

# Unfree Wage Labour

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## Abstract

The article develops the concept of ‘unfree wage labour’ that refers to a situation in which a worker must (temporarily and conditionally) give away possession of his labour power to a third party who then sells it to the buyers of labour power. From the perspective of contract freedom and legal equality, it seems irrelevant whether a worker sells his or her labour power to an employer or to an intermediary. However, there is no doubt that labour intermediation increases the economic dependence and social subordination of workers. First, given that the intermediary negotiates with the employer, the worker has a lower ability to influence the terms of employment. Second, given that he or she is a contract worker, they have a lower ability to engage in collective action in the company. Undoubtedly, this worker has significantly lower control over her or his working and living conditions. The question arises whether his or her contract freedom lessened to the extent that we can speak of unfree wage labour.

## Keywords

unfree wage labour, unfree labour, subcontracting, labour intermediation, labour exploitation

## Introduction

William Milberg argues that global arm’s-length outsourcing could not have occurred without ‘weakened labour relations environment’ (Milberg, 2004: 13), which in his opinion enabled globalized companies to increase their utilization of sweatshop labour, and particularly labour at the bottom of their global production chains located in low-cost countries (Mezzadri, 2017). However, it is not only longer working hours and more intense labour that increase exploitation. Recent studies have also pointed out an increase in labour relations that defies the definition of free wage labour.

The term that is most often used to denote such labour relationships is *unfree labour* (Andrijasevic and Novitz, 2020; Banaji, 2010; Barrientos, 2013; Barrientos et al., 2013; Brass, 1999, 2011, 2017; Frantz, 2013; Fudge, 2018; Gore and LeBaron, 2019; Kothari, 2013; LeBaron, 2015; LeBaron and Phillips, 2019; Lerche, 2007; Morgan and Olsen, 2014; Strauss and McGrath, 2017; Rioux et al., 2020; LeBaron and Phillips, 2019). Other terms such as *neo-bondage* (Bremen, 1996; Mezzadri, 2017), *modern/new/contemporary slavery* (Bales, 2012; International Labour

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Organization (ILO), 2017; McGrath, 2013a, 2013b; Miers, 2000), *bonded labour* (Damir-Geilsdorf, 2016; Srivastava, 2005) or *forced/coerced labour* (Allamby et al, 2011; ILO, 2017; Lerche, 2007; Phillips, 2013; Phillips and Mieres, 2014; Strauss, 2012; Van der Linden and Rodríguez García, 2016; Verité, 2014) are less frequently used. The main reason the term *unfree labour* is so widely used is the fact that *slavery* and *forced labour* are legal categories. Since their definitions do not always correspond to the forms of labour identified by these studies, the authors prefer to use the term *unfree labour*.

Literature offers several conceptualizations of unfree labour, including a liberal one. It found its way to the political solutions through the abolition of slavery (ILO Slavery Convention 1926 and 1953), of forced labour (ILO Forced Labour convention 1930) and trafficking (Trafficking Protocol, 2000). In harmony with liberal theory, those documents conceptualize unfree labour as an anomaly in capitalist societies which should be criminalized and legally prosecuted (a critique of this approach in Andrijasevic and Novitz, 2020; Fudge, 2018; Shamir, 2012). However, the consideration of unfree labour through the lenses of the narrowly defined forced labour (which uses the criteria of involuntary work and coercion) led to the conceptualizations that dissociated it from exploitation and linked it to extra-economic coercion. Put differently, although workers do not have other option but to accept employment involving long working hours and wages below the living wage, these aspects are not necessarily seen as criteria for forced labour.

However, exploitation is the central concept of Marxist theory. In this respect, significant was the polemics dating from the 1970s, known as the Brenner debate (Aston and Philpin, 1985), in which Brenner's interpretation of the capitalist mode of production was confronted with the Wallerstein's global division of labour under the domination of the world capitalist economy. For the discussion of unfree labour, several points are relevant: while Brenner excludes the existence of unfree labour in the capitalist mode of production (so, if it exists, it is most probably a relic of the pre-capitalist production practices), Wallerstein allows the possibility of the coexistence of various production practices and exploitation methods (labour controls in Wallerstein, 1974: 87–88), which correspond to the specialization of specific regions in the global economy.

