The Economic Foundations of Contemporary Slavery
By Justin Guay

“Slavery existed before money or law” (Hochschild 2005). Indeed the “peculiar institution” is one of humanity’s oldest. It has, however, evolved and manifested itself quite distinctly in different periods of history. In contrast to historical views of slavery that are associated with Chattel Slavery, numerous forms fall under the umbrella term of contemporary slavery. The United Nations (U.N.) Working Group recognizes such radically new forms as: child labor, children in conflict, trafficking in persons, sexual exploitation, and the sale of children. The International Labor Office (ILO) approaches the topic through the lens of forced labor. The ILO recognizes slavery and abductions, compulsory participation in public works projects, forced labor in agriculture, domestic workers, bonded labor, forced labor imposed by the military, forced labor in the trafficking of persons, as well as some aspects of prison labor and rehabilitation through work. A linking factor between these varied forms of contemporary slavery, according to the U.N. Working Group, is the role that poverty plays in creating vulnerability. This link is echoed in the work of Kevin Bales, arguably the world’s foremost expert on contemporary slavery. According to Bales, contemporary slavery is “the complete control of a person, for economic exploitation, by violence, or the threat of violence.” Using this definition, it is possible to explore the economic links that all forms of slavery, despite their unique characteristics, share.

Economic conditions are decisive in the formation of slavery. Chattel slavery emerged as a disturbing manifestation of a push for labor-intensive goods created in the new world. Slaves were seen as property—as a form of investment. The ensuing ownership created a myriad of costs for slave traders and owners. These costs included cargo, shipment, and insurance during delivery, as well as the costs of maintaining the investment (food, medical treatment, and clothing) on behalf of the slave owner. Nearly forty million Africans lost their lives due to horrific conditions on slaving vessels (Anti-Slavery International 2005). Massive slave insurrections significantly added to the costs nations incurred in enforcing the trade. These economic realities, coupled with strong domestic opposition, eventually led slave traders and politicians in Great Britain to re-evaluate the desirability of the trade. This ultimately led to slavery’s abolition in Great Britain and in subsequent countries around the world.

A new set of economic forces arose from the ashes of the Trans-Atlantic trade, as slave traders demonstrated their ability to adapt to a changing environment. During the post-abolition era, the colonial holdings of the world’s imperial powers began to display an evolution towards slave-like practices. Forced labor by the state, debt bondage, and prison labor emerged to take the place of chattel slavery. These forms were markedly different for exactly what they lacked—namely, the immense costs and direct legal involvement in a trade that had been officially abolished. Imperial powers found these advantages to be economically and socially attractive. However, two devastating wars and the era of decolonization all but ended this period by the 1970s.

Economic factors have been shown to precipitate the rise and fall of different forms of slavery. The modern set of economic conditions, on which slavery now firmly rests, have arisen through the monolithic pillars of capitalism and free trade. Massive inequality and poverty have set the stage for the most profitable form of slave trading ever seen. Slaves today are, in purely economic terms,
short term, low-capital investments with incredibly high rates of return. For example, slaves in the U.S. Antebellum South cost, in real terms, around $40,000; today, a slave goes for around $90 (Bales 1999). This is due to the enormous supply of slaves on the market today. In contrast to chattel slavery, ownership is now officially avoided. However, illegitimate contracts are used to keep victims in subjugation. Although a dizzying array of slave-like practices are recognized, the dominating form of slavery today is debt bondage.

It is estimated that a staggering fifteen million of the world’s slaves can be found in India, Nepal, Pakistan, and Bangladesh combined (Bales 2000). The primary method of enslavement in these countries is debt bondage. This involves a person using his or her labor as repayment for a loan. Unsavory accounting, astronomical interest rates, and violence then combine to keep the person in bondage that can last the rest of their life, and in many cases is passed on to generations of their descendants.

