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A Moral-Epistemic Argument Against Capitalistic Labor Contracts

by

Mert Karaca

Under the Direction of Peter Lindsay, PhD

A Thesis Submitted in Partial Fulfillment of the Requirements for the Degree of

Master of Arts

in the College of Arts and Sciences

Georgia State University

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ABSTRACT

The legitimacy of state policies that would limit citizens' freedom of contract is highly debated. The issue becomes even more complex when the contract in question is exploitative. In this paper, I argue for such policies regarding capitalistic labor contracts. My argument is two-fold: (1) I argue that capitalistic labor contracts are morally impermissible, and states have legitimate authority to restrict contracts on ethical grounds to ensure social justice and protect their vulnerable citizens. (2) The impermissibility of those contracts cannot be dismissed based on libertarian principles from personal autonomy and consent. Inspired by the Standpoint Theory of Knowledge, I argue that we have good enough epistemic reasons to be skeptical about workers' willingness to partake in capitalistic labor contracts. Finally, I suggest policies related to the issue at hand that can be catalysts for societal moral progress.

INDEX WORDS: Freedom of contract, Capitalism, Labor rights, Consent

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2023

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Mert Karaca

Committee Chair: Peter Lindsay

Committee: S.M. Love

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Office of Graduate Services

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Georgia State University

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DEDICATION

To the ones who resist...

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I want to thank my brilliant advisor, Peter Lindsay, for his contagious intelligence, invaluable feedback, and willingness to support me. He is a superb teacher and a great person, in addition to being an exceptional political philosopher. I am glad our paths have crossed so that I have a role model I can look up to as I navigate through academia. I am also grateful to S.M. Love for teaching me how to be a better philosopher and a more hopeful socialist. Additionally, I thank all the professors, fellow graduate students, and the staff of the Philosophy Department for their incredible work and solidarity.

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1. INTRODUCTION

In this paper, I argue for policies that would limit profitability where capitalistic employment dynamics are prevalent. I support liberal egalitarianism against libertarianism when it comes to restrictions on labor contracts. In doing so, I provide (1) a moral account of why we should seriously consider such policies to prevent self-perpetuation of an oppressed group's oppression, and (2) an epistemological discussion regarding disadvantaged individuals' consents for contracts that are disadvantageous to them.

In his 2002 article *Parasites, Pimps, and Capitalists*, Tommie Shelby introduced the concept of self-reproducing exploitative relationships. According to Shelby, capitalism is a system of economic exploitation in which self-reproducing exploitative relationships are the predominant forms of relationship between two classes (i.e., proletariat and bourgeoisie). According to Shelby, proletariat keeps producing the surplus value for the bourgeoisie to exploit and maintain their economic advantage. Additionally, he argues that capitalism being economically exploitative is not about whether it is moral or just – it is nothing but the nature of this mode of production.

I believe two major modifications are necessary for Shelby's argument to be stronger and more plausible: (1) It needs to address the issue normatively to provide a more concrete case for policy change that will limit self-reproducing exploitative relationships and prevent economic exploitation. (2) It needs to rely on something other than exploitation and surplus value since these are highly controversial concepts.

In her 1990 article *Abortion and Feminism*, Sally Markowitz introduced her Impermissible Sacrifice Principle. She offers a feminist alternative to the mainstream liberal individualistic defense of abortion. According to Markowitz, although abortion bans produce

severe injustices and suffering for individuals affected by them, the issue is actually an extension of the structural oppression of women, and it needs to be addressed socially, politically, economically, and culturally.

I argue that Markowitz's argument against abortion bans provides a useful tool to moralize Shelby's argument and save it from its dependency on a particular Marxian understanding of the value created by surplus labor. My argument is this: if Markowitz is right about how and why it is impermissible to ban abortion in a patriarchal society – which I believe she is – then, by analogy, it also must be impermissible to make a profit as an employer in a capitalist society. In order to prove this, I develop my argument in three steps by showing that (a) the Impermissible Sacrifice Principle is true, (b) workers are oppressed by employers while being forced to work for them, and (c) by working for employers' profit, workers perpetuate their own oppression.

This new perspective I provide is a valuable contribution for two reasons. First, it opens up a new ground to moralize Marx's critique of capitalistic profit. Many Marx scholars, especially from the analytical tradition, argue that Marx's work primarily just showed that exploitation is happening under capitalism – it is a descriptive account of exploitation under capitalism, not a normative one.¹ My account shows that it is possible to moralize the Marxist critique of capitalistic profit, not based on class domination or economic exploitation, but based on self-inflicting exacerbation of oppression. Second, in doing this, I work within the classical liberal economy framework because it is more difficult for libertarians to dismiss or refute an argument that works within their own framework.