Recent scholarly contributions indicate that persistence on the controversies of the Brenner debate may be unproductive because the two theories do not necessarily exclude each other (e.g. Martins, 2020: 19). As global production and consumption removed all obstacles that had prevented the circulation of capital and goods across the globe, this may extend the validity of Marx's law of value to the entire world and, accordingly, it could be used to explain the controversies within the global development of capitalism. Ruy Mauro Marini and Juan Iñigo Carrera used the Marxist law of value to explain the contradictions between the development of dependent economies and the capitalist centre, as well as peripheral economic activities compared with the leading ones. It served them well to confirm the thesis that unfree labour is compatible with the development of capitalism. Ruy Mauro Marini used it to prove that the development dynamics of the global economy cause 'superexploitation' within dependent economies (Marini, 1981 [1973]). Carrera (2016), however, showed that (uncompetitive) 'small capitals' are not doomed to extinction as Joseph Schumpeter maintained. They can live on but need to accept the lower profit rate while creating an extra profit that is appropriated by 'normal capital'. Since for 'small capitals' to survive the lower profit rate is not always sufficient, they need to increase the exploitation of the labour force including through personal dependence and unfree labour (Carrera, 2016: 50–51, note 8). In short, Marini and Carrera's economic analyses are along the lines of the Marxist 'deproletarianisation' thesis from the 1980s that unfree labour is reconcilable with the capitalist mode of production (on trajectories of this debate, see Brass, 2022).

If unfree labour is not a relic of the past systems but rather a result of the global expansion of capitalist relations, the question that imposes itself is what its relation to the free wage labour is.

How to approach such an analysis? Tom Brass proposed the formal analysis of free wage labour (Brass, 1999, 2011, 2017). In his definition, *a free wage labourer is someone who takes his or her labour power to the market, sells it alone for a limited period of time, and is free to terminate the contract whenever he or she wishes so*. Brass derived his definition from Marx's definition of free wage workers who need to be free to own their labour power as their own commodity and, on the other hand, have no other commodity to sell. In addition, they cannot sell their labour power entirely or permanently, because in such a case they would sell themselves and become slaves (Marx, 1976: 270–272). Brass's definition proved to be operational when various studies came to conclusions that contradict liberal conceptions, namely that it is not the involuntary acceptance of exploitative labour relations that primarily defines unfree labour, but rather the worker's inability to terminate such labour relations (Andrijasevic and Novitz, 2020; Barrientos et al, 2013; Frantz, 2013; Kothari, 2013; McGrath, 2013b: 33). They thus drew upon the Brass' premise of unfree labour that combines the entry-into with exit-from, meaning that a production relation, which is entered freely, but from which its subject cannot exit (due, for example, to debt), is not free but unfree. However, Brass argues that capital has propensity to increase the exploitation of the labour force, which can be achieved by extending working hours and increasing the intensity of work or by preventing free wage workers from selling freely their labour power (Brass, 1999: 151–152; Brass, 2011: 70). While the class struggle 'from below' entails the de-commodification of labour and the development of free wage labour (i.e. the process of proletarianization), competitive pressures and strong workers' resistance can make capitalists adopt a class struggle waged 'from above'. Through capitalist restructuring and workforce decomposition/recomposition, capital can entail the employment of unfree labour that is cheaper, more susceptible to pressures towards increased work intensity and lacking the protection of collective work organizations. The transformation of free wage labour into unfree labour gives rise to the contrary process, that is, de-proletarianization.

Brass's formal analysis of unfree labour is an abstract idea that has its (historical) concretization in the process of de-proletarianization. This raises two questions which we aim to address in this article. On the level of idea, we want to know the nature of unfree labour: what are the dominant traits in contemporary unfree labour that the studies highlight? Historically, we want to look at how these traits have developed and combined in the history of capitalism to see how they affected the contract freedom of workers through processes of proletarianization and de-proletarianization. We will examine the status of workers whose contract freedom is reduced. We hypothesize that in contrast to free wage labour they are unfree wage workers.

This task requires us to switch back and forth between the analyses. We will first review the forms of unfree labour described in recent studies and try to establish their specific traits. We will then delineate the wage labour that has occurred at the intersection of the production and circulation ever since the time of the early industrialization, in order to identify the process of proletarianization/de-proletarianization. These findings will be used in the concluding formal analysis in an attempt to conceptualize unfree wage labour.

## Forms of Unfree Labour

We will look at the modern forms of labour which various authors deem to be unfree although they deviate from all accepted definitions of slavery, forced labour or trafficking, and attempt to establish their common traits.

We start with the examples that come from the studies conducted in the Latin America. Most of them were concerned with agriculture, but not exclusively (e.g. McGrath, 2013a). Tom Brass (1999) reports on the *enganche* system that developed in the wake of the agrarian reform in Peru

where well-off farmers circumvented the local (regulated) labour market using contractors (*engan-chadores*). The contractors made use of advance payments to recruit migrant workers who then repaid the debts from their wages already burdened by various deductions for (costly) food, accommodation and other necessities, so at the end of the day they were left with very little money and could survive only by borrowing further. The entrance of migrant workers led to radical wage reductions and deterioration of working conditions, which in turn pushed local workers into poverty and debt trap. McGrath (2013b) describes the example of sugar cane workers in the production of ethanol. Migrants are enticed by recruiters (*gatos*) who may also double as employees, employers or landlords. The workers are often paid less than what they were promised, so after deducting the sums needed to pay back the advance payment and other costs, they end up in red (McGrath, 2013b: 35). Although the work is hard and sometimes leads to death by exhaustion, the workers cannot leave because they get the payment at the end of the season only. The situation is well illustrated with the data from the Brazilian inspectorate which between 1995 and 2005 freed around 37,000 workers that were entrapped in 'slave labour' (Phillips, 2013: 179).

