5-2006

Credit card debt: A new class or a new culture?

Rebecca Olympia Millan
University of Texas-Pan American

CREDIT CARD DEBT: A NEW CLASS OR A NEW CULTURE?

A Thesis

by

REBECCA OLYMPIA MILLAN

Submitted to the Gradate School of the
University of Texas-Pan American
In partial fulfillment of the requirements for the degree of

MASTER OF SCIENCE

May 2006

Major Subject: Sociology

CREDIT CARD DEBT: A NEW CLASS OR A NEW CULTURE?

A Thesis

by

REBECCA OLYMPIA MILLAN

Approved as to style and content by:

Elena Bastida

Elena Bastída, Ph.D.
Chair of Committee

Kelly F. Himmel

Kelly Himmel, Ph.D.
Committee Member

Mark Glazer, Ph.D.
Committee Member

May 2006

ABSTRACT

Millán, Rebecca O., Credit Card Debt: A New Class or a New Culture? Master of Science (MS), Sociology, May 2006, 70 pp., references, 32 titles.

This thesis project examines the current situation of credit card debt on college students in two colleges in the Lower Rio Grande Valley in Texas and seeks to understand whether the use of credit cards is the result of an emerging class or an emerging culture. In order to explain this distinction, students' credit card debt will be viewed as being created through three main areas: the result of the current living wage, the presence of a "buy now, save for later" philosophy, and the desire to obtain the means of the cultural capital to bridge from one social class to another.

DEDICATION

I would like to dedicate this thesis to my husband, Brett, without whom I simply could not complete this project. His love, patience, and support are infinite and his inspiration, encouragement, and help are very much treasured.

I would also like to dedicate this thesis to my parents who not only have taught me good credit card management but also taught me a world of knowledge only parents can teach.

ACKNOWLEDGEMENT

I would like to acknowledge Dr. Bastída and Dr. Glazer for their support throughout my undergraduate and graduate degrees. Throughout the years, I have learned much from them as a student and as friends.

I would also like to acknowledge Dr. Himmel, someone who was vital to this thesis topic. Credit card debt was discussed for a project in his class. Without that initial project, choosing this timely and important topic might not have been actualized had he not provided the encouragement and interest from the beginning.

TABLE OF CONTENTS

CHAPTER I

INTRODUCTION

In 2001, five billion credit card solicitations were sent to American households (Khalfani, 2004). In order to make up for the costs of enticing future customers, credit card companies promote special offers such as 0% APR for a limited time and "convenient" debt consolation opportunities. Growth in consumer credit began with the use of information and technology. Previously, an individual had to endure a long process in order to receive credit. Either the individual already possessed assets, was known personally, or possessed a favorable reputation in the eyes of the lending party. Today, credit decisions are quick, cheap, and no longer considered as great a risk to the parties involved (Smith, 1998). The most startling fact is that credit card companies have been offering higher and higher credit lines to individuals who might not have the financial means to repay their debts.

Credit cards have become a necessity and have become a valuable resource. To purchase items over the Internet, retailers often encourage credit card use because the process is sped up. In fact, Ritzer (1995) offers many advantages of credit cards: they increase spending power and, at times, save the consumer money. Credit cards are convenient, can be used nearly everywhere, help organize finances, and help solve disputes with merchants. But perhaps the greatest advantage of credit cards is that they provide a number of payment options and help maintain a lifestyle when income is low or absent (Ritzer, 1995). Aside from these aspects, credit cards help an individual make ends meet. When someone struggles to get all the bills paid, a credit card allows an individual to purchase food in order to make it to another paycheck. In order to reserve a hotel room or rent a car, a credit card is needed. At what point does credit, and by extension credit cards, no longer provide a means of survival to become a new culture?

Today, credit card debt has reached epic proportions. For some people, this creates a long struggle to receive adequate employment, housing, food, clothing, and education. An elaborate system between transferring balances and paying off debts becomes a tangled web many individuals find themselves in just to see to the end of the month. The college student is greatly affected by credit card debt. In fact, no one ever imagines being a college graduate and living from paycheck to paycheck trying to make ends meet. But with the startling costs of housing, food, clothing, and education, college students may find themselves floating the purchasing of necessities with credit cards. In fact, in "Generation Broke," Draut and Silva (2004) found that for adults between the ages of 24-34,

> the average credit card debt increased by 55 percent between 1992 and 2001 to $4,088 (2001 dollars). The average credit card indebted young adult household now spends nearly 24 percent of is income on debt payments...Among young adult households with incomes below $50,000, nearly one in five with credit card debt is in debt hardship--spending over 40% of their income servicing debt, including mortgages and student loans. Young Americans now have the second highest rate of bankruptcy, just after those aged 35-44. The rate among 25-34 year

> olds increased between 1991 to 2001, indicating that Generation Xers were more likely to file bankruptcy as young adults that were young Boomers at the same age (p.1)

The situation is just as bleak for adults between the ages of 18-24. As a result, a working poor largely composed of households headed by college-educated and white-collar workers is becoming a significant issue in today's financial world ("Pushed off the Financial Cliff," 2001). In addition, during the 1990s, both personal and governmental debt rose. The amount of disposable personal income spent to pay down one's debt is such where "one in seven middle-income households spend at least 40 percent of their income on monthly payments and one-sixth of their income on reducing debts alone" (S. HRG. 107-987, 2002, p. 5). Because credit cards are used to bridge financial gaps, even what appears as a small debt can have a profound impact on the recent college graduate. Credit cards shelter the unemployed as well as the underemployed as a decline in real earnings, along with the increase in key consumption items, such as medical care, transportation, and insurance forces individuals to attain the means for survival. Along with this situation is the "live for today" attitude that only sets in motion the perception that there is no reason to save (Manning, 2000). With these problems in place, credit card companies then purposefully target college students full well knowing that students will consume a number of goods as a result of attending institutions of higher education. Marketing is conducted with a system of convenient locations on college campuses and unsought solicitations through the mail. Sign-up bonuses such as candy, trinkets, or t-shirts entice students to apply. Unfortunately, a direct effect is that students begin to have more cards, higher balances, and over-the-limit and delinquency problems. These unmanageable levels of debt include student loans taken out to finance a college education. According to the Department of Education, during 1999-2000 school year, 45 percent of college students had a balance due on their credit cards with a median balance of close to $1450, and an average balance above $3,000 (Senate Hearing 107-987, 2002, p. 2-3). "The Burden of Borrowing," a study that used information from the Department of Education, found that 39 percent of student borrowers now graduate with unmanageable levels of debt. These recent graduates have monthly payments that are more than 8 percent of their monthly incomes. In 1999-2000, 64 percent of students graduated with student loan debt, and the average debt has nearly doubled over the last 8 years to $16,928. Forty-one percent (41 percent) of all graduating seniors carried credit card balances averaging $3,071 (King & Bannon, 2002). While credit card companies praise the benefits of a student's responsible use of credit cards, very little is done to present the downside of poor credit reports and ratings (Manning, 2000).

This project seeks to determine whether a new class or a new culture is emerging as indicated by credit card use. Part of this will be determined by answering the following questions: Is the level of a college student's credit card debt created out of necessity because the current living wage is not sufficient to make ends meet? Are credit cards, and subsequently the willingness to get in debt, the means for college students to obtain the cultural capital to bridge from one social class to another? Are college students encouraged to "buy now, save for later"? Are our perceptions of college student credit card use true for every region?

Past, present, and impending programs are not adequate to delve into the sociological ramifications credit card debt thrusts upon individuals. These programs might appear to solve the current crisis; however, much has not been identified as to the causes of excessive credit card debt and there is even less in studying college students' use of credit cards. This study seeks to ask different questions than previous forms of research that influence programs and legislation. In fact, many studies are often one-sided in terms of identifying the social dynamics of developing a better understanding of credit card debt. One must examine the world of consumerism and an individual's perceptions of debt as a possible shift of culture and society and not only as an issue of economics. The importance and significance of this study is to examine whether an emerging culture is arising as evidenced by credit card use. The perceptions of debt might be leading one into excessive and unmanageable levels of debt as a blurring of cultural boundaries begin to allow an individual mobility between different levels of social class.

As a result of the current problem of credit card debt, Congress is under pressure to implement new debt education programs and policies like the Dodd legislation, Senate Bill 891, which attempts to alter the current unfair practices of credit card companies, or other possible changes such as requiring that students pass a qualified debt-education course. Legislation assumes that the college student is not aware of the ramifications of credit card debt. In fact, there are plenty of studies that would support this perception. However, it assumes that all college students are the same throughout the country. Even so, if such legislation educates a college student to understand credit card use, and if credit cards are used to make ends meet, then the only types of legislation that will have an impact on the college student are those that examine college tuition, the minimum wage, and other social programs such as health care and welfare.

This paper distinguishes itself from previous research because it seeks to examine credit card debt on a sociological level that has not been considered. Society and the structure that encourages credit card use might place more emphasis on belonging to a particular class. If this is the case, then culture and class should be regarded as the impetus to encourage consumerism as the definition of one's "basic" necessities for living is distorted.

CHAPTER II

REVIEW OF THE LITERATURE

Since its inception, credit has allowed individuals to obtain goods and services that would differentiate themselves from each other. But what motivates the individual from obtaining necessities to obtaining outstanding massive debts? In the past, the credit system placed barriers on an individual that were held at a constant. An individual could only owe so much before creditors sought action through lawsuits or other tactics to receive payment. In fact, having credit meant that one's character was good and trusted by all. Credit was the reward one could expect for having established a reputable character. Debt, on the other hand, was seen as the foundation of being dishonest and an arrangement only offered to the poor who could not take care of day-to-day affairs (Calder, 1999). In fact, debt was seen as the inability to reconcile one's desires with one's means. These beliefs are deeply rooted in early American history as Cotton Mather was known to have said that debt was a "flag of pride" where one was not satisfied with the life God had bestowed (as cited in Calder, 1999, p. 95). However, at some point in our history, the stigma of purchasing on credit as an option only available for lower class ended. Perhaps this is the result of a change in the function of credit and the financial markets.

According to Westerfield (1938), credit functions in five distinct ways. Credit allows the consumer the opportunity to increase the number and type of purchases. Credit promotes "the salability of goods and services" (p. 102). Credit gives the monetary system the ability to adjust and adapt to the needs of the consumer because it increases the number of possible transactions. Cash limits the consumer to only things on hand but credit can increase the available money and size and range of possibilities to spend money on (Ritzer, 2001). Credit directs the flow of capital. Those with established credit, with good financial records, and good prospects can borrow or obtain services and goods on credit. At the same time, though, credit can become the means in which an individual can develop a lifetime of indebtedness (Ritzer, 1995). Finally, credit creates purchasing power as well as debt-paying power. Consumer spending and savings should be considered to examine how these are associated with credit use. These consumptive expenditures integrated in the cost of living include food and soft drinks, tobacco, alcoholic beverages, clothing, transportation, home maintenance, sickness and death, personal appearance, recreation, social-cultural activities, and direct taxes (Westerfield, 1938). Identified quite early, these categories are still quite relevant today, especially when discovering the influence of the acquisition of a distinct object for admission into a particular reference group. In fact, Max Weber, among others, sees that an individual's consumption patterns mirrors the social boundaries of distinct status groups (Manning, 2000). However, the reality is that consumption is often rooted in a desire to fulfill fantasies that can never be satiated. New needs, desires, and fantasies are identified to shift the boundary. This only furthers any emotional let down an individual might experience as there will always be something that can be identified as being desired for distinction (Campbell as cited in Ritzer, 2001).

