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Introduction

THE SEARCH FOR ethical practices has become a central feature of contemporary capitalism. From ethical consumption and fair labor practices to conscientious investments, an increasing number of businesses, activists, and economists seek to intertwine profit with a concern for social and environmental impact. In this approach, coffee cups and leisure wear become more than just household objects or clothing. Adorned with powerful images of coffee growers in Kenya or textile workers in Bangladesh, such commodities are sold to consumers as a means of supporting fair labor practices and environmental responsibility in the communities that produced them. Fair trade constitutes only part of the story. Equally important is the increasing centrality of ESG (environmental, social, and governance) investments, which encourage investors to fund responsible and sustainable business. This approach entrusts consumers to make virtuous choices about the products and services they finance and puts pressure on businesses to reconcile the pursuit of profit with their obligation to have a positive impact on society and the world at large. It upends the conventional notion that the function of a business is solely to maximize returns for shareholders and instead embraces what some have called “capitalism with a human face.”¹

How can we make sense of this so-called ethical capitalism and what do we know about its origins? Numerous chronologies seek to explain the phenomenon of ethical capitalism and how it transformed consumption, production, and finance. Two stand out in particular. On the one hand, there are those who suggest that the roots of this ethic can be traced back to the advent of capitalism itself. They point especially to the British antislavery movement of the late eighteenth and early nineteenth centuries as the first instance in which ethical considerations became intertwined with free-trade ideals, calling upon consumers to boycott slave-made goods. The shift toward free-market economics, in their view, brought with it humanitarian sensibilities—in this case a preference for free labor—and imbued capitalism with an ethical thrust from the

start.² On the other hand, those who are more skeptical of ethical capitalism lay out a different chronology for its emergence. In this view, ethical incentives to consumers emerged as a branding strategy employed by corporations to increase shareholder value in the years following the collapse of communism.³ Such strategies appealed to well-meaning consumers in the absence of viable alternatives to capitalism. The skeptics argue that no real ethics is possible under capitalism.⁴

These views inhabit opposite poles, but they share similar drawbacks: both assume an inherent logic of capital and neglect the role that historical agency played in shaping the ideas and actions that linked ethical principles to various forms of accumulation. They also limit our understanding of why some ethical values have endured while others have not. As new histories of capitalism have suggested, there is much to gain if we forgo fixed definitions of capitalism and instead track specific capitalist constellations or formations.⁵ What happens, then, if we tell the story of the search for ethical capitalism from the perspective of unexpected protagonists such as nonprofits and nongovernmental organizations? What might such a focus tell us about the standard heroes of the history of capitalism—that is, the corporation, the state, the consumer, and the producer? And, perhaps most importantly, what can nonprofits teach us about the politics of ethical capitalism and its role in driving deregulation? As we shall see, the story of ethical capitalism was as much about the transformation of the relationship between state and nonstate actors in the economy as it was about changes in consumer habits and labor practices. Understanding the politics of ethical capitalism and its limits requires us to analyze the history of its ideas and institutions as well as the types of political economy it ended up shaping on the ground. It offers important insights into the politics of contemporary capitalism and its future: from the politics of consumer activism and the transformation of work to the limits of corporate social responsibility and the possibilities within structural, state-led labor reforms.

This book recovers a crucial chapter in the longer quest for ethical capitalism, focusing on Britain and its empire in the years of decolonization and their aftermath. It follows the nonprofit sector and the economists, activists, aid workers, and businesspeople who played a key role in it. Between the 1950s and the 1990s, the nonprofit sector in Britain—and particularly the self-proclaimed humanitarians who dominated it—developed their own ideas and theories about how to make global capitalism ethical. They did so through a series of welfare and development programs, from fair trade of handicrafts and foods via consumer boycotts and microfinance. These programs were designed to connect British consumers directly with producers across imperial and postimperial spaces. They were aimed at creating a grassroots global economy that would be both profitable and moral, supporting fair labor practices, sustainable consumption, and conscientious investments. Some called it

a “solidarity economy.” While the postwar economy relied on state-led welfare and developmental initiatives, British nonprofits articulated their own vision of decentralized, fair-trade markets as a means of instilling morality in economic lives, thereby circumventing the purview of the state. These nonprofits saw fair-trade markets as an autonomous and humanizing space where ethical relationships could emerge beyond the impersonal realm of the state. Their vision contributed to the growth of a newfound faith in the ethical potential of capitalism.

The search for a capitalism with a human face was, of course, not exclusively a British story. In the United States, Western Europe, and the Soviet Bloc parallel movements focused on ethical shopping, fair labor practices, and responsible business. But in Britain the story of ethical capitalism was distinct in the degree to which it was animated by the politics of decolonization. The British economy has long depended on its colonies; the protracted process of losing its empire posed a fundamental challenge to economic life in the former imperial metropole as much as it shaped postcolonial economies and international politics.⁶ Decolonization generated new visions of the sustainability of a postimperial British economy and of Britain’s role in the world, while postcolonial economies afforded Britons new spaces to test long-standing ideas about antistatism, decentralization, and corporate paternalism. The British story in fact sheds light on decolonization as an important economic event that restructured British capitalism and its engagement with the world after empire. While the history of British capitalism in this period has often been told as a domestic tale, my book shows that the process of decolonization was integral to the postwar transformation of British economic life. Just as empire was crucial for the emergence and expansion of British capitalism in the eighteenth and nineteenth centuries, so too did empire’s demise play a significant role in shaping British capitalism in the latter half of the twentieth century. We cannot understand this quest for ethical capitalism without considering the legacies of decolonization.

