

Investment Migration Working Papers

Global Citizenship 2.0 The Growth of Citizenship by Investment Programs

Kristin Surak

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Investment Migration Working Papers

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Global Citizenship 2.0: The Growth of Citizenship by Investment Programs

Dr. Kristin Surak*

ABSTRACT: What explains the growth of citizenship by investment programs and what are the implications for citizenship more broadly? This paper investigates an under-studied yet rapidly developing avenue for naturalization: *jus pecuniae*, or the acquisition of citizenship through financial contribution. The existing literature divides between exuberant economists touting the utility of market mechanisms to control political membership, and cautious political and legal theorists concerned about the effect of investor citizenship on democracy. Adding empirical grounding to these largely theoretical debates, this paper draws on qualitative fieldwork on the citizenship by investment industry and the countries that implement these programs to delineate the dynamics of *jus pecuniae* and its implications for citizenship more broadly. The analysis specifies the distinctive properties of citizenship as a commodity: the state plays a dual role as both sole producer and market regulator, and the use-value of citizenship depends on factors both internal and external to the granting state. It then situates formal citizenship by investment programs within a broader field encompassing immigrant investor visas and discretionary economic citizenship. And it identifies how this field conditioned the development and remarkable spread of these formal programs in recent years, and the role of geopolitical inequalities and industry actors in this transformation. In conclusion, it elaborates four ways in which consideration of *jus pecuniae* can contribute to our understanding of broader transformations in citizenship, including its relationship to strategic action, territory, inequality, and private actors.

KEYWORDS: citizenship; migration; elites; inequality; commodification.

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1. Introduction

What explains the rise of citizenship by investment programs in recent years and what are the implications for citizenship more broadly? Like the human lives and bodies that dominate sociological studies of morality and markets (Zelizer 1985, Healy 2006, Almeling 2007, Reich 2014), citizenship too, though often regarded in sacred terms, can be bought and sold. Over the past ten years a substantial industry has developed around – and pushed forward – the market for multiple citizenships. In 2012, two countries could be described as offering citizenship by investment programs; by 2016, they numbered seven, and half a dozen additional states are in consultation about adopting the tool. The proliferation of formal economic citizenship schemes is a productive site for analyzing transformations in citizenship today and revising conventional assumptions about its operation.

Traditionally, academic studies of citizenship attribution have defined their territory as bounded by *jus soli* on one end and *jus sanguinis* on the other. Countries drawing on *jus soli* principles for citizenship attribution are characterized as more “civic” and open in national definition, while those relying in *jus sanguinis* are more “ethnic” and closed in orientation. Debates concern the determinants of choices, which can include the strength or longevity of migration flows (Weil 2001, Bertocchi and Strozzi 2010), prior legal practices (Kashiwazaki 1998), deeply rooted cultural idioms (Brubaker 1992), ideological orientations within the government (Joppke 2003), and mode of imperial expansion (Boatcă 2015).

However, a stark bifurcation between the two principles fails to capture much of the complexity that defines citizenship. It ignores the many ways that the categories do not align – “civic” citizenship regimes are not always more open than “ethnic” ones, and vice versa (Brubaker 1999, Joppke 2003). Furthermore, pitching *jus soli* against *jus sanguinis* fails to engage the intricacies of their combination. Nearly all citizenship regimes employ both, if in different measures (Vink and de Groot 2010), whether it is “*jus soli*” countries like the United States

extending citizenship to children born of nationals resident abroad or “*jus sanguinis*” countries like Japan giving orphans of unclear parentage Japanese citizenship. This second point indicates the third and most significant limitation of the dichotomy: citizenship is regularly granted through naturalization on grounds far more diverse. Drawing on over 75 cases in Europe and the Americas, the EUDO CITIZENSHIP Global Database identifies 27 bases for the acquisition of citizenship (and 15 ways in which it can be lost), including spousal transfer, adoption, cultural affinity, and public service. As such, it is time to more carefully examine other principles not merely as side stories to citizenship regimes, but as constitutive of them.

As a step in the direction, this article investigates recent transformations in the acquisition of citizenship through financial contributions, or *jus pecuniae*. Joachim Stern (2011) coined the term to describe the increase in bureaucratic fees for citizenship applications. The expression, however, is pregnant with meaning beyond this limited use. Indeed, the country that Stern analyzed, Austria, also grants citizenship in exchange for substantial financial contributions. It is in this expanded sense that the phrase might be reclaimed and fully theorized to account for one of the most striking transformations in citizenship today. This article advances a novel account of *jus pecuniae*, including specification of the distinctive properties of citizenship as a commodity, a typology of its contemporary forms, and an explanation of its emergence and operation in practice.

In the sections that follow, I first address the existent literature on economic citizenship, anchored by enthusiastic economists and wary political theorists, and highlight the limitations that arise from the absence of empirical work. Both lines of argument presume that economic citizens hope to settle in their new homelands, though this is rarely the case. If we understand citizenship as turning not merely on rights gained within a state, but also on rights gained outside it, the picture shifts: mobility becomes a central concern, as do the external determinants of its worth.

To develop an account of these dynamics, I draw on one year of fieldwork and interviews with key players involved in the development of citizenship by investment programs. To explain the development of citizenship as a commodity, I disaggregate the principal forms of *jus pecuniae* and its attendant innovations. I isolate the defining features of citizenship by investment programs, situate them within the broader field of immigrant investor visas and discretionary economic citizenship, and identify the factors that separate and link them: degree of formality,

rights and privileges, time to citizenship, residence requirements, and financial contribution. I then trace the historical emergence of citizenship by investment programs, conditioned by this field, as well as by geopolitical inequalities, security concerns, and the distinctive industry dynamics that have advanced them. Service providers retooled murky discretionary channels into formal citizenship by investment schemes, which could be offered as residence planning tools alongside the investor visas available in core countries. A drive for legitimation has kept pace with the rise of the industry because the product's value is contingent upon the privileges it secures in third countries.

I conclude by identifying four important theoretical and empirical implications for citizenship more broadly that concern strategic action, territory, inequality, and third-party actors. Economic citizenship is indicative of citizenship's general "thinning" as it loses its position as a privileged source of identity and rights. Migrants leverage citizenship for strategic ends, as do states, which increasingly attempt to bring into their purview, though not their territory, desired populations to achieve economic goals. Global disparities and exclusive alliances determine the utility of citizenship as a commodity and define its selling points for the newly affluent in areas outside the global core. As such, citizenship turns not on equality, but inequality. Citizenship is desirable not for only the rights it gains an individual within a state, but also outside it, in both access to third states and benefits within them. On this score, citizenship is increasingly Roman: it is a territorial, yet portable, legal privilege. As cross-border mobility and regional unions grow, so do the importance and significance of the extra-territorial benefits of citizenship. Private firms have capitalized on this, formulating policies and promoting the spread of programs to new countries. The outcome suggests that not merely immigration policy, but citizenship policy too is part of a broader trend towards partnerships between governments and third-party actors that shape and implement policy.

2. Economic citizenship and its limits

To date, the study of economic citizenship – granting citizenship in exchange for financial contributions – remains remarkably limited. Scholarly work centers on theoretical debates about its pros and cons, often to conclude that it should be warmly embraced as just and efficient or roundly rejected as unfair and anti-democratic. Rarely do these reflections rely on primary data collection, including interviews with industry actors, and as a whole they remain detached from actual transformations on the ground. One notable exception is found in case

studies of Chinese business migrants moving to and from Canada (Ley 2003, 2010), and Taiwanese investors acquiring second citizenship or residences (Tseng 2000). In addition, Sumption and Hooper (2014) offer a comparative analysis of policy design to suggest best practices for policy makers. Writing as a journalist, Abrahamian (2015: 71-93) supplies a lively account of some recent transformations in the economic citizenship industry. However, the existent empirical studies provide only partial views of the broader field, and none offer a comprehensive analysis of the origins and practical functioning of multiple programs that includes both geographic breadth and historical depth.

The key debates in the scholarly literature, dominated by economic and normative considerations, remain at some remove from empirical developments. Economists typically regard citizenship as little different from anything else that can be commodified and traded on a market. Selling citizenship, they argue, is the most efficient and egalitarian way to screen people for membership in a nation. Those willing and able to pay would also have desirable characteristics – young, skilled, educated, talented – that any nation would want, and that would keep them off state funds (Borna and Stearns 2002, Becker 1987: 58-9). Differences come down program design. Citizenship could be allocated through a price system to maximize the total per capita income of the citizenry (Chiswick 1982), or through an auction for qualified applicants (Simon 1989: 357-63). Residence could also be sold to those looking for faster access to a new country and unwilling to wait in the normal channels (Becker 1987: 58-9). Adjustments to the program could ensure access for those unable to afford the cost of membership outright. The government or banks might offer loans to the underprivileged – a form of indentured servitude (Becker 1987: 58-9) – or the poor could pay an additional surcharge on their federal income tax (Chiswick 1982, Simon 1989). As such, the sale of citizenship may even decrease the population of irregular migrants in addition to securing a new revenue source (Borna and Stearns 2002).

In contrast to the enthusiastic economists, several legal and political theorists have adopted a more apprehensive stance towards selling citizenship. Their trepidation draws from two sources: an Aristotelian conception of citizenship that selects political involvement as its foundation, and a Walzerian commitment to the maintenance of justice's separate spheres. Namely, inequalities in the sphere of money should not map onto those of political participation (Walzer 1983). As such, granting "migrant millionaires," who may have never even entered a country, a voice within politics and a stake in the political community represents a great threat

to citizenship as an institution based on ideals of equality and participation (Shachar and Hirschl 2014: 234, 241). Violated is the crucial link of *jus nexi* – a genuine connection – that both roots political membership and ensures that participants are genuine stakeholders (Shachar 2009, 2011; see also Dzankic 2012b). Within this line of reasoning, investor visas that require a period of residence before citizenship is granted are less problematic (Shachar and Hirschl 2014: 246), but they do not avoid all concerns, for exchanging citizenship for money in any form threatens to corrupt democracy. If voting in elections is the core political right of citizenship, then selling passports is selling political influence, a danger that could reinforce inequity within society (Bauböck 2014: 20). Putting a price tag on membership in the body politic restricts its benefits to only the elites at the cost of equality, both within a state (Dzankic 2012b; see also Shachar 2009: 59), and internationally (Boatcă 2015).