The beginnings of credit rest in levels of distinction. Installment credit allowed for money to be lent or goods to be sold. When the creditor summoned the loan to be repaid, the individual was expected to pay the debt in one of two ways. The first was through a single payment where money was exchanged after the end of an agreed upon date. The second way the debt was repaid was called book credit where the loan was repaid at the convenience of the debtor (Calder, 1999). Installment credit, at the lowest forms of debt, was looked down upon and having debt created a class stigma as only the poor lacked cash (Plummer as cited in Calder, 1999; Manning, 2000). Most often, term and installment credit were used for expensive items. The idea for both of these types of credit was that a single purchase for an item was made with a down payment securing a hold on the item until the item was paid in full. "Open book" credit, on the other hand, was used for services like a physician's visit or for cheaper goods which would be paid within a short period of time (Mandell, 1990, p. 14-15). In effect, installment credit paid for durable goods while "open book" credit paid for consumable goods.

With time, though, the negative sanctions that once drove individuals to avoid paying with credit were removed as the credit card became a symbol of affluence, mobility, and capability to pursue one's wants and desires (Ritzer, 1995). As a result, distinctions between the haves and have-nots is made on the different types of credit. Purchasing durable goods was not looked down upon as the purchase was considered an investment. Symbolic of not having money to make ends meet, purchasing consumable good reflected a perception of poverty or problems with money. In many ways, a consumption revolution where people began to use consumption as a means of expression emerged to suppress the former perception of debt (Hall, Neitz, & Battani, 2003). However, as the availability of credit increased with the optimistic outlook of the future, the attitudes concerning debt changed. Self-denial was considered the old mentality, while instant gratification became the way of the newer generations (Manning, 2000).

Credit cards originated as a means of identifying a customer with a charge account. In hopes of stimulating the sale of goods, and to retain customer loyalty, retailers found that providing credit cards to customers made keeping track of their purchases easier (Mandell, 1990). As part of the growing economic industry, big-ticket household durables could only be purchased with revolving credit. Credit cards developed from this system. Already present in its earliest form in 1914, wealthy customers were enticed with "charga-plates" or simply metal plates with one's address embossed to identify which customers could use credit as a means of payment (Mandell, 1990). Later on, the evolution of the credit card, as it is known today with monthly payments and finance charges, occurred with the advent of the Diner's Club credit card in the 1950s.

Through technological advances, the credit decisions made today are quick, cheap, and no longer considered as great a risk to the parties involved, and as a result, having a credit card no longer provides the distinction of wealth and importance (Smith, 1998). More importantly, perhaps, is the fact that credit cards do not create the suspicions or questioning of purchasing a product. There is no need to borrow from a friend, family member, or co-worker, and as a result, the social costs that were once associated with asking for financial help are no longer present. Gone are the personal inner conflicts and inquiries an individual might have over consumer spending (Manning, 2000). Credit cards are the means to achieve wealth, happiness, and liberation from the doldrums of life as long as the individual is capable of managing the debt (Ritzer, 1995). Also, the use of credit cards can mark an increasing emphasis on individualism as purchasing products no longer requires a dialog with others.

Once a status symbol, credit cards can now generate a lifestyle that was once reserved to more affluent groups (Manning, 2000). Those who had money could flash their credit card to show they were successful. In fact, many of the slogans and symbols used by credit card companies promote this perception of success. For example, the symbol for American Express is a helmeted warrior looking towards one direction, giving off the impression of moving forward and being unstoppable. The name itself gives a little bit of America to everyone, including the power to distinguish one's self from another. Master Card's symbol is two overlapping spheres. The card supplies the credit card holder the small section where means and wants overlap. MasterCard gives the impression of being over people, environments, and situations. Finally, Visa, with its symbol of a bird in flight, leads one to believe that with the card, one will enjoy unequalled freedom to transcend all boundaries and borders (Ritzer, 1999). With these cards, cultural sophistication, social elitism, and accessibility of an affluent lifestyle are promised (Manning, 2000, p. 23). These sentiments are continued in advertisement slogans. One is able to "Master the moment," find that, "It pays to Discover," can "Have it the way [one] want[s] it with Visa," and know that "The American Express card…opens doors for [one] all over the world (Manning, 2000, p. 6).

Up to a certain point, credit cards are symbolic representations of someone's status. As the number of cards and collective credit limit increases so does one's buying power and ability to get things done (Ritzer, 2001). This viewpoint is quite ironic in light of the fact that debt, rather than savings, is the mark of status (Ritzer, 2001). Credit cards are seen as a means of payment and a source of credit. Store cards and bankcards serve as substitutes for cash and checks. This symbolic means is more abstract than the transaction made with available cash and checks, where actual monetary backing is present. With credit cards, faith rests on the consumer's credit line as a retailer only worries about the initial purchase. The credit card companies must have faith that the consumer will eventually pay off the balance. Even though there might be some worry about this, the reality is that the credit card companies are able to make a great deal of money through finance charges, over the limit fees, and other chargeable services like credit protection, insurance, and identity theft protection.

For the individual, credit cards are an easily available credit source. They allow consumers to borrow within one's credit limit without up front transaction costs. An individual is able to save the time and effort needed to obtain a loan from a bank, a process often wrought with hassle (Lee & Kwon, 2002). Other added conveniences of credit cards such as no annual fee, rebates, discounts, free insurance, extended warranties, exclusive access to tickets, free emergency hotlines, and price protection make their use justified in comparison to cash. In addition, credit cards, when not tied to a single vendor or store, can be used to purchase a vast line of products crossing all barriers, including actual geographical and economical ones. After all, cash does not provide all of these conveniences (Ritzer, 1995). In constrast, consumers are more careful when buying with cash. Credit cards, on the other hand, create less interest in the quality of the good. Products are no longer isolated for quality as everything can be purchased with a credit card (Ritzer, 2001).

According to Deborah Godwin (1998), a consumer's debt depends on a household's present resources, expected future resources, prices of consumer goods and services, interest rates a household faces in the credit market, and a household's rate of time preference. The attitude about credit changes along with time horizons and risk aversions (Godwin, 1998, p. 372, 375). But there is much more to this point. Is a shift of thought in the way that credit cards and debt are perceived the real culprit in the likelihood an individual will fall into the traps of financial ruin? For example, a household's present and expected future resources and prices of consumer goods change the attitude towards a large debt. Lee and Kwon (2002) believe that what fuels the likelihood of increased consumer spending is the availability of credit cards along with credit card marketing. Credit cards thrust the satisfaction of emotional desires to pamper one's self, acquire a desired standard of living, and provide the means for travel and entertainment (Hayhoe, Leach, Turner, Bruin, & Lawrence, 2000). This is done through clever marketing as credit cards are presented as fun and exciting. Instant gratification results as commodities can be purchased and enjoyed without any regard to waiting (Manning, 2000). As a result, credit card transactions are abstract and unreal, but the consequences are concrete and present (Ritzer, 1995).

Borrowing becomes a privilege and not a right. This aspect will be discussed in further detail as one of the shifts found in today's culture. The American Dream has been altered so that an individual no longer has to wait in order to obtain what is wanted. This lack of delayed gratification is encouraged through credit cards. An individual can get what is needed as well as what is desired, and the current capitalistic economic system in the United States perpetuates that it is all possible. Perhaps the most important aspect is that credit cards serve as the great equalizer in order to eliminate the need to have a high paying job and the need to delay gratification for material possessions. In fact, the use of credit can falsify the standards of living, distort one's judgment, weaken the moral fiber and break down one's character and resistance to temptation (Phelps as cited in Manning, 2000). These impressions have always been in existence. Even as far back at William Cobbett's book *Advice to Young Men*, which was published in 1831, credit buying, "mystified the 'proper value' of money, making it too easy to buy things when no money visibly and immediately changed hands" (as cited in Calder, 1999, p. 92). What has been labeled as being an aspect of a culture perpetuates the capitalistic cycle in the goal of obtaining more and more material goods instead of necessary goods. In fact, Calder's (1999) approach of the culture of consumption needs to be developed, for as he sees it there are often misconceptions about today's consumptive behavior.

Simply put, the culture of consumption is, "the particular way of living that attempts to make sense of the nexus of selling, buying, using, and disposing of commodities" (Calder, 1999, p. 7). This way of living is furthered in David Riesman's essay "Abundance for What?" as the expected " 'standard package' of consumer goods and leisure opportunities" rises with each generation (as cited in Calder, 1999, p. 4). Even so, Ritzer (2001) discusses credit cards in light of his McDonaldization theory, which is based on calculability, efficiency, predictability, increased control, and control through nonhuman rather than human technology (Ritzer & Goodman, 2004). Following through this process, credit cards reduce a person to a credit card number as consumers are controlled by computer systems. Credit cards bring about efficiency as consumers no longer have to wait in line to pay for goods and services with cash or a check. Individual attention, customer service and quality of the shopping experience are no longer a goal. Now the use of a credit card speeds the consumer along the way. With credit cards, purchasing becomes routine because as long as an individual has the credit card, the purchase can and will often be made without much regard. Much of the human interaction has been reduced or completely eliminated (Ritzer, 2001). To say that credit cards are needed, to both the consumer and the economic structure, is an understatement. In order for the business world to run efficiently, credit cards aid in the expansion of the number of transactions in the globally driven economy (Ritzer, 2001). In fact, there is a great amount of effort to get consumers to buy more in order to get the economy running smoothly. Unfortunately, this consumption is often financed with credit cards.

Through consumption, goods and services are used to satisfy human wants. More importantly, consumption goes beyond the physical manufacture of goods, as consumption also influences and represents the ways in which human beings interact (Calder, 1999, p. 7). In this concept, an individual no longer sees that basic necessities are aligned with air, water, food, and sex, and shelter. Rather, if Abraham Maslow's hierarchy of needs is examined, consumer goods have always provided the physiological, safety and security needs. Perhaps what has changed is that consumer goods now provide the needs for love and belonging, the needs for esteem, and the need to actualize the self. For example, consumption satisfies material needs as well as the mental and emotional needs of an individual as advertisements promise satisfaction and fulfillment when a product is purchased. In a sense, consumption, constructs personal identity, develops symbols of communication and provides remedies for problems (Calder, 1999).

The definition of a necessity has shifted as the result of the American Dream and the influence of taste cultures. Out of this, a new standard of living arises. A "good life" is no longer sufficient where an individual enjoys a satisfying job, economic independence, devotion to God and commitment to a group (Calder, 1999, p. 7). In many ways, a good life reflects looking at the past. Now, a "good life" has turned into "good living" that is filled with goods and things to fulfill the needs Maslow believes are important for every individual. Therefore, instead of reflection into the past, the present becomes the only concern to happiness and fulfillment. Therefore, a contradiction begins to emerge. The American dream becomes staggeringly expensive, but through credit, the dream becomes generally affordable to everyone (Calder, 1999, p. 5). These two concepts encourage an individual to use a service that was developed for the benefit of distinguishing one individual from another.

How one utilizes credit cards depends on several factors. Typically, individuals, who are categorized as living in poverty, use credit cards as a means of financing or as a means of adapting to a shortage of earned income with needed income (Lee & Kwon, 2002, p. 241, 243). Credit cards supplement income to purchase necessary items in the household and are used as a means of short-term financing for those who have little education (Arend, 1992; Lee & Kwon, 2002). But aside from individuals who find themselves in such situations, what about those who are just beginning their life-cycle? College students are in a precarious position. Some are able to receive financial assistance for tuition; however, the rising costs of books and other living expenses makes attending college expensive. Students might not be progressing as quickly with their education as a result of balancing the rising costs in both settings. The first solution to this problem is receiving a credit card to help cover shortcomings in income. One could logically deduce that the likelihood for these individuals with less education and lower income to receive a credit card might be slim. However, there have been many instances where children and pets within a household receive credit card solicitations, so anything is possible. Even so, the fears which are created by a lack of income are greater than those fears of having an unmanageable debt (Godwin 1998).

