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# **Philanthrocapitalism, Biodiversity Conservation, and Development: The Perils and Promises of Private Nature Reserves in Southern Chile**

**George Holmes**

### **Introduction**

The rising interest in new forms of philanthropy, particularly philanthrocapitalism, has led scholars to consider how biodiversity conservation is affected by these new ways of thinking about and doing philanthropy. The incorporation of capitalist discourse, practices, and motives within philanthrocapitalism have been analysed as part of wider moves towards neoliberal forms of conservation in which saving biodiversity is increasingly done using market mechanisms, and justified using market discourses. These analyses consider what philanthrocapitalism means for endangered biodiversity; what species are saved, how, and where, and what it means for social justice and people living near this biodiversity. Yet so far, these questions have not been examined empirically. This chapter examines philanthrocapitalism's role in the rise of privately owned nature reserves in southern Chile. In the last two decades such reserves, some totalling more than 300,000 hectares, have emerged as a major land use in Chilean Patagonia. Drawing on 40 interviews with owners and managers of private nature reserves, as well as other actors, this chapter considers how the discourses and practices of these private reserves reflect philanthrocapitalist ideas. Such an empirical analysis has profound implications for debates on the role of philanthropy and the private sector in biodiversity conservation worldwide.

Discussions of philanthrocapitalism have expanded rapidly in recent years, both within and outside of academia (see Edwards in Chapter 2). This new approach is characterised by a remarkable enthusiasm for integrating capitalism into philanthropy part of wider processes of neoliberalism. Various analyses have considered the origins, potential, and limitations of philanthrocapitalism, and its contribution to broader processes of capital accumulation and social change (Bishop & Green, 2008; Edwards, 2008; Holmes, 2012; Lonrenzi & Hilton; 2011, Ramdas, 2011; Rogers, 2011; Schervish, 2003). Discussions on philanthrocapitalism

have focused on issues such as poverty alleviation, health, and education rather than environmental issues. At the same time, analyses of conservation and environmentalism have not adequately explored ideas of philanthropy (Holmes, 2012). The lack of mutual engagement is puzzling as recent years have also seen the rise of neoliberal forms of conservation, which demonstrate remarkable enthusiasm for integrating capitalism into conserving biodiversity. As the practice (rather than the discourse) of philanthrocapitalism, and its interactions with wider trends in capitalism and philanthropy, has yet to be subject to much empirical analysis, this chapter asks how neoliberal forms of philanthropy and neoliberal forms of conservation might interact, and what practices result. It does this by examining the emergence of privately owned nature reserves in southern Chile.

The chapter begins by defining philanthrocapitalism and neoliberal conservation, and identifying areas of synergy. It then explains how neoliberalism has engaged with the environment in Chile, before proving how several private nature reserves in Chile demonstrate philanthrocapitalism in practice. It then turns to the wider context of private and public conservation in Chile to demonstrate the potential and limitations of philanthrocapitalist environmentalism.

As philanthrocapitalism is relatively new, the academic literature exploring it is only just emerging. One weakness of this literature is that it has focused on the discourse and theory of philanthrocapitalism, rather than how it works in practice - though this perhaps reflects a principle critique of philanthrocapitalism, that its rise is as much hubris as a new form of philanthropic action (Edwards in chapter 2, Edwards, 2008; Lonrenzi & Hilton; 2011, Ramdas, 2011; Rogers, 2011; Schervish, 2003). There is a need to understand how philanthrocapitalist projects work in practice, to understand the trend, its limitations, and consequences (Moody, 2008).

### **Philanthrocapitalism, and its engagements with conservation**

The meaning of philanthrocapitalism, and its distinction from other forms of philanthropy, is diffuse, ill-defined, and contested. Nevertheless, three key features are common across most accounts. Firstly, whilst the great philanthropists of the 20<sup>th</sup> century made their fortunes

through industry (Carnegie and steel, Rockefeller and oil, Ford and motor manufacturing), the 21<sup>st</sup> century philanthrocapitalism is most associated with donors who made their fortune at a relatively young age through the IT and finance industries. Their young age mean that philanthrocapitalists can guide their giving during their lifetime, rather than leaving a foundation to succeed them (Bishop & Green, 2008). Secondly, philanthrocapitalism considers that successful capitalists are better at improving the world than government, NGO bureaucrats, or others traditionally engaged in social change because they bring the aptitudes, skills, contacts, drive, and other features which made them successful in business, and apply them to philanthropy (Bishop & Green, 2008; Edwards, 2008; Schervish, 2003). Some enthusiasts refer to philanthropists as hyper-agents, individuals who have the abilities, persona or contacts to leverage large amounts of political or financial support for a cause, “individuals who can do what it would otherwise take a social movement to do” (Bishop & Green, p 48).

