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An Examination of Claims Concerning College Student Credit Card Issues

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AN EXAMINATION OF CLAIMS CONCERNING COLLEGE STUDENT CREDIT CARD ISSUES

by

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This research project empirically examines claims and counterclaims regarding the matter of college students credit cards issues from a social constructionist perspective through a contextual qualitative examination of public data. First, I first focus on social and historical factors that have brought about claims and counterclaims concerning college student credit card issues. Next, I examine the structure of these public issues through the claims and counterclaims from a purposeful sample made from three specific "owners" or claims-makers of college student credit card issues, including the credit card industry, consumer interest groups, and sociologists. The specific claims examined in this research project stem from the "owners" and whom they attribute causal and political responsibility to concerning college student credit card issues. Sociologist and consumer interest groups two main claims throughout the data frame the specific college student credit card issues of financial illiteracy and debt as social problems. The credit card industries main counterclaim is that there is no social problem. Through the examination of these claims a better understanding of claims-making activity can be understood by each claims-maker vying for power and control to become the "owner" of college student credit card issues.

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CHAPTER I

INTRODUCTION

Observations of Credit Card Marketing on Campus and Off

"Free t-shirts," shouted the man, "free t-shirts for anyone who fills out one of these credit card[1] applications." This was the first time I witnessed direct credit card marketing on a college campus. Two marketers were strategically standing at the end of a small bridge-walk where students (and others) crossing over would hear this promotional offer. A number of students passing were accommodating them by filling out credit card applications. I was astonished that the marketing of credit cards was permissible in such a manner on the college campus. Inserting advertising leaflets in a book bag was one method of advertising, but I assumed the university would not allow such business practices that appeared to easily persuade students into filling out an application. On numerous occasions over the next two years I observed similar "free gift" enticements to students. Although I never inquired with anyone as to why this form of marketing was allowed, it was vexing that marketing techniques such as these were permitted.

Entering graduate school, I never observed this marketing technique on my new campus, but instead, there were credit card advertisements on bulletin boards;

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[1] Credit cards meaning primarily and Visa and MasterCard. For purposes of discussion these two card issuers are the main focus of this research. However, discussion of other credit cards and issuers will be included in parts of the text.

both inside classrooms and outside in the hallways. For example, any student passing through the building where my office is located will likely see Discover, Visa, and/or MasterCard advertisements. I was also later discovered that “free gift” marketing techniques were utilized on campus during various times of the year.

Witnessing these marketing practices that persuade students to apply for a particular credit card drew my interest, making me want to understand more about college student credit card issues. It raised the question of who benefits from these forms of credit card marketing beyond just the credit card issuer. It also made me question what the university’s responsibilities were to its students. Why do some universities allow intensive credit card marketing to students who would seem to have limited financial resources? This was somewhat surprising, because beyond the seemingly limited monetary resources of students, I assume a majority of students entering college have little to no credit history. Yet, here were these credit card issuers on college campuses targeting a specific population of consumers, college students, offering free wares and promotional discounts.

Credit card solicitation and use among college students lead me to examine college student credit card issues with the specific question in mind; what are the claims made about college student credit card issues? For example, sociologist Robert Manning (2000) claims that credit card companies deliberately market to college students because they lack knowledge about personal finance, making them an easy target to become indebted. Visa and MasterCard spokespersons claim they are offering a beneficial service to college students; aiding them in the creation of their financial histories (Murdy and Rush 1995).

While no sociologist has specifically stated that college student credit card issues (e.g. financial literacy and debt) are social problems, I believe there are efforts to construct them as such. The focal point of research for this thesis is to examine claims and counterclaims made about college student credit cards issues concentrating on three specific groups: sociologist, public interest groups, and the credit card industry. I will focus on claims to better understand if the credit card industry is offering the services they say they are, or, if the focus of the industry is to expand their customer base and profit margins.

Whatever the specific claims may be, marketing to college students appears to be a successful endeavor considering that over 80 percent of college students have at least one credit card (Nellie Mae 2001) and by the final year of school for undergraduate students, 96 percent have obtained credit cards (Nellie Mae 2003). With an annual replenishment of college students to target for marketing credit cards, a number of students are bound to become "revolvers", meaning these students will not pay off their total credit card debt every billing cycle as opposed to "deadbeats" (a nickname coined by the credit card industry) who do pay their bills every billing cycle.

Why Market to Students

Marketing credit cards to college students has dramatically increased since the late 1970s when there was a change in state usury laws. The deregulation of the banking industry in the 1980s further opened the market to college students (Ausubel 1991; Draut and Silva 2003). Prior to the 1980s, issuing credit cards to college students was not profitable and led to the customary practice of students needing a cosigner to obtain a credit card (Mandell 1990). Today, no other group of people with limited credit histories, such as college students, is given such easy access and the opportunity to obtain credit cards (Dodge 1991b; Susswein 1995). One reason the credit card industry pursues the college student is due to discretionary income (discretionary income is money above and beyond that needed for living expenses). The total discretionary income for college student is projected at approximately 13 billion dollars[2] (Joo, Grable, and Bagwell 2003; Kara, Kaynak, and Kucukemiroglu 1994). College students are being solicited on a regular basis, many times with pre-approved applications (Blair 1997). However, reasons for marketing to college students surpass discretionary income (Norvilitis and Maria 2002).

A second reason credit card issuers market to college students is to gain brand loyalty (Huber 2000). According to a 1980 study performed by Yankelovich, Skelly, and White, 71 percent "of people whose ages are between 18 and 25 develop their first brand loyalties as teenagers" (Kara et al. 1994:30). Students are given easy access to credit cards; all that is required is their signature and a copy of their student identification.

What is not being said in these discussions is the idea that students are being

2 At first glance this number may seem large, but I could find no mean or median discretionary income. Therefore upper-classes may attribute for a large amount of this income.

marketed to because they are a vulnerable population, which is likely one reason to market to them. It would make little sense for the credit card industry to distribute credit card to college students if they paid off the debt every month or if they defaulted on debt. Therefore, one must conclude the population of college students (or at least part of this population) is vulnerable and likely to become "revolvers."

Why Students Obtain Credit Cards

Students who apply for credit cards for numerous reasons that include: status symbols, the right of passage (Roberts 1998; Susswein 1995), peer pressure, security, financial freedom (Hayhoe 2002; Hoover 2001; Roberts 1998), convenience (Klein 1999; Parenti 2003), rising costs of college, the belief that future income will pay off incurred debt during college (Blair 1997; Dodge 1991a; Dickmeyer and Jackson 2004; Norvilitis and Maria 2002), and build a credit history (Gergahty 1996; Murdy and Rush 1995). Additionally, the literature suggests that college students who obtain credit cards on college campuses are under the impression their university endorses that particular credit card distributors (Norvilitis, Szblicki, and Wilson 2003).

The status symbol of the credit card is one-reason college students obtain credit cards (Susswein 1995). A credit card gives college students the opportunity to mask their finances and discretionary income giving the student the ability to display wealth he or she may or may not have. The "right of passage" is another/complementary reason students obtain credit cards. This "rite of passage" is an "entre [sic] into adulthood" (Susswein 1995:22). Many college students are living independently for the first time and credit cards aide independence. According to Bodley (2000), a "rite of passage" is the public "marking of an individual's change of status" (p. 52). Having a credit card changes the status of a college student; bringing him or her into a group of consumers who are "worthy" of credit.

The peer pressure to "fit in" may also lead students to acquire credit cards. This bestows college students with greater purchasing power and the ability to mask their social status (Hayhoe 2002; Norvilitis and Maria 2002; Roberts 1998). Flint (1997) argues that credit cards facilitate students in becoming integrated into college life. The social characteristics of college influence the behavior of students and lead them into obtaining a credit card. These students come from a variety of socioeconomic backgrounds; pressures of making new friends and "fitting in" will entice college students into obtaining credit cards (Klein 1999). Further, Klein (1999) argues that credit cards have become a necessity in American culture and those who do not have them may be viewed as deviants in society.

In terms of security, credit cards alleviate concerns of not having any money on hand to pay for goods and services. With a credit card the student does not have to rely on others for financial help, he/she can charge or borrow cash instantly paying for goods and services that might not otherwise be afforded (U.S. General Accounting Office 2001; Klein 1999). There is an instant access to money/credit 24 hour a day. Alongside security there is freedom; while students are obligated to pay off their debt, they feel "freer" in the sense they can use their card anytime (they do not have to have cash on hand to make financial transactions). With point of sales (POS) or magnetic strip swipe-card technology, and the use of the internet, it is much easier to obtain and utilize credit cards both on and off campus through cashless transactions (Parenti 2003).

Another reason college students acquire credit cards is due to constantly increasing college costs over the past two decades while student aid has decreased. Therefore, a need has been created for students to find other financial resources for their expenses (Blair 1997; Huber 2000; Norvilitis and Maria 2002). Further, students encounter a variety of underlying costs including: books, transportation, and food. Hayhoe (2002) argues that students are using credit cards increasingly to "charge" their education and related expenses.

A study performed by The Education Resources Institute (TERI) suggests that students are in fact charging college related costs. In this study, a stratified random sample is drawn from a national listing of two million college students with 750 respondents, 12 percent of the students responded "yes" to charging tuition and fees and 57 percent stated "yes" to charging books and supplies (Volle and Cunningham 1998). Similar results were reported in an on-campus study performed at Louisiana State University, finding that 68.8 percent of students surveyed there charged tuition, fees, books, and supplies (Lawrence et al. 2003). Both studies illustrate that students are charging college related expenses. Colleges make using a credit card easy for students; a majority of colleges throughout the United States accept credit cards as a form of payment for tuition (including Western Michigan University, where one can charge the application fee at will). This is especially true of public institutions that are more likely than private schools to accept credit cards for payments (92 percent versus 74 percent respectively) (Lawrence et al. 2003).