Some individuals simply use credit cards as a means of payment (Lee & Kwon, 2002). There is a positive correlation between one's level of education and the willingness to use credit cards as a payment medium (Lee & Kwon, 2002). These convenience users appreciate the easy mode of payment along with rewards programs that promise anything from cash back and reward points to earning an array of products, including airline tickets and rental cars. In fact, this can encourage credit card use. Credit card charges from convenience users account for anywhere between 35%-50% of credit card charges (Smith, 1998). As a result, the amount of consumer debt is skewed since some convenience users pay off the balances in full and do not fall into the trap of credit debt (Kirby & Capps, 1994). However, the consumer who is often in trouble with excessive debt revolves a balance.

Whether the individual charges for convenience or charges as a means of financing necessary goods, a combination of factors will determine the severity of one's future debt. An individual's level of education is the greatest factor determining who will maintain a higher debt. Households willingly assume a greater debt because individuals expect their income to rise. As a result, more is spent in anticipation of increased earnings and they are willing to finance higher spending through debt (McCarthy, 1997). But also a greater level of debt can be expected for the financing of education where other assistance fails to meet the expected and actual costs of college. Education is not only a good predictor of earning ability; it also predicts net worth (Kennickell, Starr-McCluer, & Surette, 2000). Although education gives the potential for earning higher wages, an individual's net worth has decreased because of credit card debt. Therefore, a rise in the social class is falsely perceived. Also, when the mindless and endless pursuit of goods and services overcomes individuals, dehumanization is cultivated within society as individuals are less concerned in examining the ills and finding alternatives to solve them (Ritzer, 2001).

Born out of the use of a credit card, a pessimistic view of the consumer emerges but Calder (1999) does not see it in this way. In fact, he believes there is a "myth of lost economic virtue" and in several sources gives a historical background of the use of credit (Calder, 1999; Calder, 2002). This myth is raised in the falsehood that the rise in today's consumerism stems from a diluted credit system that has broken down traditional moral values whereby making it easer for people to obtain instant gratification and possess a consumer hedonistic life. Repeatedly, Calder (1999) presents evidence that individuals in the past were equally in debt and lived beyond their means. In addition to this point, Calder (1999) also shows how the consumer is economically tied with class conflict to establish distinction. Retail credit is no longer viewed as a privilege. This has become an anticipated way of the American life as credit makes it possible to obtain high standard of living through very easy means. Credit has also perpetuated the capitalistic system. In effect, consumer credit "enforces discipline, hard work, and one's productivity toward durable consumer goods" (Calder, 2002, p. 30). The American Dream becomes the means for productivity of consumer capitalism. Echoing Marx's concept of religion and fetishism of goods, William H. White, Jr., sees that "budgetism as the opiate of middle class" (as cited in Calder, 2002, p. 30). This budgetism is the way Americans are tied into a work regimen that enforces saving and budgeting by means of installment plans so that money is appropriated in such as way that there is none left after the costs of living and paying for goods (Calder, 2002). This presents two clear points. Whether credit forces the working of longer hours or having another job to make ends meet, consumers hesitate to assume obligations they cannot repay (National Commission on Consumer Finance, 1972). If annual repayments on consumer installment credit to disposable personal income are compared, the situation is not as bleak (National Commission on Consumer Finance, 1972). In fact, even though bankruptcies might be at an all-time high, Calder (2000) illustrates that 95% of consumer debt gets paid as the other 5% of credit card balances are erased from the accounting books (Calder, 2002). With all this said, Mandell (1972) sees that one's socioeconomic status, based on income and education, are the best determinants for credit card use. In addition, the life-cycle has a profound impact. That is, younger families with children naturally consume more and towards the end of their life cycle, consumption is slowed (Mandell, 1972). For this reason, examining the credit card debt of college students becomes all the more important.

Because of the nature of the topic of credit cards, the theoretical framework can be approached through classical and modern theorists. Although these theorists will not be incorporated in great detail to develop this thesis, examining the development of how culture is defined should begin with them. E. B. Tylor and Herbert Spencer see culture as a human creation that is derived from, expressed by, and consisted with man's nature (as cited in Hatch, 1973). Franz Boas sees culture as the habitual or customary reactions which act as emotionally driven agents (as cited in Hatch, 1973). Brownislaw Malinowski sees culture as an accepted system of man's ambitions and passions which expresses man's nature (as cited in Hatch, 1973). Emile Durkheim sees culture as the collective representations an individual acquires as part of society (as cited in Hatch, 1973). Talcott Parsons sees that culture is a set of conditions which maintain the agreed upon system (as cited in Bohannan & Glazer, 1988). Herbert Gans sees that culture is made up of a set of tastes or preferences in five distinct taste cultures which serve as a way of entertaining, informing, and beautifying life (as cited in Hall, Neitz, & Battani, 2003). Therefore, culture is the life existing in people's heads at a cognitive level but also the result of one's actions and how those actions play out within the economy. However, as this discussion of culture unfolds, the main theoretical approaches that will provide the specific focus for this thesis come by way of Clifford Geertz, Thorstein Veblen, and Pierre Bourdieu.

In the broadest sense, culture, "refers to the learned repertory of thoughts and actions exhibited by the members of social groups" (Bohannan & Glazer, 1988, p. 379). Whether human motivations are created and acquired through enculturation, quite often culture is not imposed; therefore, the expected behavior does not have to be rooted in the rational and emotional (Boas as cited in Hatch, 1972). In this view, culture is associated with a habitual action that becomes automatic. Individuals use culture to navigate through the system as the means to an end. This action is manipulative so that individuals can use culture to understand the rules which guide their actions and the ways to use those rules to their advantage (Hatch, 1973).

Culture is also a way of knowing. In fact, Hall, Neitz, & Battani (2003) find that culture incorporates the ideas and knowledge and the physical tools for doing things as well as the physical products which form symbolic cultural representations (Hall, Neitz, & Battani 2003, p. 7). Culture becomes the tool that people use to form a social identity and the processes that lead to the development of said identity. As a result, cultural practices are connected to social stratification as institutions, cultural histories and legacies. Material production and distribution, reception and effect, and meanings and social action are all intertwined within the fabricwork (Hall, Neitz & Battani, 2003). The patterns of social positions in a society and the relations of these positions to one another are important in understanding credit card use. Distinct, yet widely shared, cultural practices develop out of individual differences that are not random nor product of personal taste. Rather, these practices are subjected to organization and reorganization based on one's social position and one's group membership. Therefore, culture is connected to social stratification through cultural groups and cultural markets (Hall, Neitz, & Battani, 2003). In fact, when benefits are increased and costs are lowered, a cultural evolution enfolds as opportunistic changes relegate and reallocate labor, products, individuals, and groups (Bohannan & Glazer, 1988). Within this evolution, an individual must determine and select the culturally acceptable actions and thoughts (Bohannan & Glazer, 1988). Culture goes beyond concrete behavioral patterns as it is also a set of systems to govern and control behavior. Culture links man's potential intrinsic capabilities of becoming in light of what can actually be achieved. Therefore, an individual needs a connection between innate capacities and actual behaviors (Geertz, 1973). The behaviors come to represent the ideas social groups have. In fact, ideas are powerful as they are revered, celebrated, defended, and imposed upon others in both intellectual and material realms (Geertz, 1973). Culture produces the understanding of an individual through a social system of interaction. To understand how students use credit cards as a culture or a class, the layers need to be stripped so that the structural and functional dependabilities of social organization can reveal the psychological factors or the basic needs of each individual (Geertz, 1973). Therefore, culture, or the rules of behavior, needs to be identified, understood, changed, and disseminated because culture can limit an individual's actions (Hall, Neitz, & Battani, 2003).

In fact, culture begins to exist as a structured system of meanings and systems (Geertz, 1973). Therefore, culture is a substance of meaning or essentially how experiences, beliefs, symbols, and values are defined, expressed, and interpreted (Geertz, 1973). Culture is "whatever it is one has to know or believe in order to operate in a manner acceptable to its members" (Geertz, 1973, p. 11). With this said, Pierre Bourdieu's concepts of habitus, field, distinction, and taste need to be examined as part of the theoretical framework for this project. Overall, Bourdieu is concerned with the relationship between habitus and field. A dialectical relationship exists between habitus and the field as the field conditions the habitus and the habitus constitutes the field (Ritzer, 2000). Resulting from one's family life and education, habitus is the internalized cognitive structure through which people deal with the social world where individuals produce, perceive, and evaluate their practices (Ritzer, 2000). As a result, habitus reflects objective divisions in class structure as habitus varies depending on the nature of one's position (Ritzer, 2000). Habitus helps individuals make sense out of the social world (Ritzer, 2000). Bourdieu sees habitus as the means to which reproduction of culture can occur because habitus generates the regular practices that make up social life. It is the product of social conditioning and so links actual behavior to class structure. Habitus suggests what people should think, what they should choose to do, and what principles and strategies should be used to make choices (Ritzer, 2000).

While habitus exists in the minds of actors, fields exist outside their minds (Ritzer, 2000). The field is a network of relations among objective positions. The structure of the field constrains agents. In a symbiotic relationship where it produces, and is produced by the society, habitus consists of a lasting system to develop perception, thought, and action. The field, on the other hand, guides the strategies to improve an individual's position. Within the use of the field, the principles of hierarchization are imposed so that the most favorable conditions can exist to allow the individual to obtain what is desired (Ritzer, 2000). Therefore, the field employs and deploys the capital, whether social, cultural, economic, and symbolic, that allows one to control one's own fate as well as the fate of others (Ritzer, 2000). The structure of the field conditions the consumer's desire for cultural goods and also conditions what needs to be created in order to satisfy those demands (Ritzer, 2000).

A social arena in which people maneuver and struggle over desirable resources, a field becomes a system of social positions, structured internally in terms of power relationships. Within this, elements of distinction and taste develop. Distinction examines, "the aesthetic preferences of different groups throughout society" (Ritzer, 2000, p. 403). Taste is, "the acquired disposition to differentiate among the various cultural objects of aesthetic enjoyment and to appreciate them differentially" (Ritzer, 2000, p. 403). Taste serves as the means to give an individual a sense of location in the social order and to unite those with similar preferences. More importantly, taste differentiates individuals from those with different tastes. Therefore, objects are classified, and by extension, individuals classify themselves as actual practices are seen in the "context of all mutual relationships" (Ritzer, 2000, p. 403). While taste becomes the opportunity to experience culture and also to assert one's position within the field, the field of social class affects one's ability to possess the right field (Ritzer 2000, p. 403-404).

