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## [Addicted to Sex and Money](#)

*Our brains lust after money with the same neurons that they crave sex*

A professor of neuroscience and psychology from Stanford University, Brian Knutson, made a startling discovery: our brains lust after money with the same neurons they crave sex. Moreover, these are the same neurons with which one experiences the high from cocaine. Knutson used a [fMRI test](#), that can detect which areas in the brain are used when a certain task is being performed, on student volunteers while they were executing mock stock-and-bond trades. What happened in the brain? Blood was rushing to the brain's pleasure centre indicating a higher activity in this region. Knutson concluded that the pleasure of orgasm, the high from cocaine, the rush from buying stocks are governed by the same neural network. Furthermore, these primal pleasure circuits can, and often do, override the functioning of the brain's frontal cortex which governs rational thoughts. In other words, the desire of winning more money can sometimes drive people crazy, just like the desire for sex or drugs. This discovery is striking as it contradicts one of the most of cherished Wall Street ideals - the idea that when it comes to money, logic prevails, that investing is governed by rational decisions. This idea is the basis of the economic theory of rational expectations, for which Robert Lucas won the Nobel Memorial Prize in Economic Sciences in 1995. According to Lucas, a professor of economics at the University of Chicago, people make economic choices based on all the available information and learn from their mistakes. As a result, their expectations about the future are, on average, accurate. Knutson's study seems to show that Lucas's assumptions are invalid. It does not show, however, that his conclusions are wrong - these conclusions, or most of them, probably have an alternative fundament. On the other side of the economic spectrum is Daniel Kahneman, who won the 2002 Nobel Prize in economics for his pioneering work in behavioral finance (or "neurofinance"), which fuses classical economic theory with psychology. "The brain scientists are the wave of the future in the financial world," says Kahneman. "If you seek to maximize understanding, whether you're in academia or in the investment community, you'd better pay serious attention to them." The hopes of Kahneman and others are that, by studying the brains of successful investors and comparing them with the brain activity of unsuccessful ones, they would eventually be able to create drugs that increase the investor abilities. This may seem far-fetched, but they argue that, fundamentally, all mental activities are chemical and neurological processes and thus, they could, at least in principle, be upgraded with the help of various drugs. For example, a psychic phenomenon such as depression, which had long been considered a purely "spiritual" phenomenon, was proven to have a [bio-chemical basis](#). Moreover, people experiencing depression can be helped by certain drugs such as Prozac. However, many economists believe that the stock market is basically random. Therefore, either studying patterns in the stock market or studying the brains of investors is useless for actually predicting what is going to happen.