E-residency – the beginning of a new era or the end of citizenship as we know it?

By Anne Kaun & Signe Opermann

Estonia, one of the smallest EU member states in the North-Eastern part of the Union might not attract new residents and investors with its outstanding nature, weather conditions or natural resources. Who would like to live in a country where summer means “three months of bad weather for skiing”? As one of the former Soviet satellite states it had to find another strategy to launch itself as an attractive and unique country on a global scale. Early on technology was identified as a solution to all kinds of challenges ranging from democratization to marketization and attracting global businesses.

Extending this focus on innovation and technology, Estonia launched a new initiative: since December 1, 2014 people from all-over the world can apply for the first ever e-residency in Estonia. The first e-Estonian was with the energy editor of the Economist Edward Lucas a carefully selected promoter of the new, merely economically driven campaign. Launched by the Estonian Ministry of Economics and Communication the e-residency campaign spends between 1.2 Million Euros in the first one and half years to attract 17,000 e-residents and through them about 5,000 enterprises in the first three years. The Ministry is projecting that there will be 10 million e-Residents by 2025. The English language campaign aims largely at wealthy investors by simplifying administrative procedures and making e-services for e-residents accessible, e.g. digital authentication and the digital signature of documents. One supportive commentator identified as the major goal to become like Switzerland, but as an updated version in terms of technological innovation. And the e-residency team invites us to become part of this innovative endeavour:

Estonia is launching e-Residency in order to make everyday matters for you and doing business with us more efficient and hassle-free. We hope to make our economy and community also bigger in the process, at least in the digital sphere. We are excited to have you join the most digital society in the world, e-Estonia! (from newsletter update)

The language of the campaign is completely focused on technological innovation, the facilitation of business opportunities and the brand of e-Estonia. Little refers to cultural values, identity and language skills that have been important nodes articulated in the polluted debate on Estonian citizenship of the last two decades. It seems almost paradoxical how the government can move so easily from cultural and language wars concerning mainly the large Russian-speaking community to the seamless incorporation of e-Estonians.

Of course the initiative is mainly a branding campaign to attract international investors that never become full citizens. It is telling that the initiative is launched by the Ministry of Economics and Communication and that the first e-Estonian is a business journalist (who considers to register his company in Estonia). However the initiative taps into a growing trend of hollowing out the notion of citizenship for the sake of business opportunities. A recent article in the New York Times outlines the emerging trend of collecting passports mainly from emerging-market countries such as China, Russia and nations of the middle east besides stock and estate portfolios by the superrich, not only to fully utilize tax advantages, but also business opportunities.
While in the case of passport shopping, states plant incentives for rich investors, a quite different approach is taken by Blueseed and the Seasteading Institute. The two private start-ups are aiming instead to circumvent state regulations in terms of residency and work permissions by building seaborne structures in international waters. Although quite differently from states that open-up residency and citizenship, these kind of projects share the aim to overcome regulations that potentially constrain business opportunities.

Estonia in that context emphasizes the role of digital technology for governance and creating a friendly environment for investors. By doing so Estonia is extending the long-term aim to launch the country as the leading e-nation in a post-political landscape of global capital flows.

Jakob Hurt, a leading figure of the Estonian national awakening in the 2nd half of the 19th century stated that “we are never going to be great in number or strength, yet we can and must become great in spirit through education”. Today, the goal seems to be quite the opposite – not being satisfied with 1.3 Million Estonian residents, the campaign aims to multiply the number by “signing up” 10 Million e-Estonians while nobody seems to care about the size of the mind.

Note: This article gives the views of the authors, and not the position of the Euro Crisis in the Press blog, nor of the London School of Economics.

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