Despite their normative differences, the economic and legal-political strands of debate share similar limitations. The arguments in both cases rely heavily on a theoretical understanding of *jus pecuniae* that remains poorly informed by its actual operation. Fieldwork is lacking. Current accounts typically assume that citizen investors hope to immigrate to and settle in their new country – it is the investor-as-immigrant that produces either economic gains or democratic threats. Yet a straight-line trajectory rarely applies to those purchasing second citizenships outright. Only a few wish to settle in the new country, and most are looking for the mobility and security that an additional passport offers (Kälin 2014: 56-8). Nor does it capture the transnational lives of those selecting the investor visa route in highly desired core countries. Canada's Immigrant Investor Program, the largest and longest-lived investor scheme that has served as a model for others, saw most participants maintain their center of vital interests in East Asia, and many returned to their home region once permanent residence or a passport was secured (Ley 2010, Ley and Kobayashi 2005). As such, the net gains in financial and human resources that excite the economists are more muted (see, for example, Migration Advisory Committee 2014). Moreover, price mechanisms have proven a poor tool for regulating supply and demand on a terrain defined by shifting geopolitics and legal protocols. When Canada doubled cost of its investor visa in 1999 and again it in 2010, application numbers outpaced it. The result was a backlog of over 50,000 when the program was closed in 2014.

The image of the investor-as-immigrant also distorts the analysis of her impact on democracy. Saint Kitts and Nevis (hereafter: Saint Kitts), for example, excludes its economic citizens from the franchise. Other countries with formal citizenship by investment programs, including

Antigua and Barbuda (hereafter: Antigua), Cyprus, Dominica, Grenada, Malta, and Saint Lucia, maintain physical presence requirements for electoral participation. To cast a vote, one must be resident within a given district for several months prior to an election – a stipulation that disqualifies not only the largely non-resident investor citizens, but the substantial diaspora populations as well. The 30,000 Grenadian citizens living in the US – a sizeable number for a island with a population of 105,000 – would need to return to their homeland for twelve months before qualifying to vote. As such, the question of the franchise looms far larger for citizen ex-pats than economic citizens per se. If recent trends in democratic participation continue, they may do better to influence elections through lobbying or advertising – far more potent channels than a single ballot, and ones often open to non-citizens as well (see Spiro 2008: 81, 91-5).

Though residence may be a requirement for voting, it is not for the extension of political membership. This holds not only for investor citizens, but also for less publically contentious cases of descent-based naturalization programs. Romania allows the descendants of former citizens of lost territories to claim citizenship up to the third generation whether or not they have visited the country or have Romanian ancestry. Hungary uses a similar channel, but without generational limits. Attenuating the connective ties yet further, Spain in 2015 opened citizenship to the descendants of Jews expelled from the country five hundred years before. If time seems no barrier to genuine connections, neither does geography. Between 1998 and 2011, Italy used its foreign consulates to grant citizenship to more than one million people claiming direct descent from an Italian male ancestor (Tintori 2013: 142). Citizenship by investment schemes, naturalizing a few thousand people each year, are negligible in comparison to these sizeable figures.

If the economists deflect questions of fairness by reaching for loan and bond programs for those unable to afford citizenship, legal and political theorists are less easily convinced. However issues surrounding equality are particularly ticklish. All immigration systems select migrants, allowing some access to the state, while denying it to others. In the OECD, currently skills and family ties are favored points for selection – essentially human and social capital. Yet, as Bourdieu (1986) observes, the accrual of such valuable currency rarely lies far from its more powerful sibling: economic capital. Across the board, the cost of migration renders it inaccessible to those who are the worst off globally – the population of greatest concern in cases of brute inequality. Furthermore, the relative economic benefit afforded by investor

citizenship, if carefully managed, is greatest for small islands on the periphery (Xu et al. 2015). With limited resources, they have few options to achieve economic independence from regional hegemons or supranational organizations. Indeed, Antigua has used the expected profits from its citizenship by investment program to challenge the International Monetary Fund (IMF) on loan conditions that stipulated a reduction in wages, a condition that would have dealt a deep blow to a country with 35% living in poverty (Antigua Observer 2015). As such, to the extent that concerns of equality should inform naturalization policy choices, the issue is more multifaceted than typically recognized.

To push forward the theoretical engagement of citizenship by investment, empirical work is much needed. It is this gap that leaves Paskalev (2014: 24) to preface his reflections on the topic with the lament, “For all that I know...” and Barbulescu (2014: 15-6) to call for basic research into program origins. Though “brute and unfettered cash for passport exchanges” (Shachar and Hirschl 2014: 246) may occur, the full story is far more complex. Unravelling it not only offers a corrective to unmoored theorizing; it also allows for a reconsidered understanding of citizenship by investment to unsettle many assumptions about citizenship and its operation in contemporary times.

3. Methods

The analysis below draws on primary and secondary sources, as well as interview and ethnographic work. For nearly a decade, actors in the business of residence planning have hosted industry conferences on citizenship by investment. In 2015, I attended four major conferences and one information session hosted by three of the leading service providers in the industry. The conferences, which lasted two to three days, offered a valuable overview of key sectors and interests. Prime ministers and ambassadors made country pitches, bureaucrats and lawyers answered questions about programs, real estate developers advertised investment opportunities, due diligence companies discussed the importance of clean records, and tax specialists reviewed options for wealth planning. Filling the audience were lawyers, private bankers, wealth managers, bureaucrats, and the occasional prospective client. The frequent coffee and meal breaks provided the opportunity to learn about the contours and concerns that structure the field from an array of actors – a conference benefit not only for an academic researcher, but for the other participants as well. Meeting people meant exchanging business

cards or inquiring into the institutional affiliation on the name badge, and I used the opportunity to introduce my project and research interests. As I picked up small talk, I found that many in the field spoke with relative frankness to an academic – a situation supported by the industry’s growing interest in legitimization, discussed below.

To understand the industry outside the space dominated by international firms, as well as how programs operate on the ground, I conducted fieldwork in Saint Kitts and Antigua in 2016. Saint Kitts has one of the longest histories of involvement in economic citizenship. It opened a discretionary economic citizenship channel in 1984, and from 2006 it became the first country to shift to a formal citizenship by investment program. Antigua, which launched a citizenship by investment program in 2013, is a good case for investigating the recent spread of such schemes. In both countries, I visited government offices, service providers, and real estate developments, as well as talked to locals about their impressions of the program. In London, New York, Dubai, and the Caribbean, I conducted 30 formal interviews with industry players, based regionally and internationally, including lawyers, service providers, bureaucrats, due diligence providers, real estate developers, business managers, and representatives from the two standards boards.

4. Citizenship as a commodity

Citizenship, for many migrants, comes at a significant financial cost. With fees paid to brokers, lawyers, and governments as a matter of course, citizenship is in some ways already an economic good (Borna and Stearns 2002: 194, Becker 1987: 58-9). But as a commodity – essentially, a product for residence planning that is sold on a market – citizenship has several distinct properties. Most notable is the dual role of the state. Economic sociologists emphasize that markets operate in a political space defined by states that set the rules and regulations of economic action. These affect the sorts of products exchanged, the ways they are traded, and the success of market actors (Fligstein and Dauter 2007, Block 1994, Evans 1985). In the case of citizenship, however, the state serves not merely a key regulator, but also the sole producer of the good – and almost uniquely so in the contemporary world (sovereign debt is the other example). The state is also the only legitimate end-seller of citizenship. Even when chains of middlemen connect the buyer and seller, the state must stand behind every citizenship transaction, for the status is fundamentally a relationship between sovereign and subject. As such, there can be no legal secondary market. The double role of the state as both regulator and

producer/seller has at times yielded dubious, yet entirely legal, cases of countries selling citizenship to criminals (Van Fossen 2007). Though a state has discretion to sell membership, other countries may not regard the transaction as legitimate – a concern for states hoping to capitalize on the international value of their citizenship. As such, states in search of legitimacy are prone to detach the two roles and outsource elements of review and supervision to external due diligence firms and other third-party actors.

Product differentiation also marks citizenship as a commodity: not all versions are equal. The use-value of citizenship can be regarded as the rights and privileges it offers its holder. Historically, the benefits of citizenship within the granting state have received the most attention, a bias that dates as far back as T. H. Marshall's (1950) analysis of the gradual accretion of rights. Much research on immigration and settlement has continued broadly in this vein, investigating the benefits that citizenship extends, or doesn't, to its members within – and, conversely, what non-members are unable to access (e.g. Nakano Glenn 2002, Bosniak 2006).

But the use-value of citizenship does not end at the national border. Though rarely addressed in the literature, citizenship secures benefits outside a state as well. Reputation plays no small part: people with more prestigious citizenships benefit when abroad from the stature accorded to their associated state – and vice versa (Tsuda 2001). States also have a duty to safeguard their citizens away from home, with protection offered at embassies worldwide. For global movers, however, of more immediate concern is visa-free access. On this measure, the most powerful passports, those from Germany and the United Kingdom, allow their holders to enter over 170 countries without requiring a visa in advance; the worst, Iraq and Afghanistan, will grant access to less than 30 (Henley and Partners Visa Restrictions Index 2015). Of course, not all countries are equally desired – for most people, easy entry to the United States is worth far more than to Tuvalu, as the Henley-Kochenov Index captures (Kochenov 2016).