A common link in many forms of contemporary slavery is the use of illegal contracts. Domestic servants in the Philippines, textile workers in the United States, and sex workers in Thailand are all examples of contract slavery. The vulnerability of the world’s poor is a key ingredient to the successful implementation of this type of slavery. Slave traders offer desperately poor people, usually in rural areas, employment through illegitimate contracts. Once the victim has been subjugated, the contract is used to keep the slave convinced that the arrangement is valid. The contract is also used to flaunt anti-slavery laws in case of problems with authorities. Despite the illegality of the practice, a lack of international enforcement allows the problem to persist.

Perhaps most disturbing is the mass exploitation of children. According to the ILO, currently over 100 million children are being exploited for their labor. Children are especially attractive to slave traders because they are easy to coerce psychologically and physically. They are also valued for their small physical statures, which allow them to work in cramped conditions. The U.N., through the ILO, has committed itself to the abolition of the worst forms of child labor. These forms have been defined by the ILO as work, which by its nature, or the circumstances in which it is carried out, is likely to harm the health, safety, or morals of children. This work includes most forms of slavery or slave-like practices (the sale of a child, trafficking of children, bonded child labor, forced or compulsory labor including child soldiers), the commercial sexual exploitation of children (prostitution, pornography, forced child marriage, and child domestic work), and the use, procuring, or offering of a child for illicit activities (drug trade) (Child Rights Information and Documentation Centre 1999).

The economic power wielded by the modern age slave holder is due to the seemingly unlimited supply of slaves in the world. According to the U.N., half of the world’s six and a half billion people survive on less than two dollars per day. It is from this mass of desperately poor people that the world’s slaves are culled. Never in history has there been a segment of society that is as vulnerable as today’s poor.

The ideological push for the “science” of free trade has unleashed enormously destructive forces for social and cultural change that have wreaked havoc on the populations of developing countries. Rapid urbanization and restructuring of agricultural activities, upon which people have depended for centuries, has spelled disaster. In rural areas, the loss of common land combined with the switch to the production of cash crops from subsistence farming, has in effect destroyed people’s livelihoods.
Heaped on top of this suffering is the destruction of the communities upon which people have depended for support.

As opposed to the later eighteenth and early nineteenth centuries, when slavery was confined to colonies and peripheral territorial holdings, contemporary slavery has permeated countries at every level of development in the global economy. Conservative estimates put the number of modern slaves alive today at 27 million (Bales 1999). Some human rights organizations have the number as high as 200 million (Free the Slaves 2007). This is more than all of the slaves who were captured and forced into slavery during the entirety of the Trans-Atlantic slave trade. The direct value of slave labor in today’s economy is estimated between thirteen and twenty billion dollars (Bales 2000). It must be pointed out that these figures are strictly estimates. It is nearly impossible to discern any kind of verifiable, quantitative information on modern slavery, since slavery exists in the shadow of the global economy and thrives on the purposeful ignorance of states, multi-national corporations, and societies.

A market-based approach aimed at addressing the underlying factors involved must be implemented in order to combat the growing problem of contemporary slavery. Obscene profit, immense vulnerability, and lack of enforcement are the targets of such an approach. The supply and demand relationship is a good place to begin. Informing the public about goods that are produced by slaves will serve to reduce demand. On the supply side, multi-national corporations need to be held responsible for their labor practices and product sourcing. These objectives must be enforced by strictly adhering to existing laws on local, national, and international levels, thereby driving up the costs incurred by slave traders. Finally, governments and international organizations need to counterbalance the immense wealth disparity that is created by liberal economic policy. This can be achieved through economic policies aimed at human rather than economic development, including full employment and social welfare. This approach, aimed at reducing demand by developed countries, driving up the costs incurred by slave traders, and bringing up the income level of the majority of the world’s poor, must be implemented globally in order to combat the ghastly effects that the slave trade has on humanity.

In order for us to end the reality of lives of servitude, which millions of people face today, and which millions more will face tomorrow, it is vital that we act now. The marriage of life and slavery may seem absolute, but it need not be. The future is defined by the actions of the present. In the words of Maya Angelou, “History, despite its wrenching pain, cannot be unlived, but if faced with courage, need not be lived again.”

