for silk, Brazil was a cash-crop economy that was based on exports of agricultural and mining goods to the United States and Europe (Karam, 2004, p. 324). Thus, like in Mount Lebanon, the economy of Brazil back then was highly dependent on the exterior and relied on exogenous factors which were the prices of these commodities set by global supply and demand.

After the sugar cycle that characterized the 16<sup>th</sup> and 17<sup>th</sup> centuries and the gold cycle that lasted throughout the 18<sup>th</sup> century, Brazilian economy in the 19<sup>th</sup> century was based on coffee production and, to a lesser extent, on rubber extraction in the Amazon region. Coffee represented nearly 65% and at least 50% of Brazilian total exports in the late 19<sup>th</sup> century and during the first half of the 20<sup>th</sup> century respectively (Karam, 2004, p. 324). Concentrated in the state of São Paulo, the production of this commodity will durably change the demographic,

political, economic and social structures of the country with the definitive shift of its center from the Northeast to the Southeast (Meade, 2010, p. 75).

Indeed, coffee plantations required extensive human labor force. In a country of around 10 million people in the late 19<sup>th</sup> century (IBGE, 2016), Brazil's economic and political elite encouraged mass immigration towards their country. In spite of slavery being abolished in 1888, the number of free labor was not enough to satisfy the needs of coffee production. Moreover, the general racist conception among Brazilian elites at the time consisted in the belief that White people were more productive and mastered modern technology better than Black former slaves. Consequently, starting from the second half of the 19<sup>th</sup> century, the State subsidized immigration with agricultural background coming from Western Europe, mainly Italy, Portugal, Spain and Germany. These European immigrants usually received additional financial aid from their own states and had an established work contract before they even reached Brazil. Starting from 1908, Japanese employees were recruited in Brazilian plantations too, as they represented a cheaper labor force supposedly less demanding in terms of work conditions than their European counterparts (Kirby, 2012, pp. 79, 80).

As shown below, from the middle of the 19<sup>th</sup> century until the 1960s, migratory inflows to Brazil will remain important with records reached in the 1890s and the 1910s. For instance, the year 1891 alone saw a remarkable number of 215,239 immigrants settling in the country. Consequently, between 1870 and 1950, the Brazilian population will grow five-fold from 10 million to more than 50 million people (IBGE, 2016).



*Total immigrants to Brazil (1820-1975)*

(IBGE, 2000)

### 3.3.4 – Factors Leading to Lebanese Entrepreneurship:

As we saw previously, during the end of the 19<sup>th</sup> century and in the early 20<sup>th</sup> century, European and Japanese immigration was organized and subsidized by Brazilian authorities and foreign partner countries. It targeted almost exclusively the sector of agriculture, mainly coffee and rubber production, which was still the key economic sector in Brazil at the time and the main focus of governmental economic policies. On the contrary, the Ottoman Empire did not have such agricultural labor agreements with Brazil. The Arab immigration was, in fact, unorganized and spontaneous. According to the sociologist Elsa El Hachem Kirby, “this lack of support was both a curse and a blessing” (Dyke, 2014). Indeed, the absence of an institutional frame that could provide support and protection was largely offset by the benefits of the freedom to choose one’s profession. They could then take advantage of all the opportunities that existed in the wide territory of Brazil and not be restricted to rural agricultural areas. In fact, according to a 1934 census, 80% of Arab immigrants lived in urban centers while 20% lived in the countryside. Among their Japanese counterparts, these percentages were exactly the opposite (Varella, 2000).

The Lebanese newcomer in those times faced several challenges in Brazil. As mentioned above, he did not benefit from employment partnerships between his country of origin and the local government. As these agreements concerned the agricultural field, it made it difficult for him to access this sector which was the main employer in Brazil back then. However, as most of these Arab immigrants were farmers back home, some managed to find jobs in agriculture. Yet, in a country dominated by large plantations, different from Lebanon where the agrarian structure mainly consisted of small individual fields, they quickly realized that it would take them a lifetime of hard labor to acquire their own farm so they soon decided to move to other sectors (Truzzi, 2002, p. 129).

Another obstacle was the language. Indeed, even though many were literate thanks to the basic education provided by churches and missionary schools in Lebanon, the freshly arrived immigrants had yet to learn the Portuguese language. This narrowed even more the scope of possible professions available for them like administrative and office positions.

Furthermore, Arab migrants had certain requirements about the activity that they would exercise in the host country. As their plan was to sojourn in Brazil meaning that they were expecting to go back to their homeland after accumulating wealth during their years spent abroad, they needed an occupation that only required a small and easily-transferable capital.

Most of these immigrants were in fact single men who were willing to work hard for some years while sending money back to their families, before returning to the homeland.

Because of these factors, trade, and in particular the activity of peddling, seemed appropriate for the goals of this particular immigrant group regarding its initial resources and environment. The peddler is an independent self-employed salesman that sells the items of his own inventory so his income is not defined by a monthly salary but is only limited by the number of articles he sells. Peddling did not require an initial investment in land or equipment neither did it involve fixed costs such as the rent of a shop. It also did not need particular technical skills nor a great knowledge of the local language. More importantly, it could generate high personal profits in a relatively short period of time, depending on the margins and the volumes sold (Kirby, 2012, p. 154).

This activity fits in the broad definition of entrepreneurship as the action that consists in setting up an owned business. However, it also suits the definition that we drew up based on the reviewed theoretical knowledge. Indeed, these adventurous pioneers saw great opportunities for trade and commerce in a huge country where such activities were still considerably underdeveloped and competition was still very low, especially in the vast and countless plantations of the Brazilian hinterlands where more and more new immigrants from all across the world were settling. Isolated from the urban centers, they would often get their supply in basic goods from the owner of the plantation who would sell these products at very high prices, being in a situation of quasi-monopoly. Furthermore, the majority of Arab immigrants did not come with a lot of money (Kirby, 2012, p. 157). Yet, the resources they possessed did not limit them in implementing their projects. Indeed, as we will see, their inventory was, most of the time, bought on credit with great flexibility for the repayment. Finally, they introduced innovative commercial practices that were relatively unknown in Brazil such as discounts, the sale on credit and the possibility of payment by installments. The Lebanese peddlers developed a whole sector of the economy, commerce, while surpassing uncompetitive traders like Portuguese and Italian peddlers or the owners of plantations that used to sell basic items to their workers. In other words, they initiated a process of “creative destruction” as formalized by Schumpeter (Reier, 2000).

We can see that, in this case, the disadvantage theory can explain the emergence of this case of ethnic entrepreneurship. Indeed, the barriers presented above like the language and the lack of institutionalization blocked opportunities for the first Lebanese immigrants in the employment market. The culturalist approach can also help us comprehend this movement towards

entrepreneurship. Although they have not exercised entrepreneurial activities in their homeland but were instead mostly farmers, the first generations of Lebanese in Brazil had strong values that are usually linked with immigration like hard work, humbleness and determination to achieve a purpose. Moreover, they had a powerful sense of solidarity and mutual aid as they came from a very clannish society. This immigrant group also presented a major characteristic that was going to transform it into a middleman minority: sojourning. Indeed, this will define their way of life and the occupation that they will choose in their beginnings which was peddling, an activity that did not require an important capital and which was easily transferable.

The first Arab immigrants in Brazil, who were mainly Lebanese, exercised the profession of peddler in large numbers. Although peddling had been practiced by Italian and Portuguese settlers before them, their impact on this activity was nevertheless so important that the expression *Turco da prestação*, *Turco* being a nickname for Arabs in Brazil, became a synonym for the word *mascate* (peddler in Portuguese). In fact, by 1893, 90% of the *mascates* registered in São Paulo were Lebanese and to a lesser extent Syrian and Palestinian (Luca, 2015). From then onwards, the profession will be definitively associated with Arab Brazilians. This clear ethnic domination was due to a sense of solidarity spread among the group that made possible the emergence of innovative selling techniques and to a willingness for thrift and hard work that allowed them to outperform their Portuguese and Italian competitors.



*Photo of a Mascate (Jansen, 2009)*

In general, the Lebanese *mascate* would get his inventory from a Lebanese supplier in the city, typically in São Paulo, the economic hub of the country. This *patrício* (the Portuguese word some Lebanese Brazilians use to refer to another member of the community) would sell his products to the peddler on credit. The *mascate* would then pay his supplier back once he sells his inventory. This solidarity mechanism was crucial in the rise of the Lebanese as successful peddlers and gave them a huge advantage over competitors that could not benefit from such arrangements and flexibility.

This partnership was a win-win situation for both the *mascate* and his supplier. On one hand, this meant that the inventory of the Lebanese peddler was not limited by the capital that was at his disposal at a particular time. As a good entrepreneur, he could then mobilize resources owned by others in order to develop his business and generate more profits. His main task was therefore to find customers without being much preoccupied by having to buy the items in the first place. On the other hand, for the supplier, selling products through a network of peddlers meant a higher inventory turnover. He could then buy bigger quantities and decrease his purchasing costs, thus benefiting from economies of scale. Regarding the peddler's ability to settle his debt, the supplier was comforted by the fact that he knew his willingness to work hard in order to sell all his inventory as soon as possible, as he had the same goal of accumulating wealth before returning to the homeland. Moreover, the two usually knew each other through family or a network of friends who would serve as a kind of guarantee in case of non-payment (Kirby, 2012, p. 160).

The flexibility of suppliers regarding payment allowed Lebanese *mascates* to innovate by offering to their customers the possibility to purchase on credit or to pay in several installments. They privileged high inventory turnovers and important sales volumes even if it meant lower margins. They introduced discounts and sales while caring about their customers' needs and expectations. These commercial techniques were relatively new in an agricultural economy focused on exports. This makes Oswaldo Truzzi (2002) consider the Arab peddlers as the true inventors of mass distribution in Brazil. Sometimes, if a customer did not have enough money, a peddler could even accept to swap his products against rubber, gold, coffee or any other valuable commodity that he could trade later himself (Truzzi, 2002, p. 132). This flexibility gave a tremendous advantage to these Arab salesmen over their competitors (Kirby, 2012, p. 154). In fact, it did not take long before they eliminated their Italian competitors and took over the profession. In reaction, these latter tried to organize a boycott campaign against them, without success (Truzzi, 2002, p. 132). This competition between Lebanese immigrants and

existing groups provoking hostility from these latter towards the newcomers is also another characteristic of middleman minorities.

After filling his trunk with articles he bought from his Lebanese supplier such as fabric, clothes and religious items, the typical *mascate* hit the road towards the *interior*, the Brazilian countryside. In rural areas, he used to sell his products to coffee plantation workers who then felt less isolated, as the peddler also brought news and innovative objects from the city. Before, they had no choice but to buy basic daily products from their bosses, the *fazendeiros*, at expensive prices. The *mascates* explored the length and breadth of Brazil. They did not restrict themselves to the railroad network but, carrying their bags and using boats, donkeys or their own feet, they penetrated the most hostile environments like in the Amazon region, looking for new customers and avoiding competition from fellow peddlers (Kirby, 2012, p. 155).

The *Turco* will then become an essential sight of the countryside in the early 20<sup>th</sup> century, roaming through the *interior* with his merchandise. Brazilian literature will capture this figure through many works such as *Gabriela, cravo e canela* (1958) and *Tocaia grande* (1984) by the famous Jorge Amado (Karam, 2004, p. 336). The *mascate* is a central character in the history of the Syrian Lebanese in Brazil where he plays the role of a pioneer and a mythicized founder.



