

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	100
A+C	150	170
B+C	120	170

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

$$\begin{array}{l} A, B \\ \text{- maximize value} = A+B = 170 \end{array} \quad \begin{array}{l} \text{highest value} \\ \end{array}$$

$$\text{- minimize opportunity cost} = A+B = 150 \quad \begin{array}{l} \text{lower opportunity cost} \\ \end{array}$$