My narrative covers the long period of decolonization and the global Cold War, starting with the years after India’s independence and ending with the loss of the Hong Kong colony. In these decades, Britain reinvented its role within the global economy through its nonprofit sector and particularly through its nongovernmental aid organizations. As empire was ending, these organizations expanded in size and mission, using the old imperial networks and colonial bureaucracy. Historians have located the work of these organizations within the story of British and international politics. This book approaches them differently.⁷ It shows that nongovernmental organizations and nonprofits were not just political players but also important economic actors who shaped British capitalism through their welfare and development programs. In the 1960s—the “development era,” as one scholar dubbed it—nonprofits devised their own economic philosophy,

which emphasized small-scale, grassroots development projects.⁸ By the 1970s, they had connected this economic vision with the idea of fair-trade markets and ethical consumerism. In the 1980s the economic philosophy of these nonprofits became the basis for a broader critique of financialized markets in Britain and beyond. These organizations were also instrumental in the formation of alternative trade organizations and a new “people-centered” approach to development. By the 1990s, these ideas had come back home, as nonprofits helped New Labour place its domestic ideas about multiculturalism and redistribution within a global and postimperial context. The postimperial history of these organizations, their economic philosophy, and the markets they have created are a crucial chapter in the transnational story of the pursuit of ethical capitalism.

The program for ethical capitalism developed by the nonprofit sector has had lasting legacies in both the British and global economies of the late twentieth and early twenty-first centuries. It influenced the business culture and the transformations of financial capitalism in the early 2000s, including corporate engagement in humanitarian, social, and environmental issues, as well as the formation of fair trade more generally. In the aftermath of the Covid-19 pandemic, many politicians and economists in contemporary Britain and outside of it have returned to the nonprofit sector’s decentralized vision as a model for how to structure the national economy. Today, its legacy still shapes everything from the landscape of shopping centers and tax exemptions to trade networks and labor arrangements in the global economy. While we know much about the demise of the welfare state and the rise of neoliberal and financial policies in the period, this book tells a crucial story that deserves to be more widely known: how and why the nonprofit sector built a new, market-based order out of the ashes of empire and the rubble of mid-century statism.

In and Against the Market

The history of the economy in the twentieth century is often told as one of transition between the era of welfarism and the age of neoliberalism.⁹ In such scholarship, concerns for public interests, social democracy, and elaborate infrastructures of social services were overturned by austerity, privatization, and social conservatism.¹⁰ State-led economies were overtaken by the “encasement” of markets.¹¹ Individualism elbowed aside communitarian ideas about the public good.¹² Keynesianism, the story goes, was dethroned by the intellectual and political rise of monetarism, amid the neoliberal vogue for an authoritarian globalism.¹³ It is a narrative that often spotlights the rise of the conservative right over the disappearance of the socialist left.¹⁴ For some, the fall of the Soviet Union in the early 1990s became the coda to this transformation, the moment when neoliberalism went from “being a political movement to being a political order.”¹⁵

This book tells a different story. Unlike the more commonly told tale about the neoliberal and conservative right, it focuses on the role of the British left—and the nonprofit sector that grew out of it—in this transformation. It shows that many of the features often associated with conservative policies were also a product of a left-wing alternative to mid-century welfare capitalism and the role of the state within it. Haunted by the specter of Cold War and imperial politics, British nonprofits developed their vision of ethical capitalism in response to the primacy of the nation-state in the economy. Strikingly, they saw the state, not the marketplace, as morally vacant. As a result, they sought to overturn the nation-state as the primary organizer of economic life and instead hoped to foster decentralized market participation by directly connecting consumers, producers, and the global community. They advocated for individualism, entrepreneurship, and privatization of aid and welfare in the name of a more humane form of capitalism. Their choice for individualism reflected a commitment to grassroots market participation over state-led economies. “Centralization is mainly an idea of order; decentralization, one of freedom,” wrote the economist E. F. Schumacher, who provided much of the inspiration for the nonprofit vision.¹⁶ This antistatism was not premised on protecting markets from democracy, as was the case in the neoliberal penchant for authoritarianism. Rather, it saw itself as operating in democracy’s service. In fact, by the 1980s, the nonprofit sector’s emphasis on decentralized markets would be used to counter the top-down, neoliberal approach of the Thatcherite state and of organizations like the International Monetary Fund (IMF). British nonprofits were, in the words of one economist, “in and against markets”: they critiqued the free market but also sought to operate within it.¹⁷

Of course, not all nonprofits were an extension of the British left, but many especially key international aid organizations such as Oxfam, War on Want, Christian Aid, and Intermediate Technology Development Group, emerged from the British left generally and the Labour Party in particular.¹⁸ Their story was embedded within a larger transformation of the British left in the second half of the twentieth century. From the 1960s onward these nonprofits became populated by a younger generation of aid workers and activists, who were preoccupied with questions of fairness, justice, and redistribution. They were inspired by the Labour Party’s moral commitment to overseas aid and postimperial relations.¹⁹ Some nonprofits, like War on Want, were directly supported by the party. Many of the thinkers who informed their intellectual project—E. F. Schumacher, Barbara Ward, Michael Young, Richard Titmuss, and Michael Barret Brown, among others—belonged to the Labour Party, and some even identified with the New Left. Understanding the story of the left through the lens of the nonprofit sector that grew from it illuminates the relationship of the British left to the neoliberal project.