Finally, for some college students, a credit card has become a necessity and the first opportunity to build a credit history[3] (Klein 1999). Many students entering college have limited credit histories. The marketing of credit cards to a student is an opportunity to start that history (Geraghty 1996; Lucas 2001). Credit cards are a first step for students building credit histories. Furthermore, credit cards are a necessity for a variety of interactions including, but not limited to, car rentals, hotel reservations, and airline flight bookings (Klein 1999).

Whatever the reasons, it is well documented that students who obtain credit cards are optimistic about their future believing future income will eventually get them out of any incurred debt (Munro and Hirt 1998; Norvilitis and Maria 2002). Their long-term expectation is that they will graduate and future earning from their degree will lead to their debt being paid off (Hayhoe 2002). Students are under the assumption that regardless of their educational performance they will be employed. Their optimistic attitude does not take into account the achievements of their academic career and eventual income. Many students are not realistic about their future careers and have the assumption that a college diploma will equate to a "good job" (Norvilitis, Bernard, and Wilson 2003).

Clearly, credit cards are the first opportunity for students to build a credit

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[3] A credit history is defined as the person being financially competent in their payments opening up opportunities for other forms of credit such as car loans or home mortgages (Quinn 2001).

history, but along with all the benefits previously mentioned are consequences to spending beyond one's means. Many students have no real life money management skills, but are still expected to oversee their finances at college (Hoover 2001). The freedom of purchasing power to a compulsive spender, or a person with little understanding of credit, can easily lead to indebtedness. The majority of students are at the beginning of their "financial life cycle" and those who obtain credit cards will be impacted, for better or worse, by the financial decisions of their credit card use (Henry, Weber, and Yarbrough 2001).

The trend of obtaining and using credit cards is continuously increasing in the United States with the changes in the economic structure, especially with the opportunity not only to charge at POS or via the telephone, but also through internet usage (Parenti 2003; Schor 1998). The use of credit cards by college students is just part of the American technological culture that has found its way onto college campuses. How credit cards will impact students will vary; they may benefit in ways such as cashless transactions, instant cash/credit (similar to a loan), building a credit history, the freedom of purchasing power, and the status of simply having a credit card (U.S. General Accounting Office 2001).

However, there is also the chance that students will experience negative impacts like spending beyond one's means, becoming indebted, compulsive buying, creating a poor credit rating, and bankruptcy (Baumeister 2002; Franke-Rutu 2003; Quinn 2001; Roberts and Jones 2001). Other problems also arise out of indebtedness, including neglected studies, dropping out of school to work and pay off credit debt, health related problems (psychological, emotional, and physical due to overwork and stress), family conflicts (over debt), and job denial (e.g. banking industry) due to a poor credit rating (Manning 2000; McMurtrie 1999; Murphy and Archer 1996; Pinto, Parente, and Palmer 2001).

Conclusion

These credit card issues regarding college students are what drew me to this examination. College student credit card issues have become a hotbed of claims-making activity over the past thirty years, discussing both the concerns and benefits of credit cards for college students. Researchers in numerous areas of study including psychology, social psychology, economics, marketing, and sociology have all examined college student credit cards issues. Consumer interest groups and the United States Congress have also voiced concern vis-à-vis this subject. Credit card issuers, mortgage companies, and the banking industry have, as well, made many claims about the relationship of credit cards and college students. Claims-makers describe this issue as: personal troubles due to credit card use, others claim it to be a public issues, and finally some state there is no issue whatsoever. The abundance of literature and claims concerning college student credit cards issues makes the examination of claims worthy of further research.

So, how free is the t-shirt given out for college student credit applications? As cliché as it sounds, you don't get something for nothing; everything has a price. Discounts and "free wares" have a cost, both to the individual and society. This *culture of credit*[4] has clearly pushed its way into college campuses with students taking the opportunity to access credit. The costs, consequences, and benefits are multiple, and whether or not the positive effects outweigh the negative is debatable. Clearly, however, the majority of college students do have credit cards and they have become a mainstream form of consumerism.

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4 Culture referring to "the accumulated store of symbols, ideas, and material products associated with a social system" (Johnson 1995:68). This could be an entire society or a smaller grouping of people like the family or college students. This group shares many attitudes, beliefs and norms.

CHAPTER 2

THE RISE OF THE CREDIT CARD INDUSTRY

Introduction

Attitudes regarding credit in the United States of America have changed wholly over the past century. Historically, in the United States, credit has been a form of acceptable payment and embraced. According to Mandell (1990), the historical "records indicate that both installment credit and a form of revolving credit were widespread in the early days of the Republic" (p. 14). However, it was the duty of the borrower to pay off debt as agreed upon between creditor and borrower (Weber 2001). In the early 19th century people who failed to pay their debt would be incarcerated in debtors' prison (Rhode 2003). The moral ethos in the early 20th century concerning debt "has been shaped historically by the Puritan ethic of 'economic virtue'" (Manning 2000:16). Appropriate business practices consisted of personal savings, being frugal, and paying in cash.

Nevertheless, attitudes toward credit and consumption have taken a historic swing since the 1920s (Schor 1998), and by the end of the 1990s, United States citizens for the first time have a negative national savings rate (including these sources: personal, business, and public [federal, state and local]) with credit card debt accounting for the preponderance of unsecured debt (Manning 2000). The significance of an attitudinal shift in credit is noteworthy. In less than a century

America witnessed a shift from a high savings rate pre World War II to a negative national savings rate by the end of 1998. By the year 2000 over 78 million households had at least one credit card and a debt totaling over 600 million dollars (Manning 2000). As people in the United States entered the 21st century, alongside them was the accumulation of both public and private debt estimated to be over one trillion dollars. This coincides with bankruptcy rates that continued to rise from nine per 1,000 households in the 1970s to 52 per 1,000 households in the late 1990s (Manning 2000). With debt consistently increasing, the credit card industry needed to seek out new customer bases, such as college students, for their continued growth (Manning 2000).

As credit cards entered into the college market so did claims-making activity concerning college student credit card issues. Claims-makers such as Manning (2000), Ritzer (1995), and non-profit groups (Consumer Federation of America and Public Interest Research Group) appear to set forth a framework labeling college student credit card issues as problematic. Visa and MasterCard, on the other hand, defend their marketing efforts through the justification of giving college students the same opportunity as they have provided to their other customers (Murdy and Rush 1995). With a lack of sociological literature that examines college student credit card issues, it is difficult to discern if college students do benefit in from credit cards, if a social problem has been constructed or a combination of both has been set forth.

The Early Years of Credit

The earliest form of credit used in business within the United States can be traced back to 1807 when Cowperwaite and Sons of New York offered installment credit to consumers. "Open book" credit was another common form of credit in the early 1800s mostly used in rural areas. These forms of credit continued successfully throughout the 19th century (Mandell 1990). Around 1870, the first small loan businesses started in Chicago, quickly spreading throughout the United States. Mandell (1990) states, "it is important to note that the vast geographic size of the United States contributed in no small way to the development of its consumer credit industry" (p. 15). This was due largely to the spread of family members across the United States with geographic distance creating opportunity for third party lenders.

The attitude of people being responsible for debt however, remained in tact during this time. Through 1833, debtors' prisons were commonly used of against those failing to pay off debt. Court judgments gave defendants the option of paying off the debt or being incarcerated. Even after imprisonment, a person was responsible for full payment of the debt (Rhode 2003). In 1833, the practice of imprisonment for debt was officially abandoned federally, with a majority of states following suit.

The Tappan brothers developed the origin of a credit report within the credit card industry, during the same time frame in the 1830s. Arthur and Lewis Tappan took credit a "step further" in their supply business creating a ledger system to document all transactions, "the ledger thus came to act as risk analysis file" (Parenti

2003:93). By 1841, the Tappan brothers utilized this information to create The Mercantile Agency, the first national credit reporting service. This industry flourished into the late 20th century with thousands of credit reporting services forming.

Up into the 19th century the cultural attitude toward credit was shaped by the Puritan ethic.

> The focus on individual discipline emphasizes Calvinist values such as hard work, frugality, and self-sufficiency as signs of superior individual qualities and future other-worldly salvation...indeed, those who managed to save were lauded for not succumbing to the temptations of self-indulgence (Manning 2000:16).

Poverty was a sign of laziness or immoral activity; moral men had a duty to pay off their debts. Debt was a voluntary condition. Society's rules and ethics dictated that "good" people paid off their debt (Weber 2001).

Credit in the 20th Century

By the end of the 1990s there was a cultural shift in the attitudes of credit, making it far more acceptable for people to become indebted; they no longer felt the duty to pay off their debt immediately (Schor 1998). Many influential factors caused this shift in attitude, but for purposes of this paper the topics chosen for discussion will be narrowed. In this discussion I focus on important historical factors that eventually led the credit card industry into marketing to college students. These areas of discussion include: the introduction of credit cards, advancing technology, change in consumption patterns throughout the 20th century, change in state usury laws in the late 1970s, and banking deregulation in the early 1980s. It is through a discussion of these topics that I can best illustrate what led the credit card industry into a majority of college student lives.

