Thitichaya Kittipoltaveesak 6404641307

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

next best thing of A = B (70)
next best thing of B = A (100)

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

Choice	Value	Opportunity Cost
A + B	100+70 = 170	A + C = 100+50 = 150
A + C	100+50 = 150	A + B = 100+70 = 170
B + C	70+50 = 120	A + B = 100+70 = 170

next best thing of A + B = A + C (100 + 50)
next best thing of A + C = A + B (100 + 70)
next best thing of B + C = A + B (100 + 70)

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

The decision that maximize value and minimize opportunity cost = choice A + B

$\Rightarrow$ Value 170 (maximize value), opportunity cost 150 (minimize opportunity cost)