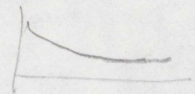


5

Declining Ratio of Profit as a Potential Development

$\frac{C}{\pi}$ Cost (per unit) (see chapter III of Small + Big Business)
 $\frac{K}{\pi}$ Product

$\frac{C}{\pi} = F(t)$ $\dot{F} < 0$ — ~~capacity output~~
 decreasing function 

$\frac{K}{\pi} = \phi(t)$ increasing function $\dot{\phi} > 0$

$\frac{e K}{\pi} = 1 - \frac{C}{\pi}$

$e(t) = \frac{1 - F(t)}{\phi(t)}$

$e(t)$ non-decreasing: derivative positive or zero

$$\frac{1}{e(t)} \frac{de}{dt} = - \frac{\dot{F}(t)}{1 - F(t)} - \frac{\dot{\phi}(t)}{\phi(t)} \geq 0$$

$$- \frac{\dot{F}(t)}{1 - F(t)} \geq \frac{\dot{\phi}(t)}{\phi(t)} \geq \frac{1 - F(t)}{F(t)}$$