More than access to other states, citizenship can secure rights within them. Citizens of regional groups, including the European Union (EU), Economic Community of West African States (ECOWAS), Caribbean Community and Common Market (CARICOM), Southern Common Market (MERCOSUR), Association of Southeast Asian Nations (ASEAN), the Gulf Cooperation Council (GCC), and the Nordic Council, gain expansive benefits in member countries, which can include investment rights, business ownership, limited franchise, and

claims to social welfare provision. Beyond regional clubs, states can negotiate extended rights on a bilateral basis. Notable pairings include Switzerland and the European Union, Monaco and France, Lesotho and contemporary South Africa. Such alliances, formed to encourage the free flow of capital and goods in the first instance and labor in the second, operate as federation-like clubs that grant rights and privileges to mobile individuals by virtue of membership, not in the region, but within a constituent country. Thus for an Egyptian, citizenship in Dominica means visa-free access to Europe. For a Burmese businessperson, citizenship in Malta opens investment possibilities in Germany and access to the United States. The result, for multizens, is “citizenship à la carte” (FitzGerald 2006, 2009) or “citizenship constellations” (Bauböck 2010) that allow them to select the best option from an array of membership benefits. As a residence-planning tool, citizenship is the right to more rights.

Because the use-value of citizenship is set not only internally, but also externally, the granting government does not retain exclusive control. Foreign states can curtail the worth of citizenship by forbidding access to or restricting rights within them. The use-value of Kittitian citizenship, for example, fell after Canada revoked visa-free access in 2014, while the utility of Polish citizenship increased substantially upon confirmation of the country’s entry into the European Union (Harpaz 2013). As such, countries producing economic citizenship for the open market are typically concerned with securing and maintaining good relationships with regional powers.

For its consumers, the inequalities of existing citizenships – both internal and external – transform citizenship into a desirable product: global disparities produce its selling points. A new passport can bestow greater mobility, access to education, political stability, and financial benefits. For producers – the countries offering *jus pecuniae* – geographic challenges and inequalities within the global political economy render the sale of citizenship an attractive income source. Saint Kitts, for example, expanded its channel for economic citizenship into a full citizenship by investment program when international pressure and economic transformations undermined the viability of the sugar cane industry on which the small island depended. Dominica reached for a similar policy option when World Trade Organization sanctions rendered the banana industry unsustainable. As such, it is critical to understand the production of citizenship as a desirable commodity not through the lens of equality but inequality.

Before moving on, a caveat is needed to clarify two related concerns. Thus far, the discussion has focused on the rights and benefits – but not duties – of citizenship. The omission is deliberate: key obligations typically fall on all individuals resident or present in a territory, not merely the citizens. Income taxes are levied on resident foreigners and nationals alike, and even short-term visitors pay sales taxes. With the decline of conscription armies, military service is no longer expected of most national populations, and in many places, foreigners can find employment in the armed defences – and sometimes receive postmortem citizenship if killed in the line of duty. In the United States, only jury duty remains fully in the hands of citizens – and even then with the qualification that service is obligatory only if resident in the country (Spiro 2008: 97-9). The shift has been long in the making. Over 65 years ago, T. H. Marshall (1950: 9, 77-80) observed that, on balance, the rights of citizenship were superseding its duties, a trend that appears durable.

Furthermore, dual citizenship laws, though they can facilitate the packaging, purchase, and use of a second passport, do not determine outright whether or not citizenship is bought and sold. Despite prohibitions on dual citizenship, China is home to the largest consumer market for second passports. Much of the Middle East too, with similar bans, remains a key source region, especially among the ultra wealthy (Wealth-X/Arton 2015: 14-5). If demand is not blocked, neither is supply. Liechtenstein, for example, proscribed dual citizenship during the years it operated its “fiscal naturalization” option. Notably, though, it did not require proof in all instances that the prior membership had been renounced (Schwalbach 2012: 29-30; 40-2).

5. Program types

Jus pecuniae, as access to citizenship through payments, must be understood as part of a relational field of possibilities of exchanging monetary grants for a grade of political membership including *immigrant investor visas*, *citizenship by investment programs*, and *discretionary economic citizenship*. In all cases, the right of residence or full political membership is secured on the basis of a financial transaction.

Currently, around 70 countries offer pathways to residence based on financial contributions to a state, which in some cases can lead to citizenship (see Kochenov et al. 2015).² Of these, investor visa programs are the most common and include among them the American EB-5 Visa, the British Tier 1 Investor and Entrepreneur Visas, the Australian Significant Investor Visa, the Panamanian Reforestation Visa, the French Exceptional Economic Contribution Program, the Portuguese Golden Residence Program, the Dutch Wealthy Foreign National Program, the Singaporean Financial Investor Scheme, the Brazilian Permanent Residence Visa-Investment Program (VIPER), and the Irish Immigrant Investor Program. These schemes offer residence rights alongside a pathway – and sometimes a fast track – to permanent residence and/or citizenship in exchange for a clearly defined financial transaction (see Sumption and Hooper 2014: 3, fn. 1).

Citizenship by investment schemes, by contrast, offer a clearly delineated program for applying for citizenship outright in exchange for a defined financial contribution that eliminates the intermediary step of legal permanent residence. Several Caribbean countries, including Saint Kitts, Antigua, Dominica, Grenada, and Saint Lucia offer such programs, along with Malta and Cyprus in the Mediterranean. In these instances, the timeframe, cost schedule, investment options, and due diligence expectations are plainly specified by a transparent and formal policy that can be replicated. In addition, licensed service providers typically implement the scheme.

Countries may also grant citizenship in exchange for financial contributions in a discretionary manner. Austria, for example, allows individual who have accorded the country exceptional economic benefits – typically amounting to €2 million to €10 million – to be given citizenship. Though the bureaucratic channels are clear, the expectations remain undefined and highly personalized; the result is a practice rather than a formal program. Ireland, Cambodia, Panama, Belize, Vanuatu, Nicaragua, Comoros, and Nauru are among countries that have participated in the legal, but relatively informal, exchange of citizenship for financial contributions.

Furthermore, individuals may combine citizenship and residence options. International wealth planners advising clients on how best to structure their assets and personal mobility often pair

² In their report, Kochenov et al. (2016) employ an expansive definition of “investment migration,” which includes programs that offer permanent residence based solely on the demonstration of minimal funds to support oneself, as is common on “retirement visa” programs. In these cases, no clear investment in assets is required, and I exclude them from the count above.

Caribbean passports with investor visa options in places such as the United Kingdom, Canada, or the US, where their clients prefer to live or spend time. A Kazakh investor hoping to become a Canadian may, alongside an investor visa, also purchase a Caribbean citizenship to secure visa-free access to Europe during the five years he waits to qualify for his target citizenship. In step with this demand, Antigua now issues its economic citizens an initial passport valid for five years – the amount of time typically required to apply for citizenship elsewhere. Those who wish to maintain their citizenship thereafter must visit the country for at least five days and swear an oath of allegiance.

6. Key contours of the field

For heuristic purposes, the contours of the field and the position of offerings within it can be disaggregated along several dimensions: formality, requisite time, residence requirements, financial contributions, and rights and privileges.

TABLE 1. PRINCIPAL AVENUES TO JUS PECUNIAE

	Formality	Rights and privileges	Time to citizenship	Residence requirements	Financial contribution
Immigrant Investor Visas (IIV)	Formal program	Partial	Typically a minimum of 24 months ¹	Varies	Multiple options
Citizenship by Investment Programs (CBI)	Formal program	Full	Typically 2 to 12 month processing time	Varies	Multiple options
Discretionary Economic Citizenship (DEC)	Informal channel	Full	Immediate transaction may be possible	Rare	Typically direct transfer to government official

(1) If applicable. Citizenship may not be the end goal, and in some cases, citizenship is all but foreclosed, as with the United Arab Emirates' Residence Permit Program.

Formality

The formality of the program structure is the defining difference between discretionary economic citizenship, which operates on an informal basis, and immigrant investor visas and citizenship by investment schemes that possess clearly articulated and publically available expectations and steps. The latter two options commonly include due diligence and background checks, as well as a system of licensing service providers, which further set them apart from brute cash-for-passport exchanges. The informality of discretionary economic citizenship poses problems for information gathering as expectations are, by definition, not clearly stated. In some cases, country discretion supports questionable, if not criminal activities. Nauru has taken in a number of alleged terrorists as new nationals (Van Fossen 2007). And the Comoros Islands raised human rights questions about forced

citizenship when the island sold several thousand passports to the Emirates for its stateless Bidoon population (Abrahamian 2015).

Rights and Privileges

Even as the rights of legally resident foreigners come to approximate those of citizens (Soysal 1994, Spiro 2008, Joppke 2010), some key distinctions persist. Under international law, citizens cannot be deported and cannot be refused entry to the country where they hold a passport, and many countries limit the franchise to citizens, as well as require citizenship to hold high public offices or serve on juries. Unlike permanent residence, citizenship can be inherited, as well as secure inheritance tax and other financial provisions. Not all citizens are equal, however. Naturalized citizens may stand a greater risk of having their citizenship revoked than those who received citizenship at birth (Weil 2013), as recent developments in the United Kingdom and Canada show (see Kadri 2015). Some countries maintain separate citizenship tiers, such as the distinction the United Arab Emirates draws between members holding family registries and those who do not when claiming social benefits (Jamal 2015: 6). Yet, on the whole, citizenship grants its holder more rights and privileges than permanent residence, and it can guarantee benefits outside a country as well.

