Ethnography as an asset: elites' uses of ethnographic work

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Between 1994 and 1996 I did field-work among Portuguese elite business families. The main goal of this research was to study the relationship between family and economic activity within the sphere of international economy and highest social hierarchic levels. With this purpose I focused my research on seven leading Lisbon business families who own major economic groups in activity for at least three generations.[1]

Large family businesses have made a distinctive mark on Portuguese economy over the last two centuries. These powerful family-run entrepreneurial groups first emerged in Portugal in the middle of the nineteen century and made a place for themselves during the dictatorship (1926-1974) whose economic policy favoured strong concentrated investment, thus encouraging the development of a small number of large financial groups. Curiously enough, every single one of these groups had a solid family base[2] – eleven families controlled the seven groups dominating 75% of Portuguese economy. Besides their vast economic power, the few families that controlled these groups enjoyed a high social position and wielded considerable influence, albeit indirectly, over Portuguese politics.[3]

[1] This research was part of a research project supervised by Professor João de Pina-Cabral and financed by FCT (PCSH/C/ANT/851/95).
[2] These groups were: CUF, Espírito Santo, Chamalimaud, Banco Portugês do Atlântico, Banco Borges e Irmão, Banco Nacional Ultramarino and Banco Fonsecas e Burnay (cf. Martins 1973; Santos 1977; Pintado e Mendonça 1989).
[3] Américo Ramos dos Santos gives us a very clear idea of the scale of the concentration in the Portuguese economy when he writes that 'from 1960 onwards, there was a growing and remarkably intense centralisation and concentration in the last eight years of the regime. It was during this period that the large financial groups revealed their truly abnormal size for such a small country. (...) In 1973, 2.4% societies owned 75.4% of the Portuguese total economy. The growth of monopolies began to destroy small business from 1959 and especially after 1968

In 1974 the democratic revolution changed this situation completely. The new economic policy put a halt to the development the large financial groups had hitherto enjoyed in Portugal. In March 1975 there was a sequence of nationalizations in the financial sector (banks and insurance companies), the most important industries (oil, cement, steel, fertilizers, tobacco, beer, naval construction and maintenance) and other public-interest sectors (electricity, gas, water and transport). The nationalization of private companies took from the so-called 'monopolist nucleus' families all control over their own businesses and over Portugal's economic future, at the same time sweeping away the privileged lifestyle they had enjoyed until the revolution. The new social order and political situation of the post-revolutionary period forced most members of these families to go abroad (mostly to Brazil, the UK and Switzerland), leaving most of their possessions behind.

Despite the significant institutional transformations brought on by the political turn, the fact that Portuguese economy in 1974 was backward and fragile meant that modernization of the country was slow. The situation only began to change significantly in the mid-1980s. Portugal's entry into what was then the European Common Market in 1986 pressed the path to a more liberal economic framework based on free market and private enterprise. During their ten years abroad these families rebuilt their economic empires and returned to Portugal once again to occupy the dominating nucleus of national economy. The beginning of the privatization process in 1987 was the first opportunity these prominent business families had to recover their former firms enabling them to establish their financial, social and political affairs in Portugal once again. The first right wing government from 1989 – 1993 offered the first calm political moment in Portugal since 1974, and combined with an improvement in the economic situation, it promoted a stability that was felt by those who had left the country as providing the necessary conditions for their return to Portugal. Since then, these old family enterprises have grown rapidly, and in the early 90's several of the old family business groups that expanded in twentieth-century Portugal were once again playing a key role in the country's financial and economic affairs and occupying an important position in Portuguese society.

This situation became noticeable at the beginning of the 90's. Newspaper font-pages ran headlines that read "the return of the old families" or "prominent families of the old regime are taking over Portugal again". The return of "old families" to Portugal, and the swiftness with which they resumed their control over Portuguese economy created a profound discomfort among public opinion, fearing that this comeback also meant the return of the political climate of the *ancien regime* and its system of privileges. This situation also presented an obvious problem to those families who wanted at all cost to free themselves of the reputation that linked them to the dictatorial regime and connected their economic success to the fact that they were protected by government policies of Estado Novo. Therefore the re-entrance of these families into the county after the revolution had to be done following a very careful and above all very discreet process.

When I started my research, at a time when their presence was becoming prominent and visible, most of these families had already been in Portugal for three or four years, and their economic, entrepreneurial and social situation was already quite stable and successful. I believe that my work was made possible mainly due its the timing, coinciding with the particular moment in which members of these families were eager to go public and tell their version of the story. We are all familiar with accounts of colleagues who have to a greater or lesser extent despaired trying to follow the advice of Laura Nader (1967) to study up dominating groups in western society (see for instance the cases of George Marcus or Susan Ostrander). In my case, after the first nine months of failed attempts to reach anyone who belonged to these entrepreneurial families, when I finally succeeded, it initiated a very surprising process of openness. Nevertheless, it soon became clear to me that that the enthusiasm with which they received me and let me into their lives and business history was obviously meant to give them the chance to tell their own story, and prove that their success was not due to their personal and political connections to the old regime or that it resulted from any kind of special protection.