Allegedly, unfree labour is most widely spread in India (Lerche, 2007: 436). Brass's (1999) study of the farming in Punjab identified instances of contractors 'purchasing' migrants. These labourers did not receive wages until they paid back the advance payment, and since they could sustain themselves only by taking loans, they were trapped in the debt spiral and prolonged dependence. Breman (1996) researched the circular migration of the lower caste in villages in Gujarat. During the monsoon period when the stocks ran out and there was no work, their only source of livelihood were advance payments given by *mukadams* (middleman). Once the monsoon ended, whole families travelled to work in brickworks, salt mines, diamond cutting workshops, textile factories, construction sites and quarries, and returned to their villages at the start of the new monsoon season. The main force behind those circular migrations were *mukadams* entrapping whole families in neo-bondage. According to Breman (1996: 169), in contrast to traditional *hali*, 'neobondage is less personalized, more contractual and monetized'. Mezzadri (2017) conducted a thorough analysis of sweatshop labour in the garment industry in India. She divided it into three types based on specialization. The first type comprises the facilities in northern India which manufacture demanding items. These employ migrant men, the informal, flexible and circulating labour force. The workers are recruited by internal contractors who themselves work at the site and supervise the labour process while aiming to increase productivity and prevent revolt among the workers (Mezzadri, 2017: 125). The second type is mass production in the southern parts of India which engages young migrant women who live in dormitories. They sign a 3-year contract and they get only a small portion of payment on a regular basis, while the remaining balance is paid at the termination of the contract. This enables the contractors to heavily exploit and blackmail young women who mainly enter such contracts in an attempt to collect money for their dowry (Mezzadri, 2017: 98–99). The third type are workshops and home work in the wider rural suburbs of Delhi where handicrafts such as embroidery are done. The contractors (*thekedaars*) distribute, manage and supervise the work of those unregistered workshops and homes. The advance payments and loans enable them to keep the workers in neo-bondage relations (Mezzadri, 2017: 153).

Another frequently studied region is the Near East. Two factors have contributed to the proliferation of unfree labour in this region with the highest concentration of migrant workers in the world (Damir-Geilsdorf, 2016; Frantz, 2013: 163). One is the national *kafala* system in which the migrant is tied to his or her employer during the period of employment. The change of the employer is subject to the employer's permission; otherwise, the worker is considered a 'runaway'. However, the employer is obliged to pay for the return journey of the worker once the contract expires. This rule is aimed at preventing permanent settlement, but it also covertly justifies the confiscation of documents and similar practices that restrict the movement of workers. The other contributing

factor is the chain of recruitment agencies connecting the source countries (India, Philippines, Nepal, Bangladesh, Pakistan) and destination countries. The agencies charge migrants for the intermediary services and other costs, and as a rule this debt is paid back only after 2 years of employment through deductions from wages (see, for instance, Damir-Geiltsdorf, 2016: 174, a study of Bangladeshi migrants in Arab Gulf States), or the worker is not paid any wage for a few months (Frantz, 2013: 1077, the study of Sri Lankan housemaids in Jordan). The combination of these two factors plus dependence on remittances of family members in the country of origin reduces the chances of migrant workers to terminate the exploitative employment relations.

Further examples come from the Far East. For example, Malaysia's economy depends on the supply of foreign workers to foreign companies (Bastide, 2019). Verité provided an exhaustive report on the recruitment and employment of migrant workers in the Malaysian electronic industry (Verité, 2014). The study showed that 32% of migrants are forced labourers. While this figure may lead some to conclude that a relatively small portion of the migrant labour force is coerced into such employment relations and that the problem could be resolved through legislative amendments, well-trained inspectorates, codes of ethics and the like, in reality the data show that a large proportion of migrants are far from being free wage labourers. Migrant workers from Indonesia, Nepal, Myanmar, Bangladesh and India are ensnared in the network of agencies operating in their home and destination countries. The costs of agency services are borne by migrant workers, so 77% of interviewees stated that they had to take a loan. After 2 years of work – the average duration of a contract – many barely managed to repay the loan and other costs; apart from meagre remittances sent to the family, they were left without any savings and could not even afford the ticket for the return journey. So, they had no other option but to extend the contract for another year or longer. Another factor that keeps them locked in exploitative relations is restrictions on movement: 94% of migrants had their passports confiscated at the airport although the practice is illegal. They cannot move around freely and they need permission to go out. Anyone who circumvents this rule may be stopped by the police and arrested, or even deported from the country, for not possessing valid documents. A premature termination of contract is considered a 'runaway'. A peculiar feature of the supervision of migrant workers' movements are volunteer citizen security corps RELA, which have police-level authorization to handle illegal immigrants. These authorizations are often used as a cover for violence and blackmailing of migrant workers.