Time to Citizenship

A central distinction between immigrant investor visas and citizenship by investment programs lies in the time required to gain citizenship. For the latter, applications are typically processed and citizenship granted within two to twelve months. Cyprus and Grenada fall on the swift end of the spectrum and Malta, requiring one year, lies on the time-consuming side. Investor visa programs, by contrast, oblige an applicant to obtain permanent residence first – though does not always entail physical presence in the country – before acquiring citizenship. As such, the fastest programs, in places like Singapore, still take two to three years before a passport is received. In some cases, an increased financial contribution can accelerate the path from residence to permanent residence and citizenship. Under Britain's Tier 1 Investor program, a £2 million investment will buy residence for five years, after which the investor can apply for permanent residence; a £5 million investment will shorten the waiting time for permanent residence to three years, and a £10 million investment will reduce it to two years. The £5 million and £10 million threshold

also decrease the waiting time for citizenship from a minimum of six to five years. In Bulgaria, the differentials are greater: an investment of one million lev (approximately €500,000) will secure permanent residence in one year; an additional investment of one million lev will qualify the applicant to apply for citizenship in the following year – far swifter than the typical five-year minimum residence period. In discretionary economic citizenship streams, the requisite time, if unhindered by formal procedures and application forms, can shrink to the moment of negotiation.

Residence Requirements

Though countries extending discretionary economic citizenship, by and large, do not impose residence requirements, they are common among investor visa programs and citizenship by investment schemes. Yet there is great variation among them. Economically powerful investor visa countries, including Canada, France, and Australia typically impose physical presence requirements to obtain permanent residence and citizenship. The United States' EB-5 program obliges the investor to be present for a least half the time during the first two years; Britain's Tier 1 Investor visa sets the minimum at 180 days every year. Others are less demanding. To retain residence and obtain permanent residence under Latvia's investor visa program, the incumbent must visit the country only one day per year. Bulgaria and Hungary have no physical presence requirements for their investor visa programs that include a fast track to citizenship. Furthermore, residence does not always equal physical presence. In many legal systems, habitual residence or domicile turns on intent (see Rogerson 2000, Shawan 2010). Malta, for example, operates a "light touch" residence requirement for its citizenship by investment program. The one-year obligation can be fulfilled by setting out a plan for developing connections to the island, joining local clubs, and donating to local charities, rather than physically residing on the island for twelve months. Some countries, including Cyprus, maintain no physical presence requirement at all for their citizenship by investment programs. If an investor covers the travel costs of the immigration officials, he or she can be sworn in as a citizen of Saint Kitts or Grenada without setting foot on the islands. Gesturing towards a domestic presence, some countries, including Cyprus and Malta, require investors to maintain a residential property even if they never use it.

Financial Contribution

Investor visa programs and citizenship by investment schemes offer a similar a range of options for making financial contributions. Sumption and Hooper (2014) disaggregate these into two principal types – investment in private sector assets and monetary contributions to the government – though some programs specify a combination of both. Furthermore, most programs are designed for families rather than individuals. They set an economic baseline for the main applicant and add extra fees for each family member, depending on nature of their relation and the individual's age. For example, the Maltese citizenship by investment program requires a €650,000 donation to the government for the main applicant, plus €25,000 each for spouses or dependent children under 18 and €50,000 each for dependent children between 18 and 26 or dependent parents above 55 years.

Private sector assets typically take the form of property purchases, land acquisition, or investment in local businesses. Countries reliant on tourism use property purchases to supplement or refurbish the existing stock of hotel rooms or rental units. A prospective citizen may acquire a condo within a resort, which will rent it out as a hotel room for all of the weeks, or years, the owner is absent. Some countries require evidence of business experience. In most cases, however, involvement can be kept to a minimum. The United Kingdom and United States request only that the investor sign the minutes of the annual board meeting, while private companies take care of the business's day-to-day management. Though an unusual practice, the end investment is not always located in the country issuing the residence permit or citizenship: shell companies can count as a qualifying investment in Singapore. With some exceptions, the investment can be withdrawn after a set period – two years in the United States, for example, and five years in Antigua, Malta, and Canada.

Monetary contributions to the government may be made as a direct donation or through the purchase of government bonds, typically low-yield and held for five years. Direct donations are often channeled to a sovereign wealth fund or a designated national fund, such as the Sugar Industry Diversification Fund in Saint Kitts or the Grenada Island Transformation Fund, for further disbursement to approved infrastructure projects. Direct transfers to government officials are common among discretionary economic citizenship channels, and

typically the expected financial contribution is not clearly defined or fluctuates greatly (see Van Fossen 2007).

In some cases, the investment may turn a profit. In the Caribbean, one might expect a 4% to 5% return on a well-managed property purchased to qualify for citizenship. Industry analysts note that clients are often risk-averse when making citizenship decisions, however (cf. Tanasoca 2016). Government officials in Saint Kitts and Antigua state that approximately 80% of applicants to their programs prefer to donate \$250,000 to public coffers over investing \$400,000 in real estate. As long-term profits are rarely a motive, individuals typically remove their money once the minimum time period expires (e.g. Tseng 2000: 152).

Cashing out also greatly reduces the effective price of many schemes. If an investor in Ireland's Immigrant Investor Program purchases a five-year zero-interest government bond for €1 million, the actual cost of permanent residence can be calculated as the difference between the zero-interest bond and a regular bond and held over the same period – close to €22,000 between 2010 and 2015 (Sumption and Hooper 2014: 14). Financing options are also available for some schemes, including the Canadian Federal Immigrant Investor program, further reducing the amount of money an investor deposits during the qualification period and the overall cost to her. With such practices commonplace, simply multiplying the number of successful applicants by the minimum financial investment required offers a poor estimate of the actual economic benefit to a country.

Indeed, do countries economically benefit at all? The available evidence shows that the impact on large economies is insignificant. An evaluation of Britain's Tier 1 Investor visa found that the direct economic benefits amount to as little as £10,000 per investor over a five-year period (Migration Advisory Committee 2014: 34), leading one assessor to suggest that the country was giving away residence to rich people (Arton Capital and the Global Council on Migration 2014: 44). The United States fares little better. Its EB-5 program generated an estimated \$5 billion in investments over nearly 25 years, whereas foreign direct investment in the United States tops \$200 billion annually (Singer and Galdes 2014: 9-10). The Canadian Federal Immigrant Investor Program and its Entrepreneur Program, which ran from 1986 to 2014, were by far the largest of their kind, with over 190,000 principal applicants and family members acquiring permanent residence visas between

1994 and 2013 alone (Citizenship and Immigration Canada 2003, 2013). The direct contribution to the Canadian economy, however, was far less. Early reports by Ernst and Young and PriceWaterhouse found that only one-third of the businesses were profitable (Ley 2010: 120-1), and that only two-thirds of the new jobs claimed were actually created (Ley 2003: 431). A World Bank auditor described the program in 1999 as a “massive sham” (Mitrovica 1999), and by 2014 it was suspended due to little evidence of significant economic return.

In small countries, the impact of citizenship by investment schemes can be substantial. At public conferences, the Prime Minister of Saint Kitts has declared that the receipts from its citizenship by investment program accounted for 37% of its GDP in 2015, up from 13% in 2013 (see also Xu et al. 2015: 13). In Dominica, economic citizenship brought in an estimated 15% of recurrent revenue in fiscal year 2013/14 – nearly twice that of individual income tax receipts (Skerrit Budget Address 2013: 22). Antigua’s citizenship by investment program generate an estimated \$40 million in 2015, or 15% of government revenues (Browne 2016: 70-1). The IMF projects that Malta’s citizenship by investment program will produce total contributions equivalent to 40% of its 2014 tax intake (Xu et al. 2015: 7). In economies dependent upon imports and defined by tourism, the additional source of funds can offer an alternative to IMF or World Bank loans, though not without risks. Unchecked property development can leave empty towers or large mark-ups for low-quality structures. Secrecy can cover graft and kickbacks. And the investments, if not well managed, may contribute little to the local economy.

7. Emergence of citizenship by investment

At face value, the rise of citizenship by investment programs may seem little more than the extension of neoliberalism into new domains as market principles are brought to bear on formerly sacred spheres. However, such a blunt approach fails to account for the timing and process of emergence. To explain the rise of citizenship by investment schemes requires taking into account transformations within the wider field of investor visa programs and discretionary economic citizenship, as well as the growth of a migration industry structuring and propagating the programs.

The Programs

Though clandestine elements render the history difficult to trace, discretionary economic citizenship spread as a revenue source among small countries from the early 1980s when microstates in the Pacific, including Nauru, Vanuatu, and the Marshall Islands, began selling both passports of convenience and full citizenship to Chinese clients seeking greater freedom of travel and the advantages of tax havens. Between 1982 and 2002, an estimated 14,000 passports of Pacific Island tax havens were purchased for \$4000 to \$50,000 each (Van Fossen 2007: 140-1). Tonga is indicative of the trend. In 1984 the government amended the Nationality Act to grant the king full discretion to naturalize foreigners. Middlemen opened offices in Hong Kong and elsewhere and sold an estimated 8000 passports, largely outside the knowledge of the Tongan Immigration Office (Green 1991). By 1991, an overseas trust fund, outside ordinary public accounting, held over \$20 million in proceeds from the sales in a San Francisco bank account, with reports of much higher figures hidden elsewhere (Drogin 1991, Van Fossen 2007: 143, 144). As information spread, public outrage and unprecedented street protests eventually forced the prime minister to resign. Across the region, the largely secretive sales were defined by ambiguity and absence of background checks – a number of international criminals have been found carrying Nauran and Tongan documents, and thousands of passports remain unaccounted for (Van Fossen 2007: 141-2, 153).