Philanthrocapitalists explicitly transfer the approaches, techniques, and strategies from their successful businesses into their philanthropy. These are frequently drawn from IT and finance, as philanthrocapitalists’ fortunes often originate from these industries (Moody, 2008). For example, practices of venture capitalism in the IT industry, where an investor provides funding, guidance, and regular quantitatively-defined targets for small start-ups anticipating that a few of these will grow into large business, becomes venture philanthropy, where a donor invests in multiple small causes, providing guidance, targets, and encouragement to grow into larger organisations (Holmes, 2012). Thirdly, philanthrocapitalism explicitly blurs boundaries between philanthropy and capitalism, arguing that integrating markets and profit motives into philanthropy will increase its efficacy and reach (Bishop & Green, 2008; Edwards, 2008; Holmes, 2012; Lorenzi & Hilton, 2011). Markets are expected to bring more dynamism, innovation, efficiency, and money into philanthropy. Bishop & Green (2008) argue that for-profit micro-finance can access more funding and is more successful than not-for-profit micro-finance. Philanthrocapitalism is criticised for being hubristic, overly confident in its own transformative abilities, focus on short-term quantitative targets, and focus on technical fixes rather than long term social transformation (Bosworth, 2011; Edwards 2008, 2011; Rogers, 2011).

Changes in the engagement between capitalism and conservation in recent decades have been described by scholars as neoliberal conservation. Whilst this is a broad, heterogeneous trend,

it is characterised by practices and discourses which place responsibility for governing endangered biodiversity on communities and especially markets, rather than the state (Castree, 2008; Brockington & Duffy 2010; Igoe & Brockington, 2007; Sullivan, 2006). Increasingly, the economic value of habitats and species for ecotourism, ecosystem services, and other ways of paying to save nature, is seen as key to their survival. New structures and regulations are created to support these markets, such as the accountancy rules of markets in ecosystem services like carbon sequestration (Castree, 2008). Capitalism is viewed not as threatening endangered biodiversity, but as essential to saving it, and biodiversity conservation is justified for its contribution to global economic growth (Brockington and Duffy, 2010). Neoliberal discourses dominate major conservation conferences permeate the work of large conservation NGOs, multi-lateral organisations, donor agencies, and guide many individual conservation projects (MacDonald, 2010; Corson, 2010; Holmes, 2011; Büscher, 2010). Relevant to philanthrocapitalism, a central part of neoliberal conservation has been closer engagement between conservation organisations and corporations, and the transfer of ideas, strategies, and individuals from corporations into conservation organisations (Holmes, 2011; MacDonald, 2010).

Neither philanthrocapitalism nor neoliberal conservation represent radically new forms of philanthropy or conservation, but rather an extension and strengthening of long-held engagements with capitalism. Both are enthusiastic about the potential of capitalism to provide solutions, and both deepen and strengthen the involvement of capitalist ideas, discourses, practices, and actors into philanthropy and conservation. Both extol their ability to find win-win solutions – to grow the economy whilst doing social good or conserving biodiversity. Examples of philanthrocapitalist conservation explored by Holmes (2012) include Silicon Valley venture philanthropists who use their experience as venture philanthropist to invest in and grow small conservation projects, and NGOs who take over failing national parks in Africa and make them financially viable through commercial high-end ecotourism projects, using the business expertise of their. Critiques of philanthrocapitalist conservation is that it, like neoliberal conservation generally, positions capitalism as the solution to biodiversity loss rather than a significant part of the problem. Secondly, philanthrocapitalist conservation projects are accused of land grabbing, privatising large amounts of land and resources at the expense of local people (Bedelian, 2012). Thirdly, philanthrocapitalist conservation strategies may only provide partial solutions in certain places with certain forms of biodiversity, with limited wider potential (Holmes, 2012). For

example, only certain types of places can support for-profit conservation, such as those with large numbers of species attractive to tourists (lions or elephants, rather than slugs and ferns), or which have tradable and valuable ecosystem services, such as forests storing large amounts of carbon.