¹ See Wood (1995), pp. 136-58 and van der Veen in Reeve (*ed.*) (1987), pp. 80-110.

Finally, I present Jessica Flanigan's account from her 2017 article Rethinking Freedom of Contract as an objection to my argument. According to Flanigan, the impermissibility of a contract can only be established in the absence of consent, and consent is lacking only when there is coercion, duress, or fraud. In my reply, I provide a possible explanation of the presence of coercion/duress/fraud based on an epistemological theory, namely, The Standpoint Theory of Knowledge. I argue that a libertarian position, like Flanigan's, needs to be successful in dismissing the concern of epistemic coercion by engaging with the Standpoint Theory before relying on the notion of mutual consent between free, rational, interest-driven agents.

2. SELF-REPRODUCING EXPLOITATIVE RELATIONSHIPS AND THE IMPERMISSIBLE SACRIFICE PRINCIPLE

Shelby argues that although there are important similarities, the exploitative relationship between an employer and a worker is distinct from the exploitative relationships between a parasite and a host, and a pimp and a sex worker. In all three cases, two parties are in a process where one agent uses the other's resources, e.g., time and energy, to decrease the consumption of their own resources to meet their needs. Also, in both pimp-sex worker and employer-worker cases, one party forces the other to make sacrifices to obtain benefits.² However, according to Shelby, there is something distinct when it comes to the exploitative relationship between workers and employers: it is a self-sustaining social relationship. This is where Shelby defines self-reproducing exploitative relationship:

“X and Y are in a self-reproducing exploitative social relationship if and only if:

² Shelby, 2002, pp. 387-93.

- (a) Y is regularly forced to make sacrifices that result in benefits for X
- (b) X obtains these benefits by means of an advantage in power that X has over Y; and
- (c) As a result of (a) and (b), perhaps in combination with other factors, X's power advantage over Y is maintained (or is increased), and Y remains in the condition of being forced to make sacrifices for X's benefit."³

Shelby uses the idea of self-reproducing exploitative relationships to scientifically show that capitalism is a system of economic exploitation because, as a result of that relationship between employers and workers, employers maintain their power advantage to control productive resources.⁴ This arrangement gives the capitalist class the privilege to appropriate the surplus product that is produced by the surplus labor that workers are coerced to perform. The appropriated surplus product is the basis of the profit capitalists make in each capitalist exchange cycle.⁵ Throughout the article, he repeatedly emphasizes that he aims to provide a nonmoral account of exploitation within capitalism.

Markowitz explains the Impermissible Sacrifice Principle as follows: "When one social group in a society is systematically oppressed by another, it is impermissible to require the oppressed group to make sacrifices that will exacerbate or perpetuate their own oppression." (p. 7). This principle will be the foundation of my argument; however, I also believe that this principle would be an important tool for any social policy debate regarding oppressed social groups. On this issue, Markowitz states that the Impermissible Sacrifice Principle will suit not

³ *ibid.*, pp. 404-5.

⁴ *ibid.*, p. 408.

⁵ *ibid.*, pp. 410-414.

only feminists but all who address systematic social oppression. We can prevent individual distractions⁶ from influencing structural conditions that cause oppression and competing goals and commitments from being used as excuses to perpetuate oppression by testing policies against the Impermissible Sacrifice Principle.⁷

Markowitz supplements the Impermissible Sacrifice Principle with two provisos: (1) Women are oppressed by men, and (2) banning abortion will always make women's oppression worse. These two provisos, when incorporated together with the Impermissible Sacrifice Principle, assert that it is impermissible to prevent women from getting abortions as long as they live in a sexist and patriarchal society because such policies would force women to make sacrifices that perpetuate their own oppression. I believe this position addresses the structural nature of oppression better than the individualistic liberal account.

One objection to this account might be that it cannot show why we cannot ban abortions independent of social context. This is a problem because women's fundamental rights are at stake when it comes to banning abortion. It looks like Markowitz's argument has a soft spot when society is neither patriarchal nor sexist. It is true that this defense would not work in such situations. However, I think this should not be a problem for Markowitz's argument for two reasons: (a) If we are in a policy debate that seeks real-world solutions for real-world problems, this hypothetical non-sexist and non-patriarchal place does not matter since it is also non-existent. (b) It also seems to me conceptually contradictory to think of a place that is neither sexist nor patriarchal but tries to ban abortion.⁸

⁶ I think what Markowitz means by 'individual distractions' and 'competing goals and commitments' is that some people have the motivation to push their own agenda or pursue their own desires during policy debates solely to benefit themselves at the expense of structural ethical problems.

