

Zaitsev O.V.

Candidate of Economic Sciences, Associate Professor,
Senior Lecturer at Department of Finance and Credit,
ERI of Finance, Economics and Management named after Oleg Balatskyi
Sumy State University

LAW OF DIMINISHING RETURNS: TECHNOLOGICAL ASPECT IN MORE DETAIL

The article considers the problem of the use of law of diminishing returns for industrial enterprises. This article critically reviews study of the law of diminishing returns in the interpretation by the authors of textbook "Economics" by Campbell R. McConnell and Stanley L. Brue. "Economics" believes that increase in the total volume of production is carried out only in a "typical curve." The results of our research show that the increase in the interval graph from 0 to maximum can be described as a straight line or curve that is different in shape from the "typical curve" mentioned in the "Economics". "Economics" believes that after reaching a maximum further involvement of workers in the production

is the decline in production volume. But it is not right. Charts reach the maximum point, but the fall is not observed; but there is a constant straight line that does not fall and does not rise. The author received the results, which do not coincide with the general opinion. The law of diminishing returns does not apply to an industrial enterprise. Studies have shown that an increase in the total volume of production is carried out not only in a «typical curve». It is shown that the production does not decrease after reaching the maximum production amount; "typical curve" to the law of diminishing returns is a separate case from many others. It is concluded that this law is not the universal economical law.