**Annotated Bibliography**


Annotation: This article details the history of the Trans-Atlantic slave trade, including the various factors that led to the eventual abolition of slavery in the Great Britain. It begins with a brief history of slavery in Africa, and with a discussion of the significant change that chattel slavery and the Trans-Atlantic slave trade introduced. The factors in the decline of the trade that
are discussed by the author include the massive loss of life, slave insurrections, and a diminishing domestic support of the trade.


Annotation: This brief piece gives the history of Anti-Slavery International, the world’s oldest human rights organization. The organization is responsible for the abolition of slavery in Great Britain. Today, it remains the world’s foremost advocate for human rights protection and slavery abolition. The brief account of the history of the organization is supplemented by a link to a document that contains a more detailed history of the organization and its fight to end slavery.


Annotation: This article demonstrates the success and failure of an anti-slavery campaign in the cocoa industry. The efforts of NGOs, corporations, and governments culminated in the Cocoa Protocol, which was meant to initiate fair trade practices in the cocoa industry. However, a lack of oversight and enforcement has led to a resurgence of the problem.

Anti-Slavery International. 2007. “What is Modern Slavery?”

Annotation: This short article found on the Anti-Slavery International website gives a basic overview of contemporary slavery. It defines six different forms of modern slavery including: debt bondage, forced labor, and trafficking. It also looks at the characteristics that define modern slavery. It is a useful place to start research on the topic, although the information is by no means exhaustive.


Annotation: The book advances the view that contemporary forms of slavery are markedly different from historical forms of slavery. These new forms have arisen specifically due to economic changes in the form of globalization. The author argues that the abundance of people on the planet now makes the modern slave trade extremely profitable. The author goes on to discuss how various forms slavery have emerged in countries such as India, the United States, and Thailand.

Annotation: The author defines contemporary slavery in the context of globalization. The article begins by defining three widely recognized forms of modern slavery: chattel slavery, debt bondage, and contract slavery. It then contrasts the economic features of these modern forms of slavery with those of the Trans-Atlantic Slave Trade.


Annotation: The author describes contemporary slavery and debt bondage in particular. He discusses the areas of the world in which human trafficking is organized through criminal rings. Finally, the article looks at psychological mechanisms that are used against victims in contemporary slavery.


Annotation: This article, posted on the Free the Slaves website, explains the author’s theory of contemporary slavery. The article defines slavery, and shows how the typical relationship between slave and master is distinctly different in modern times due to economic changes. Using economic theory as a basis, the author gives quantifiable data that demonstrate the market factors that have given rise to the use of slaves in certain countries.


Annotation: This article looks at economic factors behind the demise of the slave trade in the British Empire. It refutes the widely accepted notion that religious and abolitionist movements were the driving factors that ended the trade. Instead, it points to economic factors such as the costs incurred by the slave traders, as well as a decline in the overall profitability of the British West Indies, as the ultimate causes. These economic causes are seen as a part of the broader transition to capitalism that the British underwent during this time period.


Annotation: Building on the ILO report, “A Global Alliance against Forced Labour,” this article looks at the questions of why and where forced labor exists. It also looks at the inherent characteristics of forced labor. It refers to a statistical report that delineates how much forced labor there is in the world today. These issues and statistics are examined in order to build support for a policy change, at both the global and national levels, in order to end forced labor.

Annotation: This article describes the efforts of a group of southern political economists in formulating a theory, derived from classical economics, which defended the institution of slavery in the American Antebellum South. The group fused economic thought with racist ideology in order to support their claims. The article explains their attempts to reconcile the use of slavery through a discussion about the economics of Adam Smith, who denounced the practice as morally unjust and economically inefficient.


Annotation: This short article is the full text of the C182 from the International Labor Organization’s Worst Forms of Child Labor Convention of 1999. It defines forced child labor, in addition to outlining the forms it has taken, including prostitution, trafficking, and children in conflict.