⁷ Markowitz, 1990, p. 8.

⁸ One might ask, "What if someone is a feminist but also religious?" I remind that the notion of religion is also a significant part of the broader social structure. It is outside the scope of this paper, but a non-patriarchal and non-

Substantially, the core ideas for self-reproducing exploitative relationships and the Impermissible Sacrifice Principle are quite similar to one another. They both emphasize inter-relationality and being forced to self-inflict harm. Yet, there are still some meaningful differences. First and most importantly, while Shelby gives only a descriptive account of the relationship dynamics between employers and workers, Markowitz emphasizes the ethical implications of the relationship dynamics between men and women. Second, while Shelby's central talking point is exploitation, Markowitz's is oppression. By incorporating Markowitz's distinct contribution into Shelby's account, we can make a strong and practical argument against capitalistic labor contracts and profit.

3. AGAINST THE CO-EXISTENCE OF WAGE LABOR AND PROFIT

In the previous section, I introduced and discussed Shelby's self-reproducing exploitative relationships and Markowitz's Impermissible Sacrifice Principle. In this section, I provide a moral argument based on the Impermissible Sacrifice Principle for policies that would put restrictions on labor contracts and limit profitability. For this, I argue that the Impermissible Sacrifice Principle is true, workers are oppressed, and working for employers' profit under a labor contract makes their own oppression even worse. If I am right about these three positions, then it shows that we have good moral reasons to seriously consider radical policy changes that would affect both the nature of labor contracts and the existence of capitalistic profit.

Before moving on to the discussion, I want to define what a capitalistic labor contract is for further references. A contract between X and Y is a capitalistic labor contract if, per the

sexist society cannot have mainstream religions as we understand. This is why I think such a question might be redundant.

contract, (i) X works for Y, (ii) Y pays X a wage, and (iii) Y makes a profit as a result of X's work.

3.1. Is the Impermissible Sacrifice Principle true?

For many who work in human rights, social justice, oppression, or domination literature, it is intuitive to accept the Impermissible Sacrifice Principle. However, for those who are less willing to accept it intuitively, there can be a Kantian defense of it. According to Kant, the only innate right that people have by virtue of being human beings is the right to freedom. Every person has a fundamental right to have full control over their own desires, goals, and ends to the extent that they do not violate either their own or anyone else's same fundamental right. (6:237) This freedom can be translated into a person's independence from others, not in the sense that every person lives in isolation, but in the sense that relations people form with each other cannot intervene in any other person's decisions about themselves. This right to freedom should be exercised in two domains: Privately, every human being should refrain from violating each other's right to freedom. Publicly, the legislation should make sure that every citizen's right to freedom is protected equally.⁹

From this perspective, it seems like one has a moral duty to refrain from making sacrifices that limit one's own self-mastery by contributing to their own subordination, considering actions that are destructive to one's self-autonomy are morally problematic. Also, the public duty to constitutionalize the protection of everyone's right to freedom so that no person can limit the autonomy of others aligns with Markowitz's call for structural protection for oppressed social groups. From this perspective, state restrictions on labor contracts are not

⁹ Ripstein, 2019, pp. 13-7.

absurd if they lead to self-harm by allowing others to intervene with their innate right to freedom.

3.2. Are workers oppressed?

According to Cudd (2013), oppression is the name of harm that the members of a social group face when they are systematically and unjustly constrained, burdened, or reduced by any of several social forces. She states that the contemporary definitions of oppression commonly satisfy the following four criteria: (i) there is harm that comes out of institutional practice, (ii) there is unjustified coercion or force that brings about the harm, (iii) the harm is practiced on a social group, and (iv) there is another social group that benefits from this practice.¹⁰ Staying within this framework, workers' oppression by employers comes in many forms:

(1) Employers deny workers the opportunity to have a say in production through the privatized structure of ownership. One might argue that workers do not have such a right. However, I think engaging with something every day while being deprived of the ability to make any relevant decisions is a form of oppression. Shelby (2002) argues that the economy, as a social system, functions through the ongoing units of exercising production, distribution, and consumption. In any system of material reproduction, the dynamics of this process are determined by productive power relations. While employers control productive assets (means of production), workers control the productive capacities (labor-power). Productive capacities are more easily replaceable compared to productive assets. Therefore, employers hold the decisive power for the material reproductive process.¹¹

(2) With the reserve army of unemployed and cheap labor alternatives in developing countries, employers oblige workers to accept unjust working conditions. G.A. Cohen (1983)

¹⁰ Cudd, 2013, pp. 3721-30.

