Barick Chung

Employment:
2014-present Senior Lecturer, Department of Economics, CUSZ – Shenzhen.
2012-2014 Lecturer, School of Economics and Finance, University of Hong Kong.
2006-2012 Instructor, Department of Economics, CUHK – Hong Kong.

Education:
2003-2007 Ph.D. (Business) Indiana University – Bloomington.
1987-1991 BS.Sc. (Economics) Chinese University of Hong Kong – Hong Kong.

Research paper:
Chung, Barick, "Two Level Price Discrimination and Vertical Relationship" (March 05, 2012). Available at SSRN: http://ssrn.com/abstract=1997070.

Homepage: Deleted
Facebook: Deleted
Wechat ID: barickchung

2:46:39   1

ECO 2011 (Sections L07-10)
Basic Microeconomics

Barick Chung
Department of Economics
235-18822
Zhiren Building, 409
barickchung@cuhk.edu.cn

2:46:39   2

Competitive market

2:46:39   3

Profit = Total revenue – Total cost

(Q)

Mankiw, Gregory, 2012, *Essentials of Economics*, p. 66:

Market: a group of buyers and sellers of a particular good or service.

Competitive market: a market in which there are many buyers and many sellers so that each has a negligible impact on the market price.

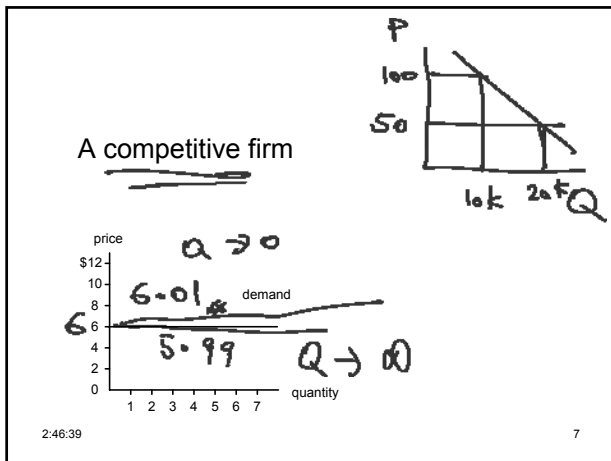Mankiw, Gregory, *Essentials of Economics*, 2012, p. 256:

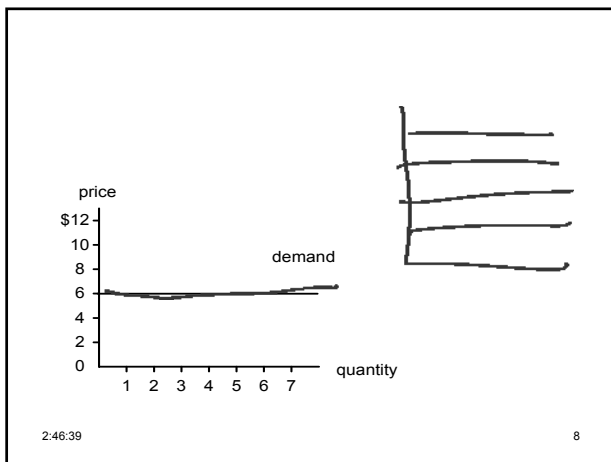1) There are **many buyers and many sellers** in the market

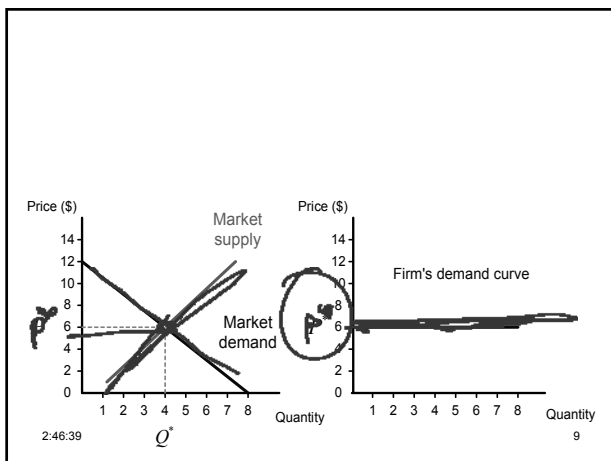2) The goods offered by the various sellers are **largely the same**