Though the bulk of sales remained in the Pacific, several countries in the Caribbean and elsewhere also joined the ranks of those offering sought-after discretionary economic citizenship. As early as 1983, the Prime Minister of Dominica undertook trips to Hong Kong where she advertised the discretionary authority of the minister holding the immigration portfolio to grant citizenship in exchange for financial investments (South China Morning Post 1983), a practice the country regularized by 1993. Saint Kitts, a year after receiving independence from the United Kingdom, included a channel for *jus pecuniae* in its 1984 Citizenship Act. In some countries, overseas consulates sold passports without the full recognition of the issuing government and unclear interactions among its ministries – a situation that ended in scandal for the Lesotho Consulate in Hong Kong (South China Morning Post 1992). With regulation largely lax, several channels that opened during these years have since closed. Belize, which sold citizenship from 1986, and Grenada, from 1996, terminated their offerings in response to American pressure following

the September 11, 2001 attacks. Ireland, too, opened a pathway in 1989 by broadly interpreting Article 16(a) of its Nationality and Citizenship act to include financial investments as sufficient to fulfill the requirement of “Irish descent or Irish association.” The government did not publically announce the expanded channel or its specifics, and arbitrariness marked implementation (see Handoll 2012: 5). In 1998, it closed the channel following controversy and reports of fraud on the program. As in the Pacific, the sale of citizenship remained a murky business.

In addition to citizenship options, a number of countries opened pathways to permanent residence in exchange for financial contributions. Though some states, such as Australia, have long maintained provisions to facilitate the immigration of entrepreneurs, Canada set the pace when it reworked its Business Immigration Program, opened in 1978, into the Federal Immigrant Investor Program in 1986. Where only a few hundred investors made use of the schemes in the early 1980s (Finlayson 1984: 30), numbers soared to the thousands by the 1990s (Citizenship and Immigration Canada 2003:11). During this time, an applicant with a net worth of CAD\$500,000 could invest a minimum CAD\$250,000 and receive a conditional residence visa which became permanent residence after three years – a status easily achieved by most applicants regardless of the success of their business ventures (Ley 2003). The requirements for citizenship were not lowered for investors – to apply one had to hold permanent residence status for at least four years and be present in the country at least 1095 days. Processing most of the applications were three leading banks: HSBC, the National Bank of Canada, and Laurentian Bank. Within a decade, the United States and the United Kingdom followed suit with, respectively, the EB-5 program in 1990 and the Tier 1 Investor Visa program in 1994, and other countries, notably New Zealand, Australia, and Singapore developed or elaborated programs along similar lines. However, outside Canada, numbers remained small. The Tier 1 Investor Visa and EB-5 schemes typically saw several dozen admissions per year throughout the 1990s. Across the cases, the direct economic impact of the programs remained trivial within the overall economy. In Canada, most participants invested far below the required thresholds and kept their main business interests in Asia (see, for example, Ley 2010: 68-9, 91). In 2012, with a backlog of over 50,000 applications, it placed a moratorium on the program and suspended it in 2014.

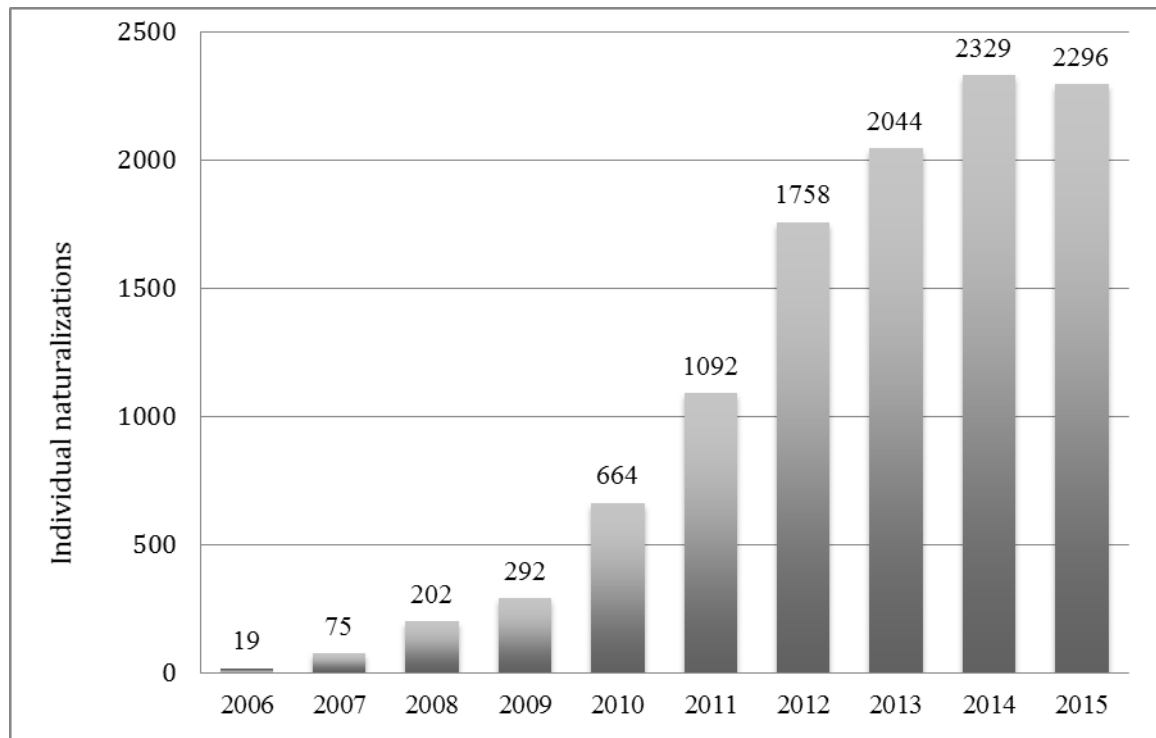
In the early years, Chinese businessmen, predominantly in Hong Kong, but also from China and Taiwan, drove the market in a search for mobility, security, and financial flexibility. In the build-up to 1997, when Hong Kong returned to China, Kowloon became a hotbed of investor migration. Mobility consultancies proliferated, and the specialty magazine *Emigrant*, launched in 1988, saw its circulation soon reach 25,000. Demand was strong, as was return migration. By the early 2000s, an estimated 250,000 individuals holding Canadian passports lived in Hong Kong (Ley and Kobayashi 2005). In Taiwan the transformations were similar as business opportunities, mobility, security, and improved quality of life encouraged individuals to invest in citizenship or residence options abroad. The island saw an annual 20,000 people sign up for the investor schemes by the mid-1990s, with Canada, the United States, Australia, and New Zealand the most popular destinations (Tseng 2000: 150).

The mid-2000s saw a shift in the field of offerings with the crystallization of formal citizenship by investment programs. In 2005, Saint Kitts ended sugar production, its traditional economic mainstay, after the World Trade Organization terminated its preferential access to European markets. With little beyond tourism to procure foreign reserves, the government, under the guidance the Swiss residency planning firm Henley and Partners, expanded its discretionary economic citizenship stream into a formal citizenship by investment program. It established the Sugar Industry Diversification Fund (SIDF), a private entity, for the distribution of government donations; created a list of approved investment options; developed a system for licensing service providers; and required applicants to go through official agents rather than directly to the government. It also contracted Henley and Partners to promote its program internationally in exchange for a commission of \$20,000 for every contribution to the SIDF (Abrahamian 2015: 78-9). In 2006, the firm hosted its first international conference to tout the program, which soon appeared in the pages of the *Economist* and among the financial planning tools on offer at large multinational banks. By 2011, the government established a dedicated Citizenship Investment Unit (CIU), initially under the Ministry of Security and now under the Ministry of Finance, to handle applicant screenings and approvals – a bureaucratic form that would spread across the Caribbean.

The general program structure, too, would become the dominant model. Two investment possibilities are available to qualify for citizenship: (1) a contribution of \$250,000 to the

SIDF, or (2) the purchase of \$400,000 in approved real estate projects, in addition to approximately \$60,000 in processing fees, contingent on the number of family members naturalizing. In 2009, the country gained visa-free access to the Schengen Zone, which proved a great boon to the program. Thereafter a Kittitian passport would allow its bearer smoother mobility within Europe than a Russian or Chinese equivalent. Financial planners began pairing Kittitian passports with Canadian investor visas to guarantee their clients easy access to Europe while they waited for citizenship in Canada, and to great financial success. In 2006, program receipts constituted about 1% of the country's GDP; by 2015 the figure rose to 35%, with processing fees alone averaging 7% of GDP – outstripping manufacturing at a mere 5% (Abrahamian 2015: 80). The steady growth over the past decade dropped slightly in 2015 after Saint Kitts lost visa-free access to Canada following a scandal involving diplomatic passports. Since then the government has declared the scheme back on track.

FIGURE 1. SAINT KITTS:
ANNUAL NATURALIZATION FIGURES FOR ECONOMIC CITIZENS



SOURCE: The Prime Minister's report to the National Assembly, January 26, 2016.
<http://sknis.info/pm-harris-reports-to-parliament-number-of-passports-issued-under-cbi-programme/> (accessed on January 30, 2016).

The program, championed by service providers, has spread quickly in a region of microstates with little economic base beyond tourism. Antigua, initially under the guidance of Henley and Partners, followed the Kittian model in 2013, offering a similar array of options: \$250,000 to a national development fund, \$400,000 invested in real estate, or a pooled investment of \$1.5 million in a local business. According to government officials, the country naturalized around 500 economic citizens in 2015. Processing applications are thirty local service providers, licensed yearly, while an international due diligence firm carries out background checks. As in Saint Kitts, the government channels real estate investments into one of forty approved development projects. In 2013, Grenada established a similar program, requiring a \$200,000 donation to a government trust or a \$500,000 investment in real estate. By 2014, Dominica reformed its long-standing economic citizenship channel to offer a range of comparable options, and Saint Lucia began a program in 2016. Across the region, a key selling point has been visa-free access to Europe, which Saint Kitts and Antigua acquired in 2009, and Dominica, Grenada, and Saint Lucia in 2015.