¹¹ Shelby, 2002, pp. 407-8.

shows that workers' unfreedom depends on the fact that there are no other reasonable and acceptable alternatives to working under exploitative conditions. As he argues, even though some very few members of the working class have the freedom to choose their work conditions in accordance with their own interests and well-being or even leave the proletariat to become employers, workers as a social class are always destined to exist to work under exploitative conditions for someone else's benefits within capitalism.¹²

(3) Employers hold the authority to make basic human rights like healthcare, childcare, and education hard to access economically. Allen Wood (2016) claims that capitalism brings unfreedom to workers because employers simply own the conditions of life for the employed. Not only how much they will be paid but also how workers will navigate within the social structures and markets is heavily under the influence of those with economic and political power.¹³

(4) Through lobbying and union-busting activities, employers exploit the political power they possess to make sure that any of the workers' demands to better those conditions will not be met. Economic resources to fight against any unjust social and political structure that is enjoyed by employers are not widely available for many workers. This form of oppression is two-fold: The possibility of change, i.e., the betterment of workers' living conditions, is theoretically always there but practically never attainable.

3.3. Does working under a capitalistic labor contract perpetuate workers' own oppression?

Here, I modify Markowitz's claim about the outcome of abortion bans regarding women's oppression: no matter how we decide to understand workers' oppression, we can be sure a profitable employment structure will make it worse. For the sake of argument, I am willing to

¹² Cohen, 1983, pp. 14 and 21-7.

¹³ Wood, 2016, pp. 98-9.

accept that what determines the value of a product or service is not the labor power that produces it, but the supply and demand relations in a market setting where rational individuals participate only for the sake of their self-interest. With two separate arguments, I assert that even within this framework, we have good reasons to think that capitalistic labor contracts and profitability demand workers to make sacrifices that would perpetuate their own oppression.

3.3.1. Market Share Competition Argument

If we subscribe to classical liberal economic theory, we must also accept that the decisive consideration for employers is only their profit margins because the competition in the capitalist market, whether it is perfect or imperfect, is always a dynamic and hostile process. Moudud et al. (2013) empirically showed that profit margins go up as the competition becomes imperfect (i.e., more monopolistic). Having more money than before is not simply enough for a business owner to stay in the competition while securing economic gains due to the competitive nature of the capitalistic market. What they need to do is to make more profit than before so that they can expand their investments while avoiding being bought out by a larger competition.¹⁴ According to classical liberal economy, a business is healthy and successful so long as it increases profit margins. In this paradigm, in order for an employer to increase their profit margins, they must either cut the expenses during the supply process or increase the prices for the demanded goods. What I argue is that, in both cases, the ones who will be negatively affected are workers.

Suppose that employers choose to cut expenses down. There are three ways to do so: Finding a cheaper supply of raw materials, technological advancements that would cut the costs of production, or lowering wages and letting employees go. Cheaper raw materials would require a groundbreaking geological discovery or irreversible damage to the planet's known resources.

¹⁴ Moudud, 2013, pp. 27-40.

Considering that such discoveries are unlikely in this era, the only way for us to lower the raw material costs is by extracting them more aggressively. This would contribute to our already extremely serious climate problem. Also, it would not be sustainable in the long run and eventually stagnate production and growth. A more sustainable, long-term solution might be investing in research and development departments to create technologies that would make the production process cheaper. Those technological advancements can decrease the amount of necessary raw materials, labor, and energy. However, although this is a sustainable and long-term solution, it might not be the best option in the short run, especially for companies that are already struggling financially. Considering the scale of required investments in research and development, scientific limitations that might take some time to resolve, and the ongoing, real-time pressure of competition with other companies, many companies might seek a cheaper and faster solution to their marginal profit problem.

A significant majority of employers would choose to lower wages or fire workers. It seems like this is the most viable option in both the short and long terms. In this case, employers need to either accept lower profit margins or make labor contracts to pay less amount in wages to less number of workers. In other words, cutting down expenses is only possible if workers end up unemployed or with lower wages. Considering that unemployment and low wages are two important sources of the economic oppression they are subjected to, this would be an outcome that perpetuates their oppression.

Suppose that employers choose to increase prices. There are two possible outcomes: Either, workers' already low purchasing power will decrease even more. This would make necessary goods and services less accessible to them. Or, it will decrease the demand, which is followed by a decrease in supply, and then by higher unemployment and lower wages. Even if

we subscribe to a classical liberal understanding of market capitalism where the supply and demand dynamics are the sole determining factors of value, an economy that contains both waged work and profitability always perpetuates workers' economic oppression.

