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Press Release

Financial Inequality in the United States: Volkswagen Foundation Has Announced Its Support for a New Research Project at the University of Mannheim

The international research project, which is being led by Professor Moritz Kuhn, will investigate the ways in which financial differences between households impact their perception of the economic system and their economic opportunities.

Kuhn, who holds the Chair of Applied Political Economy, will undertake the three-year project in collaboration with Mark Wright from Washington University in St. Louis. The Volkswagen Foundation is providing financial support for the research project, with a total budget of EUR 613,500.

In recent decades, there has been a notable increase in wealth inequality in the United States. The causes and consequences of this high degree of inequality have already been extensively researched. However, there is a knowledge gap regarding the impact of wealth disparities resulting from high inequality on households' perceptions of the economic system, including perceptions of its fairness. The study will thus investigate whether individuals from affluent backgrounds perceive financial systems to be more equitable and whether there are variations in these perceptions across different demographic groups. The project is founded upon a recently compiled data set derived from market research conducted in the field of financial markets. The data has been collected in the United States since 1982 and will now be subjected to scientific examination for the first time as part of the project. Furthermore, the project will investigate the impact of wealth disparities on the accessibility of financial markets and the perceived prospects for wealth accumulation. One particular advantage of the data set is that it not only provides information on household characteristics such as age, income, and education, but also detailed information on household wealth and its composition. "I am eagerly anticipating the insights we will gain from the new data. They will enable us to develop a completely new understanding of the saving and investment behavior of households," states Professor Kuhn, outlining his expectations of the project.

The Volkswagen Foundation's funding initiative Perspectives on Wealth: Repercussions of Wealth supports international research projects that contribute to a multidimensional understanding of wealth, generate new conceptual, methodological, and empirical insights,

and develop concrete options for action. The foundation aims to shift the focus of research from poverty to the many facets surrounding the phenomenon of wealth.

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