How the Sunk Cost Fallacy Impacts Your Relationships

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In the field of economics, the sunk cost fallacy — also called the sunk cost effect — is notorious. It occurs whenever we double down on poor financial decisions based on past investments that can’t be recouped.

But the phenomenon isn’t relegated only to the realm of business. You may be surprised to learn that it often rears its ugly head in our relationships as well.

Sunk Cost Fallacy Examples

Christopher Olivola, an associate professor of marketing at Carnegie Mellon University, offers up a few examples of sunk cost fallacy pertaining specifically to finances.

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