One objection to the Market Share Competition Argument might be the following: an employer might pay fair, living wages to their workers and still make a profit by selling their goods and services for higher prices if they have a loyal and wealthy customer base. In fact, we see examples of this arrangement in the forms of branded goods, fully organic foods, dietary preference alternatives, eco-friendly products, and so on. I have three replies to this objection: (i) Those markets are still appealing to only a very limited group of people and are far from being stable and reliable. (ii) Even if it becomes large-scale, it is still economically not feasible because higher wages and higher prices at the same time just mean high inflation and, at best, a horizontal purchasing power. (iii) Paying workers high wages when you can easily find cheaper labor, as well as purchasing overly priced products in the market are against the core idea of a capitalist free market economy: a capable, rational, self-interest-driven economic agent. In a capitalist market setting, workers with higher wage demands and products with higher prices would have extremely low demand, which makes this objection unfeasible.

Another objection might be the following: an employer can keep increasing their profit without increasing prices or lowering wages simply by growing. They can pay their workers a non-oppressive wage and sell their products for reasonable prices while increasing their profit margin by producing and selling more and more products. I have two replies to this objection: (a) Growth has its economic and natural limits. The market competition and the finitude of demand mean that the growth will have to stop eventually. Marginal profit will always go down to zero when the market is in equilibrium and the production is optimal. After that point, increasing the

volume of production would result in loss. Additionally, production requires natural resources like raw materials, energy, and time. There cannot be growth beyond these natural limitations. Therefore, the idea of ever-growing companies is less attainable than one might think. (b) Even though we grant infinite growth for the sake of argument, we still face a problem. Growing by producing and selling more products will necessarily require more work. In this case, even though the initial wage contract was somehow non-oppressive, it would become more and more oppressive as the company grew. If the company relies on constant growth for profitability, they also have to increase workers' wages constantly or keep hiring new workers. Otherwise, they would fall back into the oppressive employment structure. I am not sure how this would be a sustainable way of constantly increasing profit if employers are also increasing wages or hiring new employees constantly.

3.3.2. Wealth Gap Argument

Workers are not vulnerable to economic oppression because they don't meet an absolute threshold of wealth; they are vulnerable because they have less economic power in relation to employers. This situatedness between the two classes makes one extremely advantageous over the other. If the nature of the labor contract and the employment structure forces the disadvantaged group to increase this gap, it would also increase their own vulnerability and oppression. Some people say, "Workers' living conditions today are so much better compared to 50 years ago. As an indicator of that, look at the houses they live in, the cars they drive, and the stuff they own and use". This is only true on the surface level, considering that the wealth of workers is always in relation to their employers. Workers might enjoy better houses, cars, and items thanks to the collective progress we have made as a society. However, that progress also adds to the things that workers cannot afford to enjoy. For example, workers now can have cars

with touchscreen control and listen to their favorite podcasts as they drive to work.¹⁵ However, thanks to their hard work and the terms of capitalistic labor contracts, their employers make profits that would allow them to travel in private helicopter services to avoid traffic and save time. As it is apparent, the convenience they gained as the result of their work is smaller than the convenience employers gained as the result of workers' work. In addition to that, employers are now in an even stronger position to limit workers' economic agency, even though workers are making significantly more money compared to any historical point. To me, this is a textbook example of exacerbating one's own oppression in an already oppressive relationship. An oppressed person's loss of agency against their oppressor would render them even more vulnerable.

4. TOWARDS A POLICY CHANGE

So far, my argument can be summarized as the following:

- (1) It is morally wrong to force an oppressed group into making sacrifices that would perpetuate their own oppression.
- (2) Workers are a social group that is oppressed by employers.
- (3) Capitalistic labor contracts force workers to make sacrifices that would exacerbate their own oppression.
- (4) Therefore, it is impermissible to allow capitalistic labor contracts.

The next step is arguing that the impermissibility of capitalistic labor contracts is a sufficient ground to push for policy changes. Those policies should restrict those contracts and limit the profitability that is resulting from them. This would add two more steps to my central argument:

¹⁵ Also important to remember that most workers with a wage buy cars only by going into debt and paying interests.

(5) States should enact policies to prevent morally impermissible practices.

(6) Therefore, from (4) and (5), states should restrict capitalistic labor contracts on moral grounds.

In this section, I engage with Jessica Flanigan's 2017 article "Rethinking Freedom of Contract" to show that impermissibility arguments are satisfactory for justifying restrictive state policies. Flanigan, who is a libertarian, is sympathetic to this idea; however, she also argues that it would be extremely difficult to show moral wrongdoing without damaging individual autonomy. First, I will present what condition is necessary and sufficient to accept such restrictive policies, according to Flanigan. I believe arguing within her framework would make my position less controversial and stronger. Second, I will address her concern regarding personal autonomy as an objection through a conceptual analysis based on a social epistemology theory, namely, The Standpoint Theory. This addressing would not be a full-fledged argument, since it would require an essay of its own. However, I believe it could provide a conceptual roadmap for addressing such autonomy-based libertarian objections.