The Mediterranean has also become a center for sales. In the early 2000s, Cyprus offered economic citizenship on a discretionary basis for around €25 million. From 2007, however, it shifted to a formal citizenship by investment structure, lowering the price to €15 million, then €5 million, to arrive at a current €2.5 million to obtain Cypriot passports for an entire family. Investors may place their money in bonds, real estate, or businesses, among a package of options, and are though no physical presence is required, investors must maintain a residence worth at least €500,000 to retain citizenship. Following the financial “haircut” in 2013, Cyprus also offered those who lost more than €3 million the opportunity to apply for citizenship. International banks typically carry out the due diligence checks on the applicants. With around 200 petitions, representing individuals or families, approved each year, the country sees the highest demand from Russia. In contrast to similar cases, the government has developed and transformed its policy with minimal intervention from service providers. Yet it hasn’t escaped criticism from members of the European Union, an outcome shared with Montenegro, though with different results. In 2010, the Balkan country opened a legal channel to establish a program, but came under such pointed reproach from the European Commission that it has been left largely unused (see Dzankic

2012b: 14-16). The Montenegrin government has, however, begun dialogues with key service providers about possibilities for structuring a formal scheme.

Malta, too, faced similar challenges when introducing its program. In 2013, a newly elected government resolved to develop an economic citizenship pathway and awarded the contract to Henley and Partners. The initial design was streamlined: investors could apply for citizenship based on a donation of €650,000 to a government fund and with an approximate processing time of six months. However, sharp criticism within the European Commission and European Parliament, as well as concerns over conflicts of interest when carrying out due diligence, led to a substantial reformulation of program requirements. In addition to the government donation, economic citizens under the revised scheme must buy or rent property of a minimum value, as well as invest in a government-approved local enterprise, bringing the total price to around €1.2 million for each main applicant, alongside a one-year waiting period for naturalization. Even with the adjustments, the program, limited to 1800 main applicants and expected to generate over €1 billion, has since far exceeded its initial expectations of 100 to 200 new citizens each year: within the first 18 months the government approved 600 applications. With this program, touted as the only one “approved” by the European Union, formal citizenship by investment programs entered the political mainstream.

The Industry

The rise of citizenship by investment programs cannot be disentangled from the growth of the industry around them because feedback effects facilitate their mutual elaboration. In most migration streams, middlemen play a crucial role, but in the case of citizenship by investment programs, it is middlemen producing policy and advertising opportunities that have driven the programs forward thus far. Around them has formed an interconnected industry of private actors facilitating and profiting from economic citizenship streams.

Standing at the center are the dominant consultancies with core business interests in residence planning. Henley and Partners, a long-standing firm in Europe-based residence planning, made the shift to citizenship by investment programs in 2006 when it restructured Saint Kitts’s offering. Shortly thereafter, Arton Capital transitioned from private wealth management to specialize in global residence planning and become its main competitor.

Since 2012, they have been joined by the smaller but growing CS Global, which has also won contracts with governments. Rapidly expanding over the past decade, the two giants currently count between 15 and 20 offices worldwide, alongside real estate and wealth management divisions or partnerships. The result is one-stop shopping for clients looking to diversify their citizenship and residence portfolio. The dominant consultancies also fund global marketing campaigns, host large conferences, advertise in airline and business magazines, publish “global citizen” magazines, award “global citizen” prizes, and donate to social causes. In recent years, refugees have been taken up as a pressing issue and fitting counterbalance to the mobility in easy reach of the wealthy. Much of the work of these firms, thus far, has been to raise the profile of the programs on offer, connecting clients to governments.

The dominant consultancies have played a key role in structuring the industry itself. They advise governments at all stages in policy development, from commenting on reforms to producing draft legislation. Indeed, Henley and Partners has created a government advisory practice that focuses exclusively on state consultations. A number of governments, including those in Saint Kitts, Dominica, Grenada, and Malta, have awarded contracts to the dominant service providers that extend commissions for each application approved in exchange for advertising and publicity. The firms have also lobbied on behalf of governments to increase the number of countries offering visa-free access (see Abrahamian 2015: 79-80). Concerned to preserve the programs and their key source of profit, the main service providers have backed the foundation of standards boards to regulate the industry, resulting in two non-profit organizations launched in 2014: the Global Investor Immigration Council (GIIC) and the Investor Migration Council (IMC). Taking the Society of Trust and Estate Practitioners (STEP) as a model, the boards follow industry patterns, offer professional development and networking opportunities, and promulgate a code of ethics within the industry.

Beyond the dominant consultancies lies a large and diverse field of additional service providers working in residence planning. At the upper end in size and scale are global accounting firms and international banks, such as PricewaterhouseCoopers, HSBC, and KPMG, which may advise clients about citizenship programs as part of structuring their wealth and lifestyles. Below them lie legal agencies and personal wealth management firms that offer citizenship by investment and investor visa options along with a range of other

services. In addition – and far more numerous – are agencies that specialize solely in migration services. These may be based solely in the countries of “origin” or countries of “destination,” or have a transnational spread with branch offices in key service areas. They may also operate as one link in a supply chain of agencies. Though global mobility is their economic mainstay, these smaller outfits do not shape the industry in the same way as the dominant consultancies.

As more governments launch citizenship by investment programs and as more actors become invested in the industry, the stakes of due diligence have increased proportionately. Even in the absence of due diligence firms, vetting – formal or informal – occurs on at least two occasions: the service provider decides whether or not to take on a client, and bureaucrats decide whether or not to approve an application. Since 2011, however, both governments and larger service providers have moved background checks out-of-house to minimize conflicts of interest and improve legitimacy. The third-party due diligence companies, which also investigate the financial industry, typically have international offices and a regional presence to provide, what they term, “boots on the ground” for more thorough investigations. The trend in recent years has been to adopt vetting standards common in the United States, United Kingdom, and Canada to hedge against pressure from regional powers.

Implementing the investment are businesses of two sorts: property firms and management firms. As all countries with citizenship by investment programs currently offer a property component, real estate developers are closely involved with the programs. They aggregate investments to increase or update the stock of hotel rooms and condominiums – an advantage in countries where financing and bridging loans are difficult to obtain. For countries with business investment options, management firms will create and run companies for investor citizens based on their interests and experience. At the extreme, the “entrepreneurial” activities of the individual investor are limited to merely supplying the capital for the venture.

Connections are common among all of the above businesses types, which are often linked through contracts and commissions. In the search to secure investors, developers enter into agreements with service providers, which subsequently offer clients a narrowed selection of property investments they find the most promising. For their part, developers might

advertise citizenship as a bonus added to the venture. Local service providers may conclude agreements with the dominant consultancies that pledge to channel clients through their offices. The chains of service providers, joined through contracts, may stretch across countries and through global hubs. These legal relationships reach to the top, with governments awarding contracts to service providers and commissions for attracting business. Not all players in the industry enter into mutual agreements, but most established businesses do. The contracts encourage a degree of predictability and resilience, and raise the communal stakes in issues of legitimacy.

8. Field dynamics

Citizenship by investment programs emerged within an organizational field (DiMaggio and Powell 1983) of related schemes at a distinct historical juncture. The key dynamics can be specified as follows.

Environment

The spread of discretionary economic citizenship paved the way for formal schemes by providing service providers, working alongside governments, with channels they could retool into more transparent programs as both parties looked to capitalize on increased sales. Investor visa programs, diffusing among core countries and beyond, regularized residence planning for the emerging mass affluent and high net worth individuals (HNWIs). Banks and wealth managers quickly took to them as a means for structuring mobility and personal finances. Within this field, citizenship by investment programs could be offered alongside investor visas – and even paired with them – to maximize mobility and flexibility.

Demand

Criminals, corrupt officials, and shady financiers have long sought new passports, but their numbers alone are not sufficient to account for a now booming demand for multiple citizenships. Driving the call for *jus pecuniae* is the generation of new wealth outside the global core. Demand clusters in three regions: China, former Soviet states, and the Middle East. The mainspring was Hong Kong, where the combination of freewheeling capitalism and the uncertainty associated with the handover to China in 1997 produced a moneyed yet

possibly immobile elite seeking to hedge its bets and secure its future. Taiwan's economic take off in the early 1990s, as it shed authoritarian rule and posted 7% growth rates, buoyed demand across the decade. This was no match, however, for the capitalist transformation of China, where substantial growth produced an explosion of mass affluent and high net worth individuals, unsure about their safety within the country, on a numerical scale unmatched elsewhere. Russia and the former Soviet states, where commodity wealth, state privatizations, and financial turbulence defined the shift from communism to capitalism through the present, also saw new wealth paired with "bad passports" and uncertainty about the ruling regime. War, oil, trade, and sanctions in the Middle East generated a third regional center of wealthy individuals in search of security and mobility. The end of the Cold War and the "triumph" of capitalism have resulted in new configurations of wealth and inequality, outside traditional core states, that continue to produce clients for economic citizenship programs. Were source countries able to negotiate the same visa-free access and mobility options that Germany – particularly as part of the European Union – offers, demand would fall. Yet it would not end entirely. The draw of inheritance benefits, access to schools, business ownership rights, as well as the "insurance policy" that a second passport offers, would continue to sustain the desirability of programs (see Ley 2010: 76-83, Kálin 2014: 56-8).

