**Slave Trade**

**Slave trade** means the capturing, selling, and buying of enslaved persons. [Slavery](https://www.britannica.com/topic/slavery-sociology) has existed throughout the world since ancient times, and trading in slaves has been equally universal. Enslaved persons were taken from the Slavs and Iranians from antiquity to the 19th century, from the sub-Saharan [Africans](https://www.britannica.com/place/Africa) from the 1st century CE to the mid-20th century, and from the Germanic, Celtic, and Romance peoples during the [Viking](https://www.britannica.com/topic/Viking-people) era. Elaborate trade networks developed: for example, in the 9th and 10th centuries, Vikings might sell East Slavic slaves to Arab and Jewish traders, who would take them to [Verdun](https://www.britannica.com/place/Verdun-France) and [Leon](https://www.britannica.com/place/Leon-medieval-kingdom-Spain), whence they might be sold throughout Moorish Spain and [North Africa](https://www.britannica.com/place/North-Africa).

The [transatlantic slave trade](https://www.britannica.com/topic/transatlantic-slave-trade) is perhaps the best known. In Africa, women and children but not men were wanted as slaves for labour and for lineage incorporation; from circa 1500, captive men were taken to the coast and sold to Europeans. They were then transported to the [Caribbean](https://www.britannica.com/topic/history-of-West-Indies) or [Brazil](https://www.britannica.com/place/Brazil), where they were sold at auction and taken throughout the New World. In the 17th and 18th centuries, enslaved African persons were traded in the Caribbean for [molasses](https://www.britannica.com/topic/molasses), which was made into [rum](https://www.britannica.com/topic/rum-liquor) in the [American colonies](https://www.britannica.com/topic/American-colonies) and traded back to Africa for more slaves. The practice of slavery continued in many countries (illegally) into the 21st century. Indeed, the not-for-profit abolitionist organization American Anti-Slavery Group claims that more than 40 million people are enslaved around the world. [Sex slavery](https://www.britannica.com/topic/sex-slavery), in which women and children are forced into prostitution—sometimes by their own family members—is a growing practice throughout the world.

[](https://cdn.britannica.com/98/194098-050-AF1D1D85/Slave-Trade-paper-George-Morland-John-Raphael-1812.jpg)

[***Slave Trade***](https://cdn.britannica.com/98/194098-050-AF1D1D85/Slave-Trade-paper-George-Morland-John-Raphael-1812.jpg)

*Slave Trade*, print on paper by John Raphael Smith, 1762–1812; in the Rijksmuseum, Amsterdam.

**Balance of payments**

Balance of payments means the systematic record of all economic transactions between residents of one country and residents of other countries (including the governments). The transactions are presented in the form of double-entry [bookkeeping](https://www.britannica.com/topic/bookkeeping).

There can be no surplus or deficit in a country’s balance of payments as a whole (as distinguished from its [balance of trade](https://www.britannica.com/topic/balance-of-trade)) because every payment will have an offsetting receipt.

The balance of payments of Japan, for example, records the various ways in which [yen](https://www.britannica.com/topic/yen) are made available to foreigners through Japanese purchases of foreign goods, expenditures of Japanese tourists abroad, donations, loans, etc. These expenditures are shown on the debit side of the balance. The receipts side indicates the various uses to which foreigners put their yen, such as purchases of Japanese goods, interest on Japanese loans, etc. If foreigners do not spend all the yen made available to them, the balance of payments will show on the credit side an increase of foreign-held yen balances, foreign purchases of Japanese securities, gold exports from Japan, or some similar item. *See also* [international payment and exchange](https://www.britannica.com/topic/international-payment).

**Balance of trade**

Balance of trade, the difference in value over a period of time between a country’s imports and exports of goods and services, usually expressed in the unit of currency of a particular country or economic union (e.g., [dollars](https://www.britannica.com/topic/dollar) for the United States, [pounds sterling](https://www.britannica.com/topic/pound-sterling) for the United Kingdom, or euros for the European Union). The balance of trade is part of a larger economic unit, the [balance of payments](https://www.britannica.com/topic/balance-of-payments) (the sum total of all economic transactions between one country and its trading partners around the world), which includes capital movements (money flowing to a country paying high interest rates of return), [loan](https://www.britannica.com/topic/credit) repayment, expenditures by tourists, freight and insurance charges, and other payments.