*Mascates in the “interior”*

*Source: Brazilian movie “A ultima estação”*

This profession involved very harsh work conditions. Peddlers had to carry heavy trunks and walk long distances in tough environments and climates. They could work until 20 hours a day looking for customers in rural areas (Dyke, 2014). Because they usually started with very limited financial resources and due to their sojourning perspective, these adventurers used to sleep in cheap common lodging houses or even outdoor. In the city, where they could get their



supply, they used to live at relatives' houses or share accommodation with other peddlers. This logic of deprivation and minimizing daily expenses is consistent with the general strategy of wealth accumulation of these immigrants. Let us remember that their plan was to collect as much money as they could in a short period of time before heading back to Lebanon (Kirby, 2012, p. 157). This tendency for thrift also characterizes middleman minorities.

### 3.3.5 - The Rush to Brazil:

The Lebanese *mascates* were soon successful thanks to their commercial practices, efficient ethnic network, large customer base and their hard work. As Jorge Takla, one of Brazil's most prominent theater directors and grandson of a Lebanese *mascate*, puts it, "they made money very quickly". For him, their success is the result of a very important work load and innate talents for sale (Dyke, 2014).

The news of their astonishing achievements quickly reached the Lebanese mountains. Indeed, while accumulating wealth in the Americas, Arab immigrants used to send money back to their families that remained at home. Those financial amounts transferred to the homeland were staggering for the time. In fact, in the late 19<sup>th</sup> century, a *mascate*, either literate or not, could send back home, in one single month, more than what a teacher could earn in one year (Kirby, 2012, p. 158). In general, this money was used by families to enlarge their house and to acquire land. There are many villages in Lebanon where all the houses have been renovated and improved thanks to the immigrants' transfers.

This sudden spill of wealth over Lebanon's impoverished hinterlands where economic perspectives remained very limited inspired the remaining young males to follow the steps of those first immigrants in the Americas, notably in Brazil. It also exercised a sort of social pressure on the other families who, fearing to be relegated to the bottom of the social pyramid, started to send their sons to the New World too. The decision to immigrate thus cannot be analyzed as an individual action of an adventurer running selfishly after personal wealth at the other side of the planet but rather as a planned and concerted effort from an entire clan to finance the trip of one or more of their members hoping that this will improve the general welfare of the group. Consequently, the whole family could mobilize the acquaintances and the resources of each one of its members in order to make an immigration project successful, including the launch of an entrepreneurial venture in the destination country. This is typical of ethnic entrepreneurs who can rely on a strong support from their family's resources and network.

The exodus was so massive that it was causing huge concerns among church clerics. One leader of the Presbyterian Church is even quoted saying: “The migration fever does not show any signs of decrease. It has even become an obsession. It took from our churches some of its most useful members [...] An illiterate goes to America and within six months sends back a check of 300 or 400 dollars, more than what earn a teacher or a pastor in two years.” (Truzzi, 2002, p. 124). These concerns were justified. Between 1894 and 1903, 7,124 Arabs immigrated to Brazil. During the next decade, they were 45,803 to leave (IBGE, 2000).

### 3.4. - The Development of Lebanese Entrepreneurship:

#### 3.4.1 - *Rua 25 de Março*, the Heart of the Lebanese Community:

As we saw, the news of the success of the first Levantine generations in Brazil inspired more and more people to take the path of immigration. Besides, the immigrants themselves encouraged their relatives and friends to join them in order to take advantage of the same positive economic perspectives and opportunities that they have benefited from. This led to the formation of an organized chain migration between Lebanon and Brazil. Before World War I, between 120,000 and 330,000 people had departed from Beirut's port, mainly towards the United States, Brazil and Argentina (Karam, 2004, p. 323). Between 1884 and 1913, more than 50,000 *Turcos* and *Sírios*, in reality a majority of Lebanese, were registered by Brazilian customs. These are only the official numbers. Indeed, as many immigrants did not go through governmental ports, the real figure is believed to be higher.

Unlike their elders who arrived to the unknown in almost every sense of the word, the new candidates to immigration often had all the information they needed before they even started their journey. For instance, they knew where to go, what job they will be doing and, more importantly, who will host them. Most of the time, this used to be a relative or an acquaintance of the family who had already been living in Brazil for several years starting as a *mascate* himself (Kirby, 2012, p. 160). After collecting a sizeable capital, this already established immigrant had usually moved to open a retail or a wholesale shop in the city in order to accumulate wealth even faster before he can return to the homeland. In the course of his years in Brazil, he welcomed family members or acquaintances and taught them the peddling activity allowing them to learn from his experience. At the same time, he could benefit from the work of motivated and loyal salesmen to liquidate his inventory.

The wholesalers' customers were mainly Lebanese peddlers whose goal was also to open their own shop once they gathered enough money. Hence, this was to become the classic trajectory of the average Levantine immigrant. By 1907, 80% of the 315 Arab-owned companies in São Paulo were wholesale clothes and dry goods stores that needed more and more peddlers to sell their products and expand their business (Karam, 2004, p. 325). As a result, a chain migration was established bringing every year thousands of new Syrian Lebanese immigrants who fueled the enrichment of those who were in Brazil for a longer period. This way, entire families migrated to join a brother or a cousin well established in the Americas (Kirby, 2012, p. 160).

Therefore, the *colônia Sírio-Libanesa* (Syrian Lebanese colony or community) of Brazil was born with around half of its members living in the city of São Paulo. Historically, it was based in the nationally famous, *rua 25 de Março*, in downtown São Paulo. In and around that street, there was a high concentration of Levantine-owned retail and wholesale stores selling various kinds of products. The choice of this street seems to have been motivated by cheap real estate and for its proximity to the Luz train station which was very convenient for peddlers who could then purchase products from their suppliers and quickly jump in a train to return to the *interior* where most of their customers used to live (Kirby, 2012, p. 173). In the first half of the 20<sup>th</sup> century, it had become a Middle-Eastern enclave right in the center of Brazil's economic capital.

It is believed that the first Arab-owned business in *rua 25 de Março* was opened in 1890 by Basilio Jafet who was soon joined by his brothers (Portal do Ipiranga, 2012). Together, they will become the most powerful and prominent Lebanese family in Brazil and a veritable dynasty promoting and defending the community's interests. Its story is representative of the rise of Arab immigrants from the bottom to the elite class of their country of adoption.



*Rua Basilio Jafet near rua 25 de Março*

*Source: Author*

#### 3.4.2 - The Jafet Family, a Brazilian Lebanese dynasty:

The Jafet family is originated from Dhour-Choueir, a Christian-majority town in Mount Lebanon. The family patriarch was a teacher in the local school. Nami, his eldest son, was a renowned professor who occupied the Chair in Mathematics at the prestigious Syrian Protestant College which is now today called the American University of Beirut. He had the opportunity to take part in a meeting with Dom Pedro II who was travelling in the Levant in 1876. During this event, the emperor promoted immigration to Brazil, guarantying safe-conduct for those who choose to settle in his country (Portal do Ipiranga, 2012).

In 1887, Benjamin Jafet, Nami's younger brother and the first member of the family to emigrate, set sail for Brazil, going against his mother's wish to see him go to the United States (de Oliveira, 2014). Alongside his cousin, he arrived in Rio de Janeiro. As a *mascate*, he travelled throughout Minas Gerais and the valley of Paraíba in the state of São Paulo, selling his products to the workers of coffee plantations.

In 1888, Basilio Jafet joined his brother in Brazil. Together, they will continue to work as peddlers. Having accumulated enough capital, they opened the first Arab-owned shop in *rua 25 de Março*. Selling fabric products, they soon moved to bigger premises in the same street. In order to develop their textile wholesale business, Benjamin and Basilio exhorted the rest of the brothers to immigrate to Brazil. Within a few years, Nami, João and Miguel as well as their mother Utroch moved to São Paulo. The brothers founded the company *Nami Jafet e irmãos* (Nami Jafet & Brothers). With offices in *rua Florêncio de Abreu*, it aimed at ensuring the good

management of the family's investments with a growing focus on industry (Portal do Ipiranga, 2012).



*The Jafet Family*

*Source: Exhibition at Metro Station Alto da Ipiranga*

In fact, after investing in imported textile products, the brothers moved to open a textile production plant, *Fiação, Tecelagem e Estamparia Ypiranga Jafet*. Extending on 6,000 m<sup>2</sup>, it was one of the main textile factories in the country (CEDIC PUC-SP, 2016) and, at its inauguration, it employed 1,800 workers (Araujo, 2014). The Jafets' entrepreneurial spirit thus led to the development and urbanization of the Ipiranga neighborhood in São Paulo by creating direct and indirect jobs as well as by building hundreds of houses for some of its employees and their families. By the mid-1930s, 3,000 people worked there (Karam, 2004, p. 325). Growing constantly, it had reached a surface of 16,000 m<sup>2</sup> and was using the most modern technologies available at the time.



Figura 36 – Portaria da Fiação, Tecelagem e Estamparia Ypiranga Jafet, no bairro do Ipiranga, em São Paulo

*Entrance of the former plant of the Jafets in Ipiranga*

*Source: (Correia, 2008)*

Thanks to the important production of this factory, the Jafets could supply Arab shopkeepers and peddlers who sold these goods in *rua 25 de Março* and in the countryside respectively. The brothers applied those same sale-on-credit practices previously described which laid the foundation of the success of the Lebanese in Brazil. The demand for their products, constantly increasing with the inflows of new immigrants, contributed to the wealth of the Jafets who soon became one of the richest families in Brazil. They were the equivalent among the Brazilian Lebanese of what used to be the wealthy and powerful Matarazzo family for the Brazilian Italians in the first half of the 20<sup>th</sup> century. It is interesting to note that the founder of this Brazilian Italian dynasty, Francesco Matarazzo, also started as a *mascate* when he migrated to Brazil, ten years before Benjamin Jafet, at a time when the peddling activity was still dominated by Italian settlers.

The Jafet brothers thus became the natural leaders of their community. When the eldest, Nami, died in 1923, Basilio Jafet took the lead of both his family and the colony proclaiming himself as the “Supreme Leader of the Lebanese in Brazil” (Karam, 2004, p. 326). As head of the *colônia sírio-libanesa*, the family founded and funded many clubs, churches and associations. During the Great Depression of 1929, they erased a lot of debts that was owed to them, at a time when bankruptcy led many to commit suicide. However, their most famous philanthropic contribution is most certainly the famous *Hospital Sírio-Libanês*, one of the largest and most prestigious health institutions in Latin America, founded by Adma Jafet, Basilio’s wife, in 1921 (Portal do Ipiranga, 2012).

### 3.4.3 - From Merchants to Industrialists under the Vargas Era:

As it is illustrated by the early economic path of the Jafet brothers in Brazil, in order to generate profits more rapidly, Levantine *mascates* opened retail or wholesale shops, particularly in textile, as soon as they gathered enough capital to do so. This allowed them to speed up their process of accumulating wealth while keeping liquid assets like an inventory and a shop rented or easily saleable until the moment when they decide to return to their homeland.