4.1. Flanigan's analysis

Jessica Flanigan argues that the egalitarian demand for restricting exploitative labor contracts is at odds with the liberal principles of capitalism. However, she also acknowledges the fact that some of those contracts are the reflection of structural injustices, and they can be harmful to the disadvantaged party involved.¹⁶ Therefore, she is sympathetic toward morality-based arguments, if the impermissibility of the contract could be established. Flanigan's position is that contracts cannot be impermissible unless there is coercion. According to her, and she takes this point from Nozick¹⁷, any labor or loan contract is permissible as long as it is a capitalist act between

¹⁶ Flanigan, p. 448.

¹⁷ Nozick (2013) p.163

consenting adults. The mere presence of unequal conditions for contracting parties is insufficient to establish that a person's consent is invalid – desperation and inequality do not undermine the voluntariness of an agreement.¹⁸

The way Flanigan uses the word “impermissible” is quite confusing. I think she wants to distinguish between morally objectionable contracts and impermissible contracts. This is how I read her argument: The conditions of the contract or the agency discrepancies between involved parties can lead to some morally objectionable outcomes like exploitation or unfair indebtedness. Yet, if all involved parties are consenting to the terms and conditions of the contract, it cannot be morally impermissible. Otherwise, we would have been undermining people's autonomy in the name of morality, which is quite dangerous for individuals' freedom from state tyranny. Flanigan argues that those contracts might be somehow illiberal, but definitely not as illiberal as invalidating people's freedom of contract and liberty to make their own choices.¹⁹ Therefore, a contract being morally objectionable is a necessary but not sufficient reason for it to be impermissible. A contract being morally impermissible requires both (i) morally/liberally objectionable content/outcome, and (ii) the contract being made under coercion, duress, or fraud. In other words, if an individual is free, their inalienable rights are protected, and they are in a position of giving meaningful and valid consent; as long as they willingly agree to terms and conditions that disadvantage them, there is no wrong done.²⁰ We have been seeing extreme examples of this approach in infamous libertarian arguments like selling oneself into slavery.

¹⁸ Flanigan, pp. 448-50.

¹⁹ *ibid.*, pp. 449-50.

²⁰ There is a logical fallacy behind this reasoning. Suppose that $E(x)$ means x is exploited and $C(xy)$ means x consents to y . Let us assume that “ $E(a)$ ” is immoral, for various reasons we can discuss. According to this perspective, “ $E(a) \ \& \ C(aE(a))$ ” is not immoral, which is contradictory to how conjunctions work – even if only one of the conjuncts is immoral, the entire statement should be immoral. Say they simply do not agree that “ $E(a)$ ” is immoral. Then, considering that their necessary and sufficient condition for being exploited to be immoral is, “ $E(a) \ \& \ \sim C(aE(a))$ ”, we can derive “ $E(a)$ ” as immoral with a simple conjunction elimination.

This stance, of course, is a hard commitment to the libertarian understanding of the wage contract being a mutual agreement between two legally free and equal parties in the absence of coercion. Someone from this camp might argue that workers are not actually oppressed because they are not forcefully kept within these power dynamics – employment dynamics are mutually agreed on by and beneficial for both employers and workers, and workers are free to quit whenever they want. Faraci (2019) points out the nonworseness claim: a consensual, mutually beneficial transaction cannot be morally worse than its absence. From this perspective, even if it is exploitative, employment can never be morally worse than unemployment.²¹ Also, any employment relationship is a Pareto improvement in the sense that at least one of the parties in the relationship is better off compared to the initial position and no parties are worse off.²²

These are the objections that libertarians would have against the idea of a mutually consented labor contract. Although they agree that some state restrictions can be acceptable if the contracts are morally impermissible, they also strongly defend the position of no contract can be impermissible as long as free individuals autonomously agree on them.

4.2. A conceptual proposal to overcome the libertarian objection

As I stated earlier, for a libertarian, a contract is morally impermissible if and only if it involves morally objectionable content/outcome and the lack of consent. In the previous section, I implemented Markowitz's Impermissible Sacrifice Principle into Shelby's analysis of capitalism. This move must have shown that capitalistic labor contracts are at least morally objectionable. The next step to show that they are not merely morally objectionable but actually impermissible should be challenging the idea of mutual consent without the presence of coercion, duress, or fraud.

²¹ Faraci, 2019, 172-5. Also see Wertheimer (1999), p. 289, and Zwolinski (2007), p. 690.