My narrative helps explain the transformations in British socialism over the course of this period. In the 1950s, the nonprofit sector’s critique of the

mid-century developmental and welfarist project emerged from debates within the Labour Party over welfare, development, and Keynesianism. By the late 1990s, the sector's embrace of the logic of "in and against the market" came to characterize the New Labour government. This book thus offers insights into how and why the British left abandoned the broader socialist goals of public ownership and state-led economies in favor of market-based socialism. Historians of the British left have largely explained this transition by focusing exclusively on domestic debates within the Labour Party. Whether as a response to the economic crises of the 1970s or the decrease in party membership in the 1980s, the so-called "modernization" of the Labour Party has been analyzed as part of an internal conversation about the future of socialism.²⁰ Looking at the nonprofit sector, however, I show that the turn to markets also came from ideas and practices connected to development economics and international aid. The dissociation of the liberal left from public ownership and the turn to market socialism was in fact tested by the nonprofit sector in colonial and postcolonial economies during the years of decolonization and its aftermath.

I locate the intellectual origins of this vision in the 1950s within socialist and ethical debates of the British left about the future of British capitalism.²¹ In the heyday of modernization theories, Labour politicians and economists sought alternatives to the economic model of public ownership. Their critique of the state-led economy was driven by humanist concerns about both trickle-down economics and centralized planning. They believed that Keynesian macroeconomics, with its focus on quantitative measures of incomes, demand, and gross national product (GNP), could not fully solve the problem of inequality in Britain and newly independent economies. Instead, inspired by anticolonial critiques—especially Gandhian thought—these ethical socialists sought welfare models that would valorize individuals and their communities at the level of the "grassroots." They, in turn, emphasized the role of the consumer, the entrepreneur, and the community in the global economy.

Ethical socialists developed their ideas beyond domestic spaces, often testing them in imperial and postimperial economies. For these socialists, postimperial societies offered the perfect laboratory for experimenting with economic alternatives. The new economies of India and Tanzania, for example, provided them with the ideal grounds to consider the role of decentralization, community development, entrepreneurship, and intermediate technologies in shaping welfare and mitigating inequalities. Between the 1960s and the 1990s, the burgeoning sector of British nonprofits sought to connect the project of domestic welfare with a postimperial quest for community development in the decolonizing empire. Tracing both the imperial and domestic formations of their programs, this book draws the histories of welfare and development into one frame.²² It argues that welfare and development ideas were interwoven in a single project that aimed to create ethical capitalism on a global scale.

Britons were not alone in their search for alternatives to large-scale state-led development. In the landscape of mid-century international development, American, Indian, and international-based organizations were also thinking about what the historian Amy Offner calls a “mixed economy.”²³ Across multiple geographies, economists, welfare thinkers, and activists searched for models that would solidify new relationships between the private and public sectors through welfare and development initiatives. In the British case, this search for an alternative to national ownership was led by nonprofits. For its economists and aid workers, Britain had a particular role to play in the global economy. As Britain gradually lost its place in the world economy, they sought in Schumacher’s words to find a “Middle Way” in approaches to economic and social development.²⁴ This British “third way” would hew a path between the centralized, authoritarian economic planning of the Soviet Union and the hyper-individualist economy of the United States. Nonprofits hoped the British approach would offer an alternative path for newly independent countries to organize their economies.

Nonprofits articulated this British third way in part through the now ubiquitous concept of “stakeholder capitalism.” The concept essentially meant organizing the capitalist enterprise around shared governance by its multiple stakeholders, from workers to consumers and finally the larger community within which businesses operated. This type of ownership fused both private and public interests but without state intervention and positioned itself against the more traditional division between trade unions and industry. The concept was not unique to Britons; it appeared across Western Europe in the 1950s and 1960s. In 1971 stakeholder capitalism was popularized by the German economist and founder of the World Economic Forum, Klaus Schwab.²⁵ By the 1990s the concept came to be associated with the rise of New Labour.²⁶ This book underscores, however, that we must also understand the rise of stakeholder capitalism in terms of the nongovernmental work enabled by the confluence of the global Cold War and decolonization.

British nonprofits took the idea of stakeholder capitalism and scaled it up to the global economy. They used it to define their own paternalist role as mediators, sometimes even as representatives of different stakeholders in the global economy, including consumers, producers, and private businesses. From the 1960s onward, this idea became the basis for development projects and campaigns. In some cases, nonprofits went so far as to create their own nongovernmental fair-trade enterprises that would represent these stakeholders through shared nongovernmental markets. In other cases, the concept helped them devise campaigns that would advocate on behalf of stakeholders for fairer trading agreements, consumer protections, and labor rights in national and international forums like the United Nations Conference on Trade and Development (UNCTAD) and the Trade Union Congress (TUC). For British nonprofits, the concept of stakeholder capitalism facilitated a more

democratic participation in the global economy. They saw it not only as a fairer way to organize industrial democracy from the grassroots but also as applicable on a global scale.