### **Philanthrocapitalist conservation in Chile**

There are good reasons for expecting to see considerable amounts of neoliberal conservation in Chile. Since the Pinochet dictatorship (1973-1990), and continuing with ostensibly centre-left democratic governments, Chile is widely considered to be one of the countries where where the neoliberal project was first tried and where it is most entrenched (Carruthers, 2001; Tecklin et al, 2011). Since the 1970s, state involvement in many areas has been greatly rolled back and reduced, with privatisations and reduced regulation, except where new markets have been facilitated in areas like education and water rights (Budds, 2004). Environmental regulation was first neutered during the Pinochet era, then subsequently redesigned explicitly to support, rather than regulate, market exports in natural resources seen as the key to economic growth (minerals, forestry products, and fish) (Tecklin et al, 2011). For example, the Environmental Framework Law of 1994 (the main environmental law from which others derive) was written to ensure Chile complied with the environmental conditions of the North American Free Trade Agreement, to facilitate Chile's entry to the scheme, rather than by any environmental concern (op. cit.). Tecklin et al (2011) describe Chile's environmental legislation as "market-enabling" rather than "market-regulating", as its main concern is to support and expand, rather than tame, export markets. Regulatory bodies are weak and subject to agency capture by industry, and the environmental impact assessment system has been designed to fast-track, rather than impede or reject, strategic infrastructure investments (Carruthers 2001, Sepúlveda & Villarroel, 2012). Major dam, forestry or industrial projects have been pushed through by central government, despite social and environmental concerns, although public outcry over recent environmental catastrophes resulting from failures in legislation has led to some reforms (Sepúlveda & Villarroel, 2012). Compounding this, environmental movements have struggled to become effective political actors following the debilitation of civil society during the dictatorship society (Carruthers, 2001). Neoliberalism and the dictatorship have left other legacies which distinguish Chile from other Latin American countries. Chile has strict, clear, and widely respected private property rights, a legalistic culture which respects legal structures, and very little corruption. It could be

reasonably concluded that Chile is particularly amenable to philanthrocapitalism and neoliberal conservation. Chile's four decades of neoliberalism, deeply embedded in economy, political culture, and society, combined with a legalistic culture of strong individual property rights, market-facilitating regulations, and widespread use of market approaches to social goals such as education, provide fertile ground and wider support for such approaches. Additionally, Chile's deregulated, market-facilitating, environmental legislation, in combination with weak civil society, limit the potential for other forms of philanthropy and environmentalism.

The southern third of Chile is an ideal study area. It has historically been economically and politically isolated from the rest of Chile, partly because indigenous opposition and harsh terrain prevented effective state penetration until the late 19<sup>th</sup> century. It retains far lower population densities, although in recent decades forestry, fishery and hydro-electric power development have advanced southwards. Reflecting this, land prices have rapidly increased in recent years, averaging 20% per year (to be discussed later). It also contains high levels of biodiversity and spectacular landscapes, and occupies a place in the Chilean and global imagination as a harsh wilderness.

A particularly prominent form of conservation in Chile is privately owned protected areas (PPAs). These are nature reserves, national parks, which are governed not by states but by private organisations - such as corporations, NGOs, or individuals. Globally, some PPAs are run as for-profit enterprises, such as game farms and safari lodges in southern and eastern Africa, whilst others have no commercial activity (Langholz & Lassoie, 2001). PPAs can form part of neoliberalism, as they provide an alternative to state-led conservation, and therefore facilitate reduced state involvement in conservation, and they often have markets embedded throughout their structure and strategy (Holmes, 2012). Importantly, PPAs are not inherently neoliberal forms of conservation, and protected areas under state or community governance can also demonstrate neoliberal characteristics (Buscher, 2010; Igoe & Brockington, 2007). PPAs may be particularly amenable to philanthrocapitalist approaches because they offer opportunities for market-based or profit-orientated activities, and to transfer strategies, skills, and attitudes from business into conservation (Holmes, 2012). An example of this is the African Parks Network, an NGO founded by businessmen including Dutch chemicals billionaire Paul Fentener van Vlissingen. African Parks Network take over all responsibility for managing and financing selected state parks in Africa - which are

perceived to be failing - and running them as quasi-private protected areas, financed through high-end ecotourism. They are explicit that their approach is superior because it uses the business expertise of its staff and directors - the organisation's tagline reads "a business approach to conservation" ([www.african-parks.org](http://www.african-parks.org)).

