

HW#1 Due January 18, 2022

HW: From the table given in the previous example,

Choice	Value	Opportunity Cost
A	100	70 (B)
B	70	100 (A)
C	50	100 (A)

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.

Choice	Value	Opp. Cost
A+B	170	150
A+C	150	
B+C	120	

max. value
min. opp. cost
170 (A+B) → there is the next best thing