However, the outbreak of the First World War interrupted the migratory flows between South America and the Mediterranean obliging those with dreams of return to postpone them until the end of the conflict. As a result of the four year period this global war lasted, the immigrant entrepreneurs had time to further develop their businesses. The local economic environment offered growing opportunities as the conflict led to a sharp decrease in imports of manufactured goods. Consequently, substitution industry became very attractive for those who possessed a

capital to invest. The Lebanese entrepreneurs, thanks to their wealth generated by years of commerce, were willing to seize the opportunity (Kirby, 2012, p. 264).

The early example of the Jafet factory being unique in terms of size and importance, most Lebanese-owned plants were small textile manufacturing workshops that did not require much capital to initiate. In fact, it was enough to rent a room, install second-hand sewing machines and employ a few workers to run them (Karam, 2006, p. 30). The choice of textile industry also seemed obvious for textile traders as they already knew the market and had the appropriate experience. By 1920, 91 factories of various scales in São Paulo were owned by Syrian Lebanese. Hence, an ethnic vertical integration was operated in the textile sector. Lebanese peddlers and retail shopkeepers bought their inventory from wholesalers from the same origin. In turn, these latter got their supply from Lebanese manufacturers. We can find here another characteristic of middleman minorities which is the ethnic concentration of a particular sector as presented in the theoretical referential. This case of the Lebanese in the city of São Paulo is, moreover, very similar to the example given by Edna Bonacich of the Jews in New York mentioned above.

The adventure of the Lebanese entrepreneurs in Brazil with industry will observe a real boost starting from the 1930s with the Vargas era. Indeed, the Great Depression that began in the United States in 1929 led to a huge collapse in commodities prices, including coffee leading to an economic turmoil in exporting countries. In Brazil, the situation was so serious that large stocks of coffee were burnt in order to reduce the supply and artificially increase the prices. In order to decrease importations and, more generally, the structural dependence towards global markets that characterizes a cash-crop economy, President Getúlio Vargas launched a vast set of economic policies aiming at the industrialization of the country (Moraes, 2015). His import substitution industrialization (ISI) programs involved public investment in state-owned factories, for example the *Companhia Siderúrgica Nacional* which was specialized in steel production. Moreover, the central state imposed high custom fees and taxes as well as various additional measures in order to encourage and protect nascent national industries (Oliveira, 2016).

As a consequence of this governmental important support, the share of industry in the gross national product of Brazil went from 21% in 1907 up to 43% in 1939. Furthermore, the number of workers in factories in the state of São Paulo represented 275,000 people in 1940 compared to 80,000 in 1920 (Karam, 2004, p. 331). Another striking figure is the growth speed of the

Brazilian industry under that period. Indeed, while the average rate of growth of agriculture was of 2.7% per year between 1931 and 1950, the industrial sector expanded by more than 7.3%.

			Period					
			1901–30	1931–50	1951–63	1964–80	1981–93	1994–2000
GDP	Total	Mean	4.3	5.1	6.9	7.8	1.6	3.1
		Std. dev.	5.1	4.4	2.9	3.3	4.1	2.0
	Agriculture	Mean	3.6	2.7	4.1	4.5	2.4	3.4
		Std. dev.	7.5	5.1	4.0	4.5	5.9	2.6
	Industry	Mean	5.2	7.3	9.5	8.5	0.4	2.6
		Std. dev.	7.0	5.6	4.9	5.3	6.5	3.2
	Services	Mean	4.7	5.5	6.7	7.5	0.5	3.2
		Std. dev.	7.0	5.9	3.9	4.0	5.0	5.0

*Average economic growth of Brazil by sector*

(Pinheiro, Gill, Servén, & Thomas, 2004)

These governmental programs developed a domestic market for industrial goods by strengthening the urban middle class. In addition, it provided incentives and opportunities for the entrepreneurs that could seize them and invest. Among them were the Lebanese businessmen who, thanks to their commercial ventures, had enough capital to proceed to investments in the industry and benefit from the new political vision that consisted into building a modern industrial Brazil rather than a “gigantic plantation” focused on exports. In turn, the entrepreneurial spirit of the Syrian Lebanese was of great use for the Brazilian political elite in fulfilling their agenda. This is illustrated by the case of the entrepreneur Mitri Moufarrege, who arrived in Brazil from Lebanon in 1954. Despite having started with almost no money, he was able to open his own textile store, after three years of peddling. He then benefited from his proximity with President Juscelino Kubitschek to create the first production plant of soft drinks in Brazilia in 1958. He managed to obtain tax exemptions for his business. In return, his entrepreneurial spirit served the presidential vision by bringing economic growth to the country’s new capital, making this dream a reality. Today, the Lebanese businessman is a successful entrepreneur who owns hotels and shopping malls in Brazilia (Menezes, 2010).

As a result of this historical shift in the national economy and seizing the opportunities and incentives provided by governmental bodies, Brazilian Arab entrepreneurs continued their successful transformation from *mascates* to traders and industrialists. In spite of being a relatively small ethnic minority in Brazil, the Syrian Lebanese community owned 211 industrial companies in the state of São Paulo by 1933, compared to 219 for the Spanish and 100 for the Germans who immigrated in much bigger numbers.





*Source: Museum of Immigration of the State of São Paulo*

Hence, by 1945, 27% of companies specialized in spinning and weaving cotton, rayon, wool, linen and silk fabrics were controlled by Levantine businessmen (Luca, 2015). In rayon weaving alone, their share even amounted to 40%. These businesses varied in terms of size. While 50% of them were small enterprises employing less than 25 workers, 20% of these industrial firms had more than 100 employees (Karam, 2004, p. 331). Concerning trade, by 1945, the Syrian Lebanese were estimated to represent 60% of profits realized in the textile sector in the entire country (Luca, 2015). One of the people I had the chance to interview followed this typical path. Edmond Chalita arrived in Brazil from Lebanon in 1964. After peddling imported fabrics and later opening his own shop, he started a textile plant with 15 machines by 1986 that he sold at his retirement.

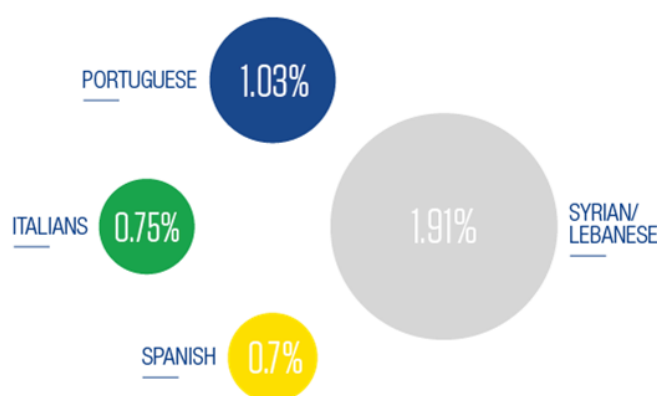


#### 3.4.4 - Real Estate and Construction:

Starting from the mid-20<sup>th</sup> century, some Lebanese entrepreneurs proceeded to invest in real estate. Despite of being smaller than the European and Japanese immigrant contingents, the Syrian Lebanese community was occupying the fourth rank in terms of real-estate ownership

by 1950. In relative terms, the group had the highest number of real-estate proprietors with nearly 2% of its members owning a property, twice as much as the other communities (Luca, 2015).

Acquiring real estate assets was a way for these entrepreneurs to invest the capital generated by their ventures in trade and industry. Having purchased properties at an early time, they benefited to a great extent from the latter boom in real estate prices, notably in the country's economic capital São Paulo but also elsewhere like in seaside resorts.



*Real-estate ownership rates in 1950 (Luca, 2015)*

Some rich Lebanese entrepreneurs also penetrated the sector of construction with projects of building houses, residential or office buildings and shopping malls. Often, because of the large amounts involved, these investors had an industrial background. In the construction field, partners and networks are crucial because big projects can hardly be implemented by only one party. It is very important to choose the right partners who are trustworthy and who can proceed to the necessary investments. In this matter, the Lebanese real estate developers can benefit from their ethnic network in Brazil. Places where the community meets and gathers like the *Clube Atlético Monte Libano* can serve as platforms of networking leading to transactions and agreements. However, as the required capital is very important, they do not restrict themselves to their community and it is common to partner with Brazilians of different backgrounds (Kirby, 2012, p. 282).

Ernesto Zarzur is one of these Lebanese entrepreneurs who entered the field of construction and achieved great success. In 2012, he was ranked the 50<sup>th</sup> fortune of Brazil (Borges F. , 2012). His company, Eztec, is regarded as being amongst the largest of the sector in the country. According to him, the factors of his success are to be found in his Lebanese values of hard work

and family. In fact, Eztec is a family business, with Zarzur's four sons being part of the board of directors. This has an impact on the culture of the firm, with the founder playing the role of a patriarch who is close to his employees (Dyke, 2014). As his son Marcelo Zarzur is the current president of the CAML, the family business can fully benefit from the Lebanese network in Brazil and beyond.

### 3.5 - Integration to the Brazilian society:

#### 3.5.1 - From Sojourners to Brazilians:

The orientation of many Lebanese entrepreneurs towards investments in industry and real-estate is highly instructive. Indeed, it illustrates an important shift operated in the community's sojourning paradigm that was dominant until then. Indeed, industrial equipment and real-estate properties are assets that are not very liquid. Consequently, acquiring them reveals a long-term commitment towards the business and social environment of the host country. The entrepreneur is no longer in a logic of sojourning, meaning the accumulation of wealth in a short period of time prior to a return to the homeland with the fruit of years of labor abroad. He is already shifting towards the integration to the society of his new country. Several reasons can explain that. These factors are related to the different contexts that prevailed in Lebanon, Brazil and the world in general.

First, the Second World War, just like the first one, slowed down human flows between Brazil and the Mediterranean, making it harder to go back to Lebanon for the diaspora. Once again, this made many people postpone their projects of return. Moreover, right after this global armed conflict, the region of the Middle-East entered a durable phase of instability with the creation of the state of Israel in 1948 that still lasts until today with the outbreak of multiple conflicts like the Gulf war in Iraq and the Syrian civil war. In fact, even more immigrants will arrive in Brazil from Lebanon in the next decades fleeing the Lebanese civil war which will destroy their country from 1975 to 1990 (Kirby, 2012, pp. 261-265).

Another important reason for many Lebanese immigrants to give up on their initial plans of returning to the native land and to build a permanent home in Brazil instead is, paradoxically, their entrepreneurial success in this country and the status that it has given them. Their profitable ventures generated more and more capital to be invested in the promising perspectives provided by a growing economy. An experienced entrepreneur finds it hard to not seize an opportunity when he sees one. This is all the more true as the economic conditions in Lebanon did not improve much since the immigration started in the late 19<sup>th</sup> century. They had

even deteriorated with the outbreak of the civil war. The country of origin still did not offer perspectives that matched the ambitions of these businessmen (Kirby, 2012, p. 269).

Here, just as described by the academic literature on middleman minorities, we can observe two mechanisms playing in the durable settlement of immigrants who were initially adopting a sojourning approach. Firstly, a deteriorated political situation in the homeland prevents plans of return and, secondly, the success in business enabled by ethnic strategies that resulted from the sojourning paradigm itself makes it difficult to give up on the acquired status and the favorable economic conditions in the host country (Kirby, 2012, pp. 265-267).

