

# Economies of scale vs learning by doing

## 1 Economies of scale and learning by doing

### 1.1 Economies of scale (increasing returns to scale):

The average cost (AC) of producing a good or a service falls as output increases.

→ **movement along the AC-curve**

### 1.2 Learning by doing:

When a process of production is repeated, productivity may rise due to experience and, therefore, the average cost can fall at any output.

→ **shift of the AC-curve**

## 2 The figure:

