

Retired de gratia
Foste restante
Naxos, Cyclades, Greece

June 11, 1981

CUT YOUR LOSSES

(C.Y.L.)

Do you always wait too long before selling a losing stock? Are you letting a hopeless love affair drag on to an inevitable anguishing finale? Do you hold onto your child until she will neither love nor leave? Are you the gambler who plays to his last dollar? Are you the colonel who commits wave after wave of soldiers against an impregnable enemy? Do you have so many things to do that you don't know what to do next? Do you keep friends even after they've become drags or, worse, enemies?

If you are in any of these situations, you are suffering from Cylosis. You are inadequately aware of --, or compulsively unable to obey -- the principle of "Cut Your Losses." The foregoing are only typical cases. There are a great many more like them. In fact, even this book does not deal with them all; it would be a large encyclopedia.

We aim here to highlight only some thirty-five major human settings where the principle of "Cut Your Losses" is evaded or avoided with disastrous consequences. We have chosen these from investment and business activities; managing personal affairs; love affairs, family and friendship circles; politics and government; sports and games; and war and diplomacy.

Within these five parts of the book, we give over brief chapters to the 35 special settings where people are bogged down by their losses. For instance, under "managing personal affairs," we deal with the principle of Cut Your Losses in the tug-of-war between insurance agents and the insured, in looking at your tax problems, and in handling your job and career.

We abbreviate the principle of Cut Your Losses as CYL. CYL says "Do This" or "Don't do That." CYL is CYLic but rarely silly. CYL can make life easier, save money, win in sports and politics and diplomacy. CYL gives you a profitable game to play with your life. If it doesn't find in every nook and cranny of your life a loss that can be cut, you can CYL (it's a verb, too) by sending this book in for a refund. That's ^{more} that can be said for most scientific books.

Scientific? Yes. Both serious and scientific. CYL has a niche in decision-theory, an area of scientific concern that has won Nobel-prizes in several cases. If we were to give it a scientific moniker we should call it the Principle of reciprocating Counterspychic Stressing of Ascending Peaks in marginal Utility Calculation Structures. In simpler words, CYL says: the normal person needs to know in every area of choice how to suppress tendencies that increasingly inject unrealized and uncontrolled desires, producing irrational expectations, enhanced losses, and failure. CYL says that the typical woman or man is a confused loser; at any given time one is being drained of psychic and material resources by behavior that should stop here and now because it is getting worse and one is losing more and more, and there is little chance of remission, whether spontaneous remission or deliberately planned reversal. CYL does not discuss everything that is bad or irrational in human behavior. But it does discuss some of the worst problems of behavior, at their worst stages. You might even say that CYL is concerned with terminal illness in character.

The really bad cases of CYLosis are so dreadful that they could easily turn this work into a post-mortem handbook for every walk of life. The slaughter of Verdun is one case on a grand scale: the CYLosis of French and German generals caused a million men to die and won for marshal Foch the title "Savior of France," a title he deservedly lost when he collaborated with the Nazis two decades later. The Battle of Iwo Jima, which is recorded now as a glorious victory of the American Marines (I lost a dear friend in the thousands slaughtered there) was produced by CYLipathic American leaders who needed to show themselves that the Marines could take any position when ordered to do so.

But what is more dreadful on the personal scale of things than disastrous love affairs, where interminable rebuffs, quarrels, infidelity, punishment, fiscal extravagances, and characteristically damaging manoeuvres lead up to final ruination? The examples from literature are abundant, Anna Karenina and so on. But everyday newspapers, magazines and TV screens carry their full share of episodes. Some of the suspenses of the great soap operas is owed to the interminable, miserable, hanging-on of the characters. If, as often as not, a bittersweet ending is interjected to some episodes, it is because the audience really knows better but cannot suffer the conclusions, just as in their own cases.

In a well-run casino, the slot machines are set to pay a not-too-great profit to the management, meaning that if people don't feel a frequent-enough poop of exhilaration, too many of them will stop, and their friends back home won't come, and so on. On an Adriatic Sea ferry-boat between Ancona, Italy, and Patras, Greece, recently, my companion and I pro-forma dropped a few ten-drachma pieces into a battery of Bally one-armed bandits, and afterwards watched the miserable pay-off to the crowd playing the machines. Hardly anyone rode the "Mediterranean Sun" more than once, so why bother about the psychology of loss; don't give the suckers an even break; take it all. The significance of this incident for CYL is that CYL has to operate from original expectations that have some foundation in reality, or else one will never let oneself be trapped by his losses. This is the fundamental psychological trap that sends out a fire alarm for CYL. There has to be bait. Any animal will cease and desist from an activity that is punished at first try. There must be original successes. The sweet baby had to precede the adolescent monster, or no one would start the tortuous quest for CYL.

CYLosis is a way of life for losers, as Chap. 23 will elaborate. We estimate fully 60% of all decisions that people make are CYLipathic, that is, aimed at losing after the battle is already lost. The stretch of obsessed refusal to cut losses in all kinds of activities is too large to be a special defect in some one instance like a bad marriage, or a dependent child, or foolish gambling. Maybe there is a CYLic character? If so, what causes it? What is the psychology of losers? Perhaps we can suggest a psychiatric therapy for the born-losers. If not that, at least we can set down some rules of thumb for CYL -- -- how to assess your losses and your likelihood of recouping them; how to cut your losses; how to put yourself in the right frame of mind to do something; how to recover psychically from practicing CYL. This might satisfy most readers and get them to begin behaving CYLically. Following our thorough expose of the risks of CYLosis, they'll certainly have some incentive to do so.

TABLE OF CONTENTS
CUT YOUR LOSSES SYLOSIS AND THE
PRINCIPLE OF CYL IN YOUR LIFE

INTRODUCTION: what the principle of "Cut your losses" (CYL) is all about.

Part I. Investing and Business

- 1. Buying and selling, especially stocks and speculations: Devotees of Dogs.
- 2. Can insurance programs cure CYLosis?
- 3. CYL in research, product design, and innovation: the mad Inventor.
- 4. Sales, distribution, and advertisement: when to stop selling.

Part II. Personal Affairs

- 5. CYLifting your job and career.
- 6. CYL for Arts and Culture: making your own Violin.
- 7. Education: students, teachers, and the 90% CYLotic gap.
- 8. The Total CYLopathic system: You and Taxes.

Part III. Family and Friends

- 9. Love affair: The CYLopathic Sink.
- 10. Spouses and marriage: Four break-off Points.
- 11. Children and Pets: Nickel and Diming into severe CYLosis.
- 12. Friends -- or the Advantages of Enemies.
- 13. Life Style: A String of Firecrackers.

Part IV. Sports, Games, and Free Time.

- 14. Gambling: Contagious CYLosis
- 15. Drugs, Alcohol, and other Addictions.
- 16. The CYLic Dream Car.
- 17. Hobbies and Sports: Inoculations against CYLosis.

Part V. Politics and Government

- 18. Political campaigning: who to Dump and when to Quit.
- 19. Losing Causes: And so on to Heaven.
- 20. City planning: CYLosis against the City Beautiful.
- 21. when to Stop Gnawing at the Red Tape.
- 22. wars and Battles: Losing Big.
- 23. Diplomacy: The world of Successful CYLopaths.

Part VI. Therapy

24. Personal Health and CYL.
25. The Born Loser.
26. Therapy for CYLosis.
27. To Be a Practicing CYLic.