Introduction: Microeconomic Time

The present volume argues for a microeconomics of sale/purchase-in-time, which is to say a microeconomics in which exchanges, heretofore treated as instantaneous events, are understood to occupy positive intervals of time instead. This makes possible a partial synthesis of the classical and the neoclassical traditions in economics. That is, sale/purchase-in-time alters the purely tautological stipulations of neoclassical demand theory into possibly verifiable historical-materialist terms and thereby completes part of the classical, particularly Marxist, tradition by articulating a theory of final demand.

This change is part of my larger project, which is to theorize how a modern labor force is produced, altered, and deployed as a producer commodity and, in brief subtext, with what social effect.

Chapter 1 conceives that the exchange relationship between producers/sellers and purchasers/consumers normally occupies positive intervals of time, contrasting this to the mainstream view along the following lines. If, in the familiar manner of both the classicals (Smith, Ricardo, Marx, Sraffa) and the neoclassicals (Jevons, Walras, Marshall, Arrow and Hahn, etc.), a sale/purchase is instead understood to occur in that instantaneous time when agreement is reached, the relationship is well characterized as being between a single seller and a single purchaser, a one-to-one relation in which both, formally free to make the agreement or not, and hence formally equal, fully and instantaneously transfer the services of one private property in exchange for another.

Then all formally identical, instantaneous sale/purchase relationships are readily aggregable, as if they were occurring at the same instant, yielding the logical possibility of a general equilibrium model of the entire economy, which under suitable conditions can yield an orderly economic universe of fully comparable prices, possibly instancing a Pareto optimum with respect to the final distribution of goods (and services).

The present study, however, argues that contemporary sale/purchase
occupies positive durations or intervals of time. At least four classes of distinctly contemporary goods and services appear to require sale/purchase-in-time. These include (1) automobiles and other mechanical appliances, (2) electronic goods such as personal computers (PCs), (3) semiprepared foods, and (4) medical and retirement plans. Conventionally, we conceive a good or commodity to be comprised of a definite ensemble of services or use-values.

Analysis of the relationship between the producer/seller and purchaser/(final) consumer reveals that, for at least these classes of goods or commodities, all of their services—for example, the services of the personal computer—do not pass instantaneously across the sale/purchase relationship since the PC is engineered (and priced) to accept future software changes and may be adaptable to upgraded modems, printers, scanners, and so on. These potential services, or use-values, are typically acquired and activated only in the future. Here the transfer of the entirety of the PC’s normal services from seller to purchaser normally occupies a positive interval or intervals of time.

It also follows that the relationship between seller and purchaser is not one-to-one but many-to-one since the producer/sellers of the software, printer, scanner, or discs need not be and often are not identical to the PC manufacturer and yet are intrinsically involved in the passage of the PC’s potential services to the purchaser and thus, paradoxically, are a material party to the initial sale/purchase.

At the initiation of the sale/purchase the purchaser/consumer pays for the potential services of the PC, but some of those services or use-values do not pass to him or her until later in the sale/purchase interval, for example, when one goes on-line or acquires the latest laser printer. Here the purchaser has not exchanged money for integral services but has instead made an advance, that is, advanced money to the seller for what are still only potential services. Such services pass to the purchaser later, typically by means of some further expenditure of money.

Hence, this advance also entails a kind of effectual lien on at least some of the future earnings of the purchaser/consumer, for example, for gasoline, repairs, and insurance for a car; on-line services for a PC; or, more prominently, regular payments to a health plan provider.

A full alienation of property does not occur until the completion of the sale/purchase interval, with at least some of the services that together comprise the goods in question remaining effectively within the proprietary ambit of one or more of the sellers. The simple identity between sale/purchase and exchange of property does not hold; taken as a whole the services of the good in question are not well described as being trans-
ferred to the purchaser; instead their transfer is distributed over time, and
the process is more accurately characterized as a complex distribution
than a simple exchange.

Insofar as the services of the good in question, say, a microwave oven
or compact disc (CD) player, must be complemented with semiprepared
foods and microwavable dishes or CDs, respectively, to at least some
degree the purchaser is dependent on the future behavior of the foods or
discs manufacturers. Hence, the sale/purchase cannot be abstractly char-
acterized as taking place between equals. Duration of time alone intro-
duces a degree of inequality into the relationship.

Having purchased the car or the health plan, one gains a stake in its
services, and the preservation of the stake requires that one remain within
the sale/purchase state relationship. Hence, within the initial relationship
many of its complementary sale/purchase relationships are formally
unfree, that is, the purchaser faces an unequal choice of whether to make
them or not.

