

## HW#1 Solution

HW: From the table given in the previous example,

Choice	Value	Opportunity Cost
A	100	
B	70	
C	50	

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

Choice	Value	Opportunity Cost
A+B	170	150 (A+C)
A+C	150	170 (A+B)
B+C	120	170 (A+B)

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

(A+B) maximizes value and at the same time (A+B) minimizes the opportunity cost.