

The NOVA logo is displayed in a stylized, metallic blue font. It is set against a dark blue background featuring a glowing planet with a ring, similar to Saturn, and a starry space pattern.

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**NOVA INVESTIGATES THE POWERFUL CONNECTION BETWEEN
THE HUMAN MIND AND MONEY—EXAMINING HOW HIDDEN
DRIVES AND EMOTIONS INFLUENCE OUR FINANCIAL DECISIONS
AND IMPACT THE FINANCIAL WORLD AT LARGE**

MIND OVER MONEY

Premieres Tuesday, April 27 at 8pm ET/PT on PBS

www.pbs.org/nova/money

BOSTON, MA—Why do we so often make irrational financial decisions? In the aftermath of the worst financial crisis since the Great Depression, NOVA presents *Mind Over Money*—an entertaining and penetrating exploration of why conventional economics failed to predict the crash of 2008. With insights from leading analysts and powerful scientific experiments, NOVA delves into new arguments about the world of finance, and explores behavioral economics, which aims to incorporate human psychology into finance. How can economists become better at predicting market crashes?

At the University of Chicago, which holds the record for graduating Nobel Prize recipients in economics, Professor of Economics Gary Becker and Professor of Finance John Cochrane, among others, share a central common assumption: economics is a theory of rational mathematics and equations. And before the recent crash, most Wall Street analysts relied on the notion that markets are “efficient”—the idea that they immediately respond to new information and that investors are reasonable and always operating in their own self-interest. Most of the time, these assumptions of classical economics work well enough, but in extreme situations people panic and conventional theories collapse. The best minds in academic finance completely failed to predict the crash of 2008, when the U.S. stock market lost a decade of growth in just one month.

Today, critics of conventional economics claim that it is founded on unrealistic assumptions about human behavior, and research shows that emotions play a role in influencing financial decisions. For example, NOVA conducts an experiment that involves auctioning a \$20 bill, which ends with the bill selling for \$28 dollars. This is a classic experiment in behavioral economics. “It’s designed to be a trap,” says University of Chicago Professor of Behavioral Economics Richard Thaler. The emotional desire to win drives the bidding and leads to a situation in which two people are trying to lose the least. Thaler explains “People have played this game for quite high stakes—they’ve played this for three months’ income and the results are very similar.”

“The economy is a timely topic, so I think audiences will be fascinated by the scientific experiments in *Mind Over Money*, which illustrate how mood, decision-making, and economic activity are all tightly interwoven,” said executive producer Howard Swartz. “The experiments combined with insights from leading experts offer a compelling look at the world of finance and investment as well as the saving and spending habits of individuals.”

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In another auction-based experiment filmed by NOVA, people are asked to bid on a bottle of wine. Traditional economics suggests that they would evaluate the value of the wine and bid accordingly. However, just before bidding begins the bidders are asked to write down the last two digits of their social security numbers. Those whose numbers were higher tended to bid higher. It's an example of "anchoring"—subconsciously they've been influenced by an irrelevant number.

Stanford University Professor of Psychology Brian Knutson's research involves a series of MRI brain imaging experiments that reveal how the same area of the brain that is activated by some of the deepest human needs like food and sex, and which is also associated with addictive behavior—is additionally activated by money.

Could this link with emotions create "bubbles" in the marketplace? For instance, when prices in financial assets rise, more and more people want to come in and invest. The housing market is considered by behavioral economists to be an example of this. "The idea that home prices always go up led people to think that they had found the investment of all investments," observes Professor of Economics at Yale University Robert Shiller.

Mind Over Money looks at economic instabilities throughout history and explores repeating patterns that link past and present marketplace fluctuations. It's only a matter of time before another crash takes the markets down again and even though we all think that when it comes to our money we are in charge, the experiments in the program prove that primitive emotions can sway many of our everyday money decisions.

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Now in its 37th season, NOVA is the most-watched, primetime science series. The series remains committed to producing in-depth science programming in the form of hour-long (and occasionally longer) documentaries, from the latest breakthroughs in technology to the deepest mysteries of the natural world. NOVA airs Tuesdays at 8pm ET/PT on WGBH and most PBS stations. It is produced for PBS by the WGBH Science Unit at WGBH Boston. The Director of the WGBH Science Unit and Senior Executive Producer of NOVA is Paula S. Apsell.

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Production Credits

Mind Over Money

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Executive Producer Howard Swartz

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