If the exports of a country exceed its imports, the country is said to have a favourable balance of trade, or a [trade surplus](https://www.britannica.com/topic/trade-surplus). Conversely, if the imports exceed exports, an unfavourable balance of trade, or a trade deficit, exists. According to the economic theory of [mercantilism](https://www.britannica.com/topic/mercantilism), which prevailed in Europe from the 16th to the 18th century, a favourable balance of trade was a necessary means of financing a country’s purchase of foreign goods and maintaining its export trade. This was to be achieved by establishing colonies that would buy the products of the mother country and would export raw materials (particularly [precious](https://www.merriam-webster.com/dictionary/precious) metals), which were considered an indispensable source of a country’s wealth and power.

The assumptions of mercantilism were challenged by the [classical economic](https://www.britannica.com/topic/classical-economics) theory of the late 18th century, when philosophers and economists such as [Adam Smith](https://www.britannica.com/biography/Adam-Smith) argued that [free trade](https://www.britannica.com/topic/free-trade) is more [beneficial](https://www.merriam-webster.com/dictionary/beneficial) than the protectionist tendencies of mercantilism and that a country need not maintain an even [exchange](https://www.britannica.com/topic/barter-trade) or, for that matter, build a surplus in its balance of trade (or in its balance of payments).

A continuing surplus may, in fact, represent underutilized resources that could otherwise be contributing toward a country’s wealth, were they to be directed toward the purchase or production of goods or services. Furthermore, a surplus accumulated by a country (or group of countries) may have the potential of producing sudden and uneven changes in the economies of those countries in which the surplus is eventually spent.

Generally, the developing countries (unless they have a [monopoly](https://www.britannica.com/topic/monopoly-economics/Perfect-competition#ref34158) on a vital commodity) have particular difficulty maintaining surpluses since the [terms of trade](https://www.britannica.com/topic/terms-of-trade) during periods of [recession](https://www.britannica.com/topic/recession) work against them; that is, they have to pay relatively higher prices for the finished goods they import but receive relatively lower prices for their exports of raw materials or unfinished goods.

**Terms of trade**

Terms of trade, relationship between the prices at which a country sells its [exports](https://www.britannica.com/topic/export) and the prices paid for its [imports](https://www.britannica.com/topic/import). If the prices of a country’s exports rise relative to the prices of its imports, one says that its terms of trade have moved in a favourable direction, because, in effect, it now receives more imports for each unit of goods exported. The terms of trade, which depend on the world supply of and demand for the goods involved, indicate how the gains from [international trade](https://www.britannica.com/topic/international-trade) will be distributed among trading countries. The concept is also applied to different sectors within an economy (e.g., agricultural and manufacturing sectors).

An abrupt change in a country’s terms of trade (e.g., a drastic fall in the price of a primary product that is a country’s main export) can cause serious [balance-of-payments](https://www.britannica.com/topic/balance-of-payments) problems if the country depends on the foreign [exchange](https://www.britannica.com/topic/barter-trade) earned by its exports to pay for the import of its manufactured goods and capital equipment.

Many theories have been postulated to explain movements in the terms of trade, but none of them is really confirmed by close examination of trade statistics. One long-held belief was that the terms of trade tended to move against less-developed countries because their exports consisted chiefly of primary products (such as coffee or rubber) while their imports largely [comprised](https://www.merriam-webster.com/dictionary/comprised) manufactured and, consequently, more-expensive goods from developed countries. More-recent studies have examined what effects labour inflows (through immigration) and capital inflows (through foreign investment) might have on a country’s terms of trade.

**Asiento de Negros**

Asiento de negros, between the early 16th and the mid-18th century, an agreement between the Spanish crown and a private person or another [sovereign](https://www.merriam-webster.com/dictionary/sovereign) power by which the latter was granted a monopoly in supplying African slaves for the Spanish colonies in the Americas. The contractor (*asentista*) agreed to pay a certain amount of money to the crown for the monopoly and to deliver a [stipulated](https://www.merriam-webster.com/dictionary/stipulated) number of male and female slaves for sale in the American markets. The first such contractor was a Genoese company that in 1517 agreed to supply 1,000 slaves over an eight-year period. In 1528 an agreement was reached with a German firm to supply 4,000 slaves. For its monopoly the firm paid 20,000 ducats annually to the crown. Each slave was sold at a price not exceeding 45 ducats.