<u>Introduction of the First Credit Cards</u>

Credit cards were first introduced in 1914 when Western Union began providing credit to select customers. Several other retailers soon followed, issuing credit cards to wealthier customers, to create customer loyalty and to sell higher priced items (Mandell 1990). During the 1920s the General Petroleum Corporation issued credit cards to employees and later to select customers (Mandell 1990; Parenti 2003). The airline industry joined the credit revolution in 1936 when American Airlines developed a credit system that evolved into a credit card operation. Third party universal credit cards were started in 1949 by Diners Club (they were the pioneer of the modern credit card industry). These credit cards were "universal" allowing customers to utilize them nationwide (Mandell 1990). Diners Club's early years of operation brought about new ideas to increase profits "and nearly every aspect of today's credit cards business that was technologically feasible was tried" (Mandell 1990:8).

Large scale distribution of credit cards started to occur prior to World War II (Mandell 1990).

> These early forays into a more standardized form of retail card ended with the outbreak of World War II and the creation of 'Regulation W,' which was designed to reign in borrowing and consumer spending in order to direct capital toward the war effort. In the peacetime boom that followed, credit expanded again (Parenti 2003:95).

Post World War II, the United States held a dominant position in the world economy, industrialization and rising wages escalated the standard of living for Americans (Schor 1998).

> Levittowns supplanted the urban neighborhoods of major metropolitan centers, new consumption patterns emerged: Private automobiles replaced public transportation, private lawns replaced public parks, and national retail chains in suburban malls replaced mom-and-pop shops in downtown business districts. Hence, growing household income coincided with new needs and wants as middle-class Americans assumed greater levels of installment debt (Manning 2000:17).

By mid-century, credit cards[5] were issued by numerous industries including: banks, oil companies, the airline industry, the hotel industry, phone companies, and retail stores (Mandell 1990; Parenti 2003).

Also, during this era three key components of the modern credit industry evolved. First, revolving credit began in the 1930s. Revolving meant people did not have to pay their bills in full at the end of a certain time period; now they were allowed to pay on installment (Ritzer 1995). Second, the modern concept of the universal credit card came about from cooperative credit plans, with groups of stores participating in a credit system in some large cities (e.g. Seattle, New York) (Mandell 1990). The third innovation occurred in the 1950s with interest free grace periods on debt. No payment of interest would be added to the charge if the bill was paid in full at the end of a certain timeframe (i.e. 30 day grace period) (Mandell 1990; Ritzer 1995).

By the end of the 1950s credit were becoming widespread in the United

[5] Most of these retailers who issuing credit cards, were doing so to gain customer loyalty. This was not necessarily an attempt to gain more profit through interest (usually around 18%) on the debt. Most consumers paid their debts in full by the end of each billing cycle (Mandell 1990; Manning 2000).

States[6] . Travel and entertainments cards (T&E) were being issued by Diners Club, Carte Blanche, and American Express. Bankcards such as BankAmericard (name changed to Visa in 1977) also entered the credit card industry during this time. In 1966 Master Charge (name changed to MasterCard in 1980) was the next to enter into the credit card industry. Beginning in the 1970s, the credit card industry was able to benefit from better computer technology, POS transactions, and new magnetic-strip technology making credit cards much more universal (Mandell 1990; Parenti 2003).

By the late 1970s, 11,000 banks participated in one or both of the two major credit card networks, Visa and MasterCard. At the end of the 1970s, 55 banks were issuing over half of all credit cards to consumers (Mandell 1990). In 1985, both MasterCard and Visa began issuing affinity cards to consumers. There were three types of these cards: personality cards, using famous individuals' faces (e.g. Elvis Presley); lifestyle cards, often associated with a charitable cause; and benefit cards, which provided some form of bonus to consumers using these cards (Mandell 1990). T&E cards, or the prestige card field (American Express, Diners Club, and Carte Blanche) were infiltrated by Visa and MasterCard in the 1980s. American Express responded by issuing a revolving credit card called Optima in 1988 (Mandell 1990). One other revolving credit card also entered the market in 1986, with Sears issuing the Discover card to consumers (Manning 2000).

Since the 1950s, the credit card industry has flourished; there are now

6 While this was more popular, retailers were resisting this concept because they wanted to maintain customer loyalty with their cards, which could only be used in their specific stores (Mandell 1990).

hundreds of credit cards available to people through banks (third-party cards) and/or businesses (retail cards) (Mandell 1990; Ritzer 1995). Manning (2000) claims that by the end of the century 78 million households had at least one credit card with 1.5 billion consumer credit cards held by 158 million card holders[7] with over 600 billion dollars in revolving credit (an increase from 55.1 billion in revolving credit in 1980 and 238.6 billion in 1990) (Manning 2000). Credit cards have entered the majority of Americans lives by the end of the year 2000, including a majority of college students (U.S. General Accounting Office 2001).

<u>Advancing Technology</u>

After World War II, technology rapidly expanded along with the cultural shift in consumption patterns. It was a far cry from the Tappan brothers' handwritten entry methods to keep track of credit. Today, examples of technology that have impacted the use of credit cards are everywhere in our everyday lives; computer systems, point of sales (POS) terminals, online banking, banking machines, on-line shopping, and cell phones are some examples of the ever expanding technology (Klein 1999; Mandell 1990; Parenti 2003; Ritzer 1995).

Early in the 20th century, technology[8] that enabled the credit card to become a

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[7] "That's an average of ten credit cards per cardholder. The typical American adult has about four retail, three bank, one phone, nearly one gasoline and a travel and entertainment (American Express, Diners Club) or a miscellaneous corporate credit card" (Manning 2000:6). Eighty percent of these cards are either bank cards or travel and entertainment charge cards.

[8] I realize there are many technological innovations during these early years of industrialization and throughout the twentieth century, but I have tried to concentrate this discussion on factors that influenced the growth of the credit card industry.

universal form of payment in the United States was nonexistent. The first credit cards that entered department stores and gas stations, such as Western Union or General Petroleum Corporation credit cards, were nothing like credit cards of today. These cards were either metal or cardboard with limited use geographically. Additionally, these cards were only issued to select customers (Parenti 2003). This trend continued until 1949 when Diners Club became the first credit card successfully marketed nationwide (Mandell 1990). Out of these early years Visa and MasterCard, previously known as BankAmericard and MasterCard, emerged and "as the credit card industry spread, banks wishing to offer such services had to ally themselves with one of these two superpower networks" (Parenti 2003:96).

The first electronic funds transfer (EFT) systems began in 1969 "with the installation of the first Docutal cash dispenser machines. This machine was activated by a credit card to which a magnetic strip had been affixed" (Mandell 1990:xxiii). Entering into the 1970s, the credit card industry grew rapidly due to advancing computer technology and magnetic-strip technology. This was a significant technological change because "the old paper-based system of making payments and trading securities was being overwhelmed by increasing volumes of paper, and electronic technology was billed as the solution" (Flannery 1996:966). Through 1970, credit cards were inconvenient and this was reflected in the consumer debt; credit cards[9] accounted for only three percent of consumer debt in 1970 (Manning 2000) and

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[9] Bank credit card operations all operating at a loss during this time, except for Bank of America, In the 1970s, many bank issuers of credit cards operated, at a loss. Credit card operations were

3.4 percent in 1977 (Parenti 2003). Another technological advancement came in 1972, the Credit Bureaus of America constructed a "fully operational network of interconnected computer databanks that would facilitate almost instant credit and background checks" (Parenti 2003:96).

In the 1980s, Automatic Teller Machines (ATMs) became accessible to credit card users (Parenti 2003). With the development of ATM machines, the opportunity arose for card holders to debit cash on credit cards (Mandell 1990). Also, the first nationwide ATM, linking together numerous partners, started operating in 1982. According to Manning (2000), during the 1980s "the bank credit card was a driving force in the transforming of the banking industry" (p. 70). Initially these ATM networks were owned by banks and used by Visa and MasterCard holders: "Both Visa and MasterCard have moved to acquire these systems in the 1980s and now control a significant portion of the national ATM network" (Mandell 1990:xxiii).

Marketing techniques also changed in the 1980s. Retail stores started offering instant credit with just an application. Furthermore, a number of retail stores started staying open 24 hours a day, 365 days a year. Telemarketing was another method that gave consumers' the opportunities to purchase over the phone with credit cards (Rook 1987). Further, shopping from home through consumer catalogs became easier for consumers who now purchased and paid for products with a credit card.

The 1990s brought the use of the magnetic-strip technology to the check-out

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reporting millions of dollars in annual losses up through the early 1980s (Mandell 1990; Manning 2000).

lines of stores across the country, and by the end of the 1990s, Parenti (2003) claims, "the leader in POS technology, Mag-Tek, boasted that its equipment was in use at millions of sites around the world including" (p. 98) ATM machines, grocery stores, retail stores, and gas station pumps. Another innovation in shopping and purchasing came from the internet. While the internet had been in place already by 1990, the 90s produced internet based sales of consumer products. Shoppers can just go "online" and use a credit card to purchase goods and services. Schor (1998) claims that through the use of credit cards (depending on the credit limit) anyone now has the opportunity to buy any type of goods they want without immediate access to cash.

Today, credit cards are one of the most convenient forms of payment and, in fact, have become almost a necessity in American society (Klein 1999). A majority of businesses today accept credit cards as a form of payment. Rook (1987) argues that since the 1950s it has become increasingly easy for the population as a whole: "marketing innovations such as credit cards, cash machines, 'instant credit", 24 hour retailing, home shopping networks, and telemarketing now make it easier than ever before for consumers to purchase things" (p. 189). This has made shopping and purchasing easier for the population as a whole through the technological innovations of the past half century.