In telling the story of this nonprofit alternative, this book advances a more capacious understanding of what, today, we would label “fair trade.” At their most ambitious, nongovernmental campaigns in the 1970s sought to embed programs for community development in the former empire within a wholesale reform of the global economy. From importing handicrafts and revising commodity agreements for sugar growers to linking their handicraft and fair-trade imports to credit and saving schemes, activists saw the goal of their development work as transnational and international in scope. They sought to boost the welfare as well as the income of Third World citizens, and they placed this goal above the traditional aim of growing the national economy.²⁷ Fairer trade would provide an alternative form of grassroots development, promote participation by indigenous communities, and support “technologies which encourage self-reliance.” Their approach would serve as “a reaction against the neo-classical modernists.”²⁸ Using the model of stakeholder capitalism, nonprofits aimed to generate markets independent of the state and international organizations, “a real alternative to mainstream commercial trade.”²⁹

The nonprofit sector’s embrace of stakeholder capitalism was aimed at generating popular forms of participation in the global economy. Charity shopping, fair-trade production, boycotting, and consumer practices more generally became commonplace during this period. By considering these kinds of practices as part of a broader global narrative about the economy, and as elements of the search for ethical capitalism in particular, I aim to expand our understanding of who counts as an economic subject and where that thing called “the economy” is located.³⁰ Although the role of economists and policy-makers in shaping the state’s relationship with the economy constitutes part of this story, the book’s overarching narrative centers the nongovernmental arena as constitutive of economic life and as the space in which this project was actually realized.³¹

Throughout the twentieth century, Britons had been called upon to participate in the imperial economy as both consumers and producers of imperial goods. When Britain began to lose its empire, older notions of the patriotic imperial consumer and producer were replaced by a set of postimperial relationships between Britain and the world.³² Some of these relationships emerged out of both new trade agreements and political alliances with the European Economic Community, as well as through the spread of American ideas about value, entrepreneurship, and financialization. In other cases, especially in the decolonizing world, these new relationships were haunted by the specters of empire, paternalist assumptions about non-British peoples, and enduring racial hierarchies. The nonprofit sector sought to thread its way

between the postcolonial economic revolt of the so-called Third World and the changing nature of Britain's own political economy.³³ To do so, it created an economic infrastructure for public engagement that was based on an individualized form of popular participation in the global economy. It aspired to represent the "people"—British consumers and Third World producers—beyond the official strictures of the state.³⁴ "Economics as if people mattered" was its slogan, which constituted part of the moral response to the dehumanizing nature of the postimperial state.³⁵ And yet this focus on individuals rather than states also elided the structural conditions that generated economic inequalities and shifted the onus onto consumers and producers to regulate them—a process some have termed "responsibilization," in which the burden for fixing the economy falls on individuals.³⁶

This book in fact explains why and how ethical capitalism became a project that operated on the level of the individual consumer rather than that of organized labor and state regulation. Nonprofits aimed to generate a new type of citizen-consumer on a global scale. The consumer had been a political figure since at least the late nineteenth century, but during the last three decades of the twentieth century, nongovernmental activists called upon citizens—especially housewives—to include ethical considerations and global concern in their everyday shopping.³⁷ They argued that the mundane act of shopping could satisfy both material needs and global moral imperatives. This practice could connect British citizens directly to Third World producers without aid from the state and build solidarities through decentralized markets rather than diplomatic channels. By the 1990s, as one aid worker claimed, there was "a fundamental change in consumer behaviour. Ethical shopping is becoming a mainstream marketing concept. It is already affecting product presentation and promotion, and, more slowly, production methods."³⁸ By using it to reform Britons' fashion and diet, British nonprofits treated the market as an economic space that could mirror a global moral community. Ethical consumerism sold the promise—albeit a false one—of forming an authentic connection between British consumers and producers in places like India and Bangladesh. It aimed to resolve the capitalist alienation between producer and consumer in everyday economic life, creating a humane capitalism in the process.

At the same time, this book shows that the story of these fair-trade ventures reshaped labor after empire. Nonprofits sought to connect ethical consumerism with various community development projects, cooperatives, and eventually individual entrepreneurs and to move away from state-led development initiatives to more local and grassroots forms of employment. Their fair trade was as much about reshaping supply as it was about demand. They encouraged intermediate technologies in rural communities over the traditional development model that focused on large-scale industrial projects in urban centers. In some cases, British nonprofits even taught postcolonial producers, especially women, to make "indigenous" craft goods, convincing Britons to engage in

what they presented as the ethical consumption of such handicrafts and foods. They sought to unleash “the creative freedom” of Third World producers as entrepreneurs.³⁹ Nonprofits, in fact, came to celebrate entrepreneurship as a solution to inequality. Entrepreneurship fit within their larger philosophy of self-reliance, decentralization, and small scale. It was seen as a way to liberate Third World producers from the strictures and limits of the wage economy and allow them independence. Fair-trade ventures wove together the consumption and production of fair-trade goods as well as the credit structures necessary to sustain them. In this vision, postcolonial entrepreneurs would make handicraft products tailored to the taste of the British customer. These products would then be sold as part of a large network of fair-trade markets managed and regulated by nongovernmental enterprises.