The highest profile actor in Chilean PPAs is Douglas Tompkins, a US entrepreneur (founder of mountaineering firm The North Face and fashion chain Esprit) who began purchasing large areas of Patagonia in Southern Chile for private conservation in the early 1990s. He has purchased over 6,370km<sup>2</sup> of Chile to be run as PPAs, although he has committed to donating all of this to the Chilean state on condition that they continue to conserve it. Tompkins owns a similar amount of land in southern Argentina. He has been subject to wide-ranging criticism of land-grabbing, neo-imperialism, having ulterior motives such as hidden goldmines, and undermining Chilean national security with the creation of the Pumalin private park (3,109km<sup>2</sup>) which cuts Chile in half, stretching from the Pacific to the Argentine border, (Bowermaster, 1995; Nelson & Geisse, 2001). Whilst Tompkins has the highest profile, there are over 300 other PPAs in Chile, equivalent to over 16,040km<sup>2</sup>, or 2.12% of Chile's total surface area. They range in size from a few hectares to over 3,000km<sup>2</sup>, with owners varying from international and national NGOs, millionaire and billionaire philanthropists, universities, forestry and tourism corporations, co-operatives, middle class families, to smallholder farmers (Maldonado and Faundez, 2005). Some aim to produce profits; others to break even, whilst others are financed almost entirely by their (wealthy and not-so-wealthy) owners' largesse. This chapter is concerned with the first, and to some extent second, category, particularly ways in which these reflect philanthrocapitalism in practice. Specifically, it explores how Chilean PPAs are enacting philanthrocapitalist ideas, how capitalists, their ideas, practices, motives, and strategies are integrated into protected area governance, and extent to which these areas reflect the idea that conservation is done best through markets and profit. The next sections outline case studies which demonstrate these characteristics.

This study draws on grey literature, public documents, and academic literature on private conservation in Chile. Most data come from 47 semi-structured interviews conducted between September and December 2011. Seven interviewees represented public sector bodies, companies, or NGOs with an interest in private conservation. The remaining



interviewees were either owners of PPAs, or representatives of individual corporations or organisations that owned PPAs (although some owners/representatives were also involved in civil society campaigns). Overall, the owners interviewed had a total of 27 private protected areas, and the representatives spoke for 20 areas. Areas ranged from a few dozen hectares to over 300,000. I also attended a number of events, such as a workshop on PPAs hosted by the Global Environmental Facility and a campaign launch by conservationists hosted by the Chilean parliament.

### **Patagonia Sur, the Cliffs Preserve, and for-profit conservation**

The company Patagonia Sur (corporate motto: “for-profit conservationists”) is an interesting example of neoliberal conservation in southern Chile. It was founded in 2007 by Warren Adams, an IT entrepreneur who created one of the first social networking websites, later sold to Amazon.com for approximately \$100 million dollars. Whilst on a year-long global holiday, he visited and became enamoured with Chilean Patagonia. He created Patagonia Sur both out of a desire to conserve the region, and to exploit the business potential there. The company draws the business experience of Adams and co-founders, who include Chilean IT entrepreneurs.

The company combines conservation with profit – as the land and development manager explained “what we try to do is do conservation, but in a way that generates profit”. The company’s strategy is to purchase property for conservation (they currently own six PPAs), to generate three revenue streams (with plans for more streams in future). Firstly, they offer high-end ecotourism to Chilean and international visitors, including a tourist club offering discounted use of properties and exclusive opportunities for a one-off membership fee of US\$40,000. Secondly, the company is creating limited real estate developments on the properties to market as second homes. With this, they are self-imposing strong legal restrictions on any development, modelled on US conservation easements, to give assurances that developments will remain strictly contained. Thirdly, they aim to sell carbon credits based on new forests created by replanting degraded parts of their properties with native trees. These can be purchased through their website, and they have also entered agreements with Colgate University (Adams’ alma mater) and Land Rover’s Chilean dealerships to offset their carbon emissions. In addition, they are using knowledge of southern Chile’s property

market gained whilst building their property portfolio to create a real estate brokerage for others interested in investing in the region, but with loosely defined ethical standards on potential clients they would work with, excluding uses seen as anti-conservation. The multiple complimentary income streams is a deliberate strategy to give the company stability. For example, the tourism business is described by the land and development manager as “candy” to attract investors in the real estate and tourist club parts of the business, adding “you have to make them [potential investors] realise what is a special place and what is the difference between one place and any other place.... if they identify with the place like they own it, it is different”.