Finally, a major factor that pushed towards a permanent settlement and an integration to the host society is the identity of the children and their future. Indeed, as mentioned before, most of the Arab immigrants in Brazil arrived as single men. As the years passed, many had married women in the new country, mainly of Italian origin. Italians usually arrived in the same ships as the Lebanese and they had a similar social position in the host country. They even had the same religion, as Maronites, who composed the major share of Arab immigrants, are of Catholic obedience. Consequently, for the children born out of these exogamous marriages, Lebanon seemed more as an ancestral land rather than their country. The identity of these second generations onwards was thus primarily Brazilian (Kirby, 2012, p. 270). This is true even for the offspring of those among the Lebanese immigrants who married Lebanese women and brought them to Brazil. In fact, the school institution, which is compulsory in this country, was a powerful tool in building and shaping a Brazilian nation. At school, immigrants' children learned the Portuguese language, mixed with other pupils from different backgrounds and assimilated Brazilian values which, in turn, they transferred to their homes and communities (Kirby, 2012, p. 268).

Moreover, the second generation of Lebanese immigration will begin to occupy fields other than trade and commerce which were the main activities of their parents. Education was very important among the first incomers. As mentioned, Western missions established in Lebanon and Syria had been very active in that region and a lot of immigrants had benefited from the education they used to provide. For instance, Nami Jafet, the eldest of the Jafet brothers and a great figure of the Syrian Lebanese community in Brazil, used to be a respected professor in the prestigious American University of Beirut. Hence, the general trend among the Lebanese entrepreneurs was to invest in the education of their children through their commercial activities. The focus was therefore given on fields of studies considered as prestigious and elitist such as medicine, engineering and law. These types of careers made it even more difficult to

move to Lebanon which is a country with a different institutional and legal framework for these professions (Kirby, 2012, p. 269). As we will see, this commitment towards the education of the offspring will allow the Lebanese community to move upwards in the Brazilian social landscape thanks to the initial entrepreneurial success of the first generations.

Hence, as security and economic conditions in Lebanon kept deteriorating while their entrepreneurial projects in Brazil were flourishing and their children's future was more than ever tied to this country, hopes of returning to the homeland dwindled. It is worth mentioning though that many have gone back to Lebanon. Unfortunately, no reliable data is available in order to estimate the extent of this phenomenon. Some of these, confronted with the lack of local economic opportunities, have even "re-emigrated" meaning that they have immigrated to Brazil once again or to other countries. No data can be retrieved in this regard either.

### 3.5.2 - Entrepreneurship in Building a Community:

As seen before, due to personal motivations and to external circumstances, the first Arab immigrants in Brazil were entrepreneurs who showed a focus on commerce and independent trading, not employees nor agricultural workers. This activity was so successful that it attracted more and more people of the same origin. A chain migration was then created between Lebanon and Brazil that fueled a virtuous circle where the longer established Levantine benefited from the new inflows of immigrants willing to peddle their products. The most successful ones soon moved to industry, mainly in the textile sector.

Entrepreneurship did not only lead to massive immigration from the Eastern Mediterranean giving birth to a Lebanese community in Brazil but it also enabled it to equip itself with institutions which represented it, organized it and defended its interests. First, there are the religious institutions that were founded as soon as the Levantine immigrants set foot on this American land. We can mention the Maronite church of *Nossa Senhora do Libano* which was initially built in the 1880s near *rua 25 de Março* before being relocated in the neighborhood of *Liberdade*. In fact, each Middle-Eastern faith group created its own structures such as the Sunni mosque *mesquita Brasil* built in 1942 by Muslim immigrants from Palestine, Syria and Lebanon. In turn, these religious institutions have established charities that have historically helped the new immigrants of the same faith. These philanthropic organizations were thus funded by the capital generated by Arab entrepreneurship (Kirby, 2012, p. 144).

In addition to these religious institutions, the Lebanese Brazilians created a plethora of associations. According to IBGE, their number amounts to 181 in Brazil, 67% being in São

Paulo (Kirby, 2012, p. 145). Among them there is the famous *Clube Atlético Monte Líbano* (CAML) which is one of the most prestigious and exclusive clubs in the city of São Paulo with only 5000 members for more than 55,000 m<sup>2</sup> of cultural, recreational and sport infrastructure. This institution serves as a place of gathering and socialization for its rich members who are all of Lebanese descent. The CAML represents also a very strong network with the presence of successful businessmen, powerful politicians and respected figures in various fields such as culture, law and medicine.

Business organizations which are specific to the Lebanese community in Brazil have also been created. The *Câmara de Comércio Árabe-Brasileira* and the *Câmara de Comércio Brasil-Líbano* are two chambers of commerce which aim at promoting investments and business relations between Brazil and the Arab world for the former and Lebanon in particular for the latter. Both organizations have a Lebanese majority among their members, due to the overwhelming socio-demographic importance of this community compared to other Arab groups in Brazil.

Finally, the Syrian Lebanese colony in Brazil have had its own press since its establishment in the 1890s. Hence, according to Oswaldo Truzzi, there had been 394 newspapers and magazines between 1890 and 1940. While the majority has stopped from publishing, many still exist like the magazine *Chams*, founded in 1955, which focuses on the news and events of the Arab Brazilian community (Agencia de Noticias Brasil-Arabe, 2006).

### 3.5.3 - Entrepreneurship in Building an Identity:

Brazil in the late 19<sup>th</sup> century was an agricultural cash-crop economy that relied mainly on coffee and rubber exportations. This conception of the economy had a long history and traced back to the Portuguese colonialist mindset that only viewed their territorial possessions in the Americas as colonies from which resources had to be extracted rather than lands where an internal market and infrastructure could be developed. In the early 20<sup>th</sup> century, with the recent abolition of slavery in 1888 and the massive immigration coming from Europe and later from Japan in order to work in plantations, a Brazilian nation was yet to be built but, for the country's elite at the time, the agricultural paradigm still had to remain dominant in the national psyche.

Therefore, the debuts of Arab immigration to Brazil occurred in this context of an agriculturally-imagined nation making. However, as mentioned above, unlike other immigrant groups, the Lebanese did not choose the path of agriculture but quickly embraced trade, particularly peddling. This ethnic professional orientation happened, like we explained, for

practical reasons like avoiding language and administrative barriers and for the numerous advantages that commerce offered to these people that initially had no intention to settle in Brazil for good. Consequently, the identity of these immigrant merchants was contradicting the national agriculturally paradigm.

This is all the more true as the turn of the 20<sup>th</sup> century saw the competition of at least three newly-born nationalisms in Lebanon which was under foreign rule, Ottoman then, starting from 1918, French. Indeed, Syrian and Arab nationalisms both viewed Lebanon as a sub-region of a larger entity. According to these ideologies, this territory had yet to be integrated to a future independent Greater Syria or to an even larger united Arab state respectively (Pipes, 1990). Opposing these two views, Lebanese nationalism promoted the creation of an independent state within the borders of French Lebanon. This idea was particularly popular among Maronites who feared to be diluted in a Muslim majority inside a greater Arab entity and thus lose their political influence. Therefore, in order to give legitimacy to their project, Lebanese nationalists claimed that the Lebanese were actually the direct and quasi-exclusive descendants of the ancient Phoenicians who thus were supposed to have shaped a distinct political entity on the territory of what is now Lebanon since ancient times. Consequently, this ideology was also known as Phoenicianism. Amongst the three nationalisms, it is the latter that was going to win the ideological battle. Indeed, Lebanon became independent from France in 1943 and was established as a sovereign state separate from Syria.

The ancient Phoenicians, who also invented the ancestor of all modern alphabets, were the founders of a brilliant civilization and an economy that relied heavily on maritime trade. Thanks to an extensive network of ports and coastal colonies spreading from modern-day Lebanon to what is now Spain, they represented the major commercial power in the Mediterranean basin for centuries. Therefore, this importance of commerce was reintegrated in the Lebanese nationalism and interpreted as being an innate ability among the Lebanese people. As one of the fathers of this ideology puts it, “since the time of the Phoenicians, the Lebanese have been middlemen. Their talent was commerce, not industry or agriculture” (Karam, 2004, p. 327). This view was going to dictate the economic orientation of the young country at its independence in order to build a “Merchant Republic”. In fact, until today, Lebanon is one of the most liberalized markets in the Middle-East and a major commercial and financial center in the region. This is a direct result of the Phoenicianist ideology.

This conception of the Lebanese people having a natural talent for commerce traveled to Brazil and was used by many both as a way to praise their entrepreneurship and success in business

and as a manner for their opponents to criticize their mercantile role in society. In fact, until today, many people, descendants of Lebanese or not, explain the success of this community in business by a predisposition to sale. “They have it in the blood!” told me Khalil Cury, a Lebanese descendant that I interviewed. However, the national narrative of the supposed innate mercantilism of these immigrants was not well suited to the agriculturalism of the Brazilian nation. Hence, they faced severe critics from the political and intellectual establishment of the country. For instance, as was stated by Herbert Levy, a politician and the influential owner of the newspaper *Gazeta Mercantil*, “the type of immigration required by the country’s needs is that of agricultural workers and the Syrians are not classified in this category” (Karam, 2007, p. 26). Marginalized in the agriculturalist paradigm, the Levantine *mascatas* were, therefore, not considered as entrepreneurs contributing to Brazil’s progress but rather as *Turcos* who were of no need to the economy. They were regarded as parasites that fed on the national agricultural wealth.

However, with the economic shift to industry starting from the Vargas era in the 1930s, the supposed natural mercantilism and entrepreneurship of the Lebanese fitted well with the elite’s new vision for the country. As the industrialist paradigm became dominant in Brazil, the Arab entrepreneurs, previously marginalized in this process, could be fully integrated to the Brazilian nation making process. Their innate sense of business was then considered as useful and their contribution to the economy was deemed to be very valuable. Like we presented previously, the number of Lebanese entrepreneurial ventures in commerce and industry soared from this period onwards. Brazilian intellectuals still recognized in this community a predisposition for trade. Yet, unlike their predecessors, they praised the Arabian commercial essence to be useful as well as to be a source of progress within the new industrialist configuration. According to an historian quoted by John Tofik Karam, they were now viewed as “first-class traders [who] brought to the country’s corners ‘this supreme civilizing agent’ which is commerce” (Karam, 2004, p. 335).

It is this contribution that is symbolized by the Monument of the Syrian Lebanese friendship (*Amizade Sírio-Libanesa*), offered by the community to the city of São Paulo for the commemoration of the 100<sup>th</sup> anniversary of the independence of Brazil. Inaugurated in 1928, this sculpture was made by Ettore Ximenez, the same artist who designed the Monument to the Independence of Brazil in Ipiranga (Nascimento, 2015). Today located in Ragueb Chohfi square, at the beginning of *rua 25 de Março*, it was funded by the wealthiest Arab Brazilian families at the time such as the Jafets. Featuring characters representing Phoenician sailors



bringing gifts to an Indigenous man and a woman symbolizing Brazil, the monument was a way for the community to express its gratitude towards the host country but also to stress its valuable contributions or, as the son of Benjamin Jafet, Nagib, stated in his speech during the inauguration ceremony, to “pay homage to this caring land which receives the contribution and activities of our colony in the development of its industry and commerce”. In the context of the change of attitude of Brazilian elites towards Levantine entrepreneurs, the mayor of the city at the time, Pires do Rio, attended the inauguration and thanked “the *colônia syria* for this valuable honor of the monument, evidence of the laborious and dignified persons who ordered to build it.” (Karam, 2004, p. 327).