Studies in China showed that household registration system (*hu-kou*) limiting the geographical mobility of people contributes to the exploitation of migrants (Sandoval, 2013). Tang and Zhang (2019) described the examples of unfree labour among Chinese crew on foreign ships. Since novices must complete an apprenticeship, the contracts they sign with intermediary agencies include a clause on the reimbursement of the costs of apprenticeship if the worker terminates the contract prematurely. In the case of such termination, the worker is threatened by high compensation sums (between US\$4500 and 9000), although no costs were actually borne by the intermediary agency. Most workers accept to pay the compensation and try to negotiate lower sums. Another example are Chinese contract workers in Mauritius. They are employed by international garment manufacturers operating within the Export Processing Zones. Much like in other above-described cases, migrants are already heavily indebted to the recruitment agencies at the commencement of the contract. The study also highlights the role played by the source country, China, which contributes to the creation of the servile workforce by not protecting the exploited workers abroad (similarly Sri Lanka in Frantz, 2013). Moreover, China requires the migrant workers to send their basic salary home (Kothari, 2013: 1053). Migrants are therefore forced to work overtime to cover the costs of their living. Finally, restrictions on movement are present in this case too.

The Europe is not an exception in this sense. Barrientos (2013) describes the circular flow of goods and labour force between the United Kingdom and South Africa in the farming sector.

During winter, when South Africa provides fresh fruits and vegetables to the United Kingdom, labourers work on South African farms. They are recruited by labour brokers and social security is not paid. At the change of season, the labourers travel to the United Kingdom. To pay for the trip, they take loans which they repay by working for their gangmaster with whom they are obliged to stay until they pay back the loan. However, the debt grows because they have to pay for the housing, transport and other expenses (Barrientos, 2013: 11). Researchers of Philippine fishermen and migrant farming labourers in Northern Ireland arrived to similar conclusions (Allamby et al., 2011). Another study looked into short-term employment of Serbian workers in Samsung factory in Slovakia (Andrijasevic and Novitz, 2020). A whole chain of employment agents is involved – the workers are recruited by a Serbian agent, the work contracts are signed with a Hungarian agent and finally a Slovakian agent provides the place of work and hands out payments in cash. Such employment is not registered and workers do not have health insurance. Moreover, payments are delayed, deductions for housing and other costs are high, as are penalties for premature termination of the contract, which all points to unfree labour.

We will conclude this section with a summary of factors that create circumstances conducive to unfree labour. The conceptualization of unfree labour is wider than that of forced labour. An employment relationship entered voluntarily can easily turn into unfree labour because of the debt trap which prevents the worker to terminate the exploitative relations. This conclusion concurs with Brass's definition of unfree workers who cannot commodify and recommodify their labour power. Importantly, workers with low income are much more likely to fall into the debt spiral and to become victims of superexploitation and dependence on the employer (Damir-Geiltsdorf, 2016). The studies further show the presence of two other factors that contribute to the emergence of unfree work. One is the state – both sending and receiving countries may create conditions that are then exploited by economic agents to create unfree labour. The other factors are middlemen, or the chain of middlemen. We can therefore distil three elements that contribute to the sustenance of unfree labour – debts incurred by the need to pay the intermediaries, transport and so on; state policies aimed at restricting migrations and weakening of labour laws; and the role of intermediaries.

Our next task is to research the historical development of these elements and how they were combined in the processes of proletarianization and de-proletarianization. We will focus on historical phenomena occurring at the intersection of the production (labour process) and circulation (i.e. the labour market).

## **Proletarianization and the Issue of 'Free Selling of One's Own Labour Power' in the History of Capitalism**

We will now focus on the proletarianization in the core capitalist countries. For simplicity sake, we will restrict ourselves to the period from the beginning of the 19th century onwards, and to the United Kingdom and the United States in particular.

Before we proceed, a note about methodology. Our analysis will capture both 'circuit of capital' and its complementary 'circuit of wage labour' (Lebowitz, 2003: 65). To achieve this, we will look at the intersection of circulation and production, that is, the sphere of labour exchange (the labour market) and the sphere of production. Contemporary working processes demonstrate the importance of thinking about both spheres simultaneously. They include various sub-contractors who take over the work at various stages of the production process. This means that the division of labour in the labour process is based not only on workers' cooperation but also on the competitive relations between the sub-contractors and their workforce (Močnik, 2011). Put differently, the cooperative relations and market relations intersect during the labour process, meaning that the conditions for the exchange of labour force are produced and reproduced in the work process.