Patagonia Sur very explicitly links its conservation goals with its business goals and profit seeking. Its website asserts that the company “presents an innovative business model that merges conservation and capitalism seamlessly and symbiotically” ([www.patagoniasur.com](http://www.patagoniasur.com)). In Adams’ view, southern Chile provides good investment potential because of increasing land prices - many interviewees commented on rocketing land prices, and whilst details are uncertain, Patagonia Sur’s analysts suggest that they increased 115% between 2006-2011 (Jose Tapia & Muñoz, 2012) - and because of the potential of ecosystem services markets, particularly carbon offsetting (Dumaine, 2011). Adams argues that for-profit conservation has greater potential because it can leverage larger investments than other land conservation models in place of donating a million dollars to a good cause, and the donor receiving a tax deduction, we put the investors money to good use, and in 10 years, give them back two million dollars” (San Cristobal, 2012) and that this has demonstrable effects - “Our capitalism-conservation is absolutely protecting places that wouldn't be protected otherwise” (Pitts, 2012). Secondly, Adams argues that conservation needs the innovation and efficiency provided by business techniques. Thirdly, he sees Patagonia Sur as a template for conserving other places which share southern Chile’s features – cheap land, stable politics and property rights, and the potential for multiple, complimentary, income streams (op.cit).

A similar view of conservation and capitalism is reflected in the Cliffs Preserve, which opened in 2007. Like Patagonia Sur, it originated with a holiday taken by the founder to Patagonia, resulting in a desire to conserve whilst creating a business. The founder, Jim Anthony, a successful real estate entrepreneur in the US (who went bankrupt in 2012 during the US real estate market crisis), purchased a 4,000 hectare coastal property in northern Patagonia to operate as a for-profit PPA with high end ecotourism lodges (approximately

US\$1,000 per person, per night, with a maximum capacity of 36). Unlike other PPAs with large amounts of native forest, the Cliffs preserve is dominated by plantation forestry and pasture, although with goals to restore native biodiversity. The attraction is the extensive coastline and luxury service. As with Patagonia Sur, the Cliffs represents an attempt to combine business with conservation, and to use profit motives to do good.

These two projects demonstrate the philanthrocapitalist ideas of combining business and philanthropy, and particularly in the case of Patagonia Sur, that for-profit conservation is better than not-for-profit conservation. They express ideals that the expertise, skills, and attributes of the conservationists' prior business activities can make conservation more effective.

### **Karukinka, The Valdivian Coastal Reserve, and Huilo Huilo**

This section explores three similar sites where conservation philanthropy is the most recent in a series of forms of capitalist exploitation, and where philanthropy, capitalism, and conservation are engaging in different ways to the cases discussed above. The first is Karukinka Natural Park (272,000 hectares), located on Isla Grande, Tierra del Fuego. Environmentalists see Karukinka as untouched wilderness, yet it has millennia of indigenous occupation, and has been integrated into global capitalism since sheep farming was established in the 1880s. Its origins lie in the 1994 purchase by Trillium (US timber corporation) of large tracts of sub-Antarctic *Nothofagus* hardwood forest for US\$26 million (Klepeis & Laris, 2006)<sup>1</sup>. Although Trillium saw their project as a pioneering example of sustainable logging, committed to maintaining areas unlogged and to selective logging, it was opposed by Chilean and international environmentalists. Some opponents argued against any kind of logging, despite any claims to sustainability made, because it would inevitably damage the fragile forest, and because it would open up the area to extensive exploitation. This was mixed with wider opposition to neoliberalism, to discontent over the relative political neglect of austral regions in Chile, and to concerns that locals would see little benefit from logging (Klepeis & Laris, 2006; Saavedra et al, 2011). Due to poor management and the high cost of infrastructure development in such harsh terrain, the project faced financial difficulties and defaulted on loans. In 2002, Trillium's land in Chilean Tierra del Fuego was acquired by their