Credit cards allow an individual to further habitus, field, taste, and distinction because credit cards give the outward appearance that the individual possesses the necessary culture to belong to a social class. Even so, several problems arise from the use of credit cards to obtain capital. For example, changes in taste will surface as a struggle between culture and class arises, so that the dominant class can define culture and the entire social world. This creates a cultural boundary that will always exist between the middle class and the upper class where those in the middle class will never achieve the culture to fit in as new status symbols are incorporated and relinquished (Ritzer, 2000). This class conflict will always exist because new forms of taste and distinction will be developed and after a certain period of time, credit cards become limited to what they can allow an individual to purchase because of credit limits or even the individual's over extension of capital. Bourdieu also found that volume, composition, and trajectory of capital are important. Volume is the total amount of capital one has while composition refers to the collection of economic, cultural, and social capital. In many ways, credit cards can serve as the means of obtaining cultural capital as it includes the knowledge, taste, and claim to one or another in concurrence with esteem or honor. Cultural capital is rooted in the habitus of family life and education and trajectories are the channels of individual mobility (as cited in Hall, Neitz, & Battani, 2003). In fact, this leads to a second problem, that of hysteresis. Bourdieu believes that when an inappropriate habitus can exist, hysteresis, or shortcomings, can lead to what he calls symbolic violence. Practiced indirectly through cultural mechanisms, symbolic violence uses language, the meanings of words, and symbolism to impose a certain power on the rest of the population. Symbolic violence obscures what individuals are doing from the rest of society to dominate and legitimate the culture (Ritzer, 2000). According to Bourdieu, class positions and aspirations are linked to how individuals style their lives (Hall, Neitz, & Battani, 2003). Therefore, the subtle nuances of class are located in daily living.

Class, on the other hand, can be viewed as a "fundamental determinant of the culture" (Gans as cited in Hall, Neitz, & Battani 2003, p. 238). Credit cards blur social class distinctions as they serve as the means of obtaining a culture as well as a class, as previously existing and well-established habits of thought are adapted into a new method of distinction. In some ways, this mirrors Max Weber's rationalization where consumption is overtaken by what appears to be the "rational" ways of purchasing. Credit cards become the perceived efficient and effective means of consumption (Hall, Neitz, & Battani, 2003). However, Thorstein Veblen's (1967) discussion of the leisure class is one way of explaining how an individual develops a new class. Consumption is often considered evidence of wealth (Veblen, 1967). Acceptable methods of consumption are rooted in the time and effort or amount of work and determination that are necessary to develop a justification of spending. A degree of expense and wastefulness is tolerated depending on the earning capacity of the class (Veblen, 1967). This is all determined by an individual's present and future standard of living that earning potential permits (Veblen, 1967). However, with credit cards, this earning potential is cloudy as there is no direct connection unless a credit card limit is directly tied into the individual's income.

Also, what is defined as a necessity of life will have an impact on consumption (Veblen, 1967). Actual goods and services build a person's reputation of belonging into a particular class (Veblen, 1967). As wealth increases, the number and type of goods one has delineates and differentiates the class through a system of level and quality (Veblen, 1967). Therefore, after a span of time, what was considered wasteful ends up becoming viewed as a necessity of life through habit and convention. What develops as a result is the need for one class to find other means of differentiating itself from the rest of the classes (Veblen, 1967). In fact, a person's expenditure is not only ingrained in the habits and social custom culture establishes but also within the gratification or peace of mind the person wishes to achieve through acquired tastes to fulfill life (Veblen, 1967). As a result, when luxuries and comforts are expensive, then they are considered noble and honorific especially if these are to add comfort and security (Veblen, 1967). Class, then, begins to shape the acceptable methods and even selects the acceptable objects of expenditure for personal comforts and for decent livelihoods (Veblen, 1967). But individuals in one class might examine the efforts of another to develop a comparison of the person's achievements and whether or not the person should be accepted into the class (Veblen, 1967). For this reason, property and ownership develop into a distinction of class and are necessary to have a standing in the community and the class (Veblen, 1967). Credit card debt might cause problems in identifying whether this property and ownership has been obtained. On the surface, an individual can be perceived as owning possessions, but the owing of them might be the sole standpoint of acceptance into the class. As Walter Benjamin saw it, when more and more individuals consume class distinctions and grow closer to individuals in relation to social strata and groups, this amassing diminishes the authenticity, subjectivity, and autonomy of the culture (Hall, Neitz, & Battani, 2003).

The consumption revolution appears to be strong today than ever before as individuals seek to distinguish themselves in relation to social divisions and groups (Hall, Neitz, & Battani, 2003). In fact, Bourdieu distinguishes classes through the struggles of individuals and occupational groups to establish themselves favorably within the overall social order (Hall, Netiz, & Battani, 2003). This is no simple task as "People seeking social mobility can be burdened by effects of socialization that reveal their class upbringing" (Hall, Neitz, & Battani, 2003, p. 49). If an individual seeks to bring this social mobility through credit cards, the very intention of gaining distinction might come at a huge cost. Middle class respectability, the elite lifestyle, and moral distinction of the deserving and undeserving are democratized. In fact, elite tastes no longer are reliable markers of a social class background. Ironically, then the gap widens between the haves and have-nots, and inequality arises in the social, cultural, and economic realms (Manning, 2000).

CHAPTER III

METHODOLOGICAL DESIGN

The focus of this project is to determine whether credit card use and debt are creating a new class or a new culture. This is determined by examining whether one's credit card use and debt is out of necessity because the current living wage is not sufficient to make ends meet, is out of a "buy now, save for later philosophy," and is out of the desire of obtaining the cultural capital.

The scope of the research design is descriptive in nature. Quantitative methods with a survey approach were used to examine whether credit cards are used to obtain a cultural capital beyond an individual's human capital, whether credit cards are used because of the lack of a saving culture, or whether credit cards are used as a necessity created by the lack of a living wage. The questionnaire examined the spending habits of the respondents and their use of credit cards to facilitate their purchases. In order to do so, Westerfield's (1938) categories of consumer spending (food and soft drinks, tobacco, alcoholic beverages, clothing, transportation, home maintenance, sickness and death, personal appearance, recreation, social-cultural activities, taxes, and savings) was used as a way to recognize the patterns of consumption. In addition, the survey instrument from Lewis Mandell's research conducted in 1971 was adapted to the student population (Mandell, 1972). The questions also examined whether or not the informants have difficulty making ends meet and use credit cards to do so. In addition, questions were asked to identify whether or not the respondents belong or believe they belong to a "saving culture."

Due to constrictions and limitations, this study used convenience sampling from two college student populations in Hidalgo and Starr counties in the lower Rio Grande Valley. The lower Rio Grande Valley is located at the southernmost tip of Texas. The 2000 Census reported that 89% of the population in Hidalgo and Starr counties are Hispanic (South Texas College Fall 2004 Fact Book). In addition, the population in Hidalgo and Starr counties is 49% male and 51% female. However, this number drastically changes on South Texas College's (STC) campuses. The male population comprises 38% of the STC population while 62% is female. Although a comparative study is not the goal, using college students from both college campuses can provide a better representation of the student population in the area. Both colleges serve about 17,000 students each. South Texas College, the college where the primary data was collected, has a student population of over 17,000 students with 93% identified as Hispanic. Approximately 49% of these students are identified as being economically disadvantaged, a special populations category for low-income persons, as defined by the Texas Higher Education Coordinating Board. Students whose annual income is at or below the federal poverty line or who are eligible to participate in one of several needs-based public assistance programs such as WIC, TANF, Pell, and WIA, fall into this designation (South Texas College Fall 2004 Fact Book). The characteristics for the students at The University of Texas-Pan American are quite similar.

The primary set of data was gathered from the researcher's college students and a colleague's college students. Because the demographics of the students at South Texas College vary, the students can provide a cross-examination of various age groups in Hidalgo and Starr counties. Questionnaires were distributed through a web-enhanced feature within WebCT. As the means for data collecting, the completion of the survey through WebCT ensured confidentiality and anonymity as a number is assigned to the student's completed survey. Before the questionnaire was made available, the researcher sent an introductory email to all students regarding the purpose and content of the questionnaire. Because students were not given a printed copy of the consent form, this email also included the consent form as well as an explanation that completion of the questionnaire indicated consent. The campus's Office of Institutional Research and Effectiveness (OIRE) approved this process. The questionnaire was uploaded and made available in six of the researcher's classes as well as eight of the researcher's colleague's classes from March 5 through March 15. Out of the fourteen classes, a total of sixty-four students completed the questionnaire online. Once the questionnaire was completed, the pertinent information was downloaded into Microsoft Excel to re-code the responses from letters to numbers to provide better compatibility once the information was placed into SPSS and worked on for statistical analysis.

The second set of data was gathered through convenience sampling at The University of Texas-Pan American. Due to constrictions and limitations, this study used convenience sampling from two college student populations in Hidalgo and Starr counties in the lower Rio Grande Valley. The 2004 Fact Book for The University of Texas-Pan American does not report the number of students who are classified as economically disadvantaged. Nonetheless, the student population at The University of Texas-Pan American is comprised of 88.5% Hispanic with 42.3% male and 57.7% female. The characteristics for the students at The University of Texas-Pan American are quite similar.

It should be noted that the same survey instrument was used on both campuses to provide a better understanding of the credit card use and debt. Because of the constraints placed upon the researcher from the University of Texas-Pan American's Office of Institutional Research and Effectiveness (OIRE), the researcher was not allowed to conduct the survey through WebCT. Although the research could have simply approached a number of former professors using WebCT, it was decided to follow OIRE to avoid any further problems that might prohibit approval. A second approach was planned with the researcher intending to contact professors to encourage student participation of the survey during a set time made available on campus. However, even this did not work out for the days that were selected were during Spring Break. Therefore, in order to collect data, the researcher spent a day in key locations on the college campus, such as the library and student union, to gather respondents. Afterwards, the data was coded and entered into SPSS for analysis.

CHAPTER IV

RESULTS

In order to gather data, a quantitative survey method was chosen for its ease of data gathering and computation. Quantitative data makes observations more explicit and make it easier to aggregate, compare and summarize the result (Babbie, 2004). Thirty-nine items were developed by the researcher as well as borrowed from prior research instruments (Mandell, 1972; Elliehausen & Lawrence, 2001). Because these instruments varied in scope and format, it became necessary to develop a consistent pattern for data entry into the Statistical Package for Social Sciences (SPSS). The majority of the questions were developed as categorical variables (nominal and ordinal) in order to clear the Offices of Institutional and Research Effectiveness (OIRE) at both institutions.

The same thirty-nine questions were asked on both college campuses in order to accurately report the findings of credit card debt for the students in Hidalgo and Starr counties. At the University of Texas-Pan American, these questionnaires were completed by paper-and-pencil because of its low cost, avoidance of potential researcher bias in interpreting respondents' answers and to give respondents a greater feeling of anonymity for any questions regarding debt, and saving and spending habits and attitudes. At South Texas College, the questionnaires were completed through WebCT, a leading provider of e-learning systems for educational institutions. WebCT provides the same advantages as paper-and-pencil questionnaires but because the results are tallied electronically, the data was downloaded into Microsoft Excel and then recoded using the same numerical system as the paper-and-pencil questionnaires gathered from The University of Texas-Pan American. Approximately twenty-three questions were measured on the nominal level. This is the result of the nature and scope of this descriptive research project. The remaining variables were measured at the ordinal level, with Likert-type rankings of 1 to 5, where 1 represented strongly disagree, 2 represented disagree, 3 represented neither agree nor disagree, 4 represented agree, and 5 represented strongly agree. There was one question that had to be coded in the reverse order because of the language used.

