Iournal of Economic Issues >

Volume 41, 2007 - Issue 2: Papers From The 2007 AFEE Meeting

339 19

Views CrossRef citations to date Altmetric

Credit Card Use and Abuse: A Veblen ian Analysis

III Robert H. Scott

Pages 567-574 | Published online: 04 Jan 2016

Sample our **Business & Industry Journals** >> Sign in here to start your access to the latest two volumes for 14 days

References

66 Citations

Metrics

Reprints & Permissions

Read this article

About Cookies On This Site



We and our partners use cookies to enhance your website experience, learn how our site is used, offer personalised features, measure the effectiveness of our services, and tailor content and ads to your interests while you navigate on the web or interact with us across devices. You can choose to accept all of these cookies or only essential cookies. To learn more or manage your preferences, click "Settings". For further information about the data we collect from you, please see our Privacy Policy

Accept All

Essential Onl

Settings

Click to increase image size



Credit Card Use and Abuse: A Veblenian Analysis

Robert H. Scott, III

There is an overwhelming amount of consumer credit card debt in the United States. Revolving credit card debt is close to \$900 billion, and has increased at an average annual rate of almost nine percent over the past ten years. The average United States household has eight credit cards, which are used to charge nearly \$2 trillion in goods and services annually. This became possible when an institutional failure led to reduced regulations on credit card lending. Consumers, for their part, have borrowed heavily using credit cards. Frequently, consumers use credit cards inappropriately and spend beyond their means accumulating inessentials that they cannot reasonably afford. Neoclassical economic theory is ineffective at explaining why credit card borrowing continues to reach record levels; and, more importantly, it fails to recognize that credit card debt is a problem requiring attention from regulatory agencies. Thorstein Veblen's social institutional theory of consumption better explains why credit cards continue to grow in popularity and why revolving credit card debt will keep rising unless different policy perspectives and lending practices are adopted.

The Emergence of Credit Card Debt

Credit cards were invented in post-industrial revolution America just before World War I, and coincided with a general rise in the issuance of consumer credit for many types of goods and services. The first credit cards were issued by retail stores and oil companies to increase sales and make customer identification easier. Until the early 1980s, most people thought of credit cards as a luxury payment method afforded only by good credit standing and responsible borrowing. However, something important changed to allow the modern credit card industry to emerge. That change was the Marquette Decision. Arguably, the modern credit card market did not exist until the

The author is an Assistant Professor of Economics and Finance at Monmouth University, West Long Branch, NJ 07764-1898; Email: rscott@monmouth.edu; Phone: 732-263-5532. This paper was prepared for presentation at the Annual Meeting of the Association for Evolutionary Economics, Chicago, IL, January 5-7, 2007.

567

©2007, Journal of Economic Issues

About Cookies On This Site

We and our partners use cookies to enhance your website experience, learn how our site is used, offer personalised features, measure the effectiveness of our services, and tailor content and ads to your interests while you navigate on the web or interact with us across devices. You can choose to accept all of these cookies or only essential cookies. To learn more or manage your preferences, click "Settings". For further information about the data we collect from you, please see our Privacy Policy

Accept All

Essential Only

Settings



Log i

Log in

Restore content access

> Restore content access for purchases made as guest

Purchase options *

Save for later

PDF download + Online access

- 48 hours access to article PDF & online version
- Article PDF can be downloaded
- · Article PDF can be printed

USD 53.00

🗏 Add to cart

Issue Purchase

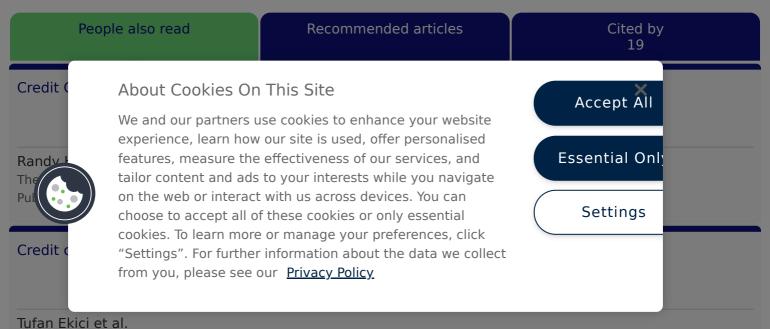
- 30 days online access to complete issue
- · Article PDFs can be downloaded
- Article PDFs can be printed

USD 113.00

🗏 Add to cart

* Local tax will be added as applicable

Related Research 1



Applied Economics
Published online: 13 Mar 2009

Deficits and Institutional Theorizing about Households and the State >

Zdravka Todorova

Journal of Economic Issues Published online: 4 Jan 2016

View more

Information for

Authors

R&D professionals

Editors

Librarians

Societies

Opportunities

Reprints and e-prints

Advertising solutions

Accelerated publication

Corporate access solutions

Open access

Overview

Open journals

Open Select

Dove Medical Press

F1000Research

Help and information

Help and contact

Newsroom

All journals

Books

Keep up to date

Register to receive personalised research and resources by email



Sign me un











Accessib

Registered 5 Howick P

About Cookies On This Site

We and our partners use cookies to enhance your website experience, learn how our site is used, offer personalised features, measure the effectiveness of our services, and tailor content and ads to your interests while you navigate on the web or interact with us across devices. You can choose to accept all of these cookies or only essential cookies. To learn more or manage your preferences, click "Settings". For further information about the data we collect from you, please see our Privacy Policy

Accept All

Essential Only

Settings

or & Francis Group orma business