*Monument of the Syrian Lebanese Friendship* (Nascimento, 2015)

John Tofik Karam relates a very interesting anecdote. After being abandoned and neglected in the 1960s, the monument was renovated by the rich Chohfi family and re-inaugurated with a great ceremony by the city government in 1988. The irony, a newspaper reporter noted at the time, is that initially the statue was offered by the Arab community to pay homage to the Brazilian nation. Sixty years later, it was the local society that honored its now respectable and fully integrated Syrian Lebanese members during the second inauguration ceremony of the monument.

We can see how the ideology of the Lebanese nationalism also known as Phoenicianism was used to build an independent nation within colonial borders drawn by foreign powers. Similar processes happened in many other places, especially in former European colonies in Africa and the Middle-East, in order to give legitimacy to artificial borders. However, in Lebanon, nationalism also identified an economic essence within the Lebanese people, the entrepreneurial

spirit, which was supposedly inherited from their ancient ancestors. Not only did this determine the orientation of Lebanon's economy at its independence but it was also adopted by the Lebanon diaspora in Brazil to highlight its importance and value for the receiving country. Entrepreneurship helped building the Lebanese identity and, in Brazil, gave it a role and a place in society.

#### 3.5.4 - Entrepreneurship in Building an Elite:

In Brazil, as we saw throughout this dissertation, the vast majority of first generation Arab immigrants became entrepreneurs. The path of this category followed a certain pattern, as presented above: from *mascate* to shop owner to wholesaler. Ultimately, the most successful ones became industrialists and real-estate promoters. If the degree of entrepreneurial success varied from one individual and family to another, one thing was common among almost all of them: they all invested in their children's education. As mentioned before, education was already very important and prestigious in pre-independence Lebanon where academic institutions founded by Western missionaries had already flourished and empowered the Christian local groups, mainly the Maronites. In addition, a higher education degree was regarded by the first generations of entrepreneurs as a sort of safety net for their offspring in case of bankruptcy or a general economic downturn. Therefore, even if, in some households, they spent some of their free time helping in the family business, Lebanese Brazilian children were required to pursue long studies with a special focus in areas considered as prestigious and elitist such as engineering, medicine and law. This generation of highly educated professionals, children of immigrant peddlers will therefore be known as *filhos doutores* (children holding PhDs) (Fellet, 2016). The examples are countless about this special care for education. Quoted by the magazine *Veja* in a special report about the relation between education and power among the Arab community in Brazil, the lawyer and former Governor and Senator for the state of Mato Grosso do Sul, Ramez Tebet declared: "All the money my father earned, he spent it in the education of his children". The father of the prominent cardiologist and former Minister of Health, Adib Jatene, used to peddle goods to rubber workers in the state of Acre (Varella, 2000). This is also the story of the current acting President, Michel Temer, sometimes described as the most powerful Lebanese in the world. Born in an immigrant family of eight children, he and four of his siblings all became lawyers thanks to the sacrifice of their family who worked hard in order to fund their studies (Dyke, 2014).

Not only do these three last examples illustrate the penetration of Lebanese descendants in other areas than business but, by looking closely at the parliamentary and governmental offices they

held, they also show their presence in very high political spheres. Far from being rare, similar cases are actually numerous. Indeed, as of the year 2000, out of the 513 members of the Brazilian Chamber of Deputies, 38 were of Arab origin, mainly Lebanese, including its president at the time, Michel Temer. Regarding the Senate, they were 5 out of 81 members to share that heritage. Overall, in 2000, 8% of the National Congress of Brazil came from the Syrian Lebanese community which represents about 4% of the country's population depending on the estimates. Hence, according to the Senator Pedro Simon, the son of Lebanese immigrants, "it is by far the largest *colônia* (community) in the Congress" (Varella, 2000). Having in mind the slow speed and the patterns of reproduction of Brazilian political elites, we can assume that this figure did not change much at the moment of writing this dissertation. Hence, this gap between its overwhelming representation in political institutions compared to its modest size in the general population is a striking sign of the total integration of the Lebanese community to Brazilian society. Indeed, these politicians cannot only rely on the votes coming from their own colony. Their electoral base has to be much larger than that.

In 2012, under the mandate of Gilberto Kassab, himself a Lebanese descendent, 9 out of 27 of the secretaries of the municipality of São Paulo were of Lebanese origin. During the municipal elections of that year to elect the new Mayor, two of the main candidates shared the same ethnic background, Gabriel Chalita from the PMDB party and Fernando Haddad from PT who got eventually elected (Kirby, 2012, p. 384).



*Political representation of Arab descendants in Brazil (Varella, 2000)*

For the sociologist Oswaldo Truzzi quoted by the Brazilian magazine *Veja*, this disproportionate political representation is due to two main factors. First, it is the upward social mobility enabled by entrepreneurial success and the investments made in the education of the children that gave the second generations of Arab Brazilians the resources and qualifications to

enter politics. Secondly, the Brazilian Lebanese community is characterized by a wide geographic distribution resulted from the history of the *mascatas* peddling goods all around the country, from the Amazon to the South, in order to find new markets and to avoid competition. Many of these immigrants settled down in towns in the *interior*, leaving the main urban centers dominated by traditional political elites and thus breaking barriers to political representation (Varella, 2000). Furthermore, Montie Bryan Pitts noticed that this great interest in politics essentially started with the second generation which was more focused on Brazilian affairs and topics than their elders who still had a sojourning approach, involving some detachment towards local society. For these Arab descendants, Lebanon was more of a land of origin that most of them had never even visited. Also, the end of the Vargas era in 1945 and the establishment of a democratic regime opened new political opportunities with public offices that were soon to be massively filled by liberal professionals like lawyers. As many Lebanese Brazilians were present in these professions, they logically entered the political arena, imitating their comrades and colleagues (Pitts, 2006). For many of these Lebanese politicians, politics was a mean to defend their personal and family interests, notably in business by expanding their networks and by influencing the legislative and governmental processes. Having a member occupying a high political office could also represent the consecration of the triumphal upward social mobility of families and be a sign of their success for other people, from both inside the colony and outside of it, to witness.

The large number of Lebanese entrepreneurs in Brazil led many of them to occupy leading positions at the board of some of the most powerful chambers of commerce and business federations in the country. For instance, the ACSP (*Associação Comercial de São Paulo*) which represents companies from various sectors, had many presidents of Lebanese origin such as Paulo Salim Maluf and Guilherme Afif Domingos. The former president of the powerful Paulista industry federation FIESP (*Federação das Indústrias do Estado de São Paulo*) was Paulo Skaf, the son of a Lebanese immigrant who made a fortune in textile. Even more striking is the example of the SECOVI-SP (*Sindicato das Empresas de Compra, Venda, Locação e Administração de Imóveis Residenciais e Comerciais de São Paulo*), the real estate federation of São Paulo. Indeed, this entity was continuously headed by Lebanese descendants from 1970 until 2007 (Kirby, 2012, p. 390). Moreover, aside from presidential positions, the governing bodies of these three institutions and many others have countless members of Levantine origin. Joining these organizations offer many networking opportunities for their members. More particularly, they can be the start of a promising political career. For instance, besides his role

in the ACSP, Guilherme Afif Domingos held many positions in the government of the state of São Paulo and was even a presidential candidate in 1989. Paulo Skaf was a candidate for the election of the governor of the same state in 2014, election that he lost to Geraldo Alckmin who many Brazilians believe to be also of Lebanese descent. According to sources of information encountered by El Hachem Kirby (2012) during her study about the community, he is actually not of that origin. Interestingly enough, he seems to maintain this ambiguity about his ancestry in order to get symbolically closer to this powerful and influential community (Kirby, 2012, p. 366).

Therefore, we can observe that some successful Lebanese entrepreneurs choose to join business and commercial organizations. Then, for the most ambitious ones, they use their reinforced networks to engage in politics. Moreover, they can rely on their different networks that, far from being isolated from each other, are extremely intertwined. To illustrate this, El Hachem Kirby (2012) gives us the example of the former Senator Alfredo Cotait Neto who was, until recently, the vice-president of the ACSP, the president of the Chamber of Commerce Brazil-Lebanon (CCBL) and member of the *Clube Atlético Monte Líbano* (CAML). In 2011, after his mandate in the Senate had just finished, an event was held in the CAML, organized by the CCBL and financed by the ACSP. Many influential Brazilian businessmen and politicians, either of Lebanese descent or not, attended the gathering which turned to be another opportunity for the participants to make contacts and to expand their network (Kirby, 2012, p. 399).

#### **4. Methodology:**

The study we conducted took the form of an exploratory research of qualitative nature. The choice of a qualitative methodology was privileged because this type of research allows us to not only capture the visible manifestations of a phenomenon but also its meaning. By adopting a qualitative approach, we can go beyond the mere perception of an issue and better comprehend its essence as well as the different relations that structures it and influences it. According to Bruce L. Berg (2007), “qualitative research thus refers to the meanings, concepts, definitions, characteristics, metaphors, symbols, and descriptions of things. In contrast, quantitative research refers to counts and measures of things” (Berg, 2007). In addition, detailed numbers and data about the Lebanese population including Lebanese descendants in Brazil are not available which makes a quantitative approach difficult and highly approximate.

#### 4.1 – Exploratory Research:

When choosing a research approach, one has to investigate whether the research question requires a descriptive, causal or exploratory research to be answered. When the research question asks “What?” or “Why?”, the exploratory approach seems more relevant (Kolb, 2008). As our research questions focus on what are the reasons for Lebanese entrepreneurship in Brazil and why it has been so successful, an exploratory research was followed in order to write this paper. According to Burns and Bush (2003), exploratory research can be defined as an unstructured and informal research that is conducted in order to collect information and gain knowledge about the subject of the study. It is generally realized when the researcher is not familiar with the problem and needs additional or more recent information about it (Burns & Bush, 2003).

The authors identify the analysis of secondary data found in libraries and the internet as the main and most common way of conducting an exploratory research. Therefore, in order to answer the main research questions, we relied on the documented history of the Lebanese immigration to Brazil and on the academic knowledge available in the fields of entrepreneurship and sociology to comprehend the path and the importance of entrepreneurship in the Brazilian Lebanese community. We also used testimonies and stories of Lebanese entrepreneurs published in magazine articles and reports about the subject.

Moreover, exploratory research also gives the opportunity for a number of selected participants to contribute by giving their own answers, opinions and perceptions related to the subject. Thus, another major tool used by this kind of research in order to gather data is the interview. When conducting interviews for an exploratory research, the focus should not be given on the representativeness of the size of the sample rather than on the selection of appropriate participants that can provide the researcher with valuable insights. The diversity of the answers that can possibly emerge from that will present to the researcher different themes and dimensions of the same problem which then could be analyzed (Kolb, 2008).

#### 4.2 – Data Collection:

In addition to collecting secondary data that we exposed in the literature review, we conducted semi-structured interviews in order to gather data and information about the research theme. The purpose of these research interviews was to explore views, experiences and perceptions of individuals on the subject. This type of interviews consists in a set of questions which cover

various themes of the study. The interviewee can nevertheless develop its own thought on each theme with limited guiding intervention from the interviewer (Gill, Stewart, & Chadwick, 2008). The questions that were asked are available in the appendix attached at the end of this paper. For this study, we interviewed five Lebanese Brazilians from different generations and backgrounds coming from various economic fields. The interviews were conducted during meetings that usually lasted for 60 minutes.