Cultural Shift in Consumption Patterns

Over the past few decades, consumption patterns in the United States have shifted, becoming more comparative and competitive among consumers. By the end of the 1990s, consumers had a negative national savings rate and many said they feel they are "just making it" (Schor 1998). In fact "half the population of the richest country in the world say they cannot afford everything they really need. And that's not just the poorest half" (Schor 1998:6). American society has become a "consumer culture" (Roberts and Jones 2001), or "Credit Card Nation" (Manning 2000). Regardless of what terminology is used to demonstrate this cultural shift, we have become an indebted society.

Pre World War II

The ethos of Puritan thrift was the norm for society; indebtedness or failure to pay one's financial obligations was considered a character flaw of the individual. National leaders such as Benjamin Franklin believed industry and thrift led to political and personal freedom. He believed the borrower to be the slave to the lender (Weber 2001). Manning (2000) asserts that "the rise of a new Protestant Ethic, influenced by John Calvin's theology of individual predestination and spiritual salvation, evoked a fanatical preoccupation with the conduct of personal affairs--especially thrift" (p. 103). This belief system of thrift was not exclusive to Protestants:

> English Puritans also believed that Christianity required frugality and abstinence from self-indulgence. For them, all wealth was attributed to God, and therefore any resources spent on pleasure, luxury, or sport were essentially stolen from God. Baptists and the new Methodists joined Congregationalists and Presbyterians in embracing the Weberian Protestant ethic (Manning 2000:103).

In fact this high personal savings rate aided the United States industrial development and banking system. It was in part due to attitudes of thrift that credit cards used pre World War II were primarily for durable goods; retailers offered credit cards in exchange for customer loyalty. Profit from credit card interest was not the main goal of retailers (Mandell 1990).

Industrialization of the early 1900s changed American society and culture in many ways. Not only was there a technological revolution, but ideologies like Henry Ford's "'line production system' were the beginning of a momentous transformation in America's capacity to produce" (Ewen 1976:23). This mass production went far beyond the walls of the automobile industry, making consumer goods both cheaper in production and final cost. Prior to mass production of goods, industries focused on production of goods to the middle- and upper-classes of American culture. For the success of mass production in American culture, its mechanisms

> could not function unless markets became more dynamic, growing horizontally (nationally), vertically (into social classes not previously among the consumers) and ideologically. Now men and women had to be habituated to respond to the demands of the productive machinery (Ewen 1976:24-25).

Mass production had another notable effect on society as a whole. Wages increased while hours of labor decreased, giving the consumer more time for leisure and consumption (Schor 1998).

The ethos of savings and thrift were still entrenched in American culture during this era and personal savings rose from 14.7 percent of income in 1916 to a high of 25 percent in 1943[10] (Ewen 1976; Manning 2000). During World War II the

[10] It should be noted that during the depression year of 1931 and 1932 the personal saving rate did fall into the negative, but rebounded and continued to escalate until 1943.

ethos of savings took on nationalist overtones in support of the war by the promotion of U.S. war and savings bonds sponsored by the government. Saving became a patriotic duty during the war. Nevertheless, following World War II, the United States went through alterations in economic structure and consumer consumption patterns (Klein 1999; Schor 1998).

Post World War II

Following World War II the United States entered an era of prosperity with strong unions and a strong position in the global economy. There was tremendous growth in the middle-class as occupational structures and organized labor altered (Ewen 1976). A restructuring of industry led to the opportunity of new jobs; there was occupational diversification, creating more specialized jobs and jobs requiring postsecondary education. Unemployment fell to an average of five percent (it was 20 percent in 1930). "The United States emerged from World War II as the unchallenged hegemon of the global system and enjoyed the political and economic privileges accorded its newly attained status" (Manning 2000:36).

Coming out of World War II, the United States government provided good will loans to G.I. Families, aiding in the development of suburban communities[11] (Ewen 1976). "The postwar American Dream was nourished by New Deal initiatives such as the Federal Housing Administration's (FHA) and later the Veteran's

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[11] "Between 1944 and 1950...housing construction skyrocketed from 114,000 to 1.7 million single-family detached houses" (Manning2000: 37).

Administrations' (VA) mortgage insurance programs" (Manning 2000:37). These new suburban sprawls proved new pockets of consumerism. Homes needed new furnishings inside and out. Automobiles were needed for transportation out of the suburbs into metropolitan areas. The newly developed television (invented in 1925) carried images of products and goods into American homes. "Combining the social and technological developments of the twenties with the component of economic boom that characterized the fifties, the postwar era was one in which mass consumption erupted, for increasing numbers, into a full-blown style of life" (Ewen 1976:207-208).

According to Ewen (1976), in the 1950s electronic media, specifically the television, infiltrated the homes of millions of consumers. The notion of the "good life" was thrust into the face of American households not only through commercial advertisements, but also in television programs. "The common parlance of citizenship was characterized by a ready familiarity with the American 'way of life,' replete with television, new cars, lawn mowers and 'fast' food" (Ewen 1976:211-212). Messages of how to look and live were, and are, prevalent in all areas of daily life through mechanisms of advertising[12] (Roberts 1998). While television was the driving force of the advertising onslaught, other forms of media such as radio, magazines, and newspapers also fervently changed the social landscape of the United States.

> During the 1950s and 1960s, the social acceptability of incurring higher levels of consumer debt reflected the increasing sophistication and effectiveness of mass advertising campaigns as well as a growing confidence in the future as mirrored in

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[12] According to Lucas (2001), today "advertisers spend an estimated $8 billion a year to study the effects of peripheral cues and other persuasive strategies on consumers" (p. 415).

rising real wages and low unemployment (Manning 2000:38).

The ideology of "keeping up with the Jones"[13] took a concrete foothold in American culture during this era (Klein 1999; Schor 1998).

Post World War II, attitudes about credit took a significant cultural shift. As Americans moved into the suburbs, consumerism took on an almost competitive nature. Lines of credit were established for homes and automobiles, not to mention all of the household wares needed for a home (e.g. washer, dryer, sewing machine, etc.). The traditions of thrift shifted during this era. This is not to say that savings was not a significant ideology; personal saving averages up through the mid 1980s were relatively steady between five and 10 percent (Manning 2000). People lived "the American Dream," the "good life"; it was the "age of shared prosperity" (Gilbert 1998).

The Recession of the 1970s

During the 1970s the "age of shared prosperity"[14] came to an end and the "age of growing inequality" began with a shift in occupational structures and the stagnation of wage growth[15] among American workers (Gilbert 1998). Up through the 1970s revolving debt accounted for only three percent of consumer debt. However, as real

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13 "Comparing our own lifestyle and possessions to those of a select group of people we respect and want to be like, people whose sense of what's important in life seems close to our own" (Schor 1998: 3).

14 Post WWII was the "Golden era of social equality." This does not mean by any sense that there was an equality among Americans across the board. Racial and sexual inequality still existed, but post WWII brought the sense of a shared citizenry and destiny among Americans (Gilbert 1998).

15 "Men employed full time were earning, on average, about the same in 1994 as they had in 1970" (Gilbert 1998: 75). Women's wages however, were increasing significantly over this time span.

wages declined in the 1970s, the accumulation of debt became prevalent among many Americans, "credit cards were changing the cultural attitudes toward debt" (Manning 2000:90). Revolving credit became more commonplace in American households as consumers tried to "keep up with the Jones" (Klein 1999; Schor 1998).

Since the late 1970s, the earning gap between high school and college educated workers widened along with the gap between skilled and unskilled workers and between younger and older workers. This growing inequality was also happening within labor force groups (e.g. doctors, lawyers). Due to these occupational shifts there was an erosion of real wages (especially among men) in the 1970s (Gilbert 1998). Gilbert (1998) discusses four explanations that influenced this shift in the United States occupational structure. These four explanations are interrelated and not mutually exclusive from each other:

1) *Economic restructuring:* Employment trends shifted out of manufacturing and into more white collar and service related jobs. The percentage of blue-collar jobs peaked in the 1950s and has dropped gradually throughout the 1970s.
2) *Expanding international trade:* Lower cost production and cheaper consumer goods lessened the opportunity for jobs. At the same time, high-tech products in America were being exported, making advanced skills and postsecondary education almost a necessity for employment.
3) *Technological change:* Advancing technology displaced many unskilled blue-collar workers while creating a demand for a more skilled labor force.
4) *Weaker wages:* The presence of unions declined, meaning fewer workers have

representation for bargaining and the value of minimum wage slowly eroded due to inflation.

These four factors led Americans out of the "age of prosperity", and into the "age of growing inequality" by the end of the 1970s.

Further, these four factors contributed to a shift in consumer purchasing. The "keeping up with the Jones" middle-class suburbanite ideology of the 1950 and 1960s shifted in the 1970s. In the 1950s, the greatest fear for most consumer minds was if they didn't keep up with their neighbors, through the social comparison, they might be left behind (Schor 1998).

> A number of distinguished economists have emphasized these social and comparative processes in their classic accounts of consumer culture...among the most important of their messages is that consumer satisfaction, and dissatisfaction, depends less on what a person has in an absolute sense than on socially formed aspirations and expectations. Indeed, the very term 'standard of living' suggests the point: the standard is a social norm. By the 1970s, social trends were once again altering the nature of comparative consumption (Schor 1998:9).

Comparative consumption took on a competitive nature in the 1970s.

Schor (1998) maintains that the shifting workforce altered the consumption patterns of American culture. The social trend of a single family income altered into dual wage earning households among many families due to stagnation in wages among men and changed occupational structures creating new employment opportunities for women (Gilbert 1998). Due to the changing workforce, comparative consumption took on a new upward form of consumption.

Schor (1998) argues that

> daily exposure to an economically diverse set of people is one reason Americans began engaging in more upward comparison. A shift in advertising patterns is another. Traditionally advertisers had targeted their market by earnings, using

> one medium or another depending on the income group they were trying to reach. They still do this. But now the huge audiences delivered by television make it the best medium for reaching just about *every* financial group (P. 10).