A total of 104 respondents participated in the research project, 40 from The University of Texas-Pan American and 64 from South Texas College. The mean age for both colleges was 24.16, the median age 21.0 and the mode age 19. Although it is not reported in South Texas College's Fact Book (2004), The University of Texas-Pan American reported the mean age for undergraduates at 23, which is quite close to the mean age for the entire sample population (The University of Texas-Pan American Fact Book, 2004). In the research sample, 39 respondents were male and 65 were female. The college classifications for the sample population consisted of 29.8% freshmen, 49% sophomores, 13.5% juniors, 5.8% seniors, and 1.9% graduate students. Because South Texas College is primarily a two-year institution with its first cohort in a four-year degree, these numbers should naturally reflect a greater number of students in the first two years of their postsecondary education. Almost 80% of the sample population made $20,000 or less with a majority of the responses evenly distributed within the income ranges of \$0-\$4,999 (26.9%), \$5,000-under \$10,000 (20.2%) and \$10,000-under \$15,000 (21.2%).

In order to examine the research hypothesis of college students' credit card use being the result of a new class or a new culture, only the students who had a credit card were selected for the majority of the statistical analyses. Out of the 104 respondents, a total of eighty respondents had at least one credit card. Since two-thirds of the total responses came from South Texas College, it should not be surprising to find that South Texas College had the largest percentage of the students who had a credit card, with fifty-eight respondents, or 72.5% of the sample population. The total number of females within the sample population who had credit cards at South Texas College was forty-two while the total number of males was sixteen. Only twenty-two or 55% of the sample population taken from The University of Texas-Pan American had a credit card. The largest proportion of the credit card holders for both college campuses were female with fifty-six of the eighty responses. While this might appear to be unrepresentative of the total gender population in Hidalgo and Starr counties, this proportion closely represents the proportion of males to females at South Texas College.

In designing and conceptualizing the survey, many questions were written in such a way that would offer the researcher the ability to assess culture and/or class depending on the responses the participants chose. Therefore, in this particular research project, the research questions were written in such a manner that a more descriptive and exploratory understanding of the student population with credit cards was desired. As a result, directional research hypotheses and null hypotheses were not written in the standard sense of quantitative research. Even so, this approach allowed for a better understanding if any statistical significance between the relationship of variables provided a clearer picture of an emerging class or an emerging culture. As a result of using nominal and ordinal variables on the questionnaire, only two-way contingency table analysis using the crosstabs procedure were run for a majority of the variables in order to determine if a significant relationship between the variables was present.

A two-way contingency table analysis was conducted to evaluate whether a relationship exists between gender (1 = male, 2 = female) and whether the student was willing to charge on a credit card in order to fit in. The willingness to charge on a credit card to fit in was measured on a Likert-type scale where students strongly agreed, agreed, neither agreed or disagreed, disagreed, or strongly disagreed with the statement, "Because I want to fit in with my friends, family, and classmates, I often charge for things on my credit card(s) I know I cannot afford." There was no statistical relationship between gender and willingness to charge on a credit card in order to fit in (Pearson χ^2 (4, N = 80) = 1.85, p = .76. As a result, it is important to establish that it seems gender has no bearing on the willingness to charge on a credit card to fit in.

In continuing the relationship of gender with key variables, a two-way contingency table analysis was conducted to evaluate whether a relationship exists between gender (1 = male, 2 = female) and the main purchase made in the last twelve months. Originally each response for the main purchase was listed separately; however, for statistical analysis, the main purchase made in the last twelve months was grouped according to necessities (groceries, transportation, and medical expenses), education (computer costs [including hardware, software, and supplies] and educational costs [including tuition and books], personal appearance (clothes and personal appearance [including haircuts, manicures, and gym fees]) and social-cultural activities (including the purchase of airplane tickets, hotel, and rental car as well as purchasing theatre, concert, and sporting events tickets). There was no statistical relationship between gender and the types of main purchases made in the past twelve months (Pearson χ^2 (3, N = 65) = 4.17, p = .24. However, it is important to note that females have a disproportionately higher percentage of their main purchases grouped under clothing and personal grooming. While this might not be surprising, the remaining results were proportionally dispersed between the categories of necessities, education, and social-cultural activities, thus indicating that it appears that aside from clothing and personal grooming, students' credit card use varies depending on the individual.

Another set of two-way contingency table analyses were run but this time focusing on the age of the students. Age was originally asked as an interval level of measurement on the survey. However, this variable was also classified into categories to better define the ranges of the life cycle. Therefore, age was grouped into four levels: 18—20, 21—25, 26—30, and 31—49. A two-way contingency table was run to determine if there was a relationship between a student's age and the total credit limit made available to them through credit cards. The total credit card limit was categorized into nine levels. The first level was $1.00 - $1,000. Afterwards, a three thousand dollar increment was integrated from $1,001 to more than $21,000. There was no statistical relationship between age and total credit card limit. (Pearson χ^2 (24, N = 79) = 27.12, p = .30). Although this finding might not be significant, it appears that credit card companies are not bestowing credit card limits randomly as 61% of the sample population has a credit card limit between $1.00 and $3,000, while the remaining students reported total credit limits in six other levels. When a two-way contingency table analysis was conducted in order to determine whether a statistical relationship between a student's age and total annual income was present, this proved to be significant (Pearson χ^2 (24, N = 79) = 37.24, p = .04. Out of the 24 students who fell within the 18--20 age range, 11 of them, or 45.8%, earned up to $4,999. In fact, the remaining students within this age range were evenly distributed between the $5,000 - under $10,000 income range and the $10,000 - under $15,000 income range. The 21--25 age range shifted these numbers to different income ranges. For instance, only 17.9% of these students earned up to $4,999, while 28.6% earned $5,000 - under $10,000, 21.4% earned $10,000 - under $15,000, and 17.9% earned $15,000 - under $20,000. While the percentages were marginal, it should be noted that this age range is the first to reach $20,000 - under $25,000 and $25,000 - under $30,000. The sample population falling under the 26--30 and the 31-49 age groups was low. In fact, these two categories combined had about as many responses as only one of the previous categories. Even so, it is important to point out that the upper limits of their income ranges fall under $35,000 - under $45,000 for the respondents ages 26-30 and $45,000 - under $60,000 for the respondents ages 31-49. In effect, although the results should be statistically significant, these numbers illustrate the trend that the student's age has a factor on the income. However, these results are important when considering the student's total credit card limit. This cross-tabulation presents evidence in what gives the impression that credit card companies are still examining an individual's total income as the greatest deciding factor in extending a line of credit as there is a relationship between the two variables. In many ways, these outcomes would offer credence in credit cards still being very much a part of class and not culture. However, before this is completely accepted, when a cross-tabulation between whether a student had a credit and total annual income was performed on the entire sample population, the findings are quite fascinating. The range of the total income brackets was centered on $5,000 increments: $0-$4,999, $5,000-under $10,000, $10,000-under $15,000, $15,000-under $20,000, $20,000-under $25,000, $25,000-under $30,000, $35,000-under $45,000. The researcher assumed that students might not be earning a level of income higher than $45,000. This is the result of the nature and purpose of students in going to college. Students are likely beginning to establish themselves in a career. Even so, the last income bracket range was from $45,000-under $60,000. Although there was no statistical relationship between possession of a credit card and total income (Pearson χ^2 (8, N = 104) = 12.42, p = .13), an interesting trend begins to surface. The income level that had the greatest number of students who did not have a credit card was between $0-4,999. In fact, only a slightly higher percentage of students who had credit card were also within this income bracket. In the next few levels ($5,000-under $10,000, $10,000-under $15,000, $15,000-under $20,000), the number of students who had a credit card was much higher than those who did not. However, after the $20,000-under $25,000 income bracket, all of the responses which were reported were from students who had a credit card.

Further computations of two-way contingency analysis tables were created using a student's current age and a student's age when a credit card was first received. The possible responses for the question, "Who pays your credit card bill?" were: "I do with no other help," "Primarily, I do but sometimes I get help from others," "My parents," and "My spouse/significant other." Here too, there was a statistically significant relationship between the student's age and who paid for the credit card (Pearson χ^2 (12, N = 79) = 36.64, p = .000). It might be surprising to find that 54.4% of the students paid for their credit card bills in spite of low-income levels. In fact, when "Primarily, I do but sometimes I get help from others," is factored in, at total of 78.5% of the students fell into these responses. While the majority of the respondents were living with their parents (65.4%), it is beyond the scope of this question to determine how much assistance was given to them. Even so, the statistical significance and the self-reported results could be indicative that students are, in fact, responsible for their credit card bills.

In order to examine whether credit card debt was created out of necessity because the current living wage is not sufficient to make ends meet and whether credit card debt is the means of obtaining the desired cultural capital, students were asked whether they strongly agreed, agreed, neither agreed or disagreed, disagreed, or strongly disagreed with the statement: "Considering all of the sources of income (employment, financial aid, student loans, and help from family), I do not earn enough to cover the minimum balance on my credit card(s)." The two-way contingency table analysis resulted in a non-statistically significant finding (Pearson χ^2 (12, N = 79) = 14.64, p = .26). Perhaps the culture of the Rio Grande Valley has an influence on these results. Quite often, there are support mechanisms within the Hispanic culture which fashions a safety net for an individual as long as surrounding friends and family are able to financially and emotionally offer assistance. In addition, to determine whether a student used a credit card in order to obtain cultural capital, students were asked to respond to the statement, "Because I want to fit in with my friends, family, and classmates, I often charge for things on my credit card(s) I know I cannot afford," using the same Likert-type scale of strongly agree to strong disagree. There was no statistical relationship between the student's age and whether they were willing to charge things in order to fit in (Pearson χ^2 (12, N = 79) = 11.30, p = .50). While one might argue that younger individuals are concerned with developing a self-concept, for this sample population, there does not appear to be a relationship between age and willingness to charge things in order to fit in. As a result, charging on a credit card is not limited to age.

Finally, several items on the questionnaire sought to determine if students had a "buy now, save for later" philosophy. Because of the way the questions were asked, the following results include all students as the responses examined hypothetical buying and saving scenarios. A two-way contingency table analysis was conducted in order to find out whether a statistically significant relationship exists between a student having a credit card and what would be done if money was not available in order to purchase an item. The possible responses for the question "If you wanted to buy an item that you could not purchase with available money, would you charge it on your credit card, put it on layaway, or save your money to purchase it later?" were "Charge on a credit card," "Put it on layaway," "Save the money," and "All of these choices. It just depends on the item." There was a statistically significant relationship between the two variables (Pearson χ^2 (4, N = 104) = 10.64, p = .03). The students who did not have a credit card would save up the money or put something on layaway. This should be expected based on how the item was presented within the questionnaire. However, when the students who had a credit card are examined, there are some insinuations about their willingness to use the credit card instead of waiting to save the money or place the item on layaway. While it might have been better to exclude the respondents who did not have a credit card, it is important to examine the contrasts between two possible responses. For instance 45.8% of the students who did not have a credit card would save the money necessary to purchase the item as opposed to the 16.7% of the students who would place the item on layaway. This difference is important in that it suggests students are willing to save the full amount for an item. Using the layaway mirrors using a credit card in that a certain amount is paid at specific intervals after an initial deposit is made. For the students with a credit, the findings are quite interesting. Twenty-two or 27.5% of the students who had a credit card were willing to save the money for an item and 16.3% were willing to place the item on layaway. However, when students had a credit card, 30% of them were willing to charge the purchase on their credit card. But the surprising results fall under the number of students who did not know for sure. Eighteen or 22.5% of the students with credit cards mention that all of the choices were possible depending on the item. Therefore, the culture of a student with a credit card might not be as delineated as a student without a credit card.