I will take the example of the Espírito Santo family to illustrate my argument. When members of this family left Portugal in 1975, they left behind all their material possessions: firms, banks, houses, farms, yachts, jewellery, furniture, cars, clothes, etc. Once abroad, they began a new life and stared their economic activities anew, soon rebuilding their financial empires. By the end of the first year, Espirito Santo family had already bought a bank in Rio de Janeiro (the Banco Inter-Atlântico de Investimentos having as partner the French bank *Credit Agricole*), several coffee plantations and cattle ranches in Brazil and in Paraguay. By the end of the second year they were buying a bank in Miami, Florida (with *Chase Manhattan Bank* as partner). After ten years abroad, the Espírito Santo family took the first step towards resuming their activity as a business group in Portugal, buying a small investment company (with the previous partners and the *Agnelli Brothers* from the Italian Fiat)– now Banco Essi. In 1987 when their former Insurance Company Tranquilidade was privatized they bought it back, in association with the Agnelli et Frère Group. These three prestigious international groups – were the main partners in the purchase of their former Banco Espírito Santo e Comercial de Lisboa (BESCL). Nowadays this powerful economic group is established in Portugal, Brazil, Paraguay, USA, Switzerland, UK, France, Germany, Belgium, Spain, Angola, Mozambique and China.

How was this possible if they had no money? If they had lost everything? The fact that members of these families have been able to rapidly recover their prominent position in the world of business reveals that, even when their economic empires seemed to have crumbled, and their social status shaken, they retained the necessary conditions for recovery, since their original wealth was not exclusively financial: it was a composite capital in which economic, political, cultural and social relations are intertwined and mutually supportive. In spite of having lost a large part of their material assets, they hadn't lost those which proved to be most valuable: social prestige, their outstanding reputation in the international world of finance and their professional dynamism and competence. The surprising swiftness of the Espírito Santo Group recovery in the aftermath of the democratic revolution resulted from the great amount of support immediately offered by foreign partners, which was a demonstration of how they trusted this family's businessmen. The radical shifts in the public sphere of Portuguese society – at a political, economic and social level – prompted great transformations in these families' social, political and economic situation, and contributed to increase their desire to give continuance to the economic projects founded by their grandfathers and great-grandfathers. The need to reorganize themselves in order to overcome adverse situations was used as an opportunity for reconstruction and modernisation, which enabled them to once again establish themselves as leading entrepreneurial groups in the new social and economic juncture.

This process demonstrates that when the Espírito Santo family was conducting the recovery of its former position in the international economic and financial world, members of the family could not rely on professional managers. They had to do the work themselves as only they had the composite familial capital to do so. With no financial liquidity, the only valuable wealth they had to attract new investors was their record of past successes, their relations and contacts in the world of international finance and their prestigious name. Their professional competence and managerial experience, together with the acknowledgment of the prestige won by their entrepreneurial ancestors in the course of several generations, proved to be a powerful combination in gathering resources, partners and investors for their new economic projects. Thus, the comeback of these traditional entrepreneurial families was built as much upon their social relations as on their management expertise.

When they had achieved their goal of rebuilding a financial empire as powerful as the previous one, members of these families were so proud that they wanted to publicly show that they deserved their success, their power and their wealth. They wanted to show the world that their former success derived from their work and not from their association with a political regime or from a mere family inheritance. On the other hand, having managed to buy back their former companies from the State in the early 1990's, the patriarchs of these families would never agree to hand over control of their financial interests – which had been so hard to recover – to professionals from outside the family. This might just be a symbolic and emotional attitude, but their ability to carry it out was also felt as a demonstration of their professional capacities and the success of family in maintaining their companies successful. As a consequence, the presence of the new generations in the top executive positions of their enterprises was taken as a symbol that their long term success depends on their members' competence and professionalism and not on any kind of privilege or nepotism. They were so proud they wanted to tell this story.

The younger generation who reached leadership positions in their family firms during the mid-1980s could not rest on their former familial achievements; in order to keep control of the firms and regain their leading position in Portuguese economy and society they had to prove their skills further. Ironically, the break caused by the 1974 revolution was essential in creating the conditions for these families and their firms to reorganize, allowing them to continue being the major social and economic group they are in Portuguese society.

Final Remarks

It was only by doing a long-term ethnography that I came to understand the complex and multidimensional relations and processes developed by the members of these families keeping them at the top of national and international economy for the last two centuries. The constitutive processes of these families as an elite group are based on forms of relatedness that are far more than economic. They are built upon familial and personal relations within a narrow group.

For me ethnography was an analytical process of knowledge. However, the product of that knowledge was used by the people involved as a way to legitimize their positions as an elite group. In fact, at the end of my research, when I started writing my first papers and showing the families, as initially agreed, their reactions were interesting to analyze. I was called a few times to discuss a particular argument they disagreed with or had not understood; they offered counter-arguments. Some of them, particularly top executives, lent me books (usually on economic issues) which they later discussed with me in detail, often putting me in the position of the student being examined. But mostly, they started to use my work to demonstrate that their return to Portugal was due to their own merit, to the effectiveness with which they had managed to rebuild their economic empires, rather than to any privileged political connections to the old regime. My ethnography on powerful family businesses suddenly became a valuable asset for them, since it was used as an argument to legitimize their position. They have told me more than once that my book is scientific proof of their value, of their worthiness to occupy the high positions attained by them in different areas of Portuguese society.

They have cited my wok in several family business anniversary books to stress the point that I have proved they are competent professionals and therefore deserve to occupy the prominent social position they do. This obviously puts me in a very uncomfortable position. I have tried to illustrate through ethnography the complex and multiple processes by which these families constitute and maintain their presence in dominant levels of Portuguese society. But in doing so I have also produced a valuable product for the people I have studied. My ethnography became a family asset.