Annotation: This article focuses on wage slavery and illegal immigrants in the United Kingdom. The main thrust of the article is the “double paradox” that modern slaves face. Firstly, although their presence is unwanted, their labor is needed. Secondly, although globalization has brought down barriers to immigration for labor, it has simultaneously strengthened them through immigration restrictions. The article is unique, in that it takes a different look at slavery through the lens of immigration.


Annotation: This short article serves to highlight the problem of forced labor in the United States. It does so by providing small amounts of summary statistics and a quick overview of the problem. This overview includes the industries that are involved and the reasons why people remain in forced labor. The article is aimed at getting physicians to recognize that a person may be a victim and to take action.

Annotation: This book traces slavery through various civilizations in human history. It examines the origins of the word, including who it was originally meant to define, and discusses how that definition has changed over time. The book provides detailed accounts of slavery in various time periods, showing how these definitions have influenced the definitions and stereotypes of various societies. The book also explores the economic changes that have helped to shape slavery.


Annotation: The article is an informative piece for people who are new to the concept of modern slavery. It contrasts the Trans-Atlantic slave trade with contemporary slavery by showing the indiscriminate nature of contemporary slavery. It has a very informative insert entitled “Child Slavery, A Global Problem,” which defines various forms contemporary slavery has taken. It also provides statistics to reinforce the author’s view of the global problem slavery poses.


Annotation: This extremely short article summarizes an International Labor Organization report that classifies forced labor into three different categories: economic, state imposed, and sexual. It gives a figure for those subjected to forced labor in the world (12.3 million), as well as the profits cleared by those who exploit them (44 billion).


Annotation: This article looks at the basic definitions of slavery and freedom in order to understand the concept of voluntary slavery. In so doing, it refers to David Brion Davis’ work on definitions of ownership. The article also outlines a relationship, which is also partially derived from Davis’ work, between racism and slavery. Finally it points out the paradox of the so-called enlightened countries—those with relative levels of cultural and economic achievement, which nevertheless participate in this very base activity.


Annotation: This article uses an extremely sarcastic tone to demonstrate how American foreign investments are exploiting labor in poor developing countries. Beginning with the uproar over the Kathie Lee Gifford sweatshop scandal, the author links a decline in the American economy
to increased foreign investment. Specific examples include Myanmar and Honduras. The article is extremely good at portraying the link that globalization and liberal economic policies have in driving the use of forced labor.

Free The Slaves. 2007. “Slavery in History.”

Annotation: This short Free the Slaves document contains a significant amount of information on the evolution of anti slavery organizations and conventions. The document is broken into four eras: 6800 B.C.-1800 A.D., 1800-1900, 1900-1950, and 1950 to the present. It includes information on organizations such as the International Labor Organization, the United Nations Working Group on Contemporary Forms of Slavery, and the League of Nations.


Annotation: This short informative article gives a very good overview of slavery today. It combines statistics with general information to show where, and to what extent, slavery exists. It gives various forms of contemporary slavery, as well as the reasons why people become victims. Finally, it goes over international attempts at defining and combating modern slavery.


Annotation: This document is a good starting point for understanding contemporary slavery. It includes various forms that contemporary slavery takes, as well as facts and figures. Although short, the document is succinct, and the website contains other important information on slavery around the globe.


Annotation: This lengthy economic article examines slavery’s role in the history of the American Civil War. It has good information on the profitability of slavery, as well as dollar values for slavery in the economy of the Antebellum South. The author uses these values to show the vested interests that slave traders had in continuing the practice.


Annotation: This article highlights the growing problem of child exploitation. Although it does not focus solely on slavery, it gives a variety of statistics on slavery and slave like practices. These
practices include forced prostitution, child soldiers, and trafficking. It also looks at the crucial role poverty plays, and what nations are currently doing to combat these problems.


