

# A simple cost function with a control

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## Abstract

In this paper, I describe a simple cost function with a control.  
The paper ends with "The End"

## Introduction

The **cost function** in an economy is not only a measure of its efficiency  
but also an indicator for investments into the economy.  
In this paper, I describe a simple cost function with a control.

## A simple cost function with a control

A simple cost function with a control can be defined by the equations

$$\begin{aligned}c(t) &= f(t) + v(t) \\ \frac{\partial f(t)}{\partial t} &= 0 \\ \frac{\partial c(t)}{\partial t} &= 1 + Rv(t) \\ f(0) &= F \\ v(0) &= V\end{aligned}$$

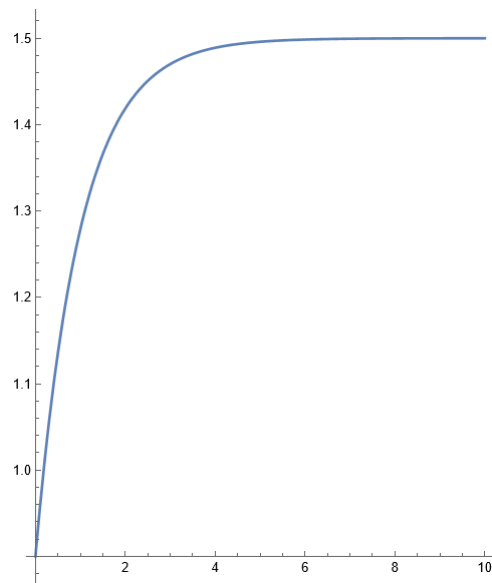
where

$c(t)$  is the cost function  
 $f(t)$  is the fixed cost function  
 $v(t)$  is the variable cost function  
 $R$  is the control  
 $F$  is the fixed cost at  $t = 0$   
 $V$  is the variable cost at  $t = 0$

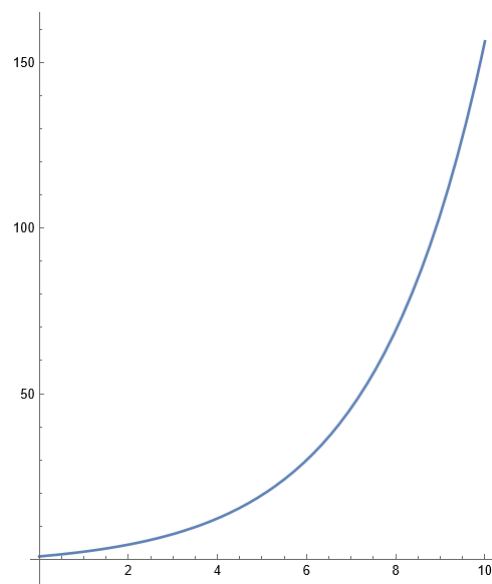
Solving the equations above yields

$$c(t) = F + \frac{e^{Rt}(1 + RV) - 1}{R}$$

**Graph of  $c(t)$  with negative  $R$**



**Graph of  $c(t)$  with positive  $R$**



**The End**