

The Mindful Life

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MINDing theMIND

Beware of Sunk Costs

We've all experienced situations in which we did something we'd rather not do simply because we already had invested in that course of action. We've already invested in going down that road, so we feel like we have to continue. Perhaps we bought tickets to some event, but when it was time to go, we felt like staying home or doing something else. Probably most of us would go to the event anyways because if we didn't we'd feel wasteful. After all, we already bought the tickets and there is no way to get back that money spent. This is a classic example of being persuaded by sunk costs.

Sunk costs include anything we've already spent, whether it be time, money, or something else. Does making a decision today based on sunk costs from yesterday make sense? It depends on the situation. Sometimes putting more time, energy, or money into a project is rational if doing so will help us recoup some or all of our costs. Suppose we've been working on restoring a car but have lost interest before finishing. If finishing the restoration makes the car much more valuable than it is now, then finishing the project even though we don't feel like it is a good investment. So what about our event tickets?

In many cases, such as with our event tickets, following through on our initial direction doesn't help us recoup sunk costs. The money is gone, never to be seen again. What we purchased with the event tickets was the *opportunity* to attend the event. Now that the time has arrived, what do we feel like doing? If we don't feel like going, it's irrational to go to the event simply based on the fact that we already bought tickets. That's a radical idea for many of us, perhaps because we were taught not to be "wasteful." However, being persuaded by sunk costs that are truly gone for good isn't wasteful, it's rational.

To make the most sensible decision in cases of truly sunk costs, we should try to block out consideration of expenses that are already gone and try to evaluate the decision based only on current conditions only. So with our event tickets, the question is, "How much would I enjoy each of my options for how to spend this time?" Perhaps you would end up having the best time at the event, once you got past the initial reluctance to go. But if you're pretty sure that wouldn't be the case, doesn't it seem crazy to go anyways? In essence, it now seems like you've paid to go to something you won't enjoy.

The event tickets are a relatively minor example, but the same principles apply to many decisions in our lives. Should we continue to pour money into fixing our car? Should we continue on this career path? Should we stay in our current romantic relationship? Often when people discuss their reasoning for answering "yes" to any of these questions, we hear that not continuing would mean they've "wasted" what they've already invested. But if there is no way to recoup those costs by continuing along the same path, then do past costs make sense as a reason for continuing to do something we really don't want to?

MIND *Morsels*

*I phoned my dad to tell him I had stopped smoking.
He called me a quitter.*

– Steven Pearl

Unfortunately our parents may have been less than completely supportive while we growing up. It probably wasn't that they intended to be overly critical or pessimistic; how many parents want to hurt their children? Instead, maybe they were young and handicapped by following their own parents as role models. Or perhaps their own needs got in the way of being able to think clearly about what's best for us, their children. We can't go back to change things, but we can work to put our parents' actions toward us in perspective. Because our parents were so important to us as children, it can take years into adulthood before we become more-or-less unaffected by what they thought of us during or since childhood.

*Nobody, as long as he moves among the
chaotic currents of life, is without trouble.*

– Carl Young

Of course we know that troubles are an unescapable part condition of life, so it's surprising how often we seem to act and feel otherwise. Things go wrong and we get upset. "Why did it have to happen now? This is a terrible time for a problem." But, when is it a "good" time for problems? The difficult thing is to keep relativity in perspective. Since there always will be troubles and problems, perhaps only the major ones are worth paying much attention to. It doesn't happen overnight, but if problems truly are inherent in life, doesn't it make sense to practice taking more of them in stride?

*It is no good running a pig farm badly for thirty years while saying,
"Really I was meant to be a ballet dancer."
By that time, pigs will be your style.*

– Quentin Crisp

When's the best time to start out on the path we want for our lives? Any answer other than "right now" entails more risks. As time goes on, we risk becoming even more invested in the path we have been following. We risk getting "better" at what we have been doing, and getting "rustier" at what we had always hoped to do. Are you running a pig farm badly, or dancing?