

Abstract for “Wealth Trajectories and Mobility in the United States and Germany”

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This contribution will document wealth trajectories and wealth mobility across the life-course of households and individuals in the United States and Germany. While the life-cycle hypothesis continues to orient most investigations into the process of wealth accumulation (Modigliani/Brumberg 1954, Modigliani 1986), to our knowledge this contribution is the first to document long-term wealth trajectories as well as wealth mobility in direct cross-national comparison. The United States and Germany are powerful comparative cases thanks to significant differences in their institutional context (e.g. inheritance laws) and welfare state features (e.g. pension system).

We draw on detailed wealth data – and measures of net worth, financial wealth, housing wealth, and other wealth – from ten waves of the Panel Study of Income Dynamics (PSID) and four waves of the German Socio-Economic Panel (SOEP), covering more than three decades (1980s through 2012). Our analyses begin with a descriptive assessment of wealth trajectories to investigate whether households in these two countries show similar aggregate patterns of wealth accumulation. Next – and as the focus of our contribution – we investigate the pattern and degree of intragenerational wealth mobility, i.e. changes in the relative position in the wealth distribution across the life-course of households and individuals. Assessing the degree of rigidity in the wealth distribution is particularly relevant at the backdrop of high and increasing levels of wealth inequality (see also Pfeffer et al. 2013, Frick/Grabka/Hauser 2010).

Additional analyses aim at detecting differences in wealth accumulation and mobility for different cohorts as well as different racial (white and African-American in the U.S.) and ethnic (German and immigrants) groups. Lastly, an innovative approach to wealth measurement that has been implemented in the SOEP since 2002 allows the estimation of wealth trajectories and mobility at the individual level in addition to the household level. Doing so will also help clarify to what extent changes in wealth flow from changes in household structure.

References

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