Despite their aspirations to create grassroots cooperatives and industries, many of the campaigns for fair-trade markets did not manage to reform labor standards and working conditions. In the 1970s, amid a global unemployment crisis and deindustrialization, these fair-trade ventures helped cement a global division of labor between Britain and the Third World, particularly its former South Asian empire. Nonprofits’ aversion to state intervention meant that fair-trade ventures remained unregulated and often compromised labor rights. Producers worked under poor conditions while profit margins for nonprofits grew exploitatively high. Nonprofits almost exclusively provided indirect support for flexible labor and self-employment in the so-called “informal sector,” in which many workers remained outside the official labor force. Informal producers became the key link in a chain of interactions that included charity shops, fair trade, self-employment assistance, and, eventually, microfinance. As nonprofits abandoned such traditional concerns as unionization and state-level labor legislation, they contributed to the growing precarity of labor in postimperial spaces. Nonprofits, in short, ended up becoming drivers of inequality rather than the solution to it.

By the 1980s, when the debt crisis hit many postcolonial economies, nonprofits had to recalibrate their ethical vision and adapt their fair-trade ventures through microenterprise schemes. Influenced by the vogue of financialization throughout the development sector, British nonprofits joined the World Bank and USAID in tying their aid programs to initiatives that offered small loans and financial advice to Third World entrepreneurs engaged in fair-trade ventures.⁴⁰ Among the many attractions of this vision was its self-sustaining quality: instead of selling goods to fundraise for their fair-trade programs, nonprofits realized that they could use financial tools like credit to help producers make and export fair-trade goods, whose sale would in turn underwrite the work of nonprofit organizations. They taught producers how to market themselves as Third World producers and to valorize their “human capital.”⁴¹ In this financialized model, nonprofits transformed Third World producers into the commodifiers of their own self-worth, purveyors of an authentic “Third World”

tradition ready to be sold and marketed as a fair-trade good. This model cemented a view of the Third World as a uniform space of exotic, traditional crafts. By the late 1990s, nonprofits imported this model back to Britain, introducing microfinance as a solution to the financial marginalization of the Black British community and the unemployed.

Nonprofits' project of making capitalism ethical was, in fact, never one-directional. The ideas and schemes that may have originated as part of a development project to remake postcolonial economies also eventually shaped economic life in Britain. We cannot understand the history of the British economy in isolation from its imperial and postimperial formations. Rather than telling a story about British exceptionalism, this book focuses on the postimperial formations of Britain and its economy, transformations that continue to have lingering effects in contemporary Britain.⁴² Ethical capitalism was a mutually constitutive story for both the metropole and its former colonies, even after formal decolonization.⁴³ By showing the relevance of British postimperial history to the broad arc of the postwar, the chapters that follow offer a global history attentive to the specific national and imperial histories and formations often lost in existing accounts of the period.

The Third Sector of the Economy

Looking at the history of the economy in Britain in the second half of the twentieth century from the vantage point of the nonprofit sector affords a novel perspective on the period. Instead of telling a story about the challenges to mid-century capitalism posed by the domestic welfare cuts of Margaret Thatcher's government and the rise of New Labour, I underscore the key role of the nonprofit sector as a locus of alternative visions of capitalism. Beginning in the 1950s, British nonprofits—or charities as they are more commonly called in Britain—laid the foundation for new types of markets and economic ideas. A central thread of this book argues that we should understand the role of nongovernmental organizations and charities in Britain as a central part of the history of the economy. These nonprofits became economic actors in their own right, shaping a new political economy in Britain and the world and, with it, new economic ideas and subjectivities.

My book follows the story of self-proclaimed humanitarian aid organizations such as Oxfam, War on Want, Christian Aid, ActionAid, and Save the Children, as well as smaller development groups such as the Intermediate Technology Development Group (today called Practical Action). Instead of focusing on a collective or individual biography of these organizations, I set out to study their economic ideas and programs as illustrative of a set of broader social and economic changes. While not all British nonprofits were international in their orientation, these organizations played a particularly important role in British capitalism in the second half of the twentieth

century. Many of them were founded within the context of total wars. Save the Children, the most liberal leaning of the group, was famously established in 1919 to respond to the Allied powers' blockade of Germany.⁴⁴ Oxfam was founded in 1942 and Christian Aid in 1945 in response to World War II. Others were founded during the era of decolonization. War on Want, the most radical of the group, was launched in 1951 as an international antipoverty organization and received the backing of anticolonial activists and Labour politicians, including Harold Wilson, who became prime minister in 1964. The Intermediate Technology Development Group was established in 1966, ActionAid in 1973. These organizations were created in a variety of contexts and circumstances, but it was during the long process of decolonization that they became central actors in the British and the international economy through their development and welfare programs.

My study builds on the work of social and political historians who have demonstrated the role of these organizations within a broader history of internationalism, humanitarianism, and empire.⁴⁵ At the same time, it also departs from them, showing that the history of British aid need not be bound to questions of politics and diplomacy. I utilize the newly available archives of these organizations and read them alongside trade union and business archives, the archives of international organizations, and national archives in order to understand their activities, politics, and ideas within the broader political economy of the period. I trace how they moved from Victorian- and Edwardian-style charities to modern economic ventures, forming limited liability companies, pushing for tax exemptions, and devising their own development philosophy. I argue that these organizations played a key role in Britain's transition from an imperial to a postimperial economy.