She goes on further to state:

> Beginning in the 1970s expert observers were declaring the death of the belonging process that had driven much of competitive consumption and arguing the establishment of an individual identity---rather than staying current with the Joneses---was becoming the name of the game (P. 10).

Out of these new social patterns of consumption, new *lifestyles* emerged such as "yuppies" and "senior sun-seekers." While no direct claim is being made that this upscale[16] comparison or need for more of an individual identity was the reason behind an increase in the revolving debt of the 1970s, it appears to have contributed, in part, with other factors previously mentioned.

These factors have aided in the change or alteration of the ethos of thrift. While savings among Americans fluctuated during the 1970s, it remained relatively fixed between six to 10 percent (Manning 2000). Clearly, the 1970s brought about direct changes in American culture with a shifting of the occupational structure, weaker wages, changes in technology, and expanding international trade (Gilbert 1998). More women entered the workforce as a direct result of these factors. Further, "keeping up with the Jones" or cultural comparisons shifted from lateral to vertical comparisons among consumers (Schor 1998).

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[16] Upscale meaning buying new and improved products as replacements for older versions, an upward consumption of products (Schor 1998). Examples of this may be buying a new plasma screen television to replace a television that has no defects, but may be seen as becoming old or outdated.

The Continued Recession in the 1980s: Transformation into the Decade of Debt

The macro structural changes of the 1970s brought a historical transformation in the early 1980s. Manning (2000) states "during this 'decade of debt,' the country emerged from one of its longest economic expansions as the world's most indebted nation" (p. 33). Blue-collar jobs continued to dissolve and displace millions of workers (Gilbert 1998; Schor 1998). While this was occurring, there was further increase in specialized white-collar and service sector jobs (many of these became temporary positions).

The "decade of debt" brought a continued increase in revolving credit debt and a decline in personal savings, and in turn, reduced the size of the middle-class. This new "age of growing inequality" displaced blue-collar workers who found little opportunity in the job market as jobs went overseas. While there was an increase in specialized white-collar jobs, middle-income jobs were

> becoming poignant memories or just dreams for more and more people. This is true not only in factories but in banks, stores, insurance companies, brokerage houses, law firms, hospitals, and all sorts of others places where services are rendered. Between 1979 and 1992, the Fortune 500 companies presented 4.4 million of their employees with pink slips, a rate of around 340,000 jobs per year (Barnet 1993:48).

Corporate downsizing and the outsourcing of jobs abroad also contributed to job losses. Other cost cutting maneuvers included wage freezes, lower pay scales for new employees, a reduction in benefits and a more part-time and/or temporary workforce.

During the "age of growing inequality" middle-class income distribution stagnated while the upper-class benefited from a significant growth in income (Gilbert

1998). The inequalities that came to pass out of these institutional changes in the occupational structure were in part aiding and transforming the United States into a debtor society. Credit cards became a mechanism that let households maintain standards of living to which people were accustom (Draut and Silva 2003; Schor 1998). The growth in U.S. national debt from 1981 to 1989 was over 23 percent and the net national saving rate (what people or families saved) dropped from 7.1 percent (1970-1979) to 3.8 percent (1980-1989) (Manning 2000).

The Reagan era of the 1980s was a direct cause to corporate downsizing and merging. The ideology of this era was to keep the government and Security Exchange Commission (SEC) out of corporate affairs. The plan for Reaganomics to revitalize the U.S. manufacturing sector failed. Short-term returns on investment and leverage buyouts (LBO) became the norm of American business practice (Gilbert 1998; Manning 2000). "With U.S. corporations awash with cash, Americans witnessed one of the greatest waves of mergers, takeovers, and corporate restructuring in U.S. history: More than 25,000 deals worth over $2 trillion were transacted during the 1980s" (Manning 2000:48). These factors, in part, led the United States into the most unequal distribution of wealth in the industrialized world. During this time, wealth became the most concentrated since the Great Depression (Gilbert 1998).

While these trends took place in American culture, a majority of middle-class Americans consumed at higher rates than in the past, with many of these purchases being an "up scaling" of previously consumed items. Schor (1998) claims by the mid 1990s "the sociological trend was the upward shift in consumer aspirations and the vertical stretching out of reference groups" (p.12). Cultural comparisons and aspirations of the "good life" are demonstrated by those who emulate the lifestyles of the upper-middle-class; "it is the group that defines material success, luxury, and comfort for nearly every category below it" (Schor 1998:13). Marketers thrived on these aspirations, if not creating them, as easily witnessed in the retail sector with emulations and imitations of consumer goods. Lower end retail stores began selling goods similar to higher end stores.[17]

Due in part to upscaling, saving and family finances incessantly deteriorated as borrowing amplified. "One indicator is the rise in consumer borrowing and credit card spending: through the 1990s, households have been taking on debt at record levels" (Schor 1998:19). Approximately 60 percent of households with incomes between $50,000 and $100,000 had revolving credit card debt in the 1990s. Also, there was a rise in the number of hours worked with average hours increasing. Even with those two factors, however, Schor (1998) states that between 25 and 30 percent of households lived paycheck to paycheck by the mid 1990s.

The significance to an attitudinal shift concerning credit is important and led to the negative national saving rates we now have; consumption patterns in the United States have shifted. American culture has been transformed with the acceptance of debt; it has become the norm. Society has been transformed from the ethos of Puritan thrift to a "Credit Card Nation." Profits from interest rates have become increasingly

[17] Examples of these consumer goods are imitation cologne or designer clothing. An example of a lower end store could be TJ Max versus a higher end store like Bloomingdales (Schor 1998).

important to the credit card industry as the earning gap has widened. As American consumers "max-out" their credit cards, new markets were needed by the credit card industry.

A Change in State Usury Laws and Banking Deregulation

Prior to the 1980s, college students had little access to credit cards without the aid of a parental co-signer. The credit card industry had previously attempted to enter the college market with little success.

> In 1970, Master Charge and BankAmericard began to market plans to give free cards to virtually any college student...the motive was to build lifetime loyalty to a card by getting into the hands of a businessperson or professional at the start of his or her career. Both Diners Club and American Express had experimented with giving credit cards to college students in the 1960s and had found that their losses were quite high. Banks soon learned that same lesson on their own. As subsequent events would prove, only a fraction of college student were mature enough to be entrusted with a substantial line of credit (Mandell 1990:36).

In 1978, a Supreme Court ruling, concerning usury laws, changed credit card marketing practices to college students. In *Marquette National Bank of Minneapolis vs. First Omaha Service Corp* the United States Supreme Court ruled that banks could charge the highest interest rate allowed in the bank's own state to all customers, inside and outside state borders. Previously, banks could only charge the interest rate of the state they marketed their card in (Draut and Silva 2003). As a result of this ruling, regional and national banks moved their operations to more lender-friendly

> states, such as South Dakota and Delaware, where there were no usury ceiling rates. In domino-like fashion, states began loosening their own usury laws, limiting the chances for consumers to get a lower rate from a local or state bank. Today, 29 states have no limit on credit card interest rates (Draut and Silva 2003:33).

This allowed banks to enter previously unprofitable markets, such as college students, charging higher interest rates to offset the increased financial risk faced in earlier years (Ausubel 1991; Draut and Silva 2003).

Continued banking deregulation allowed the credit card industry to raise penalty fees for late payment. A second Supreme Court ruling in 1996, in *Smiley vs. Citibank,* determined "the laws regulating fees were now to be determined by the state laws in which the bank was located" (Draut and Silva 2003:35). Prior to that Supreme Court ruling, credit card late fees were bound by the state law of the customer. Penalty fees have risen quickly since the ruling; in 1996 the average late fee was 13 dollars and by 2002 it was 29 dollars. "Credit card companies quickly capitalized on this ruling…credit cards companies now levy several different penalty fees: the late fee, the "over the limit" fee, the balance transfer fee, the foreign exchange fee, and the cash advance fee" (Draut and Silva 2003:35).

The banking industry has continued to make many other changes. Credit card companies raise the interest rate to the customer with the first late payment. Grace periods that were once given by some credit card issuers were ended. Credit lines are regularly expanded when customers reach their limit. Lower minimum payment requirements have been put in place. Minimum payments on cards that were once five percent dropped to two or three percent (Draut and Silva 2003; Manning 2000). These industry practices have made credit cards a very profitable endeavor for issuers and other lenders who found their way into the market due to banking deregulation. Opportunity for new customer bases, like college students, became accessible. Due to these transformations, the college student marketing sector has blossomed into a very profitable for credit card firms since the 1980s.

Conclusion

Debt has become the "norm" in the American culture. Attitudes regarding credit and consumption in the United States of America have changed dramatically over the past century. Alongside these changes have been shifts in the occupational structure and continued advancements in technology leading to a greater reliance on credit. Those issues, combined with the change in usury laws and banking deregulation, have brought the credit card industry into its most profitable years (Draut and Silva 2003; Lucas 2001). While all of these factors discussed may not, in totality, be the causal reasons for the recent claims-making activity concerning college student credit card issues, they must be recognized as contributing factors. With an annual replenishment of college students for credit card marketers there is no reason to suspect credit card issuers will lessen their actions. If anything, this enterprise will likely grow, which makes further inquiry and empirical study all the more important.

Due to a variety of structural changes within the culture of the United States, there was an opportunity for the credit card industry to reemerge into the market of college students. This has led to an estimated 80 percent of college students having at least one credit card with a median credit card debt of $1,770 and an average balance of $2,327 (Draut and Silva 2003; Nellie Mae 2001). While there have been many theoretical and empirical studies concerned with the dynamics of credit cards and the banking industry, sociological inquiry into college student credit card issues has been limited.

