

UNDERSTANDING THE IMPLICATIONS OF ECONOMIC CITIZENSHIP

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ABSTRACT

Economic Citizenship is a sort of second citizenship of a person. Economic Citizenship is acquired keeping in view the idea of investing bulk of money in work in progress of a country and resultantly obtaining citizenship and tax benefits. In certain cases it becomes a matter of social discrimination too. It is a cliché used from Bond to Bourne: the classic spy image of a suitcase filled with cash and multiple passports for a quick getaway. But increasingly it is not spies that are looking for a second passport, but a growing number of "economic citizens". Henley and Partners citizenship expert Christian Kalin says "Just like you diversify an investment portfolio, you want to diversify your passport portfolio," he says. The option has proven popular with Chinese and Russian citizens, as well as those from the Middle East., it seems that those with money to spare are in luck, with half a dozen countries offering a direct citizenship-by-investment route with no residency requirements. Economic citizenship is a contested process. Institutions have to be fought for by those with material interests in equality in order to be brought into existence, and once in existence they have actively to be defended, in order to be maintained in the public interest. Economic citizens are never fully and equally guaranteed by the liberal democratic state. The present paper focuses on knowing the concept and implications of economic citizenship.

Economic citizenship is a concept in formation. It has normative implications for how individuals and their communities need the valid legal protection of the economic and social and political interests required for economic growth and social interdependence. The idea of economic citizenship came to the fore during the Progressive Era when the American public was particularly aware of the inequalities within society. When Democrat Woodrow Wilson was elected President with a Democratic Congress in 1912, he implemented a series of progressive policies in economics.

KEYWORDS: Economic Citizenship

INTRODUCTION

The Idea of Economic Citizenship

Economic citizenship can be used to represent both the economic contributions requisite to become a citizen, as well as the role in which one's economic standing can influence his or her rights as a citizen.

The relationship between economic participation and citizenship can be considered a contributing factor to increasing inequalities and unequal representation of different socioeconomic classes within the United States.

Economic Citizenship Might Best Be Defined As:

The state of making the requisite income necessary to participate effectively in political activity, The role in which one's economic standing can influence his or her rights as a citizen, The role in which one's taxes differentiate their citizenship rights from others, or The role in which one's economic means was inversely tied to one's political influence.

For the simplest economic citizenship definition (also known as second citizenship) it is where you agree to make an investment in a country (usually through the purchase of real estate) and in return the government of that country will grant you a citizenship after they have successfully conducted a background check. The media commonly refers to this as “how to buy citizenship programs” or “investment immigration” and in a way this is true. The programs are aimed at high net worth individuals who are looking to protect themselves and their families from any oppressive moves made by their home government, enjoy tax benefits and to participate in offshore investments and business opportunities that would not be possible from their home countries.

Economic citizenship refers to when an individual completes the legal process to acquire citizenship (called naturalization) or permanent residency in a second country on account of the individual’s financial investment into that country’s economy.

T.H. Marshall provides a starting point for a definition of economic citizenship. Marshall’s analysis is from the perspective of a sociologist and identifies “citizenship” within a framework of an individual’s rights. There are three types of rights necessary for an individual’s development so that s/he can exist in, participate in and contribute to society.

1. Civil rights protect personal freedom. One is entitled to exercise freedom of speech, thought and faith, own property, conclude valid contracts, and have recourse to justice.
2. Political rights allow participation and franchise rights in political environments.
3. Social rights are the right to defend and assert all of one’s rights on the same terms as other members of society and by due process of law. They relate to the “whole range from the right to a modicum of economic welfare and security to the right to share to the full in the social heritage and to live the life of a civilised being according to the standards prevailing in the society.”

The mere presence of economic opportunity in a society does not mean that the state has discharged its responsibilities to its citizens. Economic opportunity should also be legally accessible to the individual. The legal tie between economic and social objectives supports the ensuing right for members of society to earn their livelihoods through their rights to work. The denial of these rights should lead to the individual being able to have political recourse to judicial and legislative redress. Pure ‘Economic Citizenship’ rights—divorced from the ‘political’ and ‘social’ limbs of the trio of citizenship rights— in Indian context, apply only to Persons of Indian Origin (PIOs) and Overseas Citizens of India (OCIs). They constitute an additional benefit for these individuals while they enjoy full citizenship rights in another country. The question to be asked, therefore, is: *Does the Indian Government treat all PIOs in the diaspora states equally and thereby extract their full economic capabilities?* The value of economic citizenship to India of NRIs (Non Resident Indians) and PIOs can depend on how economic status is perceived. High income individuals are acclaimed by the home country while less successful others may not be. The diaspora is perceived as a collective body. It is as a collective body that the diaspora is seen as acting as economic citizens through their investments, through building foreign exchange reserves, purchasing ‘diaspora’ bonds for development finance, and real estate. Indian migrants abroad also support the Indian economy indirectly integrating their retained cultural practices into the host culture India grants economic citizenship without full political and social rights to some categories of Indians abroad and formally and informally denies economic citizenship to political citizens living on Indian territory. NRIs, PIOs, and OCIs have provided significant resources for the Indian economy. The Government of India has proactively focused on their physical security

and the protection of their financial assets in India. The procedures established for registration as PIOs and OCIs are simple, rapid, and relatively transparent. Economically privileged Indians have been treated preferentially as they are an asset to the Indian economy. The privileges granted to them are additional perks to people who, by and large, already have financial security.

Economic citizenship can be very beneficial as it results in the individual's ability to obtain a second passport which typically opens the door to easier international travel. For example, if an individual obtains United States citizenship, the individual immediately becomes eligible to travel visa-free to all of the countries with which the U.S. maintains a travel treaty, such as Germany, South Korea, Ireland, Italy, the United Kingdom, Spain, France, and Australia.

