

16. Doody 2020, Sunk costs and spinning stories

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PHIL 1555, Rationality

I. The claims

Sometimes we feel pressure to honor sunk costs: Night at the Opera.
Other times we don't: Fire Insurance.

Why the difference? Is it rational?

Claim 1: We feel tempted to honor sunk costs when doing so will allow us to tell a better autobiographical narrative.

Claim 2: It's reasonable for creatures like us to care about such narratives because it promotes our social fitness.

In particular, one in which we haven't suffered *diachronic misfortune*.

Reputational effects.

II. The diagnosis

Mere investment of resources? No:

- A Night at the Opera.
- Short-Changed at the Opera.

Following through on intentions? No:

- Binding at the Opera.
- Betting on the Opera.

An outcome O is *diachronically accessible* at t_i iff you faced a series of prior choices such that, were you to have chosen differently, O would've results.

You suffer a *diachronic misfortune* iff you've made a series of choices that resulted in O' , but there's another option O that's diachronically accessible to you and is better than O' .

Notice: any time you regret a choice, that's a diachronic misfortune!

Avoiding diachronic misfortune? No: Rain Gear.

Diagnosis: Sometimes honoring sunk costs allows you to spin a better autobiographical narrative (Night at the Opera; Betting on the Opera). Other times it doesn't (Short-Changed at the Opera; Rain Gear).

Moreover, Doody cashes out the ability to "spin a better story" as *making it look like you've avoided diachronic misfortune*.

Why? "Weakness is unbecoming." Diachronic misfortune entails that either your preferences have changed, or you've lost a bet.

It makes social/evolutionary sense that creatures like us would care about projecting a resolute social story, insofar as we can.

→ As a result, having a good story is something we've come to care about *intrinsically*, for its own sake. That's not irrational.

Q: What do people think?