In addition to formal interviews, I also had the opportunity to engage with about seven Lebanese Brazilian immigrants and descendants in informal conversations during fortuitous encounters, often at events organized by the Arab community in São Paulo such as the seventh edition of the *Festival Sul-Americano da Cultura Árabe* (South-American Festival of Arab Culture) that was held between the 25<sup>th</sup> and the 27<sup>th</sup> of March 2016. Some of these individuals were middle-aged men who arrived in Lebanon when they were younger and became entrepreneurs. Now, they were being active in Lebanese associations or in religious charities. Others were, on the contrary, young Brazilian university or business school students of Lebanese descent whom I met through student activities. Usually, they would reveal to me their origin after I told them that I was from Morocco. These informal discussions did not follow a set of defined questions but were usually freely flowing. They were also useful in verifying previous results found during the research or in arranging formal meetings for semi-structured interviews.

#### 4.3 – Selection Criteria:

The respondents were selected through a non-probabilistic snowball criteria. Snowball sampling can be defined as a technique for finding research participants through referrals made by acquaintances or other participants. It is an informal way to reach a target population that is mainly used for explorative research for the practical benefits that it offers (Atkinson & Flint, 2001).

A total of twelve interviewees, five formally and seven informally, were selected for their belonging to the Lebanese community of São Paulo. The formal respondents were chosen through referrals of other interviewees as well as of personal acquaintances and friends. Given their small number, they cannot be considered as a representative sample of the studied group. However, as explained above, interviews in an exploratory research do not intend to focus on representative samples. Instead, they aim at shedding the light on various dimensions of the research problem as well as capturing perceptions of members of the target population (Kolb, 2008). Yet, despite the limited size of the formally interviewed group, the profiles of the

respondents were diverse. Four of them were entrepreneurs that operated in business fields where a great number of Lebanese were active which are textile, construction and food services. Three respondents were born in Lebanon while two are descendants of Lebanese immigrants.

#### 4.4 – Content Analysis:

The data collected throughout the study was analyzed using the technique known as content analysis which Earl Babbie (2015, p. 323) defines as “the study of recorded human communications”. Being one of the oldest tools of research analysis, it consists in standardizing a collection of raw data into a certain form (Babbie, 2015). Another definition given by Mayring quoted by Kohlbacher (2006) intends to include the context and the implicit meaning. Thus, for him, content analysis is an empirical and methodological approach to analyze texts within their contexts of communication (Kohlbacher, 2006). Moreover, qualitative content analysis is also defined as a research method that enables the “subjective interpretation of the content of text data through the systematic classification process of coding and identifying themes or patterns” with the goal of understanding the studied subject (Hsieh & Shannon, 2005).

Therefore, the technique of content analysis provided us with a valuable tool for analyzing the secondary data that we managed to collect as well as the data gathered through semi-structured interviews and informal conversations with members of the target population. This allowed us to identify patterns in the history of the Lebanese Brazilian community and capture common themes and practices.



#### 4.5 – Interviewees:

The summary of the five individuals formally interviewed for the study is presented in the table below. Furthermore, seven other individuals were informally interviewed for the purpose of the dissertation.

**Table 1: Summary of the Interviewees**

Name	Age	Place of Birth	Business Field
Khalil Cury	54	São Paulo	Food Services and Printing
Edmond Chalita	67	Lebanon	Textile
Mônica Hajale	49	São Paulo	Liberal Professional (Dentist)
Kamal Abdallah	52	Lebanon	Food Services
Michel Chedid	58	Lebanon	Construction

## 5. Study Results:

### 5.1 - *Rua 25 de Março*, a Former Ethnic Enclave:

Based on the description depicted by observers of this urban area of the city of São Paulo and its surrounding streets during the late 19<sup>th</sup> century until the middle of the 20<sup>th</sup> century, *rua 25 de Março* presented a lot of the characteristics of an ethnic enclave as theorized by Portes and Manning and presented above in the chapter about the theoretical referential. Indeed, that neighborhood was a geographic concentration of Arab-owned businesses which was clearly identified as an Arab area by the rest of the population and by Levantine immigrants themselves. As one observer quoted by Oswaldo Truzzi described this district, it was a place where “the atmosphere is clearly Syrian. There are libraries that only sell books in Arabic. You always hear typical music and sentimental songs sung by the best voices of the Orient” (Truzzi, 2002, p. 128). While some businesses were mainly targeting customers from the Arab community such as Middle-Eastern restaurants or, as mentioned by the quote above, libraries selling books in

Arabic, the vast majority consisted of textile retailers and wholesale stores that served the general Brazilian population both in the cities and in the countryside, through the network of the *mascates*. This neighborhood had a very pronounced Middle-Eastern character and it has been widely associated with the Arab Brazilian community ever since.

Following the usual path that most ethnic enclaves take to emerge, the Arab enclave of *rua 25 de Março* grew very rapidly as a consequence of the strong solidarity that existed between the members of the Syrian Lebanese community in the state of São Paulo and in Brazil in general. This enabled two major things. First, solidarity between Lebanese immigrants allowed them to benefit from resources possessed by others. Hence, they could benefit from practices like cheap loans and sales on credit which gave them a tremendous competitive advantage in conducting their business ventures. Second, it led to the creation of a migration chain between Lebanon and Brazil. Therefore, already established Lebanese entrepreneurs could hire cheap and loyal labor or sell their products through a bigger network of peddlers and thus increase their inventory turnovers. As a consequence, both the ethnic enclave of *rua 25 de Março* and the Lebanese community in Brazil increased in size and in economic weight.

We can see that this concentration of the ethnic enclave in a particular defined geographic area served a purpose of proximity allowing its members to benefit from the resources of the community efficiently. Therefore, the concentration of Lebanese entrepreneurs in that neighborhood facilitated the rise of a powerful network that could provide various services to the members of the colony and facilitate their search for financing, employment or accommodation.

Nowadays the street, which is considered as the busiest commercial street in Latin America, has lost its Arabian character. It cannot be regarded as an ethnic enclave any longer. Indeed, the Lebanese community has spread to other neighborhoods of the city, particularly to the upscale districts, as it has climbed the Brazilian social ladder and occupied other fields than trade. A lot of former Arab traders have rented their stores, mainly to Korean and Chinese immigrants. The ethnic composition of *rua 25 de Março* has, therefore, changed and varied. However, the area remains deeply identified with the Syrian Lebanese colony in Brazil. A lot of restaurants are specialized in Arab food. Several shops and nearby streets have Middle Eastern names like *rua Niazi Chohfi*, *rua Jorge Azem* and *rua Abdo Schahin*. As a reference to this very close and quasi- mythical relationship between this street and the community who established itself in it in the late 19<sup>th</sup> century, the 25<sup>th</sup> of March has become the official day of the commemoration of Arab immigration to Brazil (Borges S. , 2016).

## 5.2 - Entrepreneurship and Upward Social Mobility:

During my investigation on the field, I was able to verify the strong relationship between the entrepreneurship of the first generations of Lebanese immigrants in Brazil and the high education of their offspring. In accordance with the phenomenon described in the part of this paper dedicated to the literature review, all the people I had the opportunity to interview and to meet in various occasions were giving a tremendous importance to the education of their children. It was very common that when I met an elderly Lebanese from the first generations and asked him about his children or grandchildren, he would talk proudly about their professions and studies. For instance, Edmond Chalita, one of the interviewees had among his children two doctors and a lawyer. Other respondents of Lebanese descent had benefited from this special care from their own parents. For instance, Mônica Hajale's Lebanese father who arrived in Brazil fleeing the war in his native country worked very hard as a textile retailer to enable her to study odontology. The same applies to another interviewed Lebanese descendant, Khalil Cury who is also a doctor in odontology. Michel Chedid who arrived in Brazil with his family as a child could complete studies in civil engineering thanks to his father's textile business. Hence, the *filhos doutores* as the next generations of Lebanese descendants would be called inside the community was a striking reality. This focus on education still holds today with current generations of younger Lebanese descendants thriving in the best Brazilian academic institutions like *Universidade de São Paulo* and *Fundação Getulio Vargas*.

Therefore, this focus on higher and prestigious education since the very early decades of the history of the community accelerated its social upward mobility. Indeed, from the second generations onwards Lebanese Brazilians would occupy high positions in the social structure of the country. Previously mostly composed of entrepreneurs, the colony includes nowadays inter alia doctors, lawyers, artists, politicians, engineers and scientists. The combination of an abundance of high skilled profiles within the colony and the existence of an ethnic network created a virtuous circle which would benefit all the community. As we saw in the literature review, this is commonly used in politics where sharing a Lebanese heritage can help developing alliances and benefiting from each other's spheres of influence.

## 5.3 – Multiple Identities:

The social upward mobility experienced by the Brazilian Lebanese community naturally occurred alongside an advanced integration to the receiving society. As seen before, Lebanese entrepreneurs employed Brazilian workers in their shops and factories, politicians originated

from the community managed to gather votes from all kinds of segments of the general population, liberal professionals served the entire society and, more importantly, the immigrants' children went to school with the rest of their Brazilian classmates. Like we presented in the literature review, the identity of the Lebanese in Brazil evolved and took different forms through their history. We thus wondered how they define themselves today.

Based on our study that involved meeting and observing different members of the community as well as interviewing a dozen of them, we can distinguish three main categories: immigrants who grew up in Lebanon and arrived in Brazil as young or old adults, individuals who were born in Lebanon and were brought to this country by their families while they were still children and people of Lebanese origin who were born and raised in Brazil by immigrants or their descendants.

The first category's identity is characterized by a strong initial Lebanese foundation alongside a Brazilian layer that developed over the years while living in the host country where they have immigrated. The most visible manifestation of this affiliation to the original cultural background is probably the extensive use of the Lebanese Arabic language with *patrícios*, fellow members of the community, who have more or less the same age. This is particularly true for older Lebanese Brazilians who, as I had the opportunity to observe, speak in Lebanese Arabic to their marriage partner and friends. For this category, this seems to be the case regardless of religion, as we have met Jewish, Muslim and Christian Lebanese immigrants fitting this behavior description. Other visible manifestations include Arabian culinary habits, the attendance of Lebanese special events, institutions as well as social clubs and an important interest in Middle-Eastern politics and culture.

The second identified category is the one that includes the Lebanese Brazilians who were born in Lebanon and who immigrated to Brazil as children, following their parents. These individuals can be defined equally as Lebanese and Brazilian. Some still have vivid childhood memories of Lebanon while others, like Michel Chedid who was interviewed for the purpose of this dissertation, have returned there at some occasions to visit relatives and to explore their heritage. Well integrated to the receiving society, a lot of their friends and people they work with are Brazilians of different backgrounds. Therefore, they may not use the Arabic language extensively. However, a lot of them can speak it, particularly when it comes to communicating with their parents.