George Ritzer, in his book *Expressing America,* claimed there was a lack of sociological literature in 1995, and after a decade, few in the field of sociology have contributed to the literature. Ritzer also noted "there is a tendency to think about the problems associated with credit cards, and many other problems as well, as individual deviance" (p. xii). A possible explanation for this lack of research could be due to this idea of individual deviance. If the definition of this social condition (student credit card use) is in the context of a psychological framework, then perhaps sociologists also recognize this social condition in that framework. The area of psychology has contributed much more literature concerning college student credit card issues.

According to Spector and Kituse (1977), groups like psychologists or sociologists "vie for control of the definition" of a social condition (p. 8). "When one group wins, its vocabulary may be adopted and institutionalized while the concepts of the opposing groups may fall into obscurity" (p. 8). Attitudes of indebtedness in American culture have, until more recently, been that of puritan thrift; it was thought of as an individual's duty to repay debt (Weber 2001). Cultural ideologies in the United States concerning debt have been at a more individual level than societal. College student credit card issues may have, by default, also been characterized as an individual social condition and therefore psychologists are taken as the current "owners" of this social issue and its definition.

The influx of credit cards into the lives of college students is clearly an item or object that has a direct impact on the culture of the United States. Clearly, if

Americans have an average of 10 credit cards per household (Manning 2000) and over 80 percent of college students have credit cards as the Nellie Mae foundation (2001); the need for sociology to pick up the torch and examine the social issues surrounding credit card use is quite pressing. While I make no claim that issues concerning credit card use may be at the individual level, I believe the historical shift over the past 30 years regarding debt and the large number of credit cards in American culture suggests that researching the social issues of college students and credit cards is needed.

CHAPTER 3

THE CONSTRUCTION OF A SOCIAL ISSUE

Mills: Private Troubles Versus Public Issues

Credit card acceptance and use among college students is the reality of modern American culture, a "culture of credit" (Schor 1998). Students have been conditioned since childhood to associate the consumption of consumer goods and credit (Roberts and Jones 2001). Corporate America has realized that college campuses across the United States are a multibillion-dollar industry (Huber 2000). Credit card issuers are just one of many corporate entities who realize the potential profitability on college campuses through the marketing. With 83 percent of college students in general and 92 percent of college sophomores having at least one credit card, it appears marketing to college students has been successful (Nellie Mae 2001). What is unclear is whether credit card use among college students has become the problem that some claim, or a beneficial tool.

According to the Nellie Mae (2001) foundation, by the time students reach graduation, they have doubled their average credit card debt and increased the number of credit cards threefold. The average credit card balance for college students with credit cards in 2001 was estimated at $2,327 with a median credit card balance of $1,770. Students have come to accept credit cards as part of their lives along with the personal debt they may bring. However, just because this is "personal" debt, it does not rule out the social ramifications of student credit card use and indebtedness. With 83 percent of students having at least one credit card, it could be said argued that college student credit card issues have become a public issue.

C. Wright Mills (2000) discusses the distinction "between 'the personal troubles of milieu' and 'the public issues of social structure'" (p. 8).

> *Troubles* occur within the character of the individual and within the range of his immediate relations with others; they have to do with his self and with those limited areas of social life of which he is directly and personally aware...*Issues* have to do with matters that transcend these local environments of the individual and the range of his inner life. They have to do with the organization of many such milieux into t he institutions of an historical society as a whole, with the ways in which milieux overlap and interpenetrate to form the large structure of social and historical life (Mills 2000:8).

Therefore, issues in society are "formulated in such a way that their very statement incorporates a number of specific milieux and the private troubles encountered there by a variety of individuals" (Mills 2000:129). According to Mills (2000) these specific social settings in which the trouble occurs are situated within the social and historical structure of that era.

> The formulation of problems, then, should include explicit attention to a range of public issues and of personal troubles; and they should open up for inquiry the causal connections between the milieux and social structure. In our formulation of problems we must make clear the values that are really threatened in the troubles and issues involved, who accepts them as values, and by whom or what are they threatened (Mills 2000:130).

The values that may be imperiled, or that social scientists recognize as endangered, may not be publicly recognized as such. In fact, the public may attribute problems to other values that are endangered. Mills (2000) argues there is normally debate about what the values of a culture are and the nature of the threat(s) to those values.

This debate over values could be framed in the concept of "claims-making."

There are people/groups in society that make value claims about what is socially acceptable or problematic. Within the discussion of college student credit card issues, there are multiplicities of claims made. The banking industry, sociologists, social psychologists, economists, psychologists, behaviorists, college administrators, non-profit groups, politicians, students, and parents are part of this cohort of claims-makers; based on their claims there is continuing debate over issues such as the relatively easy access to credit for many young adults, the sharing of private/personal information, financial literacy, use of credit cards among college students, and compulsive spending. Whether or not these claims are the personal troubles of a few college students or a public issue for college students as a group is what needs to be examined further.

Mills (2000) further believes there is a connection between the individual and society and we cannot understand one without the other. We must use our sociological imagination to understand the relationship between historical factors and the biography of people to appreciate societal issues. To understand social issues, we must examine social and historical factors that have led to the *troubles* of the individual, or the *issues* of a group.

Mills (2000) utilizes an example of unemployment to explain this situation:

> When, in a city of 100,000, only one man is unemployed, that is his personal trouble, and for its relief we properly look to the character of the man, his skills, and his immediate opportunities. But when a nation of 50 million employees, 15 million men are unemployed, that is an issue, and we may not hope to find its solution within the range of opportunities open to any individual. The very structure of opportunities has collapsed (P. 9).

Undoubtedly, if 15 to almost 30 percent of the population are unemployed, we must examine the historical factors and social institutions that have led to unemployment. An individual, even with personal troubles, will not find employment because there are no jobs. However, if very few individuals were unemployed, and that same individual could not find a job, it would be considered a personal trouble.

While Mills (2000) would consider the problems of the individual as personal troubles, it is not to say that it is not the social structure of society that has limited this individual's opportunities. "What we experience in various and specific milieux, I have noted, is often caused by structural changes. Accordingly, to understand the changes of many personal milieux we are required to look beyond them" (Mills 2000:10). Lemert (1997) would argue that there are many complex "social things" that affect individuals, but they are unaware of these things; it is up to the sociologist to decipher how these "social things" play a role in social issues.

It is exactly these complex "social things" that play a role in the lives of American citizens and its culture. Macro structural forces impact our daily lives and many go unaware of these forces, blaming themselves instead. Their *issues* are psychologized and internalized by the individual (Lemert 1997). People develop a false consciousness[18] about whom to blame; society itself may fall into the trap of blaming the victim for social issues over which he or she has no real control. Like in the example of unemployment, many times society blames the character or aptitude of the individual instead of examining the social structures that has led to the social

[18] Lemert (1997) defines false consciousness as "an impoverishment of the sociological imagination in which people are unable to understand the social things that cause their troubles" (p. 18).

issue.

Whether or not the claims made about college students are viewed as *troubles* or *issues,* it is certain that a majority of college students have credit cards and debt from charges. I would suggest that if the majority of college students have credit cards and are indebted, there is a social matter worthy of further inquiry to bear witness to the claims-making activity regarding to the private trouble versus public issues discussion. The topic of college student credit card use needs further empirical study within the field of sociology to ascertain the concerns made by claims-makers. By recognizing this may be a social issue and putting forth empirical research, I will examine the claims-making activity that surrounds the issue of college students and credit cards and further the current discussion.

How to View a Social Issue: Examining the Subjective Condition

According to Spector and Kituse (1977), "there is no adequate definition of social problems within sociology, and there is not and never has been a sociology of social problems" (p. 1). They believe previous definitions of social problems to be ambiguous and vague. Definitional examples of social problems often include loose terminologies like the "public recognition" or "threat." Spector and Kituse (1977) also believe that the *subjective condition* of how social issues come to be recognized has long been ignored in favor of the *objective conditions* of the social issue. Even those who claim to focus on the subjective condition "have largely failed to initiate an alternative line of investigation" (p. 6). How a social problem comes to be defined as such relies on the claims-making activity and responding activities to those claims (Spector and Kituse 1977).

Spector and Kituse (1977) propose that the definition of a problem is "produced by those who argue for and act on their conception of social conditions" (p. 8). In essence, society is not defining these claims as social problems, , rather, it is specific people or groups are proposing certain definitions. For example, numerous psychologists have studied college student credit card issues. Now, other groups and individuals, such as sociologists and consumer interest groups, are competing for control of the definitional process.

> When one group wins, its vocabulary may be adopted and institutionalized while the concepts of opposing groups fall into obscurity. When terminologies change, when new terms are invented, or existing terms are given new meaning, these actions signal that something important has happened to the career or history of a social problem (Spector and Kituse 1977:8).

An example of this would be one group defining "compulsive spending" as leading to student indebtedness while competing forces claim a lack of financial literacy (for example) leads to indebtedness among college students. "The categories and meanings that they have created have direct consequences for the ways such phenomena are conceived, evaluated, and treated" (Spector and Kituse 1977:15).