Supply

The combination of discretionary economic citizenship channels and investor visa programs, fueled by the growth of new wealth outside the global core, created a propitious environment for residence planning agencies to structure formal citizenship by investment programs. Henley and Partners was the first, refashioning Saint Kitts's discretionary economic citizenship channel into a formal program, which became the model for others – both countries and service providers – to follow. Dominant consultancies, working closely with small countries, have driven the development of programs, sometimes taking over functions, such as vetting and advertising, otherwise difficult for resource-poor microstates. Not only do they drive growth within countries as they draw in clients, but they also back the introduction of programs to new countries instructing states on how to build programs. The lingering effects of the 2008 financial crisis, amplified for small countries dependent on tourism, have created interested audiences within a number of governments. As formal citizenship by investment programs spread, they feed into – and are fed by – the expansion

of an increasingly complex industry of real estate developers, personal wealth advisers, business managers, and chains of suppliers.

Opposition

The proliferation of citizenship by investment schemes has not gone undisputed. As discussed above, regional players like the European Union or United States have actively pressured countries, either closing down programs or forcing their revision. Challenges can arise within states as well. Opposition parties often liken the programs to cash cows for the party in power, and the local media may attack governments for carelessly prostituting the nation or siphoning funds from the programs. In election years, economic citizenship programs are always a hot-button issue. Yet despite several regime changes in recent years – the opposition won elections in Grenada in 2013, Antigua in 2014, and Saint Kitts in 2015 – no newly elected party has implemented pre-election promises to end the programs that have become a vital source of revenue. Public opinion ranges from critical to supportive, but in none of the states have mass protests of the sort witnessed in Tonga emerged.

Legitimacy

The rise of formal citizenship by investment programs has seen a proportionate increase in the concern for legitimacy, which cannot yet be taken for granted by the industry actors or governments invested in them. For minor islands without differentiated economies, the stakes are high, as the revenue from naturalizing a few hundred or a few thousand economic citizens yearly can contribute a significant proportion of the national budget. Yet the value of the product is, in large part, determined externally. Thus the legitimacy of the programs in the eyes of Global North takes on critical importance for both governments and service providers profiting from sales. Legitimacy concerns have led dominant service providers to advance regulatory boards, while governments have outsourced due diligence. In 2015, the Caribbean countries with investor citizen programs began meeting at a regional level with “stakeholders,” including representatives from the United States, United Kingdom, Canada, and the IMF, to share best practices and discuss strategies to sustain the schemes over the long term. A concern with image has followed suit. In a growing market of competitive offerings, countries now brand their programs – Malta as an exclusive haven, Antigua as the home of 365 beaches, and so forth. The result is programs that no longer

operate “discreetly” (cf. Shachar and Hirschl 2014: 234) or “in secret” (cf. Joppke 2010: 18), and that are a far cry from “brute and unfettered cash-for-passport exchanges” (Shachar and Hirschl: 246). Citizenship by investment programs have become routinized.

9. Discussion

The rapid spread of citizenship by investment programs since 2013 is striking. What are the implications for citizenship in general? *Jus pecuniae* and its manifestations are best understood not as aberrations within citizenship regimes, but as opportune sites for exploring ongoing transformations that often go unnoted. The discussion below develops four ways that a consideration of citizenship by investment programs can destabilize some common assumptions about citizenship or draw attention to reconfigurations reaching beyond it.

(1) Citizenship and Strategic Action

Citizenship has long held a quasi-sacred status. The rise of the nation-state as the predominant political form saw governments and populations strengthen their mutual “embrace” (Torpey 1999), conveying and returning identity, responsibility, privileges, and duties. In the early twentieth century, laws armored the singularity of the relationship: women marrying foreigners were denaturalized and matrilineal citizenship inheritance was prohibited, diminishing the risk of children born with two nationalities. Taboos did so as well. Diplomat George Bancroft likened dual citizenship to polygamy; Teddy Roosevelt called it a “self-evident absurdity” (see Spiro: 2008: 61). The League of Nations even established committees to deal with multiple citizenships as a great threat. Yet in the past decades, these once rigid legal and normative prohibitions have become far more flexible. Tracing the spread of dual citizenship legislation over time, Sejersen (2008) observes that the number of countries tolerating multi-nationalities has increased more than ten-fold since 1959, and doubled since the 1990s. In a recent survey of over 100 countries, Faist and Gerdes (2008: 531) found that 51 allowed dual citizenship and 58 took a restrictive approach to it. Dual citizenship is rapidly becoming the new normal.

If dual citizenship once evoked the menace of divided loyalties, now it yields options. Even as the rewards of formal membership are diminishing, individual with multiple citizenships have more choices than others. Multizens can negotiate among the discrepancies in the rights and privileges that different citizenships afford to select the option that best fits their needs – a sort of “citizenship à la carte” (Fitzgerald 2006, 2009; see also Bauböck 2010). Turkish-American dual citizens may strategically maneuver between the two countries to avoid military duty and improve their tax status and education possibilities (Balta and Atlan-Olcay 2015); middle-class Argentine-Italians might leverage a second passport to improve travel and labor market access. This flexibility allows those with multiple citizenship to more deftly adjust to changing economic and political circumstances (Cook-Martín 2013). The same holds for sending countries, which can extend or augment expatriate citizenship to boost their capacity for achieving economic and political goals (Fitzgerald 2006).

These trends are both consequence and cause of the thinning of citizenship. No longer a critical axis of identity, no longer the privileged source of rights and benefits, no longer imposing substantial duties, state membership – drawn in the starkest terms – has transformed into “Citizenship Light” (Joppke 2010: 29, see also Spiro 2008). Where T. H. Marshall (1950) charted the progressive “thickening” of citizenship through a cumulative enrichment of rights, the direction of development is now inverted. *Jus pecuniae*, in its current form, represents the most recent stage in citizenship’s “thinning.” The rights investor citizens claim are those of the most limited sort: foremost travel, possibly tax and inheritance benefits, and perhaps residence. Increasingly, citizenship is a tool, both for states seeking to embrace possibly profitable populations, and for migrants leveraging options at both ends of the trajectory of travel in transnational fashion (e.g. Ong 1999, Cook-Martín 2013). Economic citizens are a part of this trend, if a privileged tier within it. Indeed, many HNWIs purchase combinations of citizenship and permanent residence in two or more countries – Latvian permanent residence while waiting for British citizenship, or Kittitian citizenship with permanent residence in Canada – to expand their range of options still further.

Yet even lightened citizenship has not lost all color. Sacred or moral elements may soften the dominant pragmatic and instrumental orientation. Antigua requires an oath sworn in its capital city. Malta includes a citizenship ceremony. In his promotion speeches, the Prime

Minister of Saint Lucia declares his hope that new economic citizens will develop a genuine connection with the island. Residential property, even if unvisited, can serve as a symbolic base in a country. Indeed, Malta added this component, along with a demonstration of effective ties, in the face of European Commission criticism that citizenship acquired in exchange for merely a financial donation debased European membership. The industry, too, is replete with moral justifications for instrumental action, whether poignant images of proud clients embracing their new countries or the global flight to facilitate freedom where walls block mobility, for HNWIs and refugees alike. But overall, it is instrumental rather than affective action that structures many citizenship choices – and not only for the global elite. Memberships have their privileges.

(2) Citizenship and Territory

Conventionally, to naturalize as a citizen one must first move to the prospective country – a requirement that holds even for the foreign spouses of nationals. It is perhaps unsurprising that physical presence is indispensable given that the modern state developed as a “bordered power container,” encaging or embracing its population (Giddens 1985: 119-21; see also Mann 1993, Taylor 1994, Ruggie 1993). Indeed, territorial presence has been so vital that until the 1960s, naturalized Americans who moved abroad for more than five years could lose their American citizenship – a fate that befell nearly 20,000 individuals before the Supreme Court intervened (Weil 2013). Wilhelmine Germany did the same after ten years (Gosewinkel 2001), and Mexico kept similar clauses until its revolution (Fitzgerald 2006). Citizenship by investment schemes retain the territorial component, but reconfigure it. In most cases, it’s not the person, but her money that that must be resident for a defined period, ideally contributing to the economy in the same way that labor might. Indeed, the presence requirement, even if financial, is far stricter than the expectations of numerous programs for naturalizing the descendants of co-ethnics or former state members. Many such schemes – which affect far greater numbers than economic citizenship programs – relinquish physical presence requirements entirely. An Argentinian needs never have been (nor ever to go) to Italy to become an Italian citizen, and the same holds her parents, grandparents, and great-grandparents, as long as one male in the lineage was once Italian. On such occasions, the state embraces individuals outside its territory to reinforce its capacity for achieving economic and political projects within it (Fitzgerald 2006: 105). If the modern state is both a territorial organization and membership organization (Brubaker 1992: 21),

at least in ideal typical form, a disjuncture between the two may be increasing at the edges as states strive to draw into their ambit, though not always not their territory, desired populations.

What do economic citizens acquire in exchange for their financial contributions? Conventional accounts reduce the benefits of citizenship to the rights it brings within the granting state. However, consideration of citizenship by investment underscores the often-ignored benefits it furnishes outside the country. Indeed, such extra-territorial privileges are one of the strongest draws for economic citizens. Regional alliances and bilateral agreements are the great drivers of these extra-territorial benefits. Formed to encourage the free flow of capital and goods in the first instance and labor in the second, these federation-like clubs grant rights and privileges to mobile individuals by virtue of membership, not in the region, but within a constituent country. International law guarantees an additional extra-territorial right: the right of entry into the home country. For those seeking exit insurance, citizenship secures a destination.