Methodologically, I classify these organizations as "nonprofits," instead of as charities, NGOs, or humanitarian organizations, in order to emphasize the economic role all such organizations played. We cannot understand the activities of these organizations in the international order without analyzing them as the distinctively capitalist organizations that they were. Considering these organizations as central parts of the economy allows me to ask questions about their economic ideas as well as follow important protagonists, like the economists, businesspeople, and even policymakers who played a critical role in shaping them. It also allows me to analyze their work alongside the British and global for-profit sector and to question the degree to which their activities were, in fact, "nonprofit." In short, in treating these aid organizations as nonprofits, my study writes them into the history of British capitalism.

It may seem counterintuitive to speak of the role of nonprofits as capitalist organizations, since by definition nonprofits are designed to work outside the sphere of accumulation. Since the Elizabethan era British nonprofits have worked alongside local and later state authorities, but they have been defined as serving a social or charitable purpose, rather than that of generating profits

for owners or shareholders. Beginning in at least the nineteenth century, their nonprofit status won them special exemptions from British taxation laws and freed them from government intervention.⁴⁶ But in the second half of the twentieth century, nonprofits carved out a space for economic exchange that was neither privatized nor fully public, one that became a third sector in the economy. They devised economic approaches, pushes for new tax breaks, and shaped economic policies. Perhaps most strikingly, nonprofits began to manage their own fair-trade enterprises, supporting local cooperatives, small businesses, and individual entrepreneurs in the former empire and importing their products back to British consumers. Nonprofits, in short, were becoming big business.

Part of this story was rooted in the larger political narrative that saw the rise of a number of rivals to the nation-state, to use the historian Charles Maier's formulation, in the second half of the twentieth century.⁴⁷ In this period, the sheer number of domestic and international charities grew exponentially, from 56,000 registered charities in 1948 to about 189,530 charities in 2003. The pace of that growth was especially rapid between the late 1960s and the early 1990s.⁴⁸ Nongovernmental organizations came to shape the nature of British politics, as the British public broke away from the traditional spaces of churches, trade unions, and political parties to cause-based nongovernmental organizations. The growth of the nongovernmental sector occurred in parallel elsewhere, across Western Europe and the United States, and nonprofits became one of the various alternatives that came to replace the "long century of modern statehood."⁴⁹ Nongovernmental organizations stood for a new transnational, and in some cases grassroots, politics. They became a central force in globalization.⁵⁰ Their advocates positioned themselves against the British state, although in practice they were never fully separated from it.⁵¹

At the same time, nonprofits also played a part in the story of global economic governance. From the 1960s onward, British nonprofits developed an economic alternative to international organizations like the IMF and the World Bank. Their fair-trade and microenterprise programs were meant to counteract top-down restructuring of the global economy via commodity agreements, large modernization investments, and structural adjustment programs. Nonprofits devised their own economic approach to growth, which aimed to foment "participatory development" and to involve "the beneficiaries as partners, as co-workers in action and in research," connecting British consumers and Third World producers globally.⁵² It was an approach that, by the 1980s, had won British aid organizations a central position in the international aid industry, working alongside and advising the World Bank, the IMF, and the International Labour Organization (ILO). Many aid workers who began their careers in the British nonprofit sector were later employed by these organizations, as the nonprofit sector became a feeder of economic experts and aid workers to international organizations. By the 1990s, some

nonprofits called for a revision of international economic mechanisms that originated in the Bretton Woods system, seeking to remake those organizations in their own image. “Over the past fifty years the activities of the World Bank and the IMF,” argued one 1994 Oxfam report, for example, “evolved in a way which is contrary to their founding objectives—and to the task of reducing poverty. . . . [T]he policies of the Bretton Woods institutions do not sufficiently reflect the needs of the majority of the world’s citizens.”⁵³ Nonprofits represented people rather than governments, which dictated the interests of international organizations. They fashioned themselves as democratic forces that could hold international organizations accountable for their “meddling” in postcolonial economies.⁵⁴

A perhaps more mundane yet important product of this political transformation was that the voluntary sector became a major employer in the British economy. As nonprofits became a third sector in the economy, they competed with private and public industry for the labor force. By the first two decades of the twenty-first century, nonprofits had around six hundred thousand employees and probably twice as many volunteers.⁵⁵ Both domestic charities and international and development aid organizations had to recruit from an expanding and highly professionalized technocratic class of experts to administer their programs. Many of these professionals, crucially, were recruited from the Colonial Office.⁵⁶ Their imperial experience, expertise, and connections with local elites in postcolonial countries made them highly desirable workers and, in turn, helped expand many international aid programs. The process of decolonization, in other words, fed the exponential growth of the voluntary sector. This book joins a growing literature that shows how NGOs acted as “surrogates” of the imperial state even after empire.⁵⁷ Through these nonprofits, Britons found a new moral role in the world after empire as a nation of do-gooders.

