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Many Countries in the European Union Allow Individuals to Purchase Citizenship. Such 'Investor Citizenship' is Unfair and Discriminatory

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Many countries in the European Union allow individuals to purchase citizenship. Such 'investor citizenship' is unfair and discriminatory.



*Many countries in the European Union allow individuals to purchase citizenship. **Jelena Dzankic** explores the reasons why citizenship has become a commodity and discusses the implications of this trend. She argues that such 'investor citizenship' is unfair and discriminates against those who gain citizenship by more traditional means.*

Some states decide to naturalise people who donate money to them, or invest in them, while waiving some or all of the naturalisation conditions, such as residence, language and culture tests, etc. This practice is commonly referred to as 'investor citizenship', and exists – in one form or another – in many countries worldwide, including the majority of the European Union's Member States. According to [Henley and Partner](#), investor citizenship can be obtained through:

- 1) Premier residence, whereby investors are granted the right to reside in the state on grounds of investment;
- 2) Detailed investor citizenship programs, which outline the amount and type of investment required for naturalisation (only applicable for Saint Christopher & Nevis and the Commonwealth of Dominica);
- 3) Facilitated naturalisation on grounds of investment, whereby the state

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authorities have the discretion to offer citizenship to individuals whose financial contribution is in the special interest of the state (many European states adopt this approach, including Austria which also runs a premier residence program).

Despite the obvious economic benefits from investment for any country, naturalisation based merely on an economic contribution **reduces citizenship to a commodity**. There have been several objections to investor citizenship; genuine ties cannot be upheld through this type of naturalisation; that it violates the sphere boundary of money; and that the equality principle is disrupted not only before but also after the naturalisation of investors. However, the degree of commentators' objections often differs, depending on the type of investor citizenship program.

The first issue that emerges from naturalising investors is the tension between 'national interest' and 'genuine ties', which was the reason why Ireland discontinued its investor citizenship program in 2001. In this context, facilitating access to citizenship to investors while retaining other criteria (premier residence programs) is the least contentious. In countries such as Austria, Canada, United Kingdom, Panama, Hong Kong and United States, the investment is not granted as grounds for citizenship. It merely facilitates the residence criterion for naturalisation, and applicants are required to undergo an ordinary naturalisation procedure. Hence these countries emphasise the establishment of a genuine link between the applicant and the country. The tension between 'national interest' and 'genuine ties' in countries that waive the ordinary naturalisation requirements is much more complex: While neither of the two Caribbean islands implementing detailed investor citizenship programs nor other countries that have provisions for discretionary naturalisation on grounds of investment uphold the 'genuine ties' requirement, the former have a clearly stipulated 'national interest' in the context of investment. Hence, the tensions arising from these types of detailed investor citizenship programs are lower than those that allow for discretionary facilitated naturalisation on grounds of investment.

The second problem of investor citizenship is the tension between the benefits of membership and the sphere boundary of money. Citizenship should not be granted on grounds of wealth and social class and thus reduced to a commodity that could be bought and sold. Countries that have general provisions for assisted naturalisation on the grounds of exceptional contributions to the state, equalise the monetary contribution with reputational gains. This is manifested in the majority of citizenship laws, where the same legal provision is used to naturalise talented artists, world-class sportspeople, and investors. In addition, countries that implement investor citizenship

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programs and also offer a degree of discretion to their authorities open up the scope for bribery, as has recently happened in Austria and Montenegro.

The affair in Austria involved a Carinthian Freedom Party (FPK) politician Uwe Scheuch, who allegedly promised to facilitate the granting of Austrian citizenship to a Russian investor in return for a €5 million investment in Carinthia and a 5 to 10 per cent donation of this amount to the FPK. Following a court case, the affair resulted in a prison sentence of 18 months for Scheuch (12 months suspended), but he has recently been **acquitted** on procedural grounds. A similar controversy also occurred in Montenegro in the first half of 2009. The former Prime Minister of Thailand, Taksin Shinawatra, convicted of corruption, received Montenegrin citizenship. As a result of the public pressures surrounding the **Shinawatra case**, the Montenegrin government adopted detailed guidelines on the amount and type of investment required for naturalisation in June 2010. The Montenegrin investor citizenship program has, however, been put on hold due to criticism from the EU, as described in detail in my **RSCAS/EUDO paper** and in a **CITSEE story**.