Annotation: This book is an emotionally charged narrative of the abolition movement in England. It elaborates on such efforts as the sugar boycott. Figures, the treatment of slaves, as well as general attitudes are used to paint a vivid portrait of the world, and Britain in particular, during the height of the Trans-Atlantic slave trade. It has useful information on the Trans-Atlantic slave trade for comparison with modern slavery.


Annotation: This report defines various forms of forced labor. It forms eight categories of forced labor, including slavery and abductions, compulsory participation in public works, forced labor in agriculture, domestic workers, bonded labor, forced labor imposed by the military, forced labor in the trafficking of persons, and some aspects of prison labor. Within each of these categories there are examples of countries or regions where the specific form is practiced.


Annotation: This short document from the International Labour Organization provides valuable information on forced labor around the world. It includes a definition of forced labor, along with regional and global statistics. It discusses the problem of state imposed forced labor in both Myanmar and China. It also links poverty in developing countries to forced labor. The article ends by outlining an action plan for a global alliance against forced labor.


Annotation: This article is a newspaper cover story that looks at modern age slavery as it pertains to the global sex trade. It uses specific stories of victims to give a human face to the problem of slavery. It has two different inserts, which give general definitions of new forms that slavery has taken in the modern era. Contact information for various organizations that are fighting global slavery is also given.

Annotation: This article focuses on the causes and manifestations of contemporary slavery. The article gives a good, general description of the ways in which people are coerced or tricked into slavery. The author also gives useful demographic statistics on the victims of slavery as well as an idea of the general economics of modern age slavery.


Annotation: This article focuses on child labor in general, and more specifically on child debt bondage in India. It provides statistics on global child labor, as well as the efforts launched by the International Labor Organization to combat it. The article ends by arguing that decent employment and alternatives need to be available in order to eradicate child labor.


Annotation: This comprehensive article elucidates modern slavery’s causes and its relations to past forms. It begins by showing the problem of modern slavery through stories of slaves. It discusses where slavery and human trafficking are occurring, and addresses the extent to which the problem exists in each country. It pays particular attention to the problem of child labor and the economic benefits of eliminating it. It also follows the history of slavery and traces the modern idea of abolishing the slave trade to the enlightenment thinkers. The article ends by looking specifically at the modern version of slavery, and at the influence that globalization has had on creating this version.


Annotation: The article begins with a discussion of historical definitions of slavery, and then proceeds toward its contemporary definition. However, it does not define contemporary slavery, opting instead to give examples of slave-like practices in the twenty-first century, with special attention paid to child slavery. Finally, it looks at the lack of laws available by which it may be possible to try slave holders and traders.


Annotation: The main argument of this lengthy, economically-focused article is that slavery in the American South did not exist outside of capitalism. Slavery existed as a form of labor, alongside wage labor, in a new global capitalist system. It examines the rise of the cotton culture in the American South as a result of the use of slavery in a wage labor system. It also examines its eventual demise as a result of an industrialized demand for free labor.

Annotation: This book gives a very detailed account of the efforts of the British Anti-Slavery Society in abolishing slavery. It begins with the abolition of slavery in Great Britain and follows the development of slavery in colonial Africa, as well as in other parts of the world such as Saudi Arabia and India. It shows the development of modern forms of slavery that fall under the category of forced labor. Next, attempts made by international organizations to halt these practices are discussed. The book also has a very useful chapter that defines modern forms of slavery.


Annotation: The author looks at contemporary slavery through essentially the same lens as Kevin Bales, by examining underlying market factors for the global supply of slaves. Desperation is seen as a primary factor in leading people to be tricked or forced into slavery. He also examines the demand side of the equation by looking at people’s desires for sex and by elucidating the ready supply of forced sex workers.


Annotation: This extremely short article looks at the uncertainty of slavery statistics used by slavery researchers. It accounts for the lack of reliability of these statistics by showing how some of them have been calculated. Finally, it provides a chart that shows which countries are involved in trafficking, as well as the estimated number of slaves in each individual country.