### *The Inside Contract System in the 19th century*

When we talk about wage labour we assume that workers sell their labour power directly to the capitalists who ensure the required equipment and raw materials and organize the labour force into a labour process under their (capitalists') control. Studies show that this assumption can be wrong. During most of the 19th century, manufacturing units and factories were dominated by the system which combined the market relations in the exchange of labour with the division of labour in the labour process. This system was known as the inside contract system (Buttrick, 1952).

Pollard studied the early English capitalism and identified the presence of the internal contract system in many sectors, particularly in the coal, tin and copper mines. In the 18th century, in some places the contract system forced out 'free miners' and contributed to their substitution with contract miners. The miner contractor (butty) recruited the workers and paid out his own and his workers' wages from the sale of excavated ore while retaining the portion of the surplus value. The part he retained was inversely proportional to the miners' wages: the less they were paid, the bigger was the butty's profit. A similar situation was present in other sectors. Spinning mills that were the hallmarks of the British industrial revolution also distributed work among contractors. The owner who rented out the machinery to the contractors paid the agreed price for end products. Contractors, on the other hand, were free to organize work as they wished and to hire assistants (in most cases their family members), hence Marx's observation about fathers who sold their wives and children to factory owners, just like slave traders (Marx, 1976: 519).

Contractors were also found in the manufacturing of clothes, shoes, matchsticks, paper, tools and even Smith's pins, then in the metal industry, pottery, construction works (the construction of channels and railroads), the printing industry and transport (Bendix, 1963: 53; Pollard, 1968: 60–61). They were usually tradesmen, but the relations among the capital owners, the contractors and their labourers/assistants were similar to those found in the mining industry. Eric Hobsbawm (1964) described the system as follows:

Capitalism in its early stages expands, and to some extent operates, not so much by directly subordinating large bodies of workers to employers, but by subcontracting exploitation and management. The characteristic structure of an archaic industry such as that of Britain in the early nineteenth century is one in which all grades except the lowest labourers contain men and women who have some sort of 'profit-incentive'. (p. 297)

Or, in the concise form: 'Here the exploitation of the worker by capital takes place through the medium of the exploitation of one worker by another' (Marx, 1976: 695).

Craig Littler showed that internal contractors persisted throughout the 19th century in most of the above-mentioned sectors, and in some places even carried on to the early 20th century. The factory owner provided the working space, equipment, raw materials and energy, and the contractors were obliged to produce a specific number of products at the agreed price using the labourers they themselves recruited and paid. Part of the labour force was directly employed by factories; these were either 'free wage workers' or 'coerced' workers, for example, orphans, prisoners or paupers. In this case, too, the foreman had an absolute and arbitrary power to recruit and dismiss them, and determine their wages.

In conclusion to his historical overview, Littler (1986) says that

[..]he available historical evidence is not sufficient to be definite about different industries and precise practices, but it is fairly clear that by the 1870s and 1880s, internal contract in some form was still widespread in a large number of British industries [ . . . ]. (p. 72)

Eric Hobsbawm used the term labour aristocracy to denote the contractor group. This class, estimated to have accounted for 10%–15% of all workers, were co-exploiting labourers by virtue of their contractual work (Hobsbawm, 1964: 298). They were also the first to form trade unions which ‘. . . served to establish, maintain and probably between 1850 and 1900 to increase, the differential between the aristocrats and the plebeians’ since ‘it was devoted to keeping the lower orders of the proletariat in their place’ (Hobsbawm, 1984: 221). Only when they were substituted by machines and when the organization of work became the responsibility of managers did they join the ‘new unionization’ which after 1890 brought together formerly unorganized unskilled workers.

In the United States, the industrialization started in the mid-19th century. There is less evidence on the contract system in the United States, but the existing one nevertheless suggests that the practice was widespread. During the period 1860–1890, it was predominant in the metal industry (Montgomery, 1987: 187), in companies that manufactured weapons, machinery, locomotive engines and watches, and in silver processing companies. It also seems that the contract system was more widespread than documented. For example, in 1890, the New York textile workers went on strike and one of their (fulfilled) requests was to prohibit external contractors (or sweatshops) and allow only internal contractors (Montgomery, 1987: 121–122). In addition, the studies that looked into the companies such as Winchester, Remington and Singer indicate that the contract system was not limited to smaller or less developed companies. In fact, during the period 1860–1880, the exemplary American companies (Clawson, 1980: 76–77) which were part of the technologically most advanced industries, were proved to have relied on internal contractors.