Even though 27.5% of the students with a credit card reported that they would save the money for the item, when another cross tabulation is conducted between the number of students who had a credit card and whether they felt that more was purchased than they could afford because of a credit card, the two-way contingency table analysis also showed a significant relationship between the two variables (Pearson χ^2 (5, N = 104) = 15.55, p = .008). For instance, 17.5% of the students who had a credit card strongly disagreed with the statement that they purchased more than what could be afforded as the result of a credit card, 10% of the students disagreed, and 17.5% neither agreed nor disagreed. However, 25% of the students who had a credit card agreed with the statement that they purchased more as the result of using a credit card and 30% of the students strongly agreed with the statement that they purchased more as the result of using a credit card. Now, while this could be the result of problems in the way the items were worded, there are cross tabulations that indicate inconsistencies in what the students with credit cards reported and perhaps the reality in their buying philosophies.

Although not statistically significant, students with credit cards do not save as much money as students who do not have a credit card (Pearson χ^2 (7, N = 104) = 12.60, $p = .08$). Almost 50% of the students with a credit card saved less than 1-5% of their paycheck or planned on setting aside money at a later date. On the other hand, the responses for the students with no credit card were more equally dispersed. Some evidence surfaces to indicate that students who have a credit card are more likely to seek instant gratification in their desires for items.

Next, a two-way contingency table analysis was run to determine whether a statistical relationship exists between those students who have a credit card and the willingness to charge items. The students who had a credit card were selected to run this cross tabulation. Afterwards, the item asking "If you wanted to buy an item that you could not purchase with available money, would you charge it on your credit card, put it on layaway, or save your money to purchase it later?" was placed in a cross tabulation with the item "I often charge items on my credit card(s) I know I cannot afford but figure that after I receive my college degree, I can pay off my purchases when I have a better paying job." This item also used a Likert-type scale with strongly agree to strongly disagree possible choices. There was a statistically significant relationship between these variables (Pearson χ^2 (16, N = 80) = 27.67, $p = .035$). As the results are examined, an inverse relationship emerges in addition to the statistical significance. The students who were willing to charge their purchases on their credit card is an important category to examine. For instance, 33.3% of the students who would charge their purchases on a credit agreed with the statement that they will be able to afford to pay their bills later on once they have a better job. Also, 20.8% of the students who would be willing to charge their purchases on their credit cards strongly agreed with the statement that they believe they would be able to afford to pay their bills later on once they have a better job. Conversely, the students who were willing to save their money responded in distinctly different ways. Fifty percent of the students who were willing to save their money to purchase an item strongly disagreed with the statement that they believed they would be able to afford their bills later on with a better job. In fact, 36.4% of these same students reported that they disagreed with the statement and only 13.6% of the students neither agreed nor disagreed. The students who were willing to save up their money did not respond with agree or strongly agree.

Not all of the items on the questionnaire were included in the statistical analysis because of the scope of this study. However, discussing some of the commonly held beliefs and behaviors is worth mentioning. For instance, 87.5% of the students in the entire sample felt that the financial costs (including finance charges, late fees, and other related fees) of credit cards were too great. Likewise, 70.2% of the students strongly agreed and agreed that credit cards should only be used in case of an emergency. In fact, in identifying the main advantage of credit cards, students selected the usefulness of helping out in emergencies. A little over 69% felt that credit cards were not safe and risk free. In identifying the main disadvantage of credit cards, students felt more strongly about the chances that using a credit card increased the likelihood of buying more than was necessary. Finally, students identified the most acceptable uses of a credit card were "To cover living expenses," "To consolidate bills," and "To purchase the financing of a car." Even when the choices of charging on what could be considered frivolous spending, students selected reasonable acceptable uses of a credit card. While this might be the result of their own interpretation of what their response should be, consciously the students were very much aware that credit cards were not intended to be abused.

CHAPTER V

CONCLUSIONS

The researcher's intentions for this thesis project were to examine credit card use and if that would determine whether the creation of a new class or a new culture was emerging. At this point, the final conclusions must be discussed in conjunction with the literature review and the results the statistical analyses.

The first analysis examined whether a student's credit card use and debt is out of necessity because the current living wage is not sufficient to make ends meet. The findings from the questionnaire do not indicate that students are in credit card debt as a result of an insufficient living wage or a lack of resources. Part of this might be the well-established support system students have at home. A greater number of students lived at home even if the student's age was above the mean. Also, while the question was not specifically asked, students might have scholarships and financial aid to alleviate the costs of an education, as indicated by the large percentage of financial assistance (South Texas College Fact Book, 2004). When asked whether they believed they got into too much debt because of school expenses, 72.8% either strongly disagreed, disagreed, or neither agreed nor disagreed. With tuition and books covered, students are better equipped to finance the purchases of other wants and desires. This is a testament to the assistance these institutions are providing students. In fact, both colleges have programs to waive the costs of tuition through scholarships that are awarded to the top students of their high school graduating class. This offers the opportunity for a student to attend college while staying at home and as a result, many students no longer have to worry about incurring living expenses as a result of being away from home on top of financing their education. In addition, depending on the award amount of scholarships and financial aid, students might have received money above the costs of education and are able to supplement their spending habits with such money.

While the students' responses do significantly show a "buy now, save for later philosophy," it is impossible to assess if this is the cause of excessive credit card debt. Without a doubt, income level often restricted the students' credit limits. However, the limitations of the questionnaire proved to be an important factor of this result. For instance, a ranking system of purchasing habits might have better assessed the extent to which students buy products impulsively. Therefore, from this sample population, a student might have the "buy now, save for later" philosophy; however, because of the constraints placed by credit card companies and the extended lines of credit, what would be considered as an unreasonable or an unrealistic lifestyle attained by credit card debt would not be possible.

Credit card debt was examined as the consequence of student's desire of obtaining a higher level of cultural capital. Because it must be assumed that the students' reportings were, in fact, representative of their behaviors, students in this sample population do not appear to be purchasing products which would lead one to believe that their cultural capital has increased or has been altered. However, before credit card debt as a means of obtaining cultural capital is completely ruled out, this might be the result of the student interpreting Westerfield's (1938) consumption categories differently than the researcher intended. For instance, after the questionnaires were completed, the researcher realized that the category "groceries" should have probably been "food" or "restaurants" as many college students would not necessarily be purchasing groceries if they were not the head of the household. Also, the categories of "social-cultural activities" and "recreation" should have been clarified as well. Even though these categories were extended with a brief written explanation with the item's choices, producing an exhaustive list of possible items would have been difficult as a result of the length of the questionnaire.

Cultural evolution needs labor, products, individuals, and groups to be relegated and/or reallocated. One of the key concepts to consideration is that cultural practices need to be organized depending on one's social position and one's group membership. Even though credit cards might allocate products, a majority of the products that were reported as being purchased through credit cards were everyday objects such as clothing, food and other items that would be deemed necessities. While the student might have been developing a culture or an identity through designer clothing, fancy restaurant food, or lavish expenses for outward appearance, students did not appear to be relegated into a group based on their credit card use. In effect, student interaction is not based on the credit cards held. For instance, there was no "credit card" club where "membership has its privileges." Perhaps it is the result of the students' age as well as the relative position in the life cycle, but the findings failed to show a relationship between the students' social position relative to the overall group membership of being a college student through credit cards. In fact, the students did not appear to see a relationship in the instinctive resource of purchasing items through credit card use. While the items they purchased might have produced particular experiences, the credit card use did not produce a separate set of beliefs, symbols, and values. Ultimately, when Geertz (1973) said that culture is, “whatever it is one has to know or believe, in order to operate in a manner acceptable to its members,” students would have to believe that credit card use is acceptable in order to operate with a certain culture. However, the awareness of the ills of credit card use suggests that the connotations surrounding credit card debt are still negative by definition, whether this definition is understood or imposed upon them. Furthermore, students would need to reach for their credit cards instinctively, but of the students who used credit cards in the last twelve months, 18.4% used them for only a few months and 10.7% used it every other month. When these numbers are considered with the total number of students without a credit card (33%), two-thirds of the total sample population were choosing to remain within their spending limits. Finally, culture can limit an individual’s actions, or in this case, culture would effectively dictate the use of credit cards over the use of cash or visa versa. However, students are more likely to ask for a loan from a family member (51.5% of the total sample population) or to save up money or put something on layaway (32% and 16.5% of the total sample population respectively). Therefore, in order to rule in favor of an emerging culture, more students would have had to reach for the credit card to purchase items beyond the findings from this sample population.

Next, Pierre Bourdieu’s habitus, field, distinction, and taste need to be viewed in conjunction to the findings. Again, habitus is internalized and cognitive. Because of the strong family life students in the lower Rio Grande Valley possess, for the sample population, excessive credit card practices never actualized. In fact, students did not perceive credit card debt as being acceptable. Even so, evaluating the culture could not be accessed through the survey instrument. Because students did not readily use their credit cards, it appears that the current habitus of financial responsibility as well as financial restraint were still very much a part of what parents or families told students that they should not choose to go into debt. This was the result of other factors that could not be identified with the items on the questionnaire as the principles and strategies students were not directly asked. Also, the field or the network of relations did not appear to influence students to charge on their credit cards. The principles of hierarchization can inspire favorable conditions to provide the justification needed for a student to clearly obtain what is desired. However, a student's fate did not appear to be connected to the use and organization of credit cards. In fact, students' social positions remained as that of students even though many had full-time employment. In this sense, a student's social class still maintained their social position since capital, whether social, cultural, economic, or symbolic, was not redistributed. Students seemed to perceive their fate as being directly tied into their role as a college student. In other words, students could still anticipate that being a college student means not having significant resources or significant changes to their social positions or powers. Nonetheless, this impression might change once the students are no longer in the first two years of their higher education. In many ways, this could explain what Hayhoe, et. al. (2000) identified as affective credit attitudes, financial practices, and financial stressors. During the first two years of college, a student's attitude, financial practices, and financial stressors might still be comparatively low because their field has not been significantly altered. Through the system of obtaining a college degree, students might change their network of relations, or their field, by interacting with classmates more than their families. In turn, their attitude and financial practices might increase their desire for cultural goods. Credit cards might make the conditions more conducive to purchase those goods.

Distinction and taste are the last of Pierre Bourdieu's concepts to be discussed. Distinction considers the aesthetic preferences of groups. Since the lower Rio Grande Valley has had a long history of being educationally underserved, the occurrence of someone attending college still brings a level of distinction to the individual. As a consequence, the preferences material goods might bring to an individual are not as important as the worth education can bring. Along the same lines, attending college offers a certain level of taste. In other words, a student is able to receive a sense of location within the social structures present in the area. The opportunities that will be afforded through education appear to be worth the delay in material goods for the students within the sample population. Thus, the volume of capital does not outweigh the total composition of capital. Students have social capital to make up for the lack of volume. Therefore, even though students might not be conscious of this, credit cards and what they beget are still considered as a hindrance to the possible trajectory or future channels of mobility.

Finally, Thorstein Veblen's (1967) concepts of the leisure class still exist for the sample population. For instance, consumption still conveys the semblance of wealth. But when many students come from humble backgrounds, an emphasis of reaching beyond one's social class has not been established. This is the result of a lack of distinctive class levels. So many individuals living in the lower Rio Grande Valley are within the same social class. Therefore, the goods and services purchased with a credit card do not necessarily build a person's reputation of being part of a particular class. Rather, it is the attainment of education that serves as a major distinction between individuals. Students' social capital still transpires as being more esteemed than the tangible, consumable goods.