Annotation: This article explores changing definitions of slavery over time. It examines how older definitions have helped shape modern definitions thereby providing a link between historical and contemporary slavery. This development is traced through various international organizational conferences on the subject. The article also focuses on, as the author sees it, a main limitation of emerging literature on contemporary slavery, which is “a recurrent tendency to downplay or disregard the historical dimensions of current problems, in favor of a problematic bifurcation between ‘new’ and ‘old’.”


Annotation: This short U.S. State Department document gives a brief, but informative description of human trafficking, modern forms of forced labor, and what the United States is
doings to combat the problem. The short definitions on bonded labor, involuntary servitude, domestic servitude, and child labor, are particularly useful. It ends with statistics on the problem, as well as with initiatives that the United States has implemented to combat the trade.


Annotation: This short but extremely informative document provides a quick overview of debt bondage and other modern slave-like practices. However, its main focus is on the problem of child exploitation. It also provides information on international conventions aimed at enforcing the abolition of slavery. It provides a section at the end of the document that provides suggestions for individuals to get involved in ending slavery.


Annotation: This short article looks at the root causes of modern slavery, in order to produce a coherent set of global ethics to help combat the problem. As the author sees it, poverty and gender inequality are two of the strongest factors that lead to slavery. Neo-liberal economic policy has blamed globalization as a root cause of today’s immense poverty. From these roots, the author develops a set of policy initiatives to combat slavery.


Annotation: This article discusses the sources, routes, and destinations of the victims of the Dutch slave trade during the seventeenth century. It is focused on the Indian Ocean and its contribution to the slave trade at this time. It provides information on the various forms of work that slaves were forced to do. However, as a general reference to older forms of slavery, the article is limited.


Annotation: This article gives a description of the problem of slavery in the United States. Though the focus of the article is the United States, it also describes how many victims of slavery are held in servitude around the globe. It demonstrates how slave owners are implementing the use of contract slavery and force in order to strip the victims of rights, and to convince them that there is no way out of their predicament.
From: The Economic Foundations of Contemporary Slavery, By Justin Guay , Topical Research Digest, 2014. The extractive power of capitalism has always existed. The ability to extract profit from people, production and resources is necessary for capitalism to function. There was a time when this was accompanied by a sort of creative power of capitalism. Capitalism once built things, even as it extracted profit from people and things. It built electrical power plants, built libraries, built universities and paved roads. These activities were in no way altruistic, they were adjustments, investment. Slavery systems of labor exploitation were preferred, but neither European nor Native American sources proved adequate to the task. The trans-Saharan slave trade had long supplied enslaved African labor to work on sugar plantations in the Mediterranean alongside white slaves from Russia and the Balkans. As the cotton plantation economy expanded throughout the southern region, banks and financial houses in New York supplied the loan capital and/or investment capital to purchase land and slaves. Recruited as an inexpensive source of labor, enslaved Africans in the United States also became important economic and political capital in the American political economy. Enslaved Africans were legally a form of property—a commodity. Slavery as an economic institution. A small percentage of slaves were domestic servants, working in a planter's main house as cooks, nursemaids, seamstresses, and coachmen. An even smaller percentage worked as laborers or craftsmen—carpenters, masons, and blacksmiths. It was not unheard of for "spare" slaves to become mill or factory workers, and skilled artisans might be hired out to other plantations by their masters. Irrespective of the jobs that slaves did, slavery on the whole was profitable. The expense to planters for housing, clothing, and feeding slaves was considerably less than the value they produced. Estimates vary, but expenses associated with the maintenance of one field hand were probably half the value of the revenue the master received from the slave's labor. Slavery is economically inefficient. If slaveholders made decisions purely on economics and not corrupt emotion, the practice would likely cease to exist in many of its forms. While modern defenders of slavery are hard to find, many nonetheless believe it is economically efficient. After all, slaveholders have no labor costs. Many people wrongly believe this simply means the twisted enterprise is an economic powerhouse, but limiting slavery to wages misses other costs that diminish the economic value of slavery to the slaveholder. Slavery Is Inefficient. No single explanation is the key to the