

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	50
A+C	150	70
B+C	120	100

[Choose A, B forego C]
[Choose A, C forego B]
[Choose B, C forego A]

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

$$\text{Max. value} = A+B$$

$$\text{Min. value} = A+C$$

I choose A+B because it has the lowest opportunity C