²² See Ferguson (2016), p. 965.

In order to accomplish that, I can get a little help from Markowitz, since my analysis of workers' oppression is parallel with her analysis of women's oppression. The equivalent of this libertarian objection within the feminist framework would be something like "a woman is free to choose to end her relationship with an oppressive man". We try to avoid such claims for three reasons: First, it is basically victim blaming. Second, the problem is about more than just an individual's liberty to abandon something problematic – it is about the social structures that create the oppressive dynamic in the first place. The oppression that a particular woman experiences is not solely caused by a particular man she is related to; the same oppressive dynamic will be true for any of her relationships with men as long as they live in a sexist and patriarchal society. Third, because of all those structures that privilege men, the situation of leaving always poses an element of life-threatening danger for women. Due to the parallelism between the oppressions that women and workers experience, the same reasons can be used against the libertarian objection that argues workers are free to leave. We cannot blame workers for their own oppression; every job will be more or less oppressive for them within capitalism; leaving their jobs will decrease their chance to survive and access to basic needs because we have no other structural protection for them.

However, I am aware that this reply would not be satisfactory for libertarians for various reasons: they might argue that the cases I brought up are trivial, there is really no meaningful analogy between the cases of women who relate with abusive men and workers who work for capitalist employers, or we actually can say those things for women in those situations as well, considering they are also free agents with autonomy. Additionally, there are good reasons to think that workers would willingly accept capitalistic labor contracts: (1) they might be convinced that the oppressive labor contract is the only opportunity to provide for themselves

and their loved ones, (2) they might believe that if they work hard enough, they will advance to less oppressive stages in their careers, (3) they might accept that the resources are not enough for everyone in this world and working, even if it is oppressive, increases the chances of accessing those scarce resources, or (4) they might subscribe to the idea that working is self-evidentially an honorable activity, a divine duty.

I argue that there is also a good reason to think that workers would never accept such contracts. My reasoning is mostly conceptual, and as I stated before, I will not discuss it in depth. Instead, I will point out the conceptual contradiction that arises from workers' acceptance of capitalistic labor contracts. There can be many explanations for this contradiction, and one is the possibility of coercion/duress/fraud during labor contract negotiations. If this is the case, then there is sufficient ground to argue for state policies to restrict such contracts without leaving the liberal framework.

My argument is based on The Standpoint Theory of Knowledge and the liberal (even libertarian) presupposition of the capitalistic individual as a rational, self-interest-driven, economic agent. I assert that if both the Standpoint Theory and the liberal understanding of individuals within capitalism are true, workers' acceptance of capitalistic labor contracts poses a contradiction.

Standpoint theory is an epistemological theory that emphasizes the situatedness of knowledge and argues that those who are oppressed are situated in a way that they have access to a better level of understanding and knowledge about the social structure they are oppressed within, compared to their oppressors.²³ This means that workers have an epistemic privilege compared to capitalists about what is exploitative and oppressive about capitalism. Feminists,

²³ Lukacs (1971), p. 149

drawing on this foundation, argue that women have an epistemic privilege when it comes to comprehending the oppressive social structure they are subjected to (i.e., patriarchy) because they have an immediate experience of its oppressive nature.²⁴ In a sense, one can say that having an epistemic privilege is a distinctive feature of workers within capitalism and women within patriarchy.

There are good reasons for embracing the Standpoint Theory: (1) Knowledge is based on experience – the more one is exposed to external facts, the more there is a chance they are familiar with those external facts. (2) Oppressed social groups are less able to afford not-knowing – social and economic outcomes of being epistemically disadvantaged are more severe for subordinated social groups, considering that they do not have enough social or economic capital to spare to offset their epistemic disadvantage. (3) One would not ask about living in Atlanta to someone who lives in New York City, for obvious pragmatical reasons. An oppressed agent is a more reliable source when it comes to questions like, “What does it mean to be oppressed?”, or “What is it like to be oppressed?”

If we accept the Standpoint Theory of Knowledge, we end up with a situation where a rational agent within capitalism knows that something is harmful to them and still willingly seeks that something. This situation is, without a doubt, an epistemic dilemma from the worker’s perspective. This dilemma can only be explained by the contradiction between the internal process of reasoning that promotes the rejection of an oppressive wage contract and the external forces of social power that dictate and oblige workers to accept the contract. From this explanation, that external force can possibly be interpreted as an example of coercion/duress/fraud. We can call this epistemic wounding.

²⁴ See Hartstock (1983) and Harding (1991).