But these former colonial experts constitute only a fraction of the story about how nonprofits became capitalist organizations. Just as important were the increasingly large numbers of business experts, trade consultants, banking and financial advisors, and marketing specialists nonprofits recruited into their ranks from the 1960s onward. This new class of financial and economic professionals either came with a degree in economics, marketing, and finance or came from the for-profit sector. They served the nonprofit sector by leading fundraising activities, but they also played a significant role in development and welfare programs, which increasingly focused on fair-trade enterprise, handicraft markets, and eventually microfinance; they led training workshops with fair-trade producers and taught them how to package, market, and sell their products, as well as how to label them as fair trade; they developed their own economic ideas and theories about the place of nongovernmental intervention in postcolonial economies; and, in turn, their economic

thinking shaped Britain's own economic and financial engagements with the former empire.

Many of these experts even helped establish new collaborations between nonprofits and the for-profit world. As I show, these collaborations became a testing ground for broader ideas about corporate social responsibility, worker participation, and stakeholder capitalism. While nongovernmental organizations have long relied on the for-profit sector, in the 1980s many organizations established their own corporate relations units, focused on outreach to the for-profit sector in Britain and outside of it. By the late 1980s more than half of British businesses had experience using nonprofits to achieve corporate objectives.⁵⁸ Nonprofits, in fact, often worked alongside rather than against the for-profit world in establishing new ethical codes of conduct. They encouraged privatization in the name of industrial democracy and transference of technology. They saw themselves as intermediaries between consumers, producers, and capital.

Importantly, using both former colonial experts and business professionals, nonprofits were transformed into the third sector in the economy through new institutions such as subsidiary trading companies. Over the course of the 1970s, many of the large nonprofits expanded their activities and established their own nongovernmental limited liability companies under the umbrella of fair trade. Since the late Victorian period, philanthropic campaigns had included small-scale production of needlework by poor colonial subjects for the purpose of fundraising from wealthy Britons in the metropole.⁵⁹ But from the 1960s onward, aid organizations made these works into an integral part of their development programs. Using newly created limited liability companies, nonprofits began to produce, import, market, and sell fair-trade goods from the former empire to Britons to generate value in the for-profit system. These trading companies became the basis of the nonprofits' economic vision of a capitalism capable of being both humane and profitable.

This vision of ethical capitalism was only made possible through a series of new tax breaks introduced in the 1960s and the 1970s. In these decades, British nonprofits and nongovernmental aid organizations—Oxfam in particular—pushed for these new exemptions as they were setting up their own commercial activities over the course of the decade. From the sales tax to the property tax to deeds of covenant, nonprofits connected these special exemptions to a postimperial mission of helping newly independent economies. These exemptions in turn enabled nonprofits to carve out a special status for their trading ventures. Exemptions forged the material conditions for the ethical capitalism of the nonprofit sector and allowed nonprofits to generate new streams of revenue that would fund more experiments in development globally. Today, thanks to some of these exemptions, many nonprofits are able to compete with the private sector in the retail market and, in some cases, even contribute to

the decline of small traders.⁶⁰ To understand the limits of the nonprofit project, then, we must analyze them as part of the history of capitalism.

Organization of the Book

Can capitalism be ethical? While the question was a recurring one for the British left at the end of the twentieth century, in the 1950s and 1960s it was at the heart of national political debates. Britain was losing its empire, and with it its preeminent place in the global economy. Many industries had been nationalized, while Britain still relied on many of its African and Caribbean colonies for key resources. From the East, the Cold War brought new challenges to old assumptions about economic management and the role of the state in the economy. Economists, welfare theorists, Labour politicians, and intellectuals of the liberal and Marxist left in Britain heatedly debated the possibility of an ethical capitalism, one that would fit, as one historian called it, a “postcapitalist society.”⁶¹ And, for all their different answers, each of these actors shared a deep suspicion of the role of the state in promoting the goals of fairness and solidarity.

Chapter 1 suggests that these early debates about the nature of capitalism were the intellectual and cultural background for the solidarity economy. Domestic debates were inseparable from the experience of the Cold War and decolonization. They self-consciously drew on ideas percolating in the decolonizing world: politicians and intellectuals of the British left were especially attentive to Indian and Tanzanian critiques of British imperialism. It was from anticolonial nationalists like Mahatma Gandhi and Julius Nyerere that British welfare and development theorists, economists, and politicians learned about decentralized economies, the importance of a small, community-based organization of economic relationships, and even the role of altruism in economics. Focusing on three key figures—the sociologist and Labour MP Michael Young, the welfare theorist Richard Titmuss, and the economist E. F. Schumacher—the chapter recovers the broad ethical critique of capitalism that swept through Britain in the 1950s and 1960s and shows how it was enmeshed in the politics of the late empire. Embracing the alternative ownership model of stakeholder capitalism, community development, and market socialism, these critiques became central to the new nonprofit imaginary of a global moral economy by the late 1960s.

The following chapters examine how the nonprofit sector took these ideas of ethical capitalism and experimented in adapting them to different domains and scales. Chapter 2 chronicles how in the 1960s the nonprofit sector adapted these ideas to the world of charity trading. A new cadre of charity organizers, especially at Oxfam, began to weave together the infrastructure of the solidarity economy. These experts had colonial experience and used their connections in the former empire to facilitate philanthropic markets that built upon the

tradition of imperial humanitarianism. They offered British consumers products that would connect them to various international, economic, and development causes. Charity trading, and with it brick-and-mortar charity shops, focused first on organizing associational life within Britain. This movement generated a large body of volunteer workers—mostly women—who did the emotional work of suturing a faltering empire and raising funds for development in the colonies through sales of secondhand goods. Importantly, the new arena of charity trading was boosted by the growing consumer culture and the place of the consumer in British politics. Charity trading created the economic infrastructure—from tax breaks to a new body of limited liability nonprofit trading companies—for the solidarity economy. It made international aid NGOs into economic actors with stakes in the domestic and post-imperial economy.