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<sup>1</sup> Trillium also invested in the Argentinean portion of Isla Grande. This discussion only refers to their Chilean operation

creditors, Goldman Sachs (GS), who saw an opportunity for corporate philanthropy. GS donated the property to New York-based Wildlife Conservation Society (WCS), seeding a trust fund for the property with a US\$1.5 million cash donation, supplemented by a US\$6.6 million personal donation from GS's chairman. The actions of GS towards Karukinka should be considered alongside their decision to establish a Centre for Environmental Markets in 2005, to work in emerging markets in environmental services. WCS plan to part fund Karukinka through carbon credits, taking advantage of huge carbon stocks locked in the area's peat bogs. The park aims to self-finance through the trust fund and commercial activity. This case shows how conservation in southern Chile can be seen as the latest in a series of engagements between the natural world and global capitalism.

The case of the Valdivian Coastal Reserve is similar. The temperate forests in the Valdivian coastal mountain range have been a target for conservation NGOs, particularly the World Wildlife Fund (WWF), as they contain high levels of biodiversity and endemism, yet are being converted into exotic tree plantations to supply the wood pulp industry. Following the bankruptcy of a 65,000 hectare forestry project, of which nearly 10% was eucalyptus plantation, WWF saw an opportunity to create a reserve to protect this. They formed a coalition alongside other international NGOs (The Nature Conservancy (TNC) and Conservation International), to purchase the property, and created the Valdivian Coastal Reserve (Fishbein, 2010). The reserve is owned and administered by TNC, as WWF's statutes prevent it from owning land for conservation. The reserve aims to self-finance using a trust fund created by the sale of the property's eucalyptus plantations, once these are matured.

A third example is Huilo Huilo Biological Reserve, in the Andean foothills of Chile's Lake District, a 65,000 hectare property with a history of forest exploitation and lumbering. The owners, prompted by the economic decline of forestry, began converting the property into a PPA and tourist business in 2000. The first step was to create a development of several hundred properties within the forest, to sell as second or retirement homes, followed by the establishment of three small hotels on the property, and a small ski area to encourage year-round visits. The reserve maintains old forests whilst restoring previously logged areas, and contains a captive breeding project for an endangered deer species. Whilst the tourism operation makes a profit, it is not yet sufficient to finance the overall reserve. The strategy of creating limited housing developments within a broader conservation area – what Sepulveda

(1998) calls ‘conservation communities’ – are relatively popular in Chile because they allow entrepreneurs to combine conservation, rural recreation, and a profitable property investment (Sepulveda, 2006).

These cases demonstrates two key features of philanthrocapitalist conservation. Firstly, in Karukinka, corporate philanthropy may create business opportunities, as GS may be ideally positioned to take advantage of carbon market opportunities in Karukinka. Secondly, the three reserves reflect the idea that conservation and philanthropy should self-finance using markets, and that they are enhanced by using capitalist ideas and practices.

### **Land investment, Patagon Lands and land brokerage**

In the last seven years, there has been a rapid increase in land purchases by private individuals in southern Chile. Interviewees indicated that this has occurred as wealthy Chileans look to make secure investments in a region where land prices are increasing approximately 20% per year; some interviewees suggested that Chilean investors have repatriated their capital following the global financial crisis. Data on this trend are slim, but notable purchases have included Tantauco park (114,000 hectares) on the island of Chiloé by credit card and aviation billionaire (and current Chilean president) Sebastian Piñera, and Futangue (12,500 hectares) by real estate magnate and sports minister Gabriel Ruiz-Tagle. Several other Chilean industrialists have purchased properties greater than 10,000 hectares (Burgos, 2009, De la Fuente, 2010). Interviewees commented on the “fashion” amongst Chile’s super-rich to purchase large properties in southern Chile. Whilst Tantauco is controlled by a foundation, and Ruiz-Tagle has made numerous public commitments to permanently conserving his land, all other large-scale investors have not indicated their intended long term use for their properties.