With this addition of positive intervals of time into microanalysis, it
follows that the familiar extrapolation to a general equilibrium model is
no longer warranted. Hence, prices are not in principle fully comparable,
having only a possibly situational comparability. From the purely
methodological point of view, there seems to be no reason to believe that
any Pareto optima remain unaltered across even small durations of time.

Finally, with respect to the microeconomics of sale/purchase-in-time,
classical and neoclassical microeconomics correspond to the subcase
when \( t = 0 \), a subcase in which all concrete relationships between pro-
ducer/seller and purchaser/consumer are abstracted away, its virtues as an
explanatory apparatus stemming logically from its tradeoff between fully
abstract generality and time. But from the analytical point of view the
familiar instantaneous microeconomics can be consistently maintained
only as a boundary (analogous to a mathematical limit) of possible eco-
nomic behavior. Alternately, to conceive of exchange in zero time as an
actual or applicable subcase of sale/purchase is to introduce formal incon-
sistency into basic theory.

Thus, in sale/purchase-in-time, the services or use-values of the good
in question are passed from the producer/seller to the purchaser/con-
sumer within a positive interval of time. Sale/purchase is modally a many-
to-one relationship in which the purchaser advances at least some money
to the seller(s) and accepts in turn some liens on his or her future earn-
ings. This is a distributive process, not an exchange, and in that distribu-
tion the purchaser remains to a degree dependent on the actions of one
or more of the sellers and in a somewhat unequal relationship with them.
These different intervals of sale/purchase-in-time are not identical, though obviously there are overlaps. Hence, they do not yield to equilibrium analysis and their prices are therefore not fully and unconditionally comparable. A Pareto optimal distribution is not methodologically indicated. The historical microeconomic doctrine of sale/purchase in instantaneous time, familiar to us all, constitutes the limiting temporal case for the sale/purchase relationship and not a possible instance of it.

In chapter 2, Marx's analysis of commodity exchange is modified so as to incorporate it within both the logic and the practices of sale/purchase-in-time. The chapter contains both analytical and historical material bearing on this modification.

In chapter 3, the preceding apparatus is employed to show (1) that consumers' so-called final consumption normally occurs under at least a degree of economically imposed constraint, and (2) that this constraint operates at least in part to make of it a form of productive consumption, mainly but not exclusively with a view toward altering the productive qualities of the work force.

Following a critical reflection on the changed microeconomics entailed by the previous analysis (in chapter 4), the concept of a social labor-power is defined in chapter 5, put forward in place of both the mainstream's “the labor force” and Marx's (unqualified) “labor-power.” The social labor-power is portrayed as a single structured ensemble of the potential productive efforts of all persons in a society. The concept emphasizes that those individual labor-powers are not replicas of one another, as in Marx, nor can they be reduced to a uniform standard, but instead complement each other to form a kind of organic whole. Moreover, the term comprises the labor-power of the unemployed as well as the employed, of those who are not in the formal labor force as well as of those who are and, equally, the labor-power of children and students and their mentors and parents.

The social labor-power is further divided into several distinct life courses, here called Courses. The concept is developed from that of a “career” but (1) covering all persons in the social labor-power, not solely a privileged segment; and (2) extending backward in time to bring in the young person's or child's preparatory years. Courses are then shown to be analyzable as distinct, serial ensembles of timed sales/purchases. This makes possible, in chapter 6, the development of the concept of “human capital” from an individual to a social phenomenon. It is in this discussion that a dynamic model of a modern economy is realized.

Chapter 7 demonstrates that value in both the classical and neoclassical traditions—that is, labor or labor-power and utility or preferencing,
respectively—is only a disguised synonym for price. An alternate theory of value is sketched, and (in chapter 8) some of its salient implications are pursued for price theory, the contemporary relationship between money and credit, the changed nature of property, and the relationship between capital and the social labor-power.

A microeconomics of instantaneous sale/purchase lies at the intellectual foundation of the claim by Hayek and Popper that a “free market” is the indispensable condition for the existence of an “Open Society.” Analysis of sale/purchase-in-time shows, however, that a significant degree of constraint is normally exercised over (final) consumers by modern producing/selling institutions. Within the limits appropriate to a dominantly theoretical study, the views of Hayek and Popper are examined and the counterargument made that our modern private economy neither expands nor protects the “Open Society” but puts in its place social and other arrangements that are secularly shaped to suit the interests of the institutional economic mechanism.