Buttrick described in detail the contract system in the Winchester Repeating Arms company. It was similar to the one used in England: the factory provided the working space, machinery and raw materials, and it paid to the contractor the price of end products which was determined on the yearly basis. The contractor hired workers and organized the working process. It was up to the contractor to set the wages and determine the portion he would retain as a profit. The factory exerted pressure via the unit price (which during the period 1889–1900 decreased by one half), while the contractor offset the losses by introducing enhancements into the labour process to increase productivity, and by transferring on the pressure to the workers through the reduction of their wages. Accordingly, even the opponents of the contract system had to admit that this practice ‘insures a constant reduction in the cost-price of work’ (Clawson, 1980: 81). Naturally, the contractors did not reduce their profits. The most successful contractor in Winchester had more income than the company’s administrative staff, and was second only to the president of the company in terms of income. He lived in luxury which sparked protests among the workers as well as administrators (Buttrick, 1952: 214). In the Within Machine Works, which made machines for the textile industry, the contractors usually took 50% of the total surplus value, just as much as the owner (Clawson, 1980: 102). Winchester Repeating Arms dropped the contract system in the early 20th century, at about the time other companies began to do the same (Chandler, 1977: 277).

The contract system eventually gave way to managerial capitalism in the United States, with other countries following in its steps. Most authors consider the decade of 1880–1890 as a turning point when more workers began to be employed directly by the company than through contractors. Only the managerial cadres were able to handle the expanding corporations by centralizing production through innovative work organization such as Taylor’s scientific management. Internal contractors either retired or were included in the new work process: they became foremen or supervisors retaining some of the privileges they formerly enjoyed as contractors. In this gain-sharing system, the larger part of the award to which a worker was entitled if he or she exceeded the set norm went to the foreman. Sub-contracting was therefore not truly eliminated but included in the new work process.

Until now we did not even mention the extremely inhuman forms of labour (*padroni*, agency work, indentured labour, peonage, coolies and the like), likewise organized by middlemen (Freeman and Gonos, 2009; Montgomery, 1987; Potts, 1990: 75–85). We also skipped the external sub-contractors in the sweating system, ‘men, women, and children in the most immoral and appalling of surroundings’ (Bender, 2004: 9), against which the organized labour in various sectors was struggling. The struggle against such practices was also the struggle for universal rights: for the reduction of working hours, for the minimum wage, worker organization, social security and pensions, for the prohibition of middlemen and the establishment of the ‘public labour markets’ under the state monopoly.

### *From the Post-War Regulation of Labour to the Global Sub-Contracting System*

The period following World War II (WWII) opened with the Declaration of Philadelphia signed in 1944. Two of its main goals were (Supiot, 2010) the war against want and the decommodification of labour. It marked the beginning of reforms in many countries which introduced employment protection and various social policies to reduce workers’ dependence on employers. These reforms also limited or even prohibited private labour intermediators (i.e. the private labour markets), and established state monopolies (i.e. the public labour markets). Yet, needless to say, labour was still a commodity, only that the state regulation enabled workers to freely sell their labour power to a larger extent, that is, without brokers and under the roughly same terms of employment. Therefore, it is possible to say that the widespread proletarianization occurred only after WWII.

Once the above-mentioned reforms were implemented, the internal and external contract systems were substantially curbed or even eliminated. The share of employees with open-ended contracts, pension and health insurance and other rights began to increase, especially in the continental Europe. In France, their share in 1975 amounted to 80%, the highest figure ever. However, it soon began to decrease, and in the 1990s it was 65% only (Castel, 2003: 380). Similar trends were observed in other countries – in 2000, in 15 European countries their share was only around 60% (Vosko, 2010: 75).

Data for Europe are difficult to compare with those for the United States because the latter does not have a statistical category which would be comparable to the European ‘regular employees’. Appelbaum wrote that in the 1990s their share was 75%, but she included also the employees without health and pension insurance. If workers without these two types of insurance were accounted for, the shares would be much smaller – 62% of workers had health insurance and 41% had pension insurance (Appelbaum, 2000: 10–11). The protection of workers in the United States was therefore lower than in Europe.

However, even in places where employment security was as a rule upheld had their own problems. It is worth noting studies that explored the changes in class structures in contemporary societies: splits within the two fundamental social classes of capital and labour (Baudelot et al., 1981; Duménil and Lévy, 2018; Poulantzas, 1975). Regardless of different approaches and conclusions, the essence of those theories lies in the fact that labour is exploited not only by capital but also by coworkers. By the system of co-exploitation, the capitalism ensures social cohesion in the way that it establishes various groups (of managers, supervisors, petty bourgeoisie) which appropriate part of the surplus value.