Various companies have emerged to take advantage of this demand for land. The principle business of Patagon Land is land brokerage for people seeking to invest in southern Chile. Its founders are well known Chilean business people and lawyers, and their initial client pool draws on their personal connections. Patagon Land aims to use in-depth knowledge of the region’s property to offer investment opportunities to clients. Some directors are interested in conservation and are involved in the conservation easement law (see later) and the company encourages clients to incorporate environmental goals into their properties, such as creating

PPAs or renewable energy generation. This is challenging because most clients are not motivated by conservation when choosing to invest. As Patagon Land's Conservation Director explained, clients are principally interested in reliable and profitable investments and in purchasing a property for family holidays, with minimal motivation for conservation. They have struggled to convince clients to embrace conservation. One way in which Patagon Land are trying to encourage conservation is by presenting clients with land management plans, outlining ways they could create conservation or alternative energy projects on their land, and to present their services as land managers to enact such a plan. They are also expanding to own properties themselves, creating an investment fund that will buy land in southern Chile, developing tourism, second homes, and conservation projects. The fund promises a 12% annual return over a 10 year period. They are see the newly established Chilean carbon exchange as a source of profit, through preserving forests or reforesting denuded properties. Various other brokerages sell land as an investment, with a view to including conservation - such as Patagonia Sur - although Patagon Land is perhaps the largest and most ambitious. Patagon Land demonstrates philanthrocapitalism in action because aims to combine business with conservation, to save Patagonia whilst making money, although to date is has been more successful as a business than as a conservation organisation.

Many of Patagon Land's directors, as well as individuals from TNC and Patagonia Sur, were involved in the campaign to create a Conservation Easement Right (*derecho real de conservación*), which became law in 2012. This measure, based on US conservation easements, allows landowners to put voluntary permanent protection on their property, restricting uses for themselves and future owners of the property. The long term goal is to replicate the US system, which grants owners tax breaks for private land conservation (Tepper & Alonso, 2010). The project was initiated by TNC, who have successfully established many conservation easements in the US, to boost conservation in the Mediterranean ecosystem of central Chile, which has high biodiversity and endemism, but suffers substantial habitat loss to agriculture. Conservation there is difficult compared to further south because land is expensive, properties relatively small and fragmented, with significant competition for alternative land uses. At an event to launch the law, which had cross-party backing, supportive parliamentarians emphasised how it made conservation and economic growth compatible by providing new incentives to support activities such as ecotourism. The easement right does not in itself constitute philanthrocapitalist conservation,

but it does encourage private sector involvement in conservation, particularly conservation-based businesses.

### **The case against a philanthrocapitalist turn in Chilean conservation**

The cases explored above demonstrate some key characteristics of philanthrocapitalism in private conservation in Chile. Firstly, key philanthropists operating there come from new industries, such as IT and finance (e.g. Warren Adams, Henry Paulson). Secondly, some projects represent for-profit conservation, sometimes with accompanying discourses that markets improve conservation. Business practices have infiltrated conservation, although venture philanthropy is not present here as elsewhere in conservation - Moody (2008) argues that venture philanthropy has rarely transferred from discourse into practice. Yet philanthrocapitalist approaches have made relatively little impact on Chilean PPAs. Firstly, many initiatives do not involve philanthrocapitalist approaches, particularly the many small projects created by middle class families, which almost exclusively aim to combine conservation ethics with creating places for family holidays. Any market-based activities are post-hoc additions to bring financial stability, rather than being integral to the project's design. For example, one owner of a 75 hectare property described how the expense of educating her children led them to create business activities by renting out cabins on the property to tourists, explaining:

...in reality you have to look for ways for it to self-sustain, so that the income that comes into this park can be used for its conservation and maintenance...I will feel satisfied and content if it also self finances and gives some benefits, but it is not the goal" (interview, December 2011).

Even large projects, such as Tantauco and Pumalin, make virtually no attempt to use markets to run their conservation work, and are financed almost entirely through the largess of their owners. Secondly, the managers of some initiatives which display philanthrocapitalist features, such as Karukinka Natural Park and the Valdivian Coastal Reserve, did not invoke market mechanisms because they believed them to be more effective, but because other options to finance their activity were absent. For example, the then-president of the Wildlife Conservation Society explained how Karukinka's strategy was determined by the conditions of Goldman Sachs' donation, stating "there was no process of critically evaluating what options were available and deciding that this model was best launched with that programme.

That was just the nature of the gift and the opportunity that was available to us” (interview, 13<sup>th</sup> May, 2011). He has also authored an editorial in the leading conservation journal sceptical of the hubris surrounding payments for ecosystem services schemes (Redford & Adams, 2009).