Finally, the category of the Lebanese descendants born and raised in Brazil is fully integrated to their society. Their identity can be considered as Brazilian with Lebanon being regarded as an ancestral land. Most of them have never been in their parents or grandparents homeland and their knowledge of the Arabic language is relatively limited. This is particularly true for individuals who have only one parent of Lebanese background, Portuguese being the common language of the family in those cases. However, in this matter, it is interesting to mention that in many Lebanese Brazilian households, the immigrant couple speak to each other in Lebanese Arabic whereas they communicate with their children in Portuguese. This is, for instance, the case of Edmond Chalita, one of the interviewees, whose home language is a mix of Portuguese and Lebanese Arabic. Therefore, because of their total integration and immersion to Brazilian society, Lebanese descendants do not generally see themselves relocate in Lebanon, a country about which they do not possess a good knowledge and whose image is relatively negative among them. Hence, two respondents who were born in São Paulo could not speak Arabic and were not thinking of moving to Lebanon as their life was entirely built in Brazil. The generation of the *filhos doutores*, the highly educated second generation of the Lebanese in Brazil, belongs to this category. Their identity being primarily Brazilian, their commitment towards their country's political, cultural, social and academic affairs was important and remarkable.

It is worth to mention that it seems that the identity of the Muslim minority of the Lebanese Brazilian community tended to be more linked to Lebanon than other faiths, particularly when compared to Christian Maronites. For instance, the use of Arabic, even with their children born in Brazil, is important among Muslim Lebanese immigrants. Also, one of the interviewees, Kamal Abdallah, who is of Muslim faith, was the only one who declared to be planning to move back to Lebanon when he retires and whose home language was Arabic. This phenomenon was similarly reported by literature review, like in the works of Elsa El Hachem Kirby. Several explanations can be given to comprehend this trend. First, the Muslim immigration coming from Lebanon took place recently and started to become important in the 1980s with the escalation of the Lebanese civil war. Compared to the Christian immigration that can be traced back to the late 19<sup>th</sup> century, it is a relatively new movement. Therefore, Muslim immigrants might still be in a sojourning approach in the same way as their Christian fellows before they abandoned it and moved to integrating the host society. Second, being a phenomenon that happened recently, immigrants could benefit from modern technologies at affordable costs in transportation like commercial aviation or in communication such as telephone international calls, satellite television and the internet which allowed them to stay connected with their

homeland. These technologies were either not available or very expensive at the early stages of Lebanese immigration which concerned almost exclusively Christians who were therefore relatively isolated from their homeland and its affairs. Finally, another explanation could be religion itself. Arabic being the sacred language of Islam, Muslim Lebanese Brazilians might be, therefore, more attached to it. Moreover, Brazil being a Christian majority country, this might have made it easier for Christians to integrate.

#### 5.4 - Factors of Success:

##### 5.4.1 - Favorable Circumstances:

As exhibited by the history of the Lebanese immigration to Brazil, this phenomenon started to take place at the end of the 19<sup>th</sup> century. From its beginnings, it has focused on the region of São Paulo albeit it has concerned the entire Brazilian territory from the hostile Amazonian jungle to the wide fertile lands of the South. As a consequence, this immigration has occurred within the context of a boom in the Paulista economy and a great generation of wealth resulting from coffee production which has attracted a great number of Brazilians from other regions but also thousands of foreign immigrants, mainly from Europe and later from Japan, in order to work in the coffee plantations filling local needs for agricultural labor.

However, like explained previously, the majority of the first Lebanese immigrants did not work in plantations. Indeed, the agricultural workers that came from a foreign country mostly arrived in Brazil under bilateral agreements between this state and their country of origin. Their settlement was thus organized and often subsidized. Moreover, most of them moved to Brazil with a settlement perspective meaning that their project was to start a new life in the host country and live there permanently. Unlike their European and Asian counterparts, the Lebanese first generations of immigrants came to Brazil in a spontaneous manner. Their trip was not organized nor subsidized. They were not granted jobs or lands before they even reached the American continent. Their access to agricultural employment was thus restricted or at least more difficult. Besides, as the overwhelming majority of them could not speak the Portuguese language, they were excluded from administrative and office positions as well as from many other employment opportunities.

Consequently, these material difficulties pushed the Arab newcomers towards entrepreneurship. In a way, this was a sort of blessing for them because Brazil was still a country where a lot had still to be developed in terms of trade and industry and where business opportunities were thus enormous. At the same time, the Lebanese immigrants embraced

entrepreneurship because it was perfectly suited for their sojourning approach. Through the self-employment and the ownership it involved, they could earn money way faster than if they were employed, especially when compared to agricultural jobs. As a result, according to their plans, they could return to Lebanon sooner. Moreover, the focus on trade and peddling was motivated by the liquidity of the activity and the assets needed to conduct it which was important in case they did manage to move back to their homeland. Therefore, these Levantine merchants benefited from the growth in the national economy and in population resulted from agriculture, especially coffee and rubber production.

Later on, starting from the 1930s, the Lebanese entrepreneur community will benefit from additional favorable circumstances. Indeed, with the arrival of Getúlio Vargas to power and the beginning of what was going to be known as the Vargas era, the dominant paradigm in economy that used to be agricultural was replaced by a special focus on industry. The old vision of Brazil as a vast plantation producing agricultural goods to be exported all across the world will slowly leave place to another one that consisted in turning the country into an industrial self-sufficient giant. Therefore, the new political elites were in great need for local entrepreneurs that were willing and able to proceed to the necessary investments in industry. In order to incentivize them towards becoming industrialists at the service of the nation's progress according to the views of its leaders, a whole set of economic policies were adopted including tax exonerations, governmental support and high custom taxes in order to eliminate or reduce competition from imported products. Measures were also taken in order to develop the urban middle class thus expanding the domestic market for manufactured goods. In this context, those among Lebanese entrepreneurs who were successful were in an appropriate position to take advantage of these state incentives and of the general shift to industry, especially those amongst them who had already spent enough time in Brazil to develop their existing business ventures.

Hence, it seems like the Lebanese entrepreneurs enjoyed the occurrence of a favorable set of opportunities. First, several circumstances imposed the choice of entrepreneurial activities as their professional occupations. Second, in Brazil, a series of economic opportunities were presented to them in the late 19<sup>th</sup> century and in the first half of the 20<sup>th</sup> century. Thanks to their orientation towards entrepreneurship and to their early success in business, the Lebanese immigrants could thus benefit from them and build a solid base for themselves in a way that they can continue taking advantage of more opportunities throughout the last century.

#### 5.4.2 – Strong Solidarity and Network:

The majority of the entrepreneurs that I interviewed and the people with Lebanese ancestry I came across through my research outlined the existence of powerful and efficient ties between individuals who share a Lebanese background. Some of them have even benefited from this network for the creation of their enterprises. Most of the time, the close network consists of family and friends. Taken broadly, this can include the acquaintances of these latter, their business partners and colleagues as well as other members of the community who can be met through the close network or through common institutions where the Lebanese Brazilians usually gather and socialize. For instance, the numerous social clubs that exist in the city of São Paulo alone, amongst which the *Clube Atlético Monte Libano* is considered as the most important one in all aspects, are places where the Lebanese and their descendants can find partners, expand their network and make deals. As many descendants work as liberal professionals, this network can also be illustrated by the use of their legal, technical or medical expertise by other members of the community. However, this should be put in perspective because there is no impediment in partnering and working with Brazilians of non-Lebanese origin or using their services as liberal professionals if they are deemed to better serve their interests. It is not a closed community but rather a very open and integrated one. The network can be regarded as a tool to be activated if needed.

The formation of a Lebanese network can be traced back to the early waves of Arab immigration in Brazil. The first *mascates* used to get their supply on credit from *patrícios*, fellow countrymen that owned wholesale shops. In turn, these latter could purchase their inventory from Lebanese textile manufacturers and also benefit from some flexibility. This led to the ethnic concentration of the textile sector in São Paulo between the hands of the Arab community and the emergence of an ethnic enclave in the area of *rua 25 de Março* in the state's capital, as presented above. An ethnic enclave being the geographic embodiment of an ethnic network, Lebanese entrepreneurs could, therefore, find help and support when searching for information, credit, loans and labor in this relatively small spatial unit. In addition, this ethnic network played a very important role in the establishment of a chain migration between Brazil and Lebanon that brought thousands of new immigrants to the South American shores throughout the 20<sup>th</sup> century. Like we explained before, those who were seeking to immigrate usually contacted a family member or an acquaintance who was already established in Brazil. By doing so, many among them succeeded in securing a job and accommodation before they even left their



homeland. In turn, their future hosts could benefit from an efficient and loyal sales force which increased their competitive advantage and allowed them to grow their business even more.

Some of the respondents I interviewed claimed that they have benefited from their Lebanese network at several occasions. For instance, Edmond Chalita who arrived in Brazil with his brother in the 1960s was supported by his family and their acquaintances in setting up his initial textile import business. Throughout his journey in business affairs, he could get information, advice and help from Lebanese Brazilian friends and collaborators. “I had several partners, including my brother. They were all Lebanese. I knew them through family or met them in Brazil”, he replied when I asked him if he have had partners during his business trajectory. Michel Chedid’s father received guidance from Lebanese friends in penetrating the field of construction. Moreover, his company partnered with Lebanese real estate promoters in various projects. In this regard, he declared about his partners: “In the beginning, they were mostly Lebanese. Now, we can partner with different people”.

Nevertheless, there is certain criticism to be addressed to the concept of a Lebanese network in Brazil. Indeed, Khalil Coury, one of the entrepreneurs I had the opportunity to interview, reported that his Lebanese father had to struggle alone when times were difficult and that he received little help from fellow countrymen. “My father had to work very hard on his own,” he said. Another interviewee, Kamal Abdallah, explained that the Lebanese tend to be less helpful when conditions are extreme such as in the case of a bankruptcy. He mentioned that there is a popular saying among the community that goes: “*todo libanês é primo até a primeira falência*” (in Portuguese “every Lebanese is a cousin until the first bankruptcy”). This sheds the light on the extreme importance given to the concept of success within the Lebanese community in Brazil. This group is largely associated with its image and its general communication revolves around success, perhaps in order to amplify its influence over Brazilian economic and political affairs. Indeed, as we saw previously, it is common that politicians from all backgrounds seek the support of this powerful colony by attending its events for example. Yet, there have been many bankruptcies and business failures faced by Lebanese immigrants, especially during the several crises that have occurred in Brazilian economy. However, as data lacks in this regard, this study focused only on the successful side of the Lebanese entrepreneurial community in Brazil.

Overall, the existence of a large network of Lebanese descendants in Brazil which includes some very experienced businessmen and professionals as well as powerful and influential politicians, is definitely a strong asset for the members of the community. Historically born out

of the strong sense of solidarity between immigrants that shared a common background and who faced similar difficulties resulting from the same migration experience, it played an important role in their success since the Lebanese debuts in the country.

#### 5.4.3 – Work Ethics and Values:

Another element that can explain the rapid development of Lebanese entrepreneurship in Brazil is the presence among many of these entrepreneurs of certain values and several personal qualities that are considered as appropriate for conducting business ventures in a positive way. This has been frequently reported by literature and various articles about the subject. In addition, some of the interviewees and persons I came across either mentioned this or embodied it through their attitude. It is very common that these people claim that the Lebanese have the sense of business “in their blood”. Indeed, most of the interview respondents gave this as a main reason for the Lebanese entrepreneurial success. For instance, Khalil Cury said: “I think that they have trade and a sense of business in their blood. I used to observe my father and his Lebanese friends and they were great at selling.” For Kamal Abdallah, another respondent, the Lebanese are “natural businessmen”. This essentialist view can sound like it is absurd and lacking any scientific and academic grounds. Yet, after reflecting about this affirmation that is frequently heard, I interpreted that what these people implicitly mean, whether consciously or unconsciously, is that Lebanese entrepreneurs have a certain attitude towards business that resulted from their education and personal history. Let us review some of these qualities that can be found in many of them, especially amongst the first generations.

