

JIM C'S QUIZ OF THE WEEK

MONDAY – 10/23/2006

When your extra time goes from “living the good life” to “fighting the good fight,” you have reached the point of diminishing returns.

HOW DID “*LAW OF DIMINISHING RETURNS*” ORIGINATE?

Definition: 1) In economics, a law stating that if one factor of production is increased while the others remain constant, the overall returns will relatively decrease after a certain point.

2) A supposed point at which additional effort or investment in a given endeavor will not yield correspondingly increasing results.

3) Also called the law of variable proportions

Origin: This famous law was first written by a Frenchman, Anne Robert Jacques Turgot in 1767 and then alluded to by Thomas Malthus in his *Essay on the Principle of Population* (1798). The principle, first thought to apply only to agriculture, was later accepted as an economic law underlying all productive enterprise.

Example: If more and more laborers are added to harvest a wheat field, at some point each additional laborer will add relatively less output than his predecessor did.

C W: Law of Diminishing Returns = An Economic Proof of Less

Moment of Zen: Change the process, not the number of people