

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

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

opportunity cost \rightarrow next best things that you let go

we should choose x to maximize the value & minimize the value
The decision to maximize value is equivalent the decision to
minimize opportunity cost