By the early 1970s, when most of Britain's imperial territories had achieved political independence, activists transformed these community development projects into fair-trade workshops. As chapter 3 shows, many nonprofits hoped to emulate the model of a "cooperative society" comprising Britain and its former empire. They began to import Third World products to Britain and sell them in their charity shops, especially handicrafts. The idea was to form a "bridge" between consumers and handicraft producers without the intervention of states and international organizations. Charity trading was thus established to create a direct, ethical market for indigenous goods. Amid a global unemployment crisis, however, charity trading turned away from its cooperative promise. They offered business opportunities and marketing advice geared toward satisfying consumer demand in Britain rather than addressing structural inequalities in the labor market in the Third World. They nurtured and developed a new enterprise culture and emphasized the value of flexible work through development projects. The chapter untangles the failed promise of these handicraft markets and how they shaped labor in the 1970s.

Fair-trade markets, however, were not limited to handicrafts. Chapter 4 explains how fair-trade markets were part of a broad project to create a "welfare planet," as one activist termed it. This vision responded to the political and economic crises of the 1970s and was bolstered by the environmental and anticolonial critiques they generated. The chapter focuses on the politics of sustainability as a central object of a nongovernmental, environmentalist vision of a fairer global economy. The decade saw a variety of campaigns aimed at facilitating ethical markets for food between Britain and its former empire. These projects drew upon a then-prevalent postcolonial critique of economic growth as well as on ecological anxieties over diminishing resources. Some called for the structural reform of international trade through commodity agreements on sales of tea and sugar. Others focused on consumer action, reforming consumption patterns through diets and fair-trade labels. In the midst of Britain's own changing political economy—its transformation from

imperial metropole to a member of the European Economic Community—these campaigns oscillated between the language of economic justice and emotional pleas for humanitarian compassion. The persistence of compassion-based campaigns and the collapse of those devoted to economic justice demonstrates the possibilities that were opened and then later lost in the 1970s.

The idea of the fair-trade market, as chapter 5 demonstrates, also bolstered a critique of the growing presence of other nongovernmental agents in the global economy, namely big businesses and multinational companies. The nonprofit sector has long had an alliance with the for-profit sector. Before and during decolonization, many NGOs collaborated with private companies on multiple aid schemes. But in the 1970s, many activists in the nonprofit sector embraced a new economic philosophy of corporate social responsibility, one that developed as an alternative to nationalization and state ownership in Britain. It drew upon a wide array of ideas: from Gandhian notions of trusteeship and American management theory to Christian concepts of social auditing. The chapter highlights the enduring influence of Christian ethics on British capitalism. The turn to corporate responsibility transformed private corporations into agents of welfare, capable of better representing the stakeholders in the global economy—workers, consumers, and the community—than the state or the trade union. By the early 1980s, these ideas shaped a new form of nongovernmental activism through international corporate codes of conduct. The chapter tracks the emergence of campaigns for corporate social responsibility and stakeholder activism from their more radical origins in Britain in the 1960s—as projects about the remaking of public ownership—to their more minimal applications like the social audit, which were anchored in the critique of trade unions in the 1980s.

By the 1980s, when the debt crisis hit many Third World economies, nonprofits had to recalibrate their original vision of making capitalism ethical and fit in an increasingly financialized global economy. Chapter 6 charts how British activists responded to the debt crisis and the neoliberal IMF's structural adjustment programs that were meant to mitigate it. Drawing on Judeo-Christian theology, British nonprofits and church activists launched transnational campaigns that critiqued the IMF's programs and called for the cancellation of debt by the new millennium. While these campaigns began as a radical envisioning of the financialized global economy, by the late 1990s they became part of more minimal humanitarian campaigns that garnered support of pop singers, celebrities, and Third Way politicians. Instead of structural adjustments, nonprofits embraced microenterprise as a microeconomic tool that promised to solve inequalities from the "bottom up." It was a solution to the crisis of industrialization and the labor shortage that followed; instead of generating employment through macroeconomic restructuring of industry and fair-trade programs, it made the poor the engine of growth. In

doing so, these programs in fact moved the burden of solving the crisis to Third World individuals and cemented the precarization of the poor.

By the late 1990s, microfinance was imported to Britain, becoming part of the repertoire of welfare services. Drawing on a nonprofit model created by Oxfam and other organizations in international aid, Third Way politicians offered microfinancial services to ethnic minorities within Britain's own economy. What started in the 1970s as an antistatist project to reclaim and empower economic subjects in the former empire had by the late 1990s become a state-led strategy by the New Labour government for managing the promise of multiculturalism and the integration of ethnic minorities in Britain itself. The solidarity economy shrank from the project of creating fairness within the global economy to the limited effort of molding subjects—British and non-British alike—into human capital. The legacies of this nonprofit story continue to shape economic and racialized inequalities in both the British and global economies.

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