The third contentious aspect of investor citizenship is related to the principle of equality of membership. In this respect, investor citizenship programs may represent a breach of the equality principle both between the prospective applicants (before naturalisation) and between the naturalised investors and ordinary citizens (after naturalisation). The breach of the equality principle is the lowest in countries that naturalise investors through premier residence programs because there individuals are subject to ordinary naturalisation criteria and required to relinquish their citizenship of origin. The states that facilitate the naturalisation of investors through the discretion of authorities challenge the equality principle on both counts, provided that they forbid dual nationality for ordinary citizens.

Austria is an interesting state in this respect because it runs a premier residence program, and also allows facilitated naturalisation on grounds of investment. So, if a person wishes to invest 'only' 100,000 Euros in Austria, he or she will be bound to reside in the country for ten years before becoming an Austrian citizen (note: the residence requirement may be shortened on a number of grounds, but that varies on a case-to-case basis), and to comply with other naturalisation conditions. That person will also be asked to relinquish his or her citizenship of origin, and thus the principle of equality will be only minimally disrupted. However, if a person intends to make a multi-million investment in Austria, he or she may be granted citizenship by investment, while not having to reside in the country, know its language or culture. The same person will not be asked to give up his or her citizenship of origin. This is a major source of inequality, because Austria operates a strict

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single citizenship policy and thus other nationals of this country are not allowed to hold another passport.

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Note: This article gives the views of the author, and not the position of EUROPP – European Politics and Policy, nor of the London School of Economics.

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About the Author



Jelena Dzankic – *European University Institute*

Jelena Dzankic holds a PhD from the Faculty of Politics, Psychology and Social Sciences (PPSIS) at the University of Cambridge (New Hall College). Her academic interests fall within the fields of transition of SEE countries,

Europeanization, politics of identity and citizenship. Prior to joining the European University Institute, Jelena was part of the [CITSEE team at the University of Edinburgh](#). She has published several articles on the politics of the Balkan region, and since 2009 she has been the country expert on Montenegro at the European Union Democracy Observatory (EUDO) on Citizenship at the Robert Schuman Centre for Advanced Studies.

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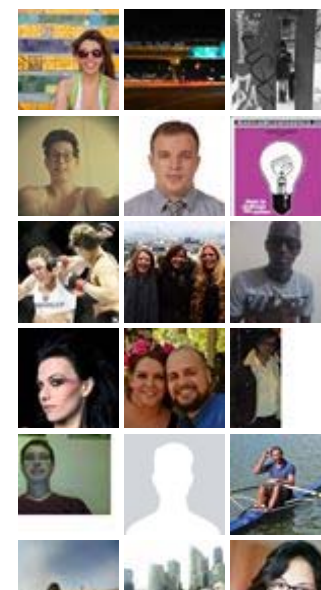
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**Alice** May 9, 2012 at 5:10 am - [Reply](#)

The authors position that citizenship should not be sold as a commodity is objectionable on ethical grounds. On the contrary: it should be sold, but it should be made cheaper. Currently what is offered in Austria is not even close to anything affordable to an average even upper-middle-class income. When someone is selling citizenship, what is actually being sold is a passport: a travel document. Since we are living in a world that criminalizes travel easily, there is no question that the practice is unjust, morally wrong, and should be discontinued, but unfortunately it has become so deeply ingrained, socially accepted, used to generate enormous profits for insecurity corporations... and in summary it will evidently take years of debate to get rid of. Meanwhile, a fast and straightforward way to buy a travel document for oneself would be a welcome solution: not ideal, but along the lines that it would acknowledge the right of persons to buy themselves out of slavery. Which is better than nothing. Which is better than letting a generation of children grow up in a world where travel is “illegal” for 90% of the world’s population, a generation that would take that for granted.

Secondly, the title of this article is inaccurate and misleading: “Many countries in the European Union allow individuals to purchase citizenship.” Really? The only EU country (as the author later admits herself) that allows citizenship by investment is Austria.

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