Until the 18th century individual Spaniards, as well as subjects of Portugal, France, and Great Britain, entered into such contracts. In spite of heavy taxation, government interference, and unsettled trade conditions, all of which greatly curtailed the profitability of *asientos,* foreigners, nevertheless, sought them because they provided the chance to share in the lucrative Spanish-American trade and, especially, to acquire some of the gold and silver bullion produced by the [slave trade](https://www.britannica.com/topic/slave-trade).

The last and most notable *asiento* was that granted to the British South Sea Company, in 1713, by a provision in the Treaty of [Utrecht](https://www.britannica.com/topic/treaties-of-Utrecht). This contract entitled the company to send 4,800 slaves to Spanish America annually for 30 years and to send one ship (*navío de permiso*) each year to engage in general trade. The company found the enterprise unprofitable because war and other adverse conditions usually prevented importation to the American markets, while an annual tax to the Spanish crown of £34,000 for the first 4,000 slaves had to be paid whether or not they were imported. Also, the legal trade was accompanied by illicit traffic that continually [exacerbated](https://www.merriam-webster.com/dictionary/exacerbated) Spanish-British relations, leading to the [War of Jenkins’ Ear](https://www.britannica.com/event/War-of-Jenkins-Ear) in 1739. This disrupted the profitable British trade with peninsular [Spain](https://www.britannica.com/place/Spain). Spain renewed the *asiento* at the [Treaty of Aix-la-Chapelle](https://www.britannica.com/event/Treaty-of-Aix-la-Chapelle) in 1748, but two years later the British relinquished their rights in exchange for a payment of £100,000 from Spain. Between 1600 and 1750 an estimated 450,000 Africans were dispatched to Spanish America under the *asiento* system.

**Barter**

Barter, the direct exchange of [goods](https://www.britannica.com/topic/product-business) or services—without an intervening medium of exchange or money—either according to established rates of exchange or by bargaining. It is considered the oldest form of commerce. Barter is common among traditional societies, particularly in those [communities](https://www.merriam-webster.com/dictionary/communities) with some developed form of [market](https://www.britannica.com/topic/market). Goods may be bartered within a group as well as between groups, although [gift exchange](https://www.britannica.com/topic/gift-exchange) probably accounts for most intragroup trade, particularly in small and relatively simple societies. Where barter and gift exchange coexist, the simple barter of ordinary household items or food is distinguished from ceremonial exchange (such as a [potlatch](https://www.britannica.com/topic/potlatch)), which serves purposes other than purely economic ones.

**Comparative advantage**

Comparative advantage, an economic theory, first developed by 19th-century British economist [David Ricardo](https://www.britannica.com/biography/David-Ricardo), that attributed the cause and benefits of [international trade](https://www.britannica.com/topic/international-trade) to the differences in the relative [opportunity costs](https://www.britannica.com/topic/opportunity-cost) (costs in terms of other goods given up) of producing the same commodities among countries. In Ricardo’s theory which was based on the [labour theory of value](https://www.britannica.com/topic/labor-theory-of-value)  (in effect, making labour the only factor of production); the fact that one country could produce everything more efficiently than another was not an argument against international trade.

In a simplified **example** involving two countries and two goods, if country A must give up three units of good x for every unit of good y produced, and country B must give up only two units of good x for every unit of good y, both countries would benefit if country B specialized in the production of y and country A specialized in the production of x. B could then [exchange](https://www.britannica.com/topic/barter-trade) one unit of y for between two and three units of x (before trade, country B would have only two units of x), and A could receive between one-third and one-half units of y (before trade, country A would have only one-third unit of y) for every unit of x. This is true even though B may be absolutely less efficient than A in the production of both commodities.

The theory of comparative advantage provides a strong argument in favour of [free trade](https://www.britannica.com/topic/free-trade) and specialization among countries. The issue becomes much more complex, however, as the theory’s simplifying assumptions—a single factor of production, a given stock of resources, full employment, and a balanced exchange of goods—are replaced by more-realistic [parameters](https://www.merriam-webster.com/dictionary/parameters).