

# Global Mobility Corridors for the Ultra-Rich. The Neoliberal Transformation of Citizenship



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The problem with investment citizenship ain't that it is for sale, the problem is global inequality. Citizenship-by-investment schemes do not themselves produce injustice but they are unjust because they build on pre-existing large disparities in the world: If all countries were equal in living conditions would the scheme be objectionable? If the answer is no, as I think it is, then the source of injustice is global inequality rather than policies that do not themselves produce injustice.

In the real world, however, citizenship-by-investment together with similar schemes for residence opens global mobility corridors for the ultra-rich. In what follows I discuss how investor citizenship impacts on international migration and how it alters the institution of citizenship. I end by calling for more systematic analysis of the political conditions under which this transformation of citizenship has come about.

From an international migration perspective citizenship-by-investment is a means for opening borders, even if only for very few affluent individuals (and their families). In abstract terms, the logic is the same as with the different competitive schemes for high-skilled migrants. The latter use talent, reputation, skill, work experience, previous salary and even age as proxies for admitting only those who can make an important contribution<sup>1</sup>. So do investors through their investments. The two schemes are also similar in their consequences: they both immobilise the less well-off individuals. The twin phenomena of global competition for the worlds' best and brightest and for the richest correspond to the nationalisation of poverty and the confinement of less well-off citizens within their national borders. For me, this indicates that the questions the scheme raises are indeed about global social justice and it is this problem on which states need to focus their efforts.

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<sup>1</sup> Shachar, A. (2006), 'The Race for Talent: Highly Skilled Migrants and Competitive Immigration Regimes', *New York University Law Review* 81 (1): 148–206.

Here is one qualifier: many citizens of the rich countries benefit from similar privileged access to citizenship or residence in less developed countries around the world. They call themselves expats instead of migrants and often need not go through the normal immigration route. A basic state pension from the UK, for instance, can make one a particularly well-off person in the Global South. The citizenship-by-investment scheme just mirrors a worldwide state of affairs, but it is more visible because of the high threshold of capital needed for access. The fact that this matter has only now entered the citizenship debate indicates how heavily theoretical and ethical debates build on Western cases.

My second remark has to do with the profound transformation of the institution of citizenship. My point here is that citizenship-by-investment largely contradicts the very recent efforts of states to re-substantiate citizenship through tests and integration requirements (see the earlier debate hosted by this Forum<sup>2</sup>). Waiving these requirements for the ultra-rich raises serious doubts over the credentials of the previous citizenship reforms and states will need to justify why civic knowledge and other integration requirements are needed or useful and provide proof that they are something more than a filter to make immigration more selective.

The third point has to do with the fact that using capital as the sole condition for citizenship for investors (waiving requirements such as residence, language skills or ancestry) departs from traditional foundations of (national) citizenship which tended to privilege cultural and social ties. It also marks a break with the historically younger project of social citizenship which went in the opposite direction and sought to incorporate the economically disenfranchised into the citizenry<sup>3</sup>. As Peter Spiro argues in

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<sup>2</sup> Bauböck, R. & C. Joppke (eds.) (2010), 'How Liberal are Citizenship Tests?', *Robert Schuman Centre for Advanced Studies, EUDO Citizenship Observatory Working Paper 2010/41*, Florence: European University Institute, available at [http://cadmus.eui.eu/bitstream/handle/1814/13956/RSCAS\\_2010\\_41corr.pdf?sequence=3](http://cadmus.eui.eu/bitstream/handle/1814/13956/RSCAS_2010_41corr.pdf?sequence=3).

<sup>3</sup> See Marshall, T. H. (1973 [1950]), 'Citizenship and Social Class', in *Class, Citizenship, and Social Development*, Westport, CT: Greenwood Press; Soysal, Y. (2012), 'Citizenship, Immigration and the European Social Project: Rights and Obligations of the Individuality', *British Journal of Sociology* 36 (1): 1-21.

his contribution, with this revision citizenship aligns itself with other neo-liberal and free market-inspired developments. However, such withdrawal of the state and the advancement of the free market in the traditional sphere of state sovereignty still need to be better explained rather than just diagnosed.

In the case of citizenship-by-investment, we need to understand better whether this was a supply or demand driven policy change, what stakeholder alliances lobbied for this policy, what channels they used, who set the price tag (for an overview of varieties of citizenship- and residence-by-investment programmes across the world see Barbulescu 2016), and what arguments persuaded political elites to implement it. Neoliberalism does not spread like the flavour of a bag of tea in a cup of water: it needs promoters and legitimisation that will align support against other competing paradigms, especially in citizenship policies where there are strong path-dependency dynamics. These are important questions because citizenship-by-investment departs from citizenship traditions everywhere, because such policy revisions are largely unpopular and may have a high political cost and, not least, because they de-legitimise the very existence of state bureaucracies administering citizenship for the ultra-rich. With naturalisation becoming a transaction over-the-counter, the organisation that implemented it partly loses its purpose.

So why is it important to understand how citizenship-by-investment has come about? Because of its large impact on an essential political institution and its success in carving out global mobility corridors through entangled states.

One final note: As several states have already implemented citizenship-by-investment schemes, states should quickly lose their naivety about investors as do-gooders. Those schemes that – unlike Malta’s – rely on investment rather than direct payment should check that the capital is indeed invested. The UK, one of the first states to introduce Investor Visa (with a price tag of £ 1 million or a bank loan from an UK financial institution and personal

assets worth 2 million) recently revised this policy as it came to its attention that investors used the capital for investment as security to back up loans and that investments were placed in offshore custody<sup>4,5</sup>.

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- <sup>4</sup> UK Border Agency (2013), *Guidelines Tier 1 (Investor)*. Available at <http://www.ukba.homeoffice.gov.uk/sitecontent/applicationforms/pbs/tier1investor-guidance1.pdf>, p. 1; revision HC 760 came into force in December 2012; see also Nathan, M., H. Rolfe & C. Vargas-Silva (2013), 'The Economic and Labour Market Impacts of Tier 1 Entrepreneur and Investor Migrants', *Report to the Migration Advisory Committee*, available at [www.ukba.homeoffice.gov.uk/sitecontent/documents/aboutus/workingwithus/mac/economic-research.pdf](http://www.ukba.homeoffice.gov.uk/sitecontent/documents/aboutus/workingwithus/mac/economic-research.pdf)
- <sup>5</sup> Barbulescu, R. (2016) *Investment Migration in the World*. IMC Geneva <https://investmentmigration.org/investment-migration-in-the-world/>