



## Barick Chung

### Employment:

2022-present Associate Professor (Teaching), Economics, CUSZSZ.  
2014-2022 Senior Lecturer, School of Management and Economics, CUSZSZ.  
2012-2014 Lecturer, School of Economics and Finance, University of Hong Kong.  
2006-2012 Instructor, Department of Economics, CUHKHK.

### 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>.

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## ECO 2011 (Sections L07-10) Basic Microeconomics

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17:52:12

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## Optimization

17:52:12

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**Ten principles of Economics** (Mankiw, Gregory N., 2012, *Essentials of Economics*, 6th Edition, South Western Cengage Learning):

- (1) People face **Trade-offs**
- (2) The **Cost** of Something is What you give up to get it
- (3) Rational people think at the **Margin**
- (4) People respond to **Incentives**
- (5) **Trade** can make Everyone Better off
- (6) **Markets** are usually a good way to organize Economic activity
- (7) **Government** can sometimes improve Market outcome
- (8) A Country's **Standard of living** depends on its ability to produce Goods and Services
- (9) **Prices** rise when the Government prints too much **Money**
- (10) Society faces a Short-run Trade-off between **Inflation** and **Unemployment**

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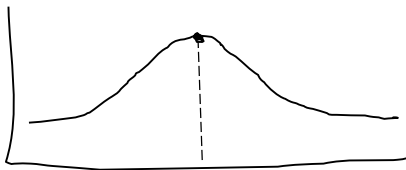
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What is the best?



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- 1) Consumers maximize utility.
- 2) Firms maximize profit.
- 3) Governments maximize ..

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You are asked to choose a number,  $a$ , from the following:

$a \in \{3, 9, 2, 4, 1, 0, 5\}$

If you choose #3, you obtain \$3;

If you choose #5, you obtain \$5, and so forth.

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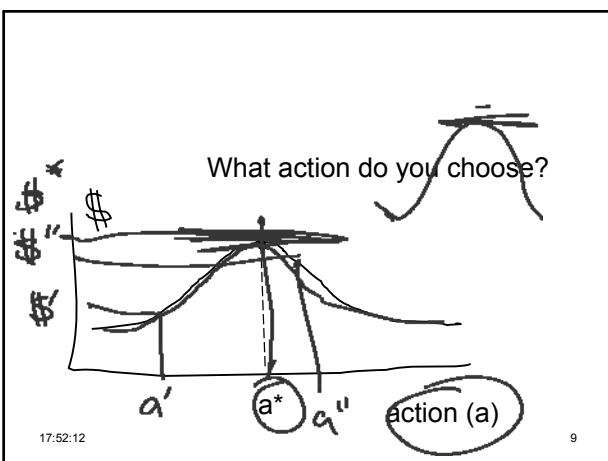
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Mankiw, Gregory, *Essentials of Economics*, 2012, p. 259: Profit maximization for a competitive firm

1.5728

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

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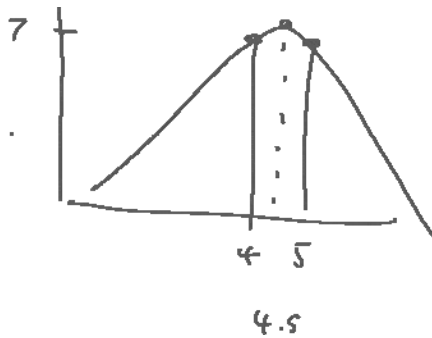
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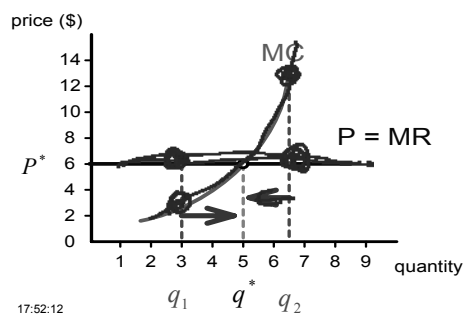
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Profit maximization for a competitive firm:



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The end

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