The concept of economic citizenship has aspired to this universalism, embodying the rights to work (to be employed) and have the means to consume, to invest and be entrepreneurial and the obligation to be taxed. However, while the liberal concept of political citizenship guarantees a formal equality to all, economic citizenship is not a concept of equality; and an economy can and frequently does function without democratic politics. In the UK, economic citizenship is a concept of economic literacy of a particular kind. In the school curriculum and syllabus for ages 14 to 16, when young people are formally socialised for work, economic citizenship requires knowledge of private pensions and money management, competition and prices, the creation of a business plan, the concept of the unique selling point, advertising and marketing, ethics (tensions between competition, labour standards, consumer rights and the environment), globalisation, outsourcing and labour costs, creditworthiness and loans, rights (to be explored if the pupil can find work experience), concepts of growth and recession, and taxation and expenditure by the state (Institute for Citizenship 2002). The normative context is the capitalist economy.

Harris-White, Mishra, and Prakash argue that citizenship is a universal concept that might have a tenuous bearing on reality. There is no consensus about the concept of economic citizenship, which, they suggest is currently being exported from the European heartland to developing countries in private aid-driven projects of social entrepreneurship. It is replete with tensions. Unlike the concept of political citizenship, economic citizenship is not a concept of formal equality. Harris-White et al analyze the role of the state, markets and civil society in furthering the project with a range of proxy labels which de facto advances economic citizenship. Through a case study of Arunachal Pradesh in India they show the role of a non-state, non-market institution—ethnicity—in structuring and differentiating economic citizenship.

Economic citizenship can be used to represent both the economic contributions requisite to become a citizen as well as the role in which one's economic standing can influence his or her rights as a citizen. The relationship between economic participation and citizenship can be considered a contributing factor to increasing inequalities and unequal representation of different socioeconomic classes within a country.

Very few countries offer economic citizenship programmes, and those who do require a substantial fee if you want to participate. The only two official and legal economic citizenship programmes today can be found in the countries of St. Kitts & Nevis and the Commonwealth of Dominica. St. Kitts & Nevis is likely the most famous country.

It Is a Citizenship by Investment

For the simplest economic citizenship definition (also known as second citizenship) it is where you agree to make an investment in a country (usually through the purchase of real estate) and in return the government of that country will

grant you a citizenship after they have successfully conducted a background check. The media commonly refers to this as “how to buy citizenship programs” or “investment immigration” and in a way this is true. The programs are aimed at high net worth individuals who are looking to protect themselves and their families from any oppressive moves made by their home government, enjoy tax benefits and to participate in offshore investments and business opportunities that would not be possible from their home countries.

It is important to emphasize that only a small number of countries allow foreign nationals to immediately become citizens after the national makes the investment into the country’s economy. In general, countries require that foreign nationals first become permanent residents, then live in the country as permanent residents for a specific period of time, after which the national can then apply for citizenship. Currently, the following countries allow foreign nationals to immediately qualify for citizenship after making the required investment: Montenegro, St. Kitts and Nevis, Grenada, Dominica, and Antigua and Barbuda. Conversely, some of the popular countries where foreign nationals seek economic citizenship that require a period of permanent residence before becoming a citizen include the United States, the United Kingdom, Australia, Panama, and Belize.

There is a minimum investment amount that the foreign national must contribute. Most countries require that the foreign national prove that the investment funds were derived from a lawful source. The reason for this requirement is because countries do not want to encourage wealthy individuals who may have made their money from terrorist activities such as theft or money-laundering, to become citizens of their nations. In order to prove the lawful source of funds, the foreign national usually provides the country with copies of tax returns, employment paystubs, bank statements, mortgages, etc.

The foreign investor must usually have previous business or entrepreneurial experience: many countries make past documented business or entrepreneurial success a prerequisite to their economic citizenship programs. This success usually takes the form of past businesses that the foreign investor established and operated, or past investments that have been profitable over the course of numerous years.

How is Economic Citizenship as an Avenue for Second Passport

The normal way of acquiring a second passport is by applying for a citizenship in another country. If your parents or grandparents are citizens of another country you may qualify for citizenship, or you may qualify by marrying a national of that country. If you don’t qualify in any way most often the only way to acquire citizenship is by going through a period of naturalization, which often requires several years of residence in the country.

Instead of having to wait for several years before being able to apply for citizenship, through an economic citizenship program you can receive your new citizenship and second passport within months. Be prepared to go through a criminal background check when you participate in such a program, because there’s no such thing as under the counter passports these days and these countries does not grant citizenship to criminals no matter how much money is offered.

There are substantial financial benefits to economic citizenship as well. For instance, some countries only allow citizens to have access to all of the country’s investment markets. Additionally, many nations offer significant tax breaks to its citizens who were previously foreign investors, including but not limited to exemption from income tax, property tax, gift tax, and inheritance tax. A second citizenship can also offer significant tax advantages, as well as lead to increased

protection and privity of your assets. Finally, all economic citizenship programs allow the foreign investor to bring his or her spouse and minor children to the country as the investor's family dependents.

Economic Citizenship by Investment Programs

Process Includes:

1. Select Property, sign provisional contract
2. Obtain Government approval
3. Complete Property Purchase
4. Receive Naturalization Certificate and new Passports

Citizenship by investment is not as common now as it were a decade or two ago, and there are only a few countries left who offers this kind of program. The way these programs work is that Governments of those countries can grant citizenship to individuals who make a substantial investment in the country. Often a range of choices are given, from investing in real estate to contributing to a development fund.

Increased financial literacy and participatory budgets are mechanism so f economic citizenship that translate into political citizenship as citizens demand from elected authorities the implementation of budgets as planned, expect more transparency and evaluate and elect candidates with a different perspective than before.

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