3) Firms can freely enter or exit the market

A competitive firm

P

100

50

10k 20k Q

price

$12
10
8
6
4
2
0

Q → 0

6·01

5·99

demand

Q → ∞

1 2 3 4 5 6 7   quantity

2:46:39   7

---

price

$12
10
8
6
4
2
0

demand

1 2 3 4 5 6 7   quantity

2:46:39   8

Price ($)

14
12
10
8
6
4
2
0

Market
supply

Market
demand

1 2 3 4 5 6 7 8   Quantity

Q*

Price ($)

14
12
10
8
6
4
2
0

Firm's demand curve

1 2 3 4 5 6 7 8   Quantity

2:46:39   9

Slide 10

P=AR=MR

AR   MR

Price ($)

14
12
10
8
P^* 6
4
2
0

Firm's demand curve

1 2 3 4 5 6 7 8   Quantity
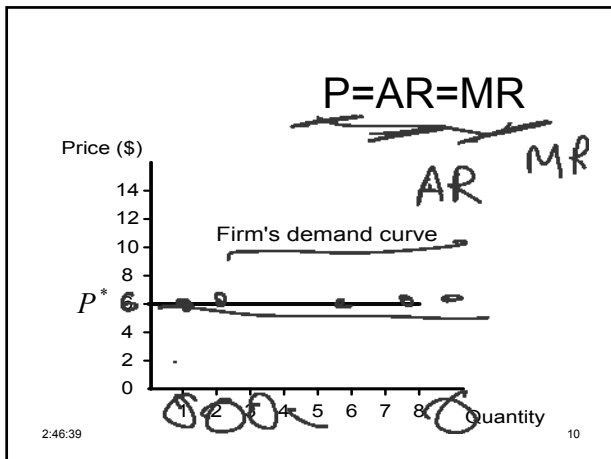
2:46:39   10

Slide 11
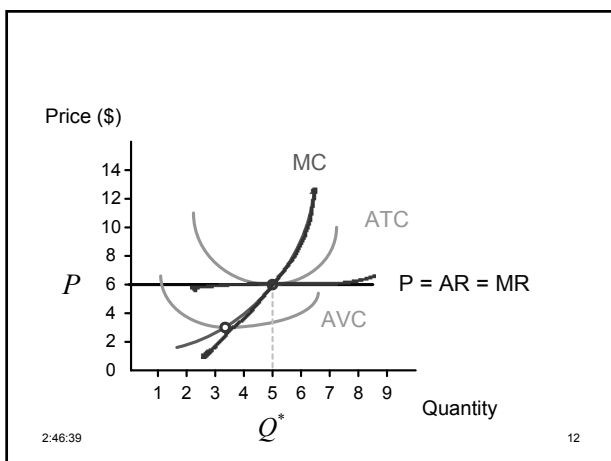
Total, average and marginal revenues

Same   Same TR

$TR = P \times Q$

Quantity	Price	Total revenue	Average revenue	Marginal revenue
0 unit	$6	$0	-	–
1	6	6	$6	$6
2	6	12	6	6
3	6	18	6	6
4	6	24	6	6
5	6	30	6	6
6	6	36	6	6
7	6	42	6	6
8	6	48	6	6

2:46:39   11

Slide 12

Price ($)

14
12
10
8
P 6
4
2
0

MC

ATC

P = AR = MR

AVC

1 2 3 4 5 6 7 8 9   Quantity
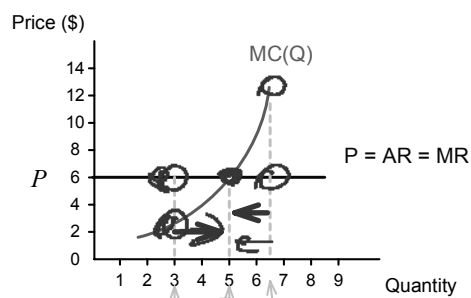
Q^*

2:46:39   12

Mankiw, Gregory, *Essentials of Economics*, 2012, p. 259: Profit maximization for a competitive firm

Quantity	Price	Total revenue	Total cost	Profit	Marginal revenue	Marginal cost	Marginal profit
0 unit	$6	$0	$3	-$3	–	–	–
1	6	6	5	1	$6	$2	$4
2	6	12	8	4	6	3	3
3	6	18	12	6	6	4	2
4	6	24	17	7	6	5	1
5	6	30	23	7	6	6	0
6	6	36	30	6	6	7	-1
7	6	42	38	4	6	8	-2
8	6	48	47	1	6	9	-3

2:46:39   13

2:46:39   14