

HW#1 Due January 18, 2022

HW: From the table given in the previous example,

Choice	Value	Opportunity Cost
A	100	B = 70
B	70	A = 100
C	50	A = 100

if the decision maker can choose 2 out of 3 choices, fill in the following table

Choice	Value	Opportunity Cost
A+B	170	A+C = 150
A+C	150	A+B = 170
B+C	120	A+B = 170

Show that the decision to maximize value will give the same decision as the one to minimize opportunity cost.

	<i>Maximize value</i>		<i>minimize opportunity</i>
A+B =>	value = 170	=>	opportunity cost = 150
A+C =>	value = 150	=>	opportunity cost = 170
B+C =>	value = 120	=>	opportunity cost = 170