Therefore, Spector and Kituse (1977) believe "the notion that social problems are a kind of *condition* must be abandoned in favor of a conception of them as a kind of *activity*" (p. 73). These activities are defined as *claims-making* or value judgments. These claims lead to the definitions of social problems/issues and are also part of the data that should be explained and/or examined. Spector and Kituse (1977) argue that values are "linguistic devices that participants use to articulate their claims, or persuade others to legitimize them" (p. 74). Spector and Kituse's (1977) view is that social problems

> are the activities of those who assert the existence of conditions and define them as such…on the process by which members of a society define a putative condition as a social problem…*the activities of individuals or groups making assertions of grievance and claims with respect to some putative conditions.* The emergence of a social problem is contingent upon the organization of activities asserting the need for eradicating some condition. *The central problem for a theory of social problems is to account for the emergence, nature, and maintenance of claims-making and responding activity* (Pp. 74-76).

It is to set aside whether the claims are true or false or whether the imputed condition even exists; the focus is on the claims-making process, and this will guide the focus of this research. These are the activities that "exist" and are the data for sociological inquiry because this is a form of interaction that can be studied.

> Claims-making consists of demanding services, filling out forms, lodging complaints, filing lawsuits, calling press conferences, writing letters of protest, passing resolutions, publishing exposes, placing ads in newspapers, supporting or opposing some governmental practice or policy, setting up picket lines or boycotts; these are integral features of social and political life (Spector and Kituse 1977:78-79).

These claims are made by a variety of different groups and/or people. Inquiry is to be directed to the forms of that activity and how they have become organized, asking what the claim consists of, how the complaint is lodged, and who may benefit from the condition in question.

According to Spector and Kituse (1977), "Claims are normative phenomena. They are statements about conditions that *ought not* to exist; something *ought* to be done to improve condition. The concept of values, therefore, is clearly relevant for analysis of social problems" (p. 86). Different claims-makers act differently and we can reason that this is due to different value systems. There are numerous reasons for this activity and why claims-makers engage in claims-making; they have a vested interest in the social issue.

> Such assessments of motives, how they are constructed by participants, and how they serve to explain activities are data for the social analyst. We cannot interpret those motives as anything other than imputations made by participants; they tell us nothing about the "real" motives that presumably energize those activities (Spector and Kituse 1977:91).

Spector and Kituse (1977) argue that analyzing these activities allows for theoretical and empirical investigation and avoid loosely termed and ambiguous conceptions what truly is a social problem. It is the subjective condition and how claims-making activity forms that are the focus for sociological inquiry into social problems. These are the data for my research.

College Student Credit Card Issues: Numerous Realities

Social issues today, whether problematic or not, do not simply materialize (Gusfield 1981). While C. Wright Mills (2000) offers insight into what is a private trouble versus a public issue, researchers may not recognize the difference. It should have been made clear by this point that sociology has, for the most part, neglected examining college student credit matters. College student credit card issues clearly have historical roots, as the previous discussion has noted. This in part is due to what Gusfield (1981) would call the "plurality of possibilities."

The Plurality of Possibilities

The "plurality of possibilities" is the idea that there is a social definition for a particular public issue, and until some other claim is imposed upon that definition, it may not be recognized as a social issue/problem.

> Human problems do not just spring up, full-blown and announced, into the consciousness of bystanders. Even to recognize a situation as painful requires a system for categorizing and defining events. All situations that are experienced by people as painful do not become matters of public activity and targets for public action. Neither are they given the same meaning at all times by all peoples. "Objective" conditions are seldom so compelling and so clear in their form that they spontaneously generate a "true" consciousness. Those committed to one or another solution to a public problem see its genesis in the necessary consequences of events and processes; those in opposition often point to "agitators' who impose one or another definition of reality (Gusfield 1981:3).

These other solutions are the "plurality of possibilities" Gusfield is describing.

Gusfield (1981) offers the example of drinking and driving as an issue that "is the result of a procedure by which the automobile and fatalities have been construed as a problem of societal concern, to be acted upon by public officials and agencies" (p. 3). It is alcohol that is perceived as the primary factor and the reason for fatalities that result from drinking and driving. However,

> that target character is not a given, it is not in the nature of reality as *Ding an sich* (a thing in itself), but represents a selective process from among a multiplicity of possible potential realities which can be seen as affecting auto fatalities and injuries (Gusfield 1981:3).

In a similar fashion, issues of college student credit card use have been framed in the context of personal troubles, such as impulsive behaviors (Baumeister 2002), compulsive buying (Roberts 1998), attitudes about debt (Danes and Hira 1986; Kidwell and Turrisi 2000; Hayhoe 2002; Norvilitis et al. 2003), self-control, impulsivity (Mansfield, Pinto, and Parenti 2003), socialization (Flint 1997), and parental involvement in students' lives (Palmer, Pinto, and Parente 2001). This issue has also been put into the context of public claims like the rising costs of tuition

(Blair 1997; Dodge 1991a) and a culture shift in attitudes about credit (Schor 1998). This is not to discount any of these illustrations as important topics of discussion concerning student credit card issues; in fact, all may have relevance or may be interrelated.

In these areas of study mentioned, there are those committed to solutions of issues concerning college students and credit cards. There has not been consensus as to whether these issues are personal trouble, private issue, or both. There have been recent claims, starting with George Ritzer (1995) and followed by Peter Manning (2000), about credit cards within college student culture being a public issue. There are also "agitators," like Visa and MasterCard, who dismiss these claims and impose another reality. In fact, there are numerous people or groups who are trying to impose their definition or claims concerning this issue. They represent the plurality of possibility.

The Public Issue of College Students and Credit Cards

C. Wright Mills (2000) has clearly demarcated private troubles and public issues, demonstrating the importance of historical and social structures that are responsible in the construction of such issues. However, the ideology of what a "social problem" is to the field of sociology is not that easily constructed or well defined as previously noted.

Within sociological inquiry, two important factors must take place. The first is that the issue must be recognized and claims must be made by those addressing the issue (e.g. sociologist, public interest group, government). Second, there will be both cognitive and moral dimensions to this issue that will structure it as a "problem" for the public (Gusfield 1981). The values of a society will have power over whether this issue will come to light. "Whether or not situations should be public problems is itself often a major issue…issues and problems may wax and wane in public attention, may disappear or appear" (Gusfield 1981:5).

Within the framework concerning college student credit card issues, there has been a public recognition by claims-makers that these issues need to be addressed. At the cultural level these claim-makers see the phenomena in a new way; the responsibility is affixed to others. The structure of these issues has become a hotbed of claims-making activities. There have been cognitive judgments "about facticity of the situations and events comprising the problem" (Gusfield 1981:9). New theories and empirical beliefs among some claims-makers attribute the responsibility of college student credit card issues not to the individual college student but, toward other structural forces. Gusfield (1981) states, "without both a cognitive belief in the alterability and a moral judgment of its character, a phenomenon is not at issue, not a problem" (p. 10). I would argue that since the claims-making of college student credit card issues has been recognized as social issues of concern, there is a need for inquiry into the claims-making activity.

Owners of College Student Credit Card Issues

In the study of claims-making, Gusfield (1981) states that "the concept of 'ownership' and 'responsibility' are central to this work" (p. 10). This phenomenon of responsibility can be broken down into three separate aspects. First, there is the "ownership" of the problem. Then, there are two forms or a dual meaning of "responsibility." The first form of responsibility is causal; this is a matter of whom the claims-maker believes is responsible for the issue or problem. The second is political responsibility, a claim concerning what person or office is obligated to correct the harmful situation through policy (Gusfield 1981).

The research question (what are the claims and counterclaims concerning college student credit card issues?) fits neatly with Spector and Kituse's (1977) ideology of social problems and claims-makers. There is little doubt that there will be conflicting beliefs about who are the "owners" and those "responsible" for the problem. Regardless of how factual these claims may be, they none the less are the focus of inquiry to better understand college student credit card issues.

CHAPTER 4

METHOD

Introduction

The primary focus of this study was to answer the question, what are the specific claims and counterclaims made about college student credit card issues? Guiding the analysis of this research, I drew upon Joseph Gusfield's (1981) book *The Culture of Public Problems* in which he examines how situations develop into public problems[19] or issues. These issues arise out of claims made about public situations such as drinking and driving in Gusfield's research or, in the case of this research, college student credit card issues. According to Gusfield (1981), claims made about public problems come to light in the public arena when those who are making the claims possess "power, influence, and authority to define the reality of the problem" (p. 10). These claims-makers are the "owners" of public problems because they have

> the ability to create and influence the public definition of a problem...there is a recognition that specific public issues are the legitimate province of specific persons, roles, and offices that can command public attention, trust, and influence. They have credibility while others who attempt to capture public attention do not. Owners can make claims and assertions. They are looked at and reported to by others anxious for definitions and solutions to the problem. They possess authority in the field. Even opposed by other groups, they are among those who can gain the public ear (Gusfield 1981:10).

The owner's influence on public problems will vary historically; other possible owners of social issues may therefore be absent from the claims-making activity.

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[19] Gusfield (1981) prefers the term "public problem" rather than "social problem" because he contends that not all social problems become public or enter the public arena.

The claims made about public problems that Gusfield (1981) examines in his research about drinking-driving are about causal and political responsibility.

> The first---causal responsibility---is a matter of belief or cognition, an assertion about the sequence that factually accounts for the existence of the problem. The second---political responsibility---is a matter of policy. I assert that somebody or some office is obligated to do something about the problem, to eradicate or alleviate the harmful situation (Gusfield 1981:13-14).

Gusfield's primary question in his research of drinking-driving focuses on the relation between all three of these aspects: ownership, causal responsibility, and political responsibility.

This research project draws on those ideas for an empirical analysis of college student credit card issues. This research is a descriptive qualitative content analysis drawing on primary data from individuals and groups. These data are publicly available through popular magazines, websites, books, government reports, and Congressional testimonial transcripts. I used a purposeful sample that is not meant to be inclusive of all claims and counterclaims about college student credit card issues, but rather centered on the sources of data that reflect the scope of recent claims and counterclaims concerning college student credit card issues as a public or social concern.