Thirdly, whilst some organisations supporting private protected areas (such as international NGOs, the Chilean PPA’s association, and the World Bank’s Global Environmental Facility) encourage PPAs to engage market mechanisms, and actively promote PPAs’ role in increasing Chile’s economic growth, this is not from a conviction that such mechanisms make better conservation, but from pragmatic desires to give such areas long term financial stability and to get access to political debates that are dominated by questions of economic growth. As one well-placed interviewee, involved in lobbying for government support for private protected areas, put it:

...one of the things that has got the attention of the conservation world is that when you speak to politicians, who generally assess things as economists, you have to compete directly with these values. So a forestry company will say, ‘listen, I can support GDP with so many millions of dollars, or the local economy with so many millions of dollars’, and the conservation ‘I support three little frogs by conserving them’. So sadly you need to enter this logic of saying ‘I conserve water worth so many millions of dollars’. ‘I conserve rare things which might be worth something at some point, but we don’t know their value’” (interview, November, 2011).

In other words, they speak policy maker’s language in order to gain influence, not because they believe in it. Fourthly, some private protected areas’ strategies and statements directly contradict philanthrocapitalist ideals. For example, several indigenous communities have created community protected areas, motivated by a desire to maintain cultural and livelihood autonomy rather than profit generation. Other PPAs are owned by universities for research purposes. Douglas Tompkins, by far the biggest player in Chilean private conservation (his foundations own approximately 40% of the area under private protection in Chile), is resolutely against using market principles in his conservation work. Despite his entrepreneurial successes, his projects contain virtually no market mechanisms, nor does he claim that his entrepreneurship makes him a better conservationist. Furthermore, he sees



markets as threats, not opportunities, for conservation, and has publicly endorsed steady-state economic theory. Overall, although PPAs may appear well suited to philanthrocapitalist approaches, very few could be described as philanthrocapitalist, and many directly contradict its key principles.

### **Philanthrocapitalism, PPAs, and social justice**

The case of Chilean PPAs has implications for social justice and philanthropy, both in Chile and beyond. Firstly, PPAs reinforce private versus community land rights, and the domination of large landowners, by offering a private and market-based answer to the loss of a public good (biodiversity), sometimes with access restricted to owners or wealthy clients (e.g. The Cliffs, Patagonia Sur). This is important in Chile where land ownership has historically been extremely unequal, and where experiments with redistribution resulted in a backlash and the 1973 coup, leading to the imposition of neoliberal ideals, stronger private property rights, and a further dismantling of community land ownership. Some large PPAs were agglomerated by purchasing land from multiple smaller landowners, although community protected areas represent a counter-current to this. PPAs in Chile work within the neoliberal system, reinforcing it, rather than challenging it. They reinforce the place of markets in providing public goods, a contentious issue in Chile where water supply, education, and other public goods are privatised and marketised, resulting in highly politically contentious inequalities of provision and social injustices.

More broadly, the case of Chilean PPAs offers lessons for general critiques of philanthrocapitalism, and a re-evaluation of its spread. Chile has many features that might make it a prime location for philanthrocapitalist practices – a large, dynamic, wealthy capitalist class and a deeply neoliberal economy and society, although it does have a relatively weak philanthropic culture, and the Chilean tax code does not recognise environmental philanthropy as tax deductible, unlike culture or education. Furthermore, whilst Chile lacks the megafauna central to making African private conservation so profitable, it is still a desirable tourist destination, and has considerable potential for carbon trading, making conservation potentially profitable there. Overall, there are sound grounds for considering southern Chile as fertile ground for philanthrocapitalist practices, yet they are relatively rare there, and other forms of philanthropy dominate. This supports broader critiques (Edwards, chapter 2 in this publication, Edwards, 2008; Holmes, 2012; Moody,

2008) that whilst philanthrocapitalist practices do occur, and whilst they can be distinguished from other philanthropic practices, it remains largely hyperbole and rhetoric, and is yet to have a widespread impact on philanthropy. It puts arguments promoting and critiquing philanthrocapitalism, and its implications for social justice, in context, by demonstrating the extent to which philanthrocapitalist projects are being enacted, the form they take, the impacts they have, and the limitations of philanthrocapitalism in action.

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