

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
x	300	200
y	150	300
z	200	300

Max : 300

Min : 200

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

we should choose x to maximize the value and minimize the value

The decision to maximize value is equivalent to the decision to minimize the value