This purposeful sample was used to satisfy the specific needs of this research (Robson 2002) which involved the selection of three claims-making groups consisting of two owners per group: sociologists, public interest groups, and the credit card industry. Each claims-maker chosen filled a specific need in the research to construct three claims-making groups. While limiting the data may lessen the breadth of this research, it does give opportunity for more depth because of its qualitative focus allowing for a detailed examination of the small sample chosen. Further, this research is somewhat exploratory in the sense that such a sociological perspective has not been used on this issue before.

Causal and political responsibility guide the analysis and focuses examination on specific claims directed at college students and credit cards. I have discussed historical and social factors I think brought about claims concerning college student credit card issues. As the historical shift in attitudes of credit changed, there was also a structural transformation of the economy. Further, changes in usury laws and banking deregulation led to the credit card industry marketing to college students. With the majority of college students now having credit cards, claims-makers became concerned with college student credit card issues, referring to "what is" and "what ought to be" regarding these issues.

As Gusfield (1981) asserts, both causal and political claims are made concerning who is responsible for a public issue. These claims are to be viewed as subjective. It is the claims themselves that are the data for analysis. This research is not attempting to find an empirical causal relationship through hypothesis testing. This is a macro theoretical attempt seeking to describe the causal and political responsibility claims and counterclaims among claims-making groups concerning college student credit card issues.

The owners are divided into three groups of claims-makers (see figure 1) as my primary materials for data analysis (APPENDIX A). The data being analyzed are claims concerning college student credit card issues within the past 10 years. I believe these three groups gave the best depth to this discussion because of the availability of data. They also represent (ideally) three different voices in claims-making. When creating a purposeful sample, I attempted to collect data that fit the method and theory of this research (Robson 2002).

Figure 1. Owners/Claims-makers

Sociologists	Credit card companies	Public interest groups
Robert Manning	Visa	Consumer Federation of America
George Ritzer	MasterCard	Public Interest Research Group

Sociologists

I chose Robert Manning and George Ritzer because they are the only two sociologists who discuss the public issues of college students and credit cards. Robert Manning was chosen for the research because he is an economic sociologist who specifically researches college student credit card issues. In collecting data for Robert Manning (2000), I first acquired his book *Credit Card Nation*. From this book I found other sources of data, including Manning's website (creditcardnation.com) and Congressional testimony. I also performed a search throughout the various databases (e.g. nexus lexus, sociology abstracts, etc.) containing scholarly literature that our University offers, using Robert Manning's name as the key phrase, but found no other data. Next, I searched through Robert Manning's website looking for literature that dealt with college student credit card issues and my research question. No search engine was provided on the website so I thoroughly examined the site. Subsequently, I located the two Congressional testimonies cited within his book.

Also, Manning has two published studies available via his website, but both for a cost. After reviewing and analyzing the sources of data I acquired from the book, website, and Congressional testimony, I found them to be exhaustive in the claims Manning was making. Further, Manning drew upon those research papers for claims made in all the other data collected, so I was convinced the purchase of the two research papers were an unnecessary expenditures. They also fell outside the criteria of my design for data collection.

George Ritzer (1995) was hosen because he is the first sociologist to address credit card issues within sociology, in his book *Expressing America.* While his primary discussion in this book is how credit cards have become a social problem within the United States, he does address issues concerning college students and credit cards. Although this book is not specifically about college student credit card issues, it is a primary source of data because it is the first time college students and credit cards are addressed as a public issue within sociology. I also investigated the aforementioned databases for other scholarly literature Ritzer may have published on the topic and found no additional data.

Credit Card Issuers

Visa and MasterCard were chosen as claims-makers for two reasons. First, they are the two largest issuers of credit cards in the United States, not only to the general public, but also to college students. Second, there is a plethora of public information available from Visa and MasterCard in popular literature and websites addressing college student credit card issues that can be examined for claims about college students and credit cards.

I first performed an internet search for information pertaining to Visa and MasterCard, locating four relevant internet sites for data (see figure 2). Within three of the four websites, there was a search engine where I performed a search on keywords: college student, college, and college student credit cards. Further, I searched through each website specifically looking for any data that would pertain to my thesis statement. I read through all "hits" pertaining to college students. The credittalk.com website did not have a search engine so I thoroughly examined the website. I also used specific articles for data from the historical review that had claims concerning college student credit card issues. From the combination of these sources, I was able to collect an account of causal and political responsibility that was exhaustive concerning claims about college student credit card issues.

Figure 2. Credit Card Issuers

Visa websites:	MasterCard websites:
http://praticalmoneyskill.com http://visa.com	http://credittalk.com http://www.mastercard.com

Consumer Interest Groups

The public interest groups Consumer Federation of America (CFA) and Public Interest Research Group (PIRG) were chosen as claims-makers who specifically address college student credit card issues. Information is available from both groups on their organization websites (http://www.pirg.org and http://www.consumerfed.org). Their research has been widely cited throughout other literature and I therefore thought these two public interest groups were logical choices for my data collection.

The PIRG website had no search engine, so I performed a thorough search of the website, looking for any data that would pertain to claims concerning college student credit card use. Also, I performed an internet search for any other information I could locate pertaining to this organization. This aided me in the location of the website for Maryland's PIRG where another research project was found and utilized as data.

The CFA website contained a search engine, so I used key terms: college student and credit cards, college student, credit cards, college and credit, and financial literacy and college student. I also looked through new press releases and information concerning money issues. A further search was performed on an internet search engine to locate any other data sources.

The reason for choosing these three groups of claims-makers is the public availability of data and the direct relationship the literature has to my research question. Further, they are three owners of this public issue at this current time in the United States that have legitimate power, authority, and/or trust among the public. They all possess credibility regarding the issues of college students and credit cards (Gusfield 1981).

Data Analysis

My analysis and construction of the attribution of causal and political responsibility was carried out along two main lines after an examination of empirical findings (APPENDIX B). In the examination and coding of the data, I took a thematical approach (Manning and Cullam-Swan 1994). I looked for specific keywords[20] (see figure 3) to locate causal claims and then coded them by highlighting them in yellow (to represent causal claims or counterclaims). For the second step of gathering empirical data related to political claims, I took the same approach with key words (see figure 3) and then highlighted these in blue (to represent political claims or counterclaims). This information was then transposed (on paper) into two indexed sections of causal and political claims (counterclaims) for reference with the page number placed next to each claim and the indexed papers were attached to the specific literature for reference.

The first step of data analysis consisted of comparing the structure of college student credit card issue claims within "ownership" groups. I examined the

[20] These keys terms are some of the most commonly used, but any others that may have applied in the readings were also coded if they applied to causal or political claims.

similarities and differences in the attribution of causal and political responsibility between Robert Manning and George Ritzer, between Visa and MasterCard, and between CFA and PIRG. The second step of data analysis consisted of comparing claims between groups, evaluating the structure of the college student credit card issues across the three ownership groups comparing the claims and counterclaims. I examined the similarities and differences in the attribution of causal and political responsibility between sociologists and the credit card industry, sociologists and consumer groups, and the credit card industry and consumer groups.

Figure 3. Causal and Political Keywords

Causal			Political	
is was has might	are will does(n't)	have won't could	ought do(n't) must	should(n't) suppose have to

The approach taken in these two steps can be compared to the way a doctor might approach a health issue. First, there is a description or diagnosis of the problem, this is the causal attribution. For example, people get cancer due to cigarette smoking and ideally they should not smoke. Next, the doctor must prescribe a treatment, or what ought to be done, the government should restrict sales of tobacco and people should quite smoking. This step is the political attribution. Simply put, it is the belief about a situation I coded as causal (what is) and the locus of responsibility (what ought to be) I coded as political.

The next step in the analysis was to compare the data. For this step I used index cards divided into sections and wrote terms that described causal and political claims. The chart (APPENDIX C) in the data analysis section was constructed from these index cards and is a good example of how I put the data together for each comparison within groups, and then again for comparison across groups. It is from these coded articles, written indexes, and index cards that I performed my data analysis. The empirical findings were then separated into six sections of data analysis for discussion. This method of inquiry has created both strengths and weaknesses to the reliability and validity of the data analysis.

This method of inquiry limit's the reliability of the analysis of data by another researcher because it will not yield the same results that came from this research project. As a researcher I made an effort to be objective, but I realize there are limitations to my objectivity. The way I analyzed the data, no matter how objective I thought I was, may be influenced by factors such as: class, status, education, and historical location. To balance the subjectivity that exists, I used Gusfield's (1981) methods to approach and analyze the data. The fixed design of this method was used to aid my attempt to put aside subjective factors (Robson 2002). Schwandt (1994) claims that, through "the judicious use of method" (p. 119), subjectivity can be avoided. My approach to this research as described previously was prudently implemented in an attempt to avoid subjectivity.

However, "the knowledge that the world yields has to be interpreted by men and women who are part of that world" (Kincheloe and McLaren 1994:145). Indeed, I am part of that world as a researcher and my experiences of life will lead to some subjectivity. To analyze data outside my everyday experience and the world in which I live would "result in formal and deterministic theory" (Kincheloe and McLaren 1994:145). In effect, my lived experiences, class, values, and status in general have aided me in an analysis of the data. For example, if I had no understanding of credit cards, how could I understand the meaning of those claims (and counterclaims) made about college student credit card issues? While it is certain within the field of sociology is that some scholars deem subjectivity as negative. I believe the balance I tried to maintain between the subjective and objective offers strength to this research. Using a clearly fixed method to approach the data and my understