



## Expert Comment

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# Immigration and wealth in 19th century South America

**Diego Acosta (2018)**

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# Immigration and wealth in 19th century South America

Diego Acosta

## Executive summary

It was only with independence from Spain – and Portugal in the case of Brazil – that South American countries were able to open their borders in the early 19th century to the arrival of investors and entrepreneurs from Europe, since emigration was previously prohibited to those who were not Spaniards. Civil and political rights were tied, among other things, to the ownership of capital and property (e.g., land). This provided a strong voice and political influence to the economic elites over the non-elites – middle classes and working classes – in South American countries and it is probably one important historical source of the high level of inequality in the region. There were numerous policies to attract foreign investors and entrepreneurs in all countries in South America which included the free granting of land, tax exemptions, and short periods of residence, or none, before naturalisation. These policies are different from present-day policies to attract foreign investors.

Today, South American states are more interested in attracting those with a certain level of rent to their country of origin – the so called *rentistas* or *pensionados* (pensioners) programmes – or those who can invest a particular amount in the country. Citizenship-by-investment, however, is not present in any country although some countries offer preferential routes to those who can first obtain permanent residence through ways including investment.

## 1. The creation of ten South American states in the early 19th century

A major rupture with the previous colonial order took place in the early 19th century. South America, a vast geographical area that had been largely under the control of the Spanish and Portuguese crowns for more than three centuries, witnessed the emergence of ten new states and the collapse of the Portuguese and Spanish empires. These ten states are therefore among the oldest in the world and have a long and rich legal and political history of discussion around the division and points of convergence between national and foreigners.<sup>1</sup>

In the early 19th century, just as today, the three main conditions for statehood were government, territory, and population. Here, we are interested in the third aspect of this enumeration and, in particular, in the legal division between nationals and citizens as opposed to foreigners. We are also concerned about the rights that each category of resident obtained as well as about the transition between the status of foreigner and that of national/citizen through the legal procedure known as naturalisation. As will be observed, the understanding that South American elites had of the ideal foreigner or, to put it differently, of the foreigner they considered worth naturalising, was strongly influenced by a utilitarian approach whereby capital invested in property or industry, or the knowledge of sciences or arts, were essential requirements in order to make the transition into the legal figure of national/citizen. Of course, these idealisations had a deep influence in state and nation-building processes in a region, South America, which was characterised by weak states and incipient – at best – nations in societies profoundly divided by race and class.

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<sup>1</sup> These ten states are, in alphabetical order: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, and Venezuela.

## 2. Nationals and citizens in South America in the 19th century<sup>2</sup>

Before the status of foreigners is discussed, it is crucial to understand the difference between nationality and citizenship in the new states. With independence, the new South American states had to decide on the legal rules to determine who their nationals were. Since sovereignty now resided in the nation, it was crucial to determine who the nationals composing that nation were.

Two different possibilities were available: First, to use the principle of *jus sanguinis*, through which nationality is passed from parents to children. Second, to opt for *jus soli*, through which nationality is determined by place of birth. Whilst *jus sanguinis* was much more prevalent in state practice at the time, all South American states without exception opted for *jus soli*. The rationale to offer nationality to all free persons born in the territory, thus excluding slaves but including both indigenous and African-descendant populations, was to aid in the construction of new extremely fragile states and nations. Whilst the legal end of racial differences was proclaimed, at least when it came to obtaining nationality, black and indigenous people continued to be subject to discrimination in numerous ways.

Obtaining nationality in 19th century South America however did not mean obtaining citizenship. These were two different legal concepts. Nationals had civil rights but also obligations: namely, taxes and conscription. Citizens had additional political rights as well as access to municipal jobs. In order to become a citizen, the individual had to be a national of a certain type, namely male, literate, and possessing capital, property, or practicing a profession. Thus the majority of residents in the new states – e.g., women, farm workers, or domestic servants, those not having sufficient capital – were not citizens but merely nationals. The body politic, in the sense of the holders of political rights capable of making

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<sup>2</sup> For a more in-depth analysis, see chapter 2 of Acosta (2018).

collective decisions, was the reserve of a tiny minority. Universal suffrage, just as in the rest of the world, only advanced through numerous hurdles several decades later.

The legal construction of the citizen as a male with capital and property and of – almost exclusively – European ancestry played a key role in the regulation of immigration and naturalisation policies.

### **3. Opening borders for foreigners in South America in the early 19th century**

In order to understand the nature of the legal and political changes that took place during the early 19th century, it must be remembered at the outset that during the Spanish colonial period foreigners were forbidden from accessing, emigrating to, and trading with the Americas. Non-Spaniards who were willing to trade or to emigrate had to either naturalise as Spaniards or to obtain a royal license. As a result of this, when the ten new states emerged in the region, South America was, at least by today's standards, scarcely populated, with estimates of only nine million residents at the beginning of the 19th century. This represented a great concern to early South American legislators, and the opening of borders to foreigners was presented as the natural solution.<sup>3</sup>

South American elites longed for the arrival of Europeans with either wealth and capital, or those useful in the sense of having knowledge of an industry, science, or art. This was not only a utilitarian enterprise but also a civilisational one, where economic and population considerations were intermixed with racial ones to the exclusion of Afro-descendants and indigenous residents. In the early laws in the region, population was always presented as a key factor for prosperity.<sup>4</sup>

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<sup>3</sup> An example of this can be seen in Colombia in the preamble to the Decree to Promote the Immigration of Foreigners and the Colonisation of Land, Bogota, 7 June 1823.

<sup>4</sup> For example: Preamble, Argentina, Decree on Promotion of Immigration and Colonisation of Public Land, 4 September 1812; Also, see references to population as the key to prosperity in Colombia: Preamble, Decree to Promote the Immigration of Foreigners and the Colonisation of Land, Bogota, 7 June 1823.

#### 4. The immigration of the 'useful': Arts, sciences, and industry

Early on, South America entered a race to attract permanent European settlers by adopting numerous laws and policies. These included the dispatchment of immigration propaganda agents to Europe, the provision of land and tax exemptions, free accommodation, assistance in finding jobs, and internal transport to final destinations. The common rationale was the attraction of those who could bring capital, industry, sciences, or arts. The term 'industrious' referred on most occasions to those who were miners or farmers. These legal frameworks often offered automatic naturalisation to those who arrived.

Examples are abundant. In Argentina, an 1821 and an 1822 decree offered transport to European families to settle in the country or to those going to Patagonia beyond the Indian frontier.<sup>5</sup> In Chile, the Colonisation law of 1845 offered land, a 20-year tax exemption, transport, and other benefits, such as seeds to make the land productive, to foreign settlers bringing useful industries.<sup>6</sup> Moreover those colonising such lands automatically became Chilean if they declared so in front of the relevant authorities. Despite the fact that the Chilean law was not specifically addressed to Europeans, it was mostly Germans who benefited from it. As early as 1823 in Colombia, the executive power authorised the promotion of the immigration of Europeans and North Americans and the provision of land for such purpose.<sup>7</sup> Once settled, they were to be considered naturalised and to enjoy the rights of citizens. Peru also passed legislation in 1822 to offer citizenship and facilitate the arrival of those bringing industry, arts, or science, or those coming to work the land. Later Peru also granted land and tax exemptions for 20 years to lure Europeans.<sup>8</sup> Facilities were

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<sup>5</sup> Argentina, Law 2 August 1821 and Decree 22 September 1822.

<sup>6</sup> Chile, Colonisation Law 18 November 1845.

<sup>7</sup> Colombia, Decree to Promote the Immigration of Foreigners and the Colonisation of Land, Bogota, 7 June 1823

<sup>8</sup> Peru, Arts. 4-5 Decree, Lima, 19 April 1822 and Decree 25 January 1845.

also granted by Uruguay and Venezuela.<sup>9</sup> Similar laws to attract Europeans and US nationals were adopted by Ecuador in 1861.<sup>10</sup> In some cases the laws were addressed to particular groups of Europeans such as Portuguese in the case of Brazil or those from the Canary Islands or the Basque region in the case of Venezuela.<sup>11</sup>

Despite their replication in several countries, these schemes to attract 'useful' immigrants were a failure numerically. It was only in the late 19th century that foreigners arrived in large numbers, and mostly to Argentina, Brazil, and Uruguay.

### **5. The immigration of the wealthy: Capital and trade**

South American countries idealised the virtuous foreigner. In the elite's narrative, virtuousness referred to independence of means. Thus, only those who were useful, as explained in the previous section, or who brought capital were able to naturalise. Capital was certainly privileged. This is clear from the first immigration law in 1823 in Colombia.<sup>12</sup> It provided that the more foreigners invested in real estate, the less time they would need to naturalise. The law demanded that the investment had to be made in real estate in rural areas. Those investing the maximum amount enshrined in the law could naturalise directly without any residence requirement. As can be seen, this was an early form of citizenship by investment in real estate.

Similar provisions can be found in Argentina's 1869 nationality law. In this instrument, residence requirements were waived for those who had established a new industry in the country or who possessed real estate – in this last case even when they were also part of an established colony.<sup>13</sup> Since as early as 1832 in Brazil, either possession of real estate,

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<sup>9</sup> Uruguay, Law 320 on colonisation, 4 June 1853 and Law 2096 to foment migration, 10 June 1890; Venezuela, Law 24 May 1845 providing land to immigrants.

<sup>10</sup> Ecuador Law No. 47, Quito, 17 July 1861 promoting the arrival of USA nationals and Europeans.

<sup>11</sup> Brazil, Immigration Law, 14 January 1823 addressed to Portuguese; Venezuela Decree 13 June 1831 addressed to inhabitants of the Canary Islands in Spain.

<sup>12</sup> Colombia, Law 4 July 1823.

<sup>13</sup> Argentina, Citizenship Law 346, 1 October 1869.

the establishment of an industry, or the practice of a useful profession were prerequisites to naturalise. By the turn of the 20th century, foreign males possessing real estate in the country and being married to a Brazilian woman could naturalise automatically.<sup>14</sup>

## 6. Who emigrated to South America?

As mentioned earlier, the volume of immigration into South America remained very low in the early 19th century despite the various policies adopted by states to lure European migrants. It was only in the 1870s that South America transformed into the second largest recipient of migrants in the world after the US. This immigration trend lasted until 1930 with the collapse of the global economy after the 1929 crash. This was not only the result of openness in South America but also of the lifting of bans – for example in Spain until 1857 – that prohibited some Europeans from migrating to the Americas. Beyond such laws, the industrial, agricultural, transportation, and demographic revolution that took place in Europe was central the large emigration of Europeans to other parts of the globe including South America, particularly Argentina, Brazil, and Uruguay. With an increasing urban population in Europe as a result of the concentration of factories in cities, the demand for food increased. South America, especially Argentina, had the lands but lacked the people. The advances in transportation technology – trains and steam ships – facilitated the movement of goods but also people (Moya, 1998, chapter 1). This led to economic development in South America. The per capita income of countries such as Argentina, Chile, and Uruguay in the early 20th century was higher than that of the main countries of origin, namely Italy, Portugal, and Spain (Solimano, 2010, p. 120).

Migrants mostly arrived to Argentina – in itself the largest recipient of migrants in the world in this period after the US – Brazil and Uruguay. The majority of those who arrived to

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<sup>14</sup> Brazil, Law 23 October 1832 and Decree 904, 12 November 02.

South America were not the industrious and wealthy Europeans the elites had desired for decades. For example, 78 percent of the Spaniards and 68 percent of the Italians who arrived in Argentina in the year of 1909 “were listed as unskilled workers” (Moya, 1998, p. 221). In the same country, by 1914, foreigners were “heavily overrepresented in the unskilled and menial category and among manual labourers in general” (Ibid, p. 213). This certainly does not mean that skilled labourers, investors, or professionals did not arrive.<sup>15</sup> It simply offers a more accurate picture of the structure and labour needs of societies in the early 20th century. And yet, by the turn of the century, elites expressed their concerns about the Europeans who were arriving in large numbers. These were not “the yeoman farmers from Protestant Europe” they had hoped to attract but instead uneducated commoners (FitzGerald and Cook-Martin, 2014, p. 312). Immigrants brought not only the needed manpower but they also brought demands for rights and equality which were perceived as subversive. Indeed, it was in the early 20th century that numerous laws were adopted prohibiting entry, or making expulsion possible, in relation to those who endangered “public tranquillity” (Acosta, 2018, chapter 4). The depiction of foreigners as a potential threat played a crucial role in migration and nationality law throughout the whole of the 20th century and still influences debates in South America.

## **7. Relationship with today’s policies**

South American migration and nationality policies have changed throughout the last two centuries but are still affected by conceptions of the desirable foreigner as one who can bring in capital or knowledge in certain areas. Whilst no South American country has established a citizenship-by-investment scheme, most of them have residence-by-investment programmes for either those who invest a particular amount in the country or

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<sup>15</sup> See chapter 5 of Maya (1998) for a categorisation of the Spanish occupational structure in Argentina.

those who can prove their right to a certain rent from their country of origin – the so called *rentistas* or *pensionados* (pensioneers) programmes.

Residence periods before naturalisation are very short in comparative perspective. However, there are numerous resident visas that do not count towards the number of years required before applying for citizenship. For example, in Colombia, it is only those with a permanent residence visa who can initiate the period of five years before naturalising. A permanent residence visa can be obtained in various ways, including by investment of approximately two hundred thousand dollars in the country.

Regarding conditions for naturalisation, old concepts are still present. Whilst most countries now simply demand proof of a source of income or occupation, countries such as Paraguay or Uruguay still mention in their constitutions that those willing to naturalise must practise a science, art, or industry, but also add profession to that list. In Argentina, those who introduce a new industry or a useful invention, or who come to the country to teach in any field of education can see their residence requirement waived before applying for naturalisation.<sup>16</sup> Finally, all countries retain a large degree of discretion regarding whom they grant citizenship to. This is exemplified by the clause, common across the region, which allows the granting of citizenship, with the waiving any other requirements including residence, to those who have performed exceptional services in favour of the nation, without precisely describing what ‘exceptional’ or ‘services’ amount to.

## Conclusion

South American countries looked for the virtuous foreigner. In the elite’s narrative, virtuousness was essentially equated with either capital or performance in the fields of industry, science, or art. Thus, the South American elites expected the same qualities for an

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<sup>16</sup> Argentina, Art. 2(2) Law 346 on Citizenship.

ideal citizen as for an ideal immigrant. From the very beginning, the vision was that of a white European male, married and with independent means. Numerous laws were adopted to lure such foreigners and to grant them immediate or easy access to nationality.

Migrants only arrived from the 1870s due to a combination of structural factors, and then mostly in Argentina, Brazil, and Uruguay. With the arrival of large numbers, the previous idealisation of Europeans as agents of civilisation was attenuated by concerns about threats to 'public tranquillity', notably when migrants demanded social and labour rights.

Today, South America is still influenced by depictions of the ideal foreigner as one bringing capital or knowledge. Whilst no country has established citizenship by investment, there are numerous possibilities to obtain residence by investment and those with capital, or certain skills, can more easily naturalise.

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