

Kalecki's innovation-based  
essentially on the diffusion-effect  
of new innovative investment  
the consequent (or implied) series of  
investments may be increasing  
up to a time

this would then be sufficient  
to compensate the capacity effect  
up to that time.

In a later stage of the diffusion the  
capacity effect will be dominant.

~~But it must be taken into~~

It must be taken into account, however, that  
whenever a new capacity is justified  
by effective demand, it starts operating  
and creating incomes which up to the  
level given by the propensity to consume will  
automatically create the demand to produce  
this to perpetuate the process. For a full further  
use of the capacity it is only necessary that  
the saving out of these incomes created will  
be <sup>given</sup> compensated by new investment.