In the decades following WWII, organized labour achieved the level of mobilization and socio-political power which endangered the foundations of capitalism. Capital responded by attacking labour within the labour process itself, where it was able to break the associational power of the Fordist ‘collective worker’. As the Italian operaist Tronti (2006 [1962]) says, with

the transformation of the labour process it dissolved the collective worker on which workers' associational power was based.

The American industry responded to workers' pressure by, for example, moving the production units to the south of the United States where the labour force was poorly unionized, and later to other countries. In the 1960s, the Japanese industrialists restructured their supply chains and substituted domestic suppliers with cheaper ones located in the East Asian and South-East Asian countries (Silver, 2003). During the same period, the West German textile and clothes companies were setting up factories in the third-world countries, and their production was largely or fully intended for the German market (Fröbel et al., 1978: 853). Large western trade companies organized supply networks across the third-world countries, reaping in this way large profits, which in the clothing industry was as high as almost 50% (Gereffi, 1994: 102). The globalization of production resulted in *geographically segmented* and *functionally integrated* production (Bair, 2005; Gereffi and Fernandez-Stark, 2011). Put differently, the production process was divided into the productions of intermediate products geographically distributed across various world regions where the combination of production factors was the most convenient (low wages plus educated/trained and disciplined workforce, tax reliefs and subventions, logistic services and so on).

In addition to the geographical segmentation of the production, the production units themselves were reorganized too. Modular consortia, multi-enterprise settings and industrial hotels were established (Gereffi et al., 2005; Sturgeon, 2002; Pulignano et al., 2008). In 1996, Volkswagen established a modular consortium for the production of trucks and buses in the Brazilian town of Resendo. Of the 1000 workers in total, only one-fifth were employed by Volkswagen directly, while others were working for the eight sub-contracted producers of component parts (*parceiros*) who recruited the labour force themselves and functioned as separate legal entities. The Torino-based Fiat established a multi-enterprise setting between 1998 and 2001 by transferring slightly more than one-third of its workers (21,000 of them) to 75 independent sub-contractors (Pulignano et al., 2008: 24). In the late 1990s, Renault set up the industrial hotel in Sandouville, renting out the existing production lines to seven sub-contractors who took over 621 of the 3700 former Renault employees (Pulignano et al., 2008: 27).

The result of reorganization was that working conditions were determined by 'market relations' among the connected companies on the level of a factory or the level of integral global production. Although the labour processes might have remained unchanged, the workers were working under different work regimes determined by the market relations among the connected/affiliated companies. This actually represented the restoration of the old, sub-contracting system but this time on the level of the global market factory. In short, this system combines the achievements of the previous, Fordist capitalist phase, with the pre-Fordist sub-contracting system. Consequently, despite the increased agglomeration of the workforce, the 'collective worker' was broken into individual workers working for competing companies under diversified contracts. As a result, the cooperative relations in the production process were substituted by the hegemony of market relations and re-emergence of subcontracting economy.

The schematic historical overview helps us better understand the processes of proletarianization and de-proletarianization and the roles of the three elements (state regulation, middlemen and wage manipulations) in these processes. During the long process of proletarianization, free wage labour established itself only after WWII, aided by state regulations, labour laws and the prohibition of labour intermediaries. However, this respite was short-lived and limited, especially when we take into account the system of co-exploitation. As early as the 1970s, states began to deregulate the labour market, removed the bans on labour intermediaries and weakened labour laws. Again, a part of workers had access to the 'labour market' only through internal and external contractors.

The question that needs to be asked is what this means for the status of these workers. This exacts from us to return to the theoretical abstraction.

## The Dual Nature of Wage Work

We will call to help Marcel van der Linden (2008) who drew attention to the fact that wage work (or commodified work) involves a dual nature of the worker: the worker is the carrier and the owner of labour power, that is, the only commodity he or she sells. This distinction enabled him to ask an important question (Van der Linden, 2008: 19–20): can labour power be sold by someone who is not the carrier of the labour power? Unfortunately, he then proceeded as if he had not heard his own question. While slavery, says van der Linden, is based on the dual nature of the worker (the slave is a carrier of the labour power while the slave owner is a possessor of that labour power), in ‘free wage work’ this duality has been eliminated because the wage worker both carries and possesses the labour power. This claim ignores the past finding (Brass, 1999) that wage workers can ‘get paid and appear in the market, but not as sellers of their own commodity’ (Brass, 2011: 70; Brass, 2018).

In fact, our historical survey identified many examples of labour intermediation (i.e. contract system in the past or modular consortium in the present) which raise doubts as to whether in such cases the worker is still the carrier and the possessor of labour power. The worker as the owner of commodity (labour power) that he or she wants to sell on the market must first transfer the ownership right to the intermediary or contractor. The intermediary can then sell it to the buyers of labour functions performed by that labour power.