The first and probably the most important value among the Lebanese entrepreneurs and the community as a whole is hard work. As shown in the history of the Arab immigration in Brazil, these individuals did not come to earn a decent and modest living. They left their homeland to “fazer a América” meaning to become rich which was their general idea of success. Their project was to accumulate the maximum wealth they could before returning to Lebanon. Besides this initial motivation for immigration, we saw that the early positive examples of Lebanese immigrants sending a lot of money back home encouraged many families to imitate each other by sending their children to the Americas too in order to avoid being relegated to the bottom of the social pyramid in a region where the honor of the family is a sacred value. The social pressure for success and the sacrifices made by their relatives to enable them to immigrate were additional factors that made Lebanese immigrants even more inclined to put as much effort as possible in order to succeed in their project. Therefore, this effort would materialize in an outstanding propensity for hard work. In the days of the *mascates*, this took the form of very

long hours and harsh working conditions combined with a great tendency for thrift and deprivation. The ultimate goal of wealth accumulation was the priority at all times to the point that even when these people climbed the social ladder and gave up on the activity of peddling to move to fields that are less demanding in terms of personal work, they maintained this sacred value of hard work and passed it to the later generations. Hence, for Mônica Hajale and Michel Chedid, two descendants, the Lebanese are hard workers with a great sense for business and an ability to make many sacrifices. “In Brazil, the Lebanese worked very hard and made many sacrifices. This made the community very strong”, declared the latter.

A second important value amongst the first generations of Arab immigrants is a strong sense of family. Indeed, Middle-Eastern societies are to this day collectivist and the weight of the family, the clan or even the tribe in some regions are significant. In Brazil, this will lead to a sense of solidarity and to the emergence of a network of mutual assistance between immigrants. Edmond Chalita, a first generation Lebanese that I interviewed, insisted on the role of family and solidarity in the success of his community in Brazil. When asked about the factors of success of Lebanese Brazilian entrepreneurs, he replied: “I think it is because they have a great sense of family and solidarity”. He used to manage his textile manufacturing plant as a family placing himself on top of it in the way of an authoritative patriarch who knew all his employees. As seen before with the weakness identified in the Lebanese network, support between distant people might not always take place or be efficient but it remains important when it comes to close family circles. In fact, some of the greatest companies founded by Lebanese immigrants were family businesses. We can mention the examples of the Jafet holding firm and Eztec, the construction company founded by Ernesto Zarzur. This leads many of these businessmen to run their company as a Mediterranean family of which they would be the patriarch. Their children, often at the board of directors, usually work in the company since an early age and are thus trained to take over the leadership after their parents. Lebanese family businesses are also characterized by a management style that consists in a close monitoring of all operations and an informal and personal communication towards their staff. In an interview, the grandson of Henry Maksoud, founder of various companies including engineering firms and the famous Maksoud Plaza hotel near Paulista Avenue in the city of São Paulo, explained that his grandfather always kept a “Lebanese attitude” meaning that he was very involved personally in managing his businesses and his employees (Dyke, 2014).

Moreover, work ethics of many Lebanese entrepreneurs seem to include a certain openness to the world and to the numerous opportunities it can offer. As we have seen in the part dedicated

to the theoretical referential, seeking and identifying opportunities is a fundamental characteristic of the entrepreneur. Among the Lebanese immigrants, this quality has a long track record starting from the very first act of immigrating to unknown and distant lands. Composed of risk takers, the Lebanese diaspora is not limited to the American continent but it is also present in every other continent where, in general, its members have also followed the path of entrepreneurship. Interestingly enough, as one respondent pointed out to me during an informal conversation, Lebanese individuals have also migrated in great numbers to West Africa, especially to the French colonies in that region, starting from the late 19<sup>th</sup> century. Similarly to what happened in Brazil, they have also concentrated in trade and made great fortunes there, becoming part of the economic elites of these colonies which later became independent states. In Brazil, *mascales* were adventurous risk takers that were willing to seize any opportunity they could identify, traveling with their products to sell them in all parts of the country, including hostile environments such as in the dense jungles of the Amazonian basin. The case of the Lebanese in West Africa dealing with locals and speaking African languages as well as the one of the *mascale* pioneers opening new routes to commerce continue to inspire the Lebanese Brazilian community today (Kirby, 2012, p. 407). These two examples combined with the history of their elders teach new generations of entrepreneurs the importance of keeping an open mind and to accept risk as an inherent element on the path of success.

Finally, versatility and adaptability are additional characteristics that are valued among the Lebanese community. Indeed, as mentioned before, most of the second generations of Brazilian Lebanese onwards pursued higher education studies. One of the elements that motivated their parents to invest in their education is the possibility for their children to have a degree so that even if they choose to work in the family business or to found their own enterprise, they can rely on something else if things do not work out well. Moreover, their studies can be useful in business too as illustrated by the example of Michel Chedid, one of the entrepreneurs I interviewed, who used his degree in civil engineering to develop his father's construction company and to replace him at its head. This tradition can be traced back to the first immigrants as well who, let us remember, were farmers back in Lebanon in the late 19<sup>th</sup> century. Once in Brazil, they learned the profession of merchant as well as selling techniques. They even transformed the peddling activity by introducing and developing new practices. Through my study, I was able to observe such versatility. For instance, one of the interviewed people I met, Khalil Cury, finished his odontology studies and became a dentist. Later on, he opened a printing company and launched a catering business. Therefore, this versatility and the

adaptability resulting from it enable Lebanese entrepreneurs to seize opportunities in different fields. They also allow them to reduce their dependence on one sector or one profession in particular making them less vulnerable in case of a downturn.

## **6. Conclusion:**

The aim of this study was to review the case of Lebanese entrepreneurship in Brazil in order to better understand the historical factors that led to its predominance among the Lebanese community present in the country. The choice of this subject was motivated by the fact that their example represented an interesting case where entrepreneurship elevated a group socially and played an important role in defining its very own identity. Moreover, as the entrepreneurs from this particular ethnic minority have been generally successful in conducting their business ventures to the point that the Lebanese in Brazil have been widely associated to success and wealth in the national psyche, another purpose of this work have been to try to give possible explanations for their achievements.

Therefore, we have seen that a set of practical and material obstacles pushed the first generations of Arab immigrants towards self-employment and business ownership. At the same time, the sojourning approach of these individuals made them favor certain entrepreneurial activities like trade while adopting ethnic strategies as identified in academic literature produced in the topic of ethnic entrepreneurship. Their positive accomplishments in the domain of trade and commerce enabled the most successful ones to move to other sectors, mainly to industry and real estate with additional remarkable results.

The entrepreneurial positive achievements made in different business fields and the wealth they generated enabled Lebanese immigrants to invest in their children's education. As a consequence, the second Lebanese generations onwards were characterized by a significant number of highly educated individuals with prestigious degrees. In addition to entrepreneurs, the community began to include lawyers, engineers and doctors, among other professions. Moreover, these generations extended the achievements of their parents in business to other fields. Politics, arts, literature, sports and media are some of these domains where Lebanese descendants will make valuable contributions, thus improving the stature of their community even more. This study thus reminds us that this all started with the entrepreneurial spirit of immigrants.

The impact of entrepreneurship was not only limited to the establishment of a Lebanese community in Brazil and to its upward social mobility but it even included the shaping of its identity. Commercialism was embraced as the essence of the Lebanese people by nationalist views that were seeking to give legitimacy to the project of creating an independent state in Mount Lebanon. In Brazil, this idea was readapted by Lebanese traders and industrialists to promote their role in the nation's progress and call for their acceptance by the rest of society as full and perfectly integrated members. Until today, the idea that the Lebanese heritage includes a natural ability for business is widely spread. Nowadays, the primary identity of Lebanese descendants is Brazilian. Yet, the Lebanese roots are still regarded with pride and, as Elsa El Hachem Kirby puts, like "a form of recognition that can help open doors with other members of the community" (Dyke, 2014).

Finally, one of the goals of this dissertation has been to study some of the reasons why Lebanese Brazilian entrepreneurs have, in general, been successful in business, particularly the first generations. We have thus explained how the historical contexts in which they have evolved played a positive role in the realization of their projects. In addition, the network that was developed alongside the growth of the community has been an asset that allowed individuals to receive valuable help in creating and expanding their businesses. Furthermore, we have identified certain values and qualities that can be found among this group and which have a positive impact on good management. These include hard work, a sense of family and solidarity, in addition to a tendency for an open-minded attitude and for versatility.

The main findings of the study are relevant in the context of increasing human migratory flows at the global level due to economic, security and environmental reasons. Indeed, the dissertation traces back the history of the social upward mobility of Lebanese immigrants and their descendants in Brazil thus outlining the important role played by entrepreneurship in that process. This is a valuable example of how entrepreneurship can lead to a successful socio-economic integration. As a result, it provides us with a model that can potentially be replicated in countries that are considered as main destinations for immigration. Giving incentives for entrepreneurs and encouraging higher education among immigrant groups could therefore be integrated in immigration public policies in order to achieve more social inclusion. This can also be applied to the Brazilian context that has known recent significant waves of immigration coming from Africa, South America and the Caribbean alongside the arrival of refugees, including Syrian families that share a similar cultural background as the first Lebanese immigrants. Moreover, the identified factors of success of Lebanese entrepreneurship in Brazil

can inspire entrepreneurs in general. Hence, belonging to an efficient network and the adoption of a set of adequate work ethics and values can stimulate the growth of entrepreneurial ventures.

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## **8. Appendix – Interview Questions:**

### **Personal Information:**

1. What is your name?
2. How old are you?
3. What is your citizenship?
4. Where were you born? How old were you when you arrived in Brazil?
5. What is your area of studies?
6. Are you married? Do you have children? Do they have the Lebanese citizenship?
7. Which languages do you speak?
8. Why did you or your ancestors choose Brazil?
9. (For those who arrived as adults) Why did you come? What was your job before?
10. Which language do you speak at home?
11. Are you planning to go back to Lebanon? Why?

### **The Company:**

12. When did you create your company?
13. What's the main activity of your company? Are there other activities?
14. How did you have the idea of this company?
15. How did you fund it?
16. Do you have or had partners? Where did they come from? How do you know them?
17. Were you part of a network that helped you create your business?
18. What's the size of your company (turnover and number of employees)?
19. Do you work with Lebanese (suppliers, distributors, partners ...)?
20. Are you affected by the crisis?
21. How do you hire people (networks, open offers ...)? Do you hire Lebanese in priority?

- 22. How would you describe your organization's culture?
- 23. In your opinion, is it a successful company? Why?
- 23. How do you advertise your company?
- 24. Are you planning to expand the business? How?
- 25. Do you think there are still opportunities for new Lebanese immigrants?

### **Identity**

- 26. Do you invest in Real Estate? Why?
- 27. How would you define your identity?
- 28. Do you have family in Brazil? In Lebanon?
- 29. Are you engaged in Lebanese affairs and associations?
- 30. People say the Lebanese are good in business. Do you agree? Why do you think they are successful?
- 31. Do you think the Lebanese help each other in business?
- 32. Is it possible to mention your name for my thesis?