

The Golden Passport

Kristin Surak

Kristin Surak is the Associate Professor of Political Sociology at the London school of Economics and Political Science. She started researching and then writing this book since 2015.

Citizenship, in the contemporary world, is a sovereign prerogative over which governments retain exclusive control.

Viewing citizenship as fundamentally a legal status binding sovereign and subject means rethinking some common assumptions.

According to the Economist Intelligence Unit in 2021, less than half the world population benefitted from a democratic government. Of those who did, 39 % were in flawed variants and only 6 % enjoyed 'full' democracy.

Citizenship may in some cases have a strong emotional side. To be a citizen of a country is often to be a member of the imagined community as well.

In democracies, citizenship is often cast as a social contract defining a set of duties and rights granted and guaranteed by state.

C B I is Citizenship by Investment. CBI is a golden passport program while 'golden visas' secure residence rather than citizenship.

Until recently CBI has been the preserve of small island countries with populations of less than a million people.

Pakistan has had it since 1951 and St Kitts started in 1984.

Today Egypt, Russia, Turkey, Seychelles,
Mauritius offer it amongst many others.

On the face of it CBI is miniscule, only about 50,000 naturalize through them every year.

Golden Passport buyers come from 3 areas-
China and South East Asia
Russia and post soviet countries and
the Middle East.

The demand is driven by wealthy people with 'bad passports' and authoritarian regimes, these are non western winners of globalization.

In 2020, Turkey approved 14,000 CBI applications, the highest in the world, Turkey also had 4 million immigrants the highest in the world in 2022.

Analyzing global passport and immigration can tell us a lot about global inequality.

EU countries hand out membership to anyone who can find the right ancestor.

Citizenship is not only an unusual commodity , it is unusual as a commodity which presents a distinct challenge when building a market around it.

Stateless people like the Rohingya of Myanmar or ethnic Russians of Latvia know the dire consequences when a government disavows them as outsiders.

Citizenship has its own version of sovereign default – non recognition.

The most powerful passport is Japan, which allows holders to enter 190 countries without needing a visa in advance, the worst is Iraq and Afghanistan, these two are allowed in 30 countries without advance visa.

Multipling citizenships multiplies a person's benefits both within and outside a state.

Countries that give out CBI are keen on maintaining good relationships with regional powers to protect the value of the product (citizenship) they are selling.

St Kitts and Nevis was the first global innovator on CBI. CBI accounts for more than 40 % of its GDP.

All small states face economic challenge. Monaco went from rags to riches, the Vatican is another outlier. Most states with less than 1 million population, called microstates are challenged economically.

These small states have crucial votes at the UN which they give to the country that helps them with aid.

Microstate pioneers of CBI are all former British colonies.

The change in Hong Kong emotions after Tiananmen in 1989 resulted in 60,000 people emigrating out.

It was the passport more than the citizenship
that is always on sale.

Background checks and crime free record
came into CBI forms in the 80s.

Sometimes there are also third country benefits. In the initial days, citizens of St Kitts and Antigua could enter Canada without a visa. Grenada and Dominica have a visa free entry into China.

The US warned St Kitts in 2014 that individuals may be buying citizenship to evade sanctions or engage in finance crime. This was with reference to Iran.

Cyprus was the first to offer CBI but when Malta started to offer citizenship for sale, it went against much of their own people's wishes. This forced the European parliament to discuss this in Jan 2014.

The EU shot it down and this led to an extended stay concept from Malta where someone had to stay for 12 months to get citizenship.

Since 2019, Turkey accounts for 50 % of CBI.
Ankara rolled out the scheme in 2016, to boost
the economy as housing and construction
sectors flagged.

The Turkey CBI was \$1 million in property, \$ 2 million into a business, \$ 3 million into government bonds, hold for 3 years and get citizenship.

Two years later, Turkey dropped the requirements significantly, property was just \$250 k.

The USA sees itself as a ‘international partner’
to Caribbean CBIs.

Most countries have followed US instructions
and stopped naturalizing Russians and
Belarusians after the Ukraine war started in
Feb 2022.

The supply chain for CBI typically has an applicant, a feeder agent, a dominant consultancy like Henley's Partners, a courier agent and then the government. There is a fee at every stage.

Before Covid, the total CBI market was about \$ 4 billion.

The CBI program contributed 21 % of GDP for St Lucia, 41 % of GDP in St Kitts and 50 % of GDP in Dominica between 2017 and 2019. It was about 2 % for Turkey.

Many feel that CBI programs price real estate out of locals reach.

Most locals where CBI is offered look at it as
‘we need the money as a country”

The trend in second citizenships has taken off amongst American tech billionaires. Eric Schmidt has Cyprus citizenship, Peter Thiel has Malta.

‘Mobility’ and having a ‘useless passport’ are the top reasons to seek a new citizenship.

Sometimes an additional citizenship can enhance one’s career through geography mobility.

Having a multiple year visa from USA on your passport can help CBI process in the offering country.

People who make quick money in the Middle east and China are keen to get a new passport, people who have fallen foul of rulers like MBS want a new passport.

In China dual citizenship is illegal. When Chinese get a second passport, they keep it in the safe and don't announce it.

Koreans etc. look for a second passport for a better lifestyle.

Status is important with CBI, mainly for a cosmopolitan and international lifestyle.

CBI enables the wealthy to transform their economic advantages into citizenship solutions.

In a globalized world, capital moves across boundaries far easier than people. For those with the means, citizenship by investment provides a solution.

As long as countries anchor capitalism,
citizenship will anchor global mobility.