As the proportion of the world's population crossing international borders steadily grows, and as regional and bilateral agreements proliferate, the significance of extra-territorial rights increases too. What is the upshot for citizenship? Extra-territorial citizenship is Roman, not Athenian. The political participation that Aristotle extolled is increasingly episodic, and fades over time for those who are absent (Fitzgerald 2006). Distance presents difficulties for participating in civic life when a citizen is away, and laws may prevent it as well – slightly under half of all democracies do not allow citizens living abroad to vote (Ellis et al. 2007: 12-13), and it is common to forbid running for office from outside a country (Barry 2006: 51). *Civis romanus sum* – the apostle Paul's plea for trial in Rome – is the essence of citizenship by investment. To be a citizen of Rome did not hinge on participation in the rule of the polity, as it did in Athens; it was a privileged legal status, and just one of many in a multiplex empire. Furthermore, Roman citizenship was akin to a "possession" of the person and therefore transportable, following the individual across the imperial domain (Pocock 1995). Its bearer was a member of a community of law and subject to those laws, and could invoke them even when away: jurisdiction, rather than democracy, stood at its core. It is this version of citizenship that is ascendant in the contemporary world. *Legalis romanus* is not a *zoon politikon*, but in an age of de-democratization even among the non-mobile population (Mair 2013, Streeck 2014), it can

be argued that political animals are already a species in decline. Investor citizens epitomize the shift away from Athenian conceptions of citizenship to a more Roman version: a territorial yet portable legal privilege.

(3) Citizenship and Inequality

Citizenship by investment programs provide an opening to reconsider questions of inequality that exceed the interrogation, though important, of how the wealthy buy privilege. For scholars of citizenship, a focus on inequality is hardly new – its stretches back to T. H. Marshall's (1950) agenda-setting analysis of political membership and social class. Consideration of citizenship by investment programs, however, reminds us that it's not merely inequalities within states that matter. Disparities between states also play a crucial role in producing the value of citizenship (see also Cook-Martín 2013, Tsuda 2001). Not all countries are equal and neither are all citizenships, and it's these differences that transform citizenship into a preferred product for both wealthy consumers and small-state producers. The implications of this observation go beyond the well-known story of that global inequality fuels migration. Were, for example, China to negotiate visa-free access to as many countries as Canada, a substantial portion of the present consumer base would be lost.

Demand for additional passports will remain as long as countries outside the global core continue to produce wealthy citizens looking to improve their mobility or for an insurance policy against their own government. Microstates too, with few alternative revenue sources, will continue to turn to citizenship options, particularly as international pressure on financial products and tax services mounts. Even a small state has jurisdiction to capitalize on. But because the value of citizenship as a commodity is set outside the country selling it, regional or bilateral alliances, in addition to the sanction of core states, are essential for these channels to retain their value. These relations are not irreversible, as Saint Kitts learned in its dealings with Canada. Should the United Kingdom exit the European Union or the Schengen Zone break up – scenarios no longer difficult to imagine – the use-value of economic citizenship in small countries linked to them will drop. Of course the loss of visa-free access is not just a problem for the viability of such programs; it directly affects all citizens, economic or not. In Caribbean countries, with large diaspora communities in the Global North, international travel is common, but the risk and expense of applying for

visas can be forbidding for many. As such, the costs for the local population can also be high if visa-free access is compromised. Recognition of external – geopolitical and politico-economic – determinants of the appeal of citizenship as a commodity, as well as their attendant risks, is crucial for understanding the limits and dynamics of the market for citizenship products. After all, citizenship, as both an instrument and object of social closure (Brubaker 1992), is a means of exclusion. It is inequality rather than equality that defines the worth of citizenship – whether economic or not.

(4) Citizenship and Third-Party Actors

Though citizenship policy may appear to reflect unique national circumstances, it is not produced in a vacuum. Legal scholars formulating nationality laws look to other countries to select and emulate the most workable formulations (Weil 2002: 173-93, Kashiwazaki 1998). Ideological imperatives can influence their decisions (Joppke 2003), and they may respond to treaty provisions, demographic challenges (Weil 2001, Cook-Martín 2013), and even racist directives (Gosewinkel 2001). Still, at its core modern citizenship concerns the constitution of sovereignty: it connects the individual to the state that rules in her name. As such, it may be surprising to find that foreign governments and private firms can affect citizenship law. If such interventions have been long observed in immigration policy, their presence has been less – or largely unmentioned – in the domain of citizenship. Yet these two actors have played decisive roles in the formulation and spread of citizenship by investment programs.

For foreign governments, the interventions have been largely reactive and revisionist: the United States and the European Union have successfully pressured countries to end discretionary economic citizenship channels or to amend citizenship by investment programs. The intercession is logical given that it is access to core countries – not microstates – that many investor citizens seek. Though CARICOM holds fifteen votes in the United Nations, and Malta and Cyprus possess full veto privileges in the European Union, regional giants continue to hold sway over the islands on their periphery – enough to compel microstates to strike or rewrite citizenship laws, even in the absence of legal dictate. Cook-Martín (2013: 12) proposes that citizenship policy formation should be situated within an international political field marked by competition, cooperation, or synchronicity among states. To this array one might add hierarchy and hegemony.

Since their inception, citizenship by investment programs have been inseparable from their key service providers. It is they who advertise the programs, drawing the attention of HNWIs and wealth planners abroad, and they who connect a broad array of businesses involved in economic citizenship into a networked migration industry. If it is common for private actors to implement immigration policies (Surak 2012, Surak 2017, Menz 2012), their involvement in economic citizenship goes much further than airlines checking passports or security firms running detention centers. Here we find dominant consultancies intimately involved in formulating law. Indeed, they lay behind the creation of formal citizenship by investment programs in the first place as they worked closely with governments drafting policy and designing programs. With legal templates and best practices in hand, these firms have promoted the spread of citizenship by investment programs to new countries, capitalizing on structural inequalities in the world system. The exception among countries offering citizenship by investment programs is Cyprus, which created its own program relatively independent of the dominant consultancies. Given that Cyprus, with a population of 1.2 million, is not a microstate, the outcome is not surprising.

The result goes beyond the client politics often involved in immigration policy formation (Freeman 1995), and is more akin to the close relationship between Washington policy makers and K Street, where think tanks and lobbying groups, to an ever greater extent, produce policy blueprints for lawmakers to implement whole cloth. The outcome is a specific form of “private ordering” whereby private actors generate templates that governments adopt and then subsequently delegate to private agencies to implement (Schwarcz 2002). With recent elaborations in *jus pecuniae*, citizenship too has become subject to the growing field of private actors shaping and implementing policy.

10. Conclusion

A number of principles, beyond blood and soil, now determine how citizenship is obtained. Examination of *jus pecuniae*, or the acquisition of citizenship in exchange for financial contributions, lends insight into the dynamics structuring the marketization of political membership. Theoretically, this article has explicated the principal characteristics of citizenship as a commodity. The state is simultaneously the key market regulator and the

sole producer and end-seller of the product, a configuration that generates conflicts of interest and a drive to outsource monitoring when external legitimacy becomes a concern. Furthermore, the use-value of citizenship is determined along two vectors: the benefits secured within a state and those secured outside it. The extra-territorial privileges, often overlooked in conventional engagements, furnish third states with leverage over citizenship products.

Empirically, the analysis has revealed far greater complexity than the mere “brute and unfettered cash-for-passport exchanges” (Shachar and Hirschl 2014:246) would suggest. The rise of citizenship by investment can be explained only by disaggregating the field into attendant products proffered by a differentiated industry of linked service providers that develop and promote programs. The spread of discretionary economic citizenship channels supplied the material that service providers could retool into formal programs they offered to the increasing population of wealthy individuals in the Global South. The growth of investor visa schemes in core countries regularized migrant residence planning, which enabled service providers to place the investor citizenship programs of microstates alongside them – even combine with them – as legitimate options for structuring wealth and lifestyles. Dominant consultancies achieved their commanding position by developing policy templates for countries, and by knitting together a diverse set of actors into an economic citizenship industry that has fueled the remarkable spread of programs in recent years.

Understanding these developments sheds light on the major shortcomings of both the economic literature touting the efficiencies that might arise from using markets to allocate citizenship, and the engagements of political and legal theorists concerned that the sale of citizenship will undermine democracy. Moving beyond the immigration bias of these approaches, the empirical account developed here establishes that economic citizens are not seeking to move to and settle in their new country of citizenship; nor are profits a central motive (cf. Tanasoca 2016). Rather they attempt to leverage the extra-territorial benefits they receive in third countries by dint of their new membership.

The analysis of *jus pecuniae* provides several important revisions to common understandings of citizenship. Conventional accounts regard citizenship solely in terms of the rights it gains incumbents within a state. In contrast, citizenship by investment throws

into relief the privileges it secures outside a state. Although citizenship attribution is typically deemed a fundamental sovereign right, this extra-territorial dimension provides foreign states with leverage over citizenship programs. The analysis illuminates two ways that third parties wield influence over citizenship policies. International service providers proactively craft policy templates and advise governments, pushing the industry forward, whereas core states and regional alliances wield reactive influence over the design and implementation of programs. As such, citizenship policy is more susceptible to external influence than often recognized. To the growing literature on migration industries, the outcomes show that not merely immigration policy, but citizenship policy too is subject to the broader trend towards public-private partnerships.

Finally, the analysis underscores the pivotal importance of inequality and strategic action for citizenship today. Global inequalities define the terrain for *jus pecuniae*: they structure the demand of HNWIs for these programs, the supply of countries offering the programs, and the use-value of additional passports in the first instance. As such, to understand its dynamics fully, citizenship cannot be examined in isolation or even through simple comparison, but must be situated within a broader geopolitical context. Overall, the findings are consonant with the literature on the thinning of citizenship from an identity-laden singular relationship with a state imposing duties towards a strategically leveraged legal status guaranteeing rights (Joppke 2010; see also Spiro 2008, Fitzgerald 2006). It is a Roman rather than Athenian vision of membership that is ascendant.

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