As we have seen, studies on unfree labour pointed out that the worker cannot terminate the contract because the debt prevents him or her from possessing the labour power until the debt is paid off. In this case, the arising relations can be defined as a separation of the carrier of the labour power from the owner. The ownership right is transferred to the intermediary, contractor and/or employer, preventing the worker from possessing his labour power (for instance, from terminating the contract to sell the labour power to another buyer).

Therefore, in both cases, the worker is dispossessed of his capacity to commodify his labour power. In modular consortia, industrial hotels and the like, the contractors, apparently autonomous economic subjects, figure as labour intermediators. Their function is to ‘take over’ the workers and set up various sweating models while hiding behind the screen of market relations. Since the means of labour, object of labour and the results of work are mostly pre-defined or codified (Sturgeon, 2002), the disciplining and exploitation of workers is the only point of their existence.

In both cases, workers must transfer the possession of labour power to an intermediary to get access to the labour market. As Brass (2022: 795) concludes, they become ‘men and women of no property’ – without ‘their sole remaining property, the ownership of workers of their own labour-power’. Such wage work is determined by the wage relations (for their livelihoods, they predominantly depend on wage income), but in the sphere of circulation the workers are not owners of their labour power. They do not sell their labour power themselves but need to surrender the possession of the only commodity they possess. If workers want their labour power to become a commodity in the labour market, they must (temporarily and conditionally) give away the ownership of their labour power to a third party who sells it to buyers of labour power. Workers dispossessed of the only commodity they sell for a living can be designated as ‘unfree wage workers’. The term brings the problem of unfreedom to the capitalist core countries (unlike the world-system analysis, which tends to restrict it to the world periphery) and beyond the migration (unlike Miles, 1987: 33, who ties it to state ‘politico-legal restrictions’ targeting migrant workforce).

It follows that free wage work has its counterpart – ‘unfree’ wage work – and that in contemporary societies the forms of ‘unfree’ work are subsumed within the framework of wage work. This is an important issue because viewing contemporary unfree forms of work through the lenses of ‘wage work’ prevents the association of unfree labour with pre-capitalist or non-capitalist labour relations. They result from capitalist development and the interactions of the sub-contractor system, state policies, and wage manipulations.

The conclusion is also pivotal for labour-capital relations because the workers who cannot freely sell their labour power find it harder to organize politically. Thanks to Tronti we know that the exchange of labour is the only place where a worker can potentially function *as a free and equal* person and decide whether he or she wants to subordinate to capital and under what conditions. However, the worker can become a free and equal person only when he or she surpasses the isolation of the labour exchange between an individual worker and an individual capitalist. This happens when workers become a collective that stands against the capitalist class and begins to change the material conditions of its existence. This, however, is more difficult to achieve if workers are compelled to transfer their ownership right to someone else to be able to access the labour market where their labour power becomes a commodity. In such a case, the chances of workers constituting themselves into a political class are smaller.

## Conclusion

The article develops the concept of ‘unfree wage labour’ that refers to a situation in which a worker must (temporarily and conditionally) give away possession of his labour power to a third party who then sells it to the buyers of labour power. From the perspective of contract freedom and legal equality, it seems irrelevant whether a worker sells his or her labour power to an employer or to an intermediary. However, there is no doubt that labour intermediation increases the economic dependence and social subordination of workers. First, given that the intermediary (contractors, *enganchadores*, *mukadami*, work agencies and the like) negotiates with the employer, the worker has a lower ability to influence the terms of employment. Second, given that he or she is a contract worker, they have a lower ability to engage in collective action in the company. Undoubtedly, this worker has significantly lower control over her or his working and living conditions.

A review of contemporary unfree labour examples across the globe showed that the changes in the employment are related, although they appear to differ in their manifestations. Their common denominator is the dispossession of workers through the sub-contractor system, so workers cannot freely sell their labour power. This facilitates the substitution of free wage labour with unfree wage labour. The differences are in the various levels of exploitation and subordination of wage labour to capital. However, the unfree wage is present in the global South, as well as in the capitalist centre.

However, the historical overview showed that capitalism – even at its centre – has significantly relied on unfree wage work for a significant period in its history. Free wage labour (or Brass’ process of proletarianization) came to its terms for a short period after WWII when, under the motto of ‘labour is not a commodity’, countries worked towards public labour markets and banned or limited private labour market actors. These conditions aided in the unification of the worker as both a carrier and a possessor of labour power who sells that labour power himself. Though, this was an incomplete process and a short-lived stage.

The dual nature of the worker (as the carrier and the possessor of labour power) enabled us to see the (temporary and conditionally) appropriation of ownership rights by a third person who put someone else’s labour power into circulation. It demystifies the formal freedom of this worker. His contract freedom is merely a free choice to become dispossessed of labour power.

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