Abstract

In most industrialized economies, financial wealth is distributed far more unequally than income. According to Wol¤ (2007) more than half of the American households possess almost no productive capital while realizing about 20 percent of national income. This mismatch poses a problem for the efficient aggregation of consumer needs on capital markets. Individuals use information about their own preferences as consumers to identify profitable investments. Under certain conditions, this behavior efficiently matches future demand with productive capacity, thus replacing forward markets for consumer goods. However, when wealth is distributed too unequally, capacity cannot match consumer needs. I present some first experimental evidence in favor of consumption driven investment behavior based on real portfolio choices and self-reported preferences about consumer goods.