Based on the results, this study is inconclusive in whether the students at South Texas College and at The University of Texas-Pan American use their credit cards in order to obtain a new culture or a new class. Although arriving to a definitive resolution for the research hypothesis is best, this thesis still has the opportunity to add to the general contributions to the literature. For instance, in an area that has been customarily recognized as having a high number of individuals who live at or below the poverty level, these findings present a promising future for the students who are obtaining a degree at institutions of higher learning. If students in the lower Rio Grande Valley can maintain their feelings about credit cards and debt, completing their higher education will permit them to increase their actual capital later on. Perhaps one of the most important contributions of this research project is that the students in this sample do not appear to imitate the current situations of credit card debt for college students in other parts of the country. This might be the result of the relative location and distance of the lower Rio Grande Valley to even larger cities within the state. Typically, there is a delay in the diffusion of culture. In this instance, though, this delay seems to be having positive effects.

Several limitations arose from the survey instrument. The questionnaire was developed from prior credit card studies in order to preserve reliability and validity. In addition, having the items on the questionnaire from previous research could have also expanded the research findings from the 1970s to present day but since this was not the researcher's intentions, the survey should have been developed with more in depth items that would better address the concepts of culture and class. However, if the researcher was not careful, patterns in the students' responses might have occurred if the students could have detected the significance of the questions. Also, because the questionnaire needed to be approved for two separate Institutional Research Boards, (IRB), the researcher had to take great care in developing an instrument where both institutions would grant approval. This meant that very specific detailed information like a student's financial aid award and a student's current credit card balance could not be asked. In addition, many key elements of the research questions were not adequately approached because of the scope of the project. For instance, some items had to be placed on the questionnaire in order to acquire a global perspective of credit cards, credit card debt, spending habits, and saving habits. The research project might have been more successful in its findings had only one research hypothesis been tested with the main hypothesis of credit card debt being the result of a change in culture or a change in class.

With this said, the literature review and this attempt at identifying whether credit card debt is the result of an emerging culture or an emerging class should only be the beginning. This researcher intends to further this study and its findings by developing a survey instrument that would better identify the components of culture and class. In addition, this topic was previously explored through qualitative methods for a graduate class. In that study, professional individuals who already received their college diploma were interviewed to identify the effects of credit card debt on a long-term basis. There were very different experiences that were brought up as a result of credit card debt.

Therefore, future studies should include focus groups to better detect at which point credit card debt begins to result in a change of culture or class. By pinpointing the shift of habitus and field, more favorable approaches can be taken in order to curtail the prevalence of credit card debt.

Credit card debt is a monstrous reality for so many individuals. For some, it is the result of living in a culture and class that is encouraged through marketing strategies and retailers. However, for others, credit cards serve as the means to which everyday survival is made possible. There is so much to decipher when it comes to the reasons why credit card debt occurs. Lynnette Khalfani (2004) determined that a high number of individuals become indebted as a result of disability, divorce, death, and downsizing. When these variables are considered, social class influences credit card debt as individuals can no longer produce the means of survival when life-altering episodes occur. However, when these variables do not actualize, then culture needs to be examined. Through this research, credit card debt was studied in order to arrive at a conclusion as to whether a new culture or a new class was emerging. While conclusive findings were not found, the examination of the sample population proved to be worthy. Policies and actions can be taken and anticipated so that credit card debt does not befall upon the students in the lower Rio Grande Valley. By doing so, the inequality many students have experienced for such a long time can finally be remedied so that the mobility into another social class a college education generates can finally be actualized.

REFERENCES

Arend, M. (1992 January). Consumer credit: No big surge soon. *ABA Banking Journal*, 36-42.

Babbie, E. (2004). *The practice of social research.* 10th ed. California: Thomson Wadsworth.

Bohannan, P. & Glazer, M. (Eds.). (1988). *High points in anthropology*. New York: McGraw-Hill, Inc.

Calder, L. (1999). *Financing the American dream: A cultural history of consumer credit.* Princeton: Princeton University Press.

Calder, L. (2002). *The Evolution of consumer credit in the United States: The Impact of public policy on consumer credit.* Eds. Thomas Durkin and Michael E. Staten. (pp. 23-32). Boston: Kluwek Academic Publishers.

Draut, T. & Silva, J. (2004, October). Generation Broke: The growth of debt among young Americans. Borrowing to Make Ends Meet Briefing Paper #2. Demos: A network for ideas and action. New York

Elliehausen, G. & Lawrence, E. (2001). Payday Advance Credit in America: An analysis of customer demand. Monograph #35. Credit Research Center. Washington, D.C.

Geertz, C. (1973). *The Interpretation of cultures.* New York: Basic Books.

Godwin, D. D. (1998). Household Debt quintiles: Explaining Changes 1983-1989. *The Journal of Consumer Affairs. 32* (2): 369-393.

Hall, J. R., Neitz, M.J., & Battani, M. (2003). *Sociology on culture.* London: Routledge.

Hatch, E. (1973). *Theories of man and culture.* New York: Columbia University Press.

Hayhoe, C. R., Leach, L.J., Turner, P.R., Bruin, M.J. & Lawrence, F.C. (2000). Differences in Spending Habits and Credit Use of College Students. *The Journal of Consumer Affairs. 34* (1): 113-133.

Kennickell, A., Starr-McCluer, M., & Surette, B.J. (2000 January). Recent Changes in U.S. Family Finances: Results from the 1998 Survey of Consumer Finances. *Federal Reserve Bulletin*: 1-29.

Khalfani, L. (2004). Excerpt from Zero Debt: The Ultimate Guide to Financial Freedom. South Orange: Advantage World Press. http://www.prweb.com/releases/2004/12/prweb188781.htm

King, T. & Bannon, E. (2002 March). The Burden of Borrowing: A Report on the Rising Rates of Student Loan Debt. The State PIRG's Higher Education Project.

Kirby, R. & Capps O. (1994). Impact of Consumer Installment Debt on Food Expenditures. *The Journal of Consumer Affairs. 28* (1): 81-95.

Lee, J. & Kwon, K. (2002). Consumers' Use of Credit Cards: Store Credit Card Usage as an Alternative Payment and Financing Medium. *The Journal of Consumer Affairs. 36* (2): 239-261.

Mandell, L. (1972). *Credit card use in the United States.* Ann Arbor: The University of Michigan.

Mandell, L. (1990). *The Credit card industry: A History.* Boston: Twayne Publishers.

Manning, R.D. (2000). *Credit card nation.* New York: Basic Books.

McCarthy, J. (1997 February). Debt, delinquencies, and consumer spending. *Current Issues in Economics and Finance.* 1 Nov. 2003. http://weblinks2.epnet.com/DeliveryPrintSave.asp?tb=1&_ug=dbs+0+ln+en-us+sid+9114

National Commission on Consumer Finance. (1972 December). Report on Consumer Credit in the United States.

"Pushed off the Financial Cliff." (2001 July). *Consumer Reports*: 20-25.

Ritzer, G. (1995). *Expressing America: A critique of the global credit card society.* Thousand Oaks: Pine Forge Press.

Ritzer, G. (2000). *Modern sociological theory.* 5th ed. Boston: McGraw-Hill Higher Education.

Ritzer, G. (2001). *Explorations in the sociology of consumption: Fast food, credit cards, and casinos*. London: SAGE Publications.

Ritzer, G. & Goodman, D.J. (2004). *Modern Sociological Theory*. 6th ed. Boston: McGraw Hill.

Senate Hearing 107-987. (2002 September 2). The Importance of Financial Literacy Among College Students. Hearing before the Committee on Banking, Housing, and Urban Affairs.

Smith, F. B. (1998 February). Are consumers sinking in a sea of debt? *Consumers' Research Magazine.* 1 Nov. 2003. http://weblinks2.epnet.com/DeliveryPrintSave.asp?tb=1&_ug=dbs+0+ln+enus+sid+8EF3

South Texas College. (n.d.). *South Texas College Fact Book 2004-2005*. Retrieved March

12, 2006, from http://www.southtexascollege.edu/%7Eresearch/ factbooks/04_05/Web%20Access.pdf

The University of Texas (n.d.) *The University of Texas-Pan American Fact Book 2004-2005.* Retrieved March 12, 2006, from http://www.oire.utpa.edu/utpafactbook.htm

Veblen, T. (1967). *The theory of the leisure class.* New York: Penguin Books.

Westerfield, R. B. (1938 March). Effect of Consumer Credit on the Business Cycle. *Annals of the American Academy of Political and Social Science.* 196: 99-110.

APPENDIX

Student Questionnaire on Credit Card Debt

Thank you for agreeing to participate in my research for my master's thesis in sociology. The following questionnaire requests certain information regarding your use, your thoughts and your feelings about credit cards. The focus of this survey is to gain a better understanding about the impact of credit cards on the college student. Rest assured- your responses will remain anonymous and confidential. No information regarding your specific answers will be linked to you. There is much talk regarding credit cards these days. I am interested in what you, as a student and as a consumer, think about them.

_____1. I have read the consent form and agree to participate.
a. Yes

_____2. I acknowledge that I am 18 years old or older.
a. Yes

The following questions pertain to the credit cards you hold.

3. What was your age when you first received a credit card? _____

_____4. Including **department store credit cards** (i.e. Sears, JCPenny, Dillards, Foley's), **gas credit cards** (ie. Exxon, Diamond Shamrock), or **general purpose credit cards** (i.e. Mastercard, Visa, American Express, Discover), how many credit cards do you currently have?
a. 0
b. 1-3
c. 4-6
d. 7-9
e. 10 or more
f. Not Sure
g. Prefer Not to Answer

_____5. How many general purpose credit cards (i.e. Mastercard, Visa, American Express or Discover) do you use on a regular basis?
a. 0
b. 1-2
c. 3-4
d. 5+
e. Not Sure
f. Prefer Not to Answer

_____6. Considering all of the credit cards you have (including department store, gas, and general purpose), how many credit cards currently have a balance?
a. All of them (100%)
b. Most of them (more than 50%)
c. Half of them (50%)
d. A few of them (less than 50%)
e. None of them (0%)
f. Prefer Not to Answer

_____7. Approximately, what is your total credit limit on all of your credit cards?
a. $0
b. $1-1000
c. $1001-3000
d. $3001-6000
e. $6001-9000
f. $9001-12000
g. $12001-15000
h. $15,001-18,000
i. $18001-21,000
j. More than $21,000
k. Prefer Not to Answer

_____8. In the past twelve (12) months, would you say that you used your credit card(s) nearly every month, about every other month or only a few months during the year?
a. Every month
b. Nearly every month
c. Every other month
d. Only for a few months
e. Did not use credit card(s) in the past twelve months

9. In the past twelve (12) months, what types of purchases did you make using your credit card(s)? Select all that apply.
_____a. Groceries
_____b. Tobacco
_____c. Alcoholic beverages
_____d. Clothing
_____e. Transportation (i.e. making a car payment and automotive repairs)
_____f. Home maintenance (i.e. repairs or remodeling)
_____g. Medical expenses (i.e. doctor visits, surgeries, dentist visits)
_____h. Death (i.e. funeral expenses, end of life medical expenses)
_____i. Education (i.e. tuition and books)
_____j. Computer (i.e. hardware, software, supplies)
_____k. Recreation (i.e. airplane tickets, hotel, rental car)
_____l. Social-cultural activities (i.e. theatre tickets, concert and sporting events)
_____m. Pay taxes
_____n. Personal appearance (i.e. haircuts, manicures, gym fees)
_____o. Other
_____p. Do not remember/Do not know

_____10. Of the purchases you made in the past twelve (12) months, which would you say is the main type of purchase? Select only one (1).
a. Groceries
b. Tobacco
c. Alcoholic beverages
d. Clothing
e. Transportation (i.e. making a car payment and automotive repairs)
f. Home maintenance (i.e. repairs or remodeling)
g. Medical expenses (i.e. doctor visits, surgeries, dentist visits)
h. Death (i.e. funeral expenses, end of life medical expenses)
i. Education (i.e. tuition and books)
j. Computer (i.e. hardware, software, supplies)
k. Recreation (i.e. airplane tickets, hotel, rental car)
l. Social-cultural activities (i.e. theatre tickets, concert and sporting events)
m. Pay taxes
n. Personal appearance (i.e. haircuts, manicures, gym fees)
o. Other
p. Do not remember/Do not know

_____11. Do you always pay your credit card bill(s) in full by the time it is due, or do you sometimes pay only part of what you own in one month and pay the rest later?
a. Always pay in full
b. Sometimes pay only part of what I owe
c. Pay off the balance as soon as I can
d. Sometimes pay it a little at a time like a loan
e. I currently do not have a balance on my credit cards.

