HW#1 Due January 18, 2022

HW: From the table given in the previous example,

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

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

Choice	Value	Opportunity Cost
A+B	170	170
A+C	150	170
B+C	120	200

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

The decision to maximize value:

① A+B (170)
② A+C (150)
③ B+C (120)

The decision to minimize opportunity cost:

① A+B (170)
② A+C (170)
③ B+C (200)

$\left.\begin{array}{l}① \text{ A+B } (170) \\ ② \text{ A+C } (170)\end{array}\right\}$ equal

∴ The decision to maximize value = the decision to minimize cost