How Do I Make a Decision?

The Economic Problem

Scarcity
We live in a world with unlimited wants and scarce resources.

Choice
Scarcity means we must choose.

Opportunity Cost
Choices mean that we have costs.

Opportunity Cost
Opportunity cost is the value of the next best alternative when someone makes a choice. The opportunity cost is what someone gives up.

PACED Decision-Making Process

P - State the Problem
What do I want for dessert?

A - List the Alternatives
Cake, Ice cream, Pie

C - Identify your Criteria
Flavor, Sweetness, Texture

E - Evaluate the Alternatives on each of the Criteria

D - Make a Decision
Total your points and enjoy your dessert!

PACED after High School

Problem: What post-secondary education should I choose?

Criteria
Alternatives

Community College
Vocational-School
State University
Private University

Segregation or non-segregation of the campus
Dedicate location
Cost after Financial aid
Total

Evaluate
Score the alternatives based on each of the criteria.

Decision
Total the points and make a decision.

I’m choosing ice cream!