_____12. Who pays your credit card bill?
a. I do with no other help.
b. Primarily, I do but sometimes I get help from others.
c. My parents.
d. My spouse/significant other

_____13. Have you used your credit card to make purchases to make ends meet?
a. Yes, out of need
b. Yes, but mostly out of convenience because I did not have cash or my checkbook with me.
c. No
d. Not Sure

14. In the past twelve (12) months, did you experience any of the following? Select all that apply.

_____a. Job downsizing or job loss

_____b. Death in the immediate family

_____c. Disability or medical problems

_____d. Divorce/separation

_____e. Other

The following questions pertain to purchasing items and saving.

_____15. If you needed money, would you pawn something or would you rather take out a cash advance from your credit card?
a. Pawn something
b. Take out a cash advance from a credit card
c. Both a and b
d. Neither

_____16. If you needed money, would you ask for a personal loan from a friend or family member or would you rather take out money on your credit card?
a. Ask for a personal loan from a friend or family member
b. Take out money on credit card
c. Both, depending on how much I needed.
d. Neither

_____17. If you wanted to buy an item that you could not purchase with available money, would you charge it on your credit card, put it on layaway, or save your money to purchase it later?
a. Charge on credit card
b. Put something on layaway
c. Save my money
d. All of these choices. It just depends on the item.
e. None of these

_____18. If you received $100 as a gift, what would you do with the money?
a. Save it
b. Send it to make a credit card payment
c. Spend it on something personal because it was a gift
d. Spend it on something I needed
e. Pay back someone to whom I owe money
f. I do not know.
g. Prefer Not to Answer

_____19. Out of every paycheck,
a. I do not set aside any money for savings.
b. I plan to set money aside for savings at a later date.
c. I set aside between 1-5% of my paycheck for savings
d. I set aside between 6-10% of my paycheck for savings
e. I set aside between 11-19% of my paycheck for savings
f. I set aside 20% or more of my paycheck for savings

The following questions examine your attitude towards credit cards.

_____20. Select three situations you feel are acceptable for a college student to use a credit card.
a. To cover the expenses of a vacation
b. To cover living expenses
c. To consolidate bills
d. To purchase a luxury
e. To finance the purchase of furniture
f. To finance the purchase of a car
g. To cover expenses due to illness

_____21. The financial costs (like finance charges, late fees, and other related fees) of using a credit card is too high.
a. Strongly agree
b. Agree
c. Neither agree nor disagree
d. Disagree
e. Strongly disagree

_____22. Credit cards should be used only in case of an emergency.
a. Strongly agree
b. Agree
c. Neither agree nor disagree
d. Disagree
e. Strongly disagree

_____23. Credit cards provide a needed service.
a. Strongly agree
b. Agree
c. Neither agree nor disagree
d. Disagree
e. Strongly disagree

_____24. Credit cards are safe and risk free.
a. Strongly agree
b. Agree
c. Neither agree nor disagree
d. Disagree
e. Strongly disagree

_____25. I have purchased more than I can afford because of a credit card.
a. Strongly agree
b. Agree
c. Neither agree nor disagree
d. Disagree
e. Strongly disagree

_____26. I have suffered the consequences of overspending because of a credit card purchase.
a. Strongly agree
b. Agree
c. Neither agree nor disagree
d. Disagree
e. Strongly disagree

_____27. I worry about how I am going to pay my credit card bills each month.
a. Strongly agree
b. Agree
c. Neither agree nor disagree
d. Disagree
e. Strongly disagree

_____28. What do you think is the **main advantage** of credit cards?
a. Safer than carrying cash
b. Convenient to use
c. Better than checks
d. Good for traveling
e. Can buy now without the cash
f. Helps keep track of spending
g. Useful in emergencies
h. Good to establish credit for later big purchases like a house or card
i. No advantages

_____29. What do you think is the **main disadvantage** of credit cards?
a. May be lost or stolen
b. Buy more than necessary
c. Interest charges are high
d. Hard to tell what is spent
e. Contribute to raising prices of goods
f. Computer mistakes cause falsified bills
g. No disadvantages

_____30. Because I want to fit in with my friends, family, and classmates, I often charge for things on my credit card(s) I know I cannot afford.
a. Strongly agree
b. Agree
c. Neither agree nor disagree
d. Disagree
e. Strongly disagree

_____31. I am willing to purchase something new or do something fun because I want to do the same things as a friend, family member, or classmate.
a. Strongly agree
b. Agree
c. Neither agree nor disagree
d. Disagree
e. Strongly disagree

_____32. I got into too much debt because of school expenses.
a. Strongly agree
b. Agree
c. Neither agree nor disagree
d. Disagree
e. Strongly disagree

_____33. I often charge items on my credit card(s) I know I cannot afford but figure that after I receive my college degree, I can pay off my purchases when I have a better paying job.
a. Strongly agree
b. Agree
c. Neither agree nor disagree
d. Disagree
e. Strongly disagree

_____34. Considering all of the sources of income (employment, financial aid, student loans, help from family), I do not earn enough to cover the minimum balance on my credit card(s).
a. Strongly agree
b. Agree
c. Neither agree nor disagree
d. Disagree
e. Strongly disagree

The following questions are for classification purposes.
35. What is your age at your last birthday? ____

_____36. Are you...?
a. Male
b. Female

_____37. What is your total annual income for you as an individual?
a. $0-4,999
b. $5,000 to under $10,000
c. $10,000 to under $15,000
d. $15,000 to under $20,000
e. 420,000 to under $25,000
f. $25,000 to under $35,000
g. $35,000 to under $45,000
h. $45,000 to under $60,000
i. $60,000 to under $75,000
j. $75,000 and up
k. Prefer not to Answer

_____38. What is your current college classification?
a. Freshman
b. Sophomore
c. Junior
d. Senior
e. Graduate Student

_____39. Do you...
a. Own your home
b. Rent a home
c. Rent an apartment alone
d. Rent an apartment with friends
e. Live with family (parents, siblings...)

_____40. What is your marital status?
a. Single/Never married
b. Single/Living with partner
c. Married
d. Separated
d. Divorced
e. Divorced but remarried
f. Widowed
g. Prefer Not to Answer

_____41. How many any children do you have?
a. No children
b. 1 child
c. 2 children
d. 3 children
e. 4 children
f. 5 children
g. 6+ children
h. Prefer Not to Answer

Approved by UTPA IRB

FEB 2 1 '07

.pires

The University of Texas - Pan American

Informed Consent Form

Credit Card Debt: A New Class or a New Culture?

Background:

You are being invited to participate in a research project conducted by Rebecca Olympia Millán, a graduate student in the sociology department at the University of Texas-Pan American. This project is part of a master's thesis degree under the supervision of Dr. Elena Bastida.

The purpose of this study is to describe a student's use, thoughts, and feelings about credit cards in an attempt to gain a better understanding the impact of credit card debt on the students of Hidalgo and Starr counties.

Procedure:

After agreeing to participate in the study, you will asked to complete the survey to the best of your ability. Questions will be asked pertaining to the credit cards you hold, your spending and saving habits, your attitude towards credit cards and your general background. No names or identifying numbers are to be placed on the survey. It is estimated to take approximately 20 minutes to complete this study.

Once the survey is completed, simply return your questionnaire to the principal investigator.

Risks or Possible Discomforts:

There are no risks in participating in this study; however, some discomfort may occur in knowing that the researcher may be aware of your credit card use. Even so, no credit card numbers, social security number or any other specific identifying information will be asked. This knowledge will be kept anonymous and confidential.

Benefits of Participation

While you will be not directly benefit from participation, your participation may help investigators better understand credit card use and better understand the methods to alleviate credit debt. The information gathered from this study might be helpful in determining topics for student workshops should a school's Student Activities deem it so.

Voluntary Participation

Your participation in this survey is voluntary and you may discontinue your participation at any time without penalty. If for any reason you decide that you would like to discontinue your participation, simply tell the researcher that you wish to stop. You can simply return the blank or incomplete survey if you decide that you do not want to participate. Your participation will have no effect on your standing at the college. You will not be penalized in any way for your decision to not participate in this study. You will not be asked to perform or complete any extra assignments by participating in this study.

Anonymity and/or Confidentiality

Every effort will be made to maintain the anonymity and confidentiality of your participation in this project. Aside from questions for classification purposes only, no credit card numbers, social security numbers, or any other identifying information will be asked to be identified on the survey. The only place your name will appear in on the sign-in sheet so that your participation can be reported to your professor.

Once the study is completed, the information gathered from the survey for this research will be securely stored in the sociology department office in SBS 344 in a locked cabinet. In addition, the informed consent will be stored separately in SBS 229 with Dr. Elena Bastida, graduate advisor.

The University of Texas - Pan American

Informed Consent Form

Publication Statement:

The results of this study may be published in professional and/or scientific journals. It may also be used for educational purpose or for professional presentations. However, no individual subject will be identified.

Compensation:

You will receive no money or other compensation directly from the researcher. However, extra credit points might be awarded at the professor's discretion should your professor deem it appropriate.

Contact Information:

For questions or comments about the research itself, or to report any adverse effects during or following participation, contact the researcher, Rebecca Olympia Millán, at (956) 687-6736 or rebeccaomillan@yahoo.com.

If you have any questions about your rights as a participant, or if you feel that your rights as a participant were not adequately met by the researcher, contact the Institutional Review Board for Human subjects Protection at (956) 384-5004.

SIGNATURE:

By signing below, you indicate that you are voluntarily agreeing to participate in this study and that the procedures involves have been described to your satisfaction. The researcher will provide you with a copy of this form for your own reference. In order to participate, you must be at least 18 years of age. If you are under 18, please inform the researcher.

______________________________ ____/____/____

Participant's Signature **Date**

Approved by UTPA IRB

21 '07

Expires

VITA

Rebecca Olympia Millán

ADDRESS:

P.O. Box 3051
McAllen, TX 78502

EDUCATION:

MS	2006	University of Texas-Pan American
MA	2001	University of Texas-Pan American English
BA	1995	University of Texas-Pan American Anthropology and Sociology

CURRENT PROFESSIONAL EXPERIENCE:

2002- Present	English Department, Instructor South Texas College McAllen, TX

PAPERS/GRANTS/AWARDS:

2005	Southern Association of Colleges and Schools Travel Grant
2004	Who's Who Among America's Teachers
2003	South Texas Folklore Collection Project Assistant researcher in Phi Kappa Phi Promotion of Excellence Grant

PROFESSIONAL AFFILIATIONS:

Lambda Alpha Honors Society-Anthropology Honor Society
Alpha Kappa Delta Honors Society-Sociology Honor Society