In this case, libertarians need to assume either capitalistic labor contracts are not harmful to workers, or workers are not capable economic agents that can make rational decisions. Assuming the latter would be devastating to the liberal capitalist framework. Hence, there are two ways out of this contradiction: (a) Arguing that capitalistic labor contracts are not harmful to workers, or (b) rejecting the Standpoint Theory. The discussion around (a) is an old, ongoing debate in political economy. I believe I engage with this debate in this paper, especially with my Market Share Competition and Wealth Gap arguments. However, it would be really interesting if the locus of the debate shifts towards (b). In that case, we can see a novel branch of political economy that is based on social epistemology. In any case, it seems like libertarians need to address the epistemic privilege of oppressed groups before talking about a fully valid consent that an oppressed person can give to an oppressive arrangement. This is why I call this paper A Moral-Epistemic Argument.

4.3. Social policy recommendations

The objection from Pareto improvement still holds against my epistemic skepticism. In simpler terms, one can say, “Choosing to work under a capitalistic labor contract instead of starving to death is not an epistemically bad decision for an interest-driven agent.” Although I still believe that making of those contracts causes the perpetuation of already existing social oppression, I am willing to take a step back for the sake of argument. Since my argument is based on the self-exacerbation of oppression, I can limit the scope of social policies I am proposing to capitalistic labor contracts that are already made. In other words, policies can restrict not the making of those contracts but what can happen after those contracts are made. Let me give an example of such a policy:

As I discussed previously, when workers accept to work for their employer's profit, they make themselves even more vulnerable to (1) unequal social, political, and economic power dynamics, (2) the risk of losing their job/unemployment, and (3) inflation/less purchasing power. There might not be strong enough moral reasons to prevent capitalistic employment altogether, but there definitely is a satisfactory moral ground based on self-inflicted perpetuation of oppression to restrict labor contracts in a way to prevent (1), (2), and (3) from happening. For example, states can enact social policies that would allow the making of capitalistic labor contracts, only if:

- (a) Employers spend the half of their profit to support legal and civil actions for better labor rights,
- (b) Employers keep paying wages to the worker whose employment is discretionally terminated by the employer for a year after termination or until the worker finds a new job, whichever takes shorter,
- (c) Employers raise workers' wages every quarter at least at the same rate of either the company's increase in profit or the inflation, whichever is higher.

If the state policy mandates these guidelines for labor contracts, self-perpetuation of oppression based on capitalistic employment would be mostly prevented, which takes away the impermissibility of capitalistic labor contracts.

5. CONCLUSION

It is not novel to argue that workers are in a difficult and disadvantageous position when they negotiate with employers regarding labor contracts.²⁵ However, I still proposed some new talking

²⁵ See Oppenheimer (1942) and Banaji (2003).

points in this paper. I asserted an alternative way of talking about capitalistic labor contracts. It moralizes the current critiques of capitalism and wage labor and does so by focusing on self-inflicted harm by an oppressed social group instead of exploitation of the surplus value by the capitalists. I believe this approach is more engaging with the classical liberal economy framework. From this perspective, I made a liberal egalitarian call for state policies that would restrict capitalistic labor contracts and limit profitability. Finally, I opened up a new discussion, one that shapes around the epistemological Standpoint Theory, about the legitimizing effect of mutual agreement for morally questionable contracts.

However, I need to emphasize that my argument does not work for every labor contract and all forms of profit. Considering it is based on the oppressive relationship and power dynamics between employers and workers, it only shows that it is morally implausible to make a labor contract and profit from it if there is an oppressive employment relationship. This means some other forms of business, like worker cooperatives, that do not subscribe to the mainstream ownership and employment structures might still be immune to this argument.

Moving forward, lots of exciting discussions can stem from this paper. First and most apparent, an expanded, positive account of epistemic wounding that is based on the Standpoint Theory of Knowledge can be articulated. This discussion would contribute to the coercion literature by bringing in epistemology, especially about contracts since contracting is mainly an epistemic activity. Second, the link between morality and social policy can be discussed further. One talking point regarding that link might be moral perfectionism. Some people might argue that we need to make peace with some immoral policies for the sake of the benefits we get. For example, thanks to profitability, we enjoy productivity and progress. A reply to this can be pointing out that although we have excessive production and amazing technological

advancement, we are still not able to address issues like climate crisis, hunger, epidemics, wars, access to clean water, safe transportation, internet, etc. It seems like the productivity and progress that come with the drive for profit are both redundant and harmful. An expanded version of this discussion can be helpful to dismantle the mainstream understanding of the relationship between profitability and societal benefits.

At the end of the day, this paper argues that policies that prohibit oppressive labor contracts and capitalistic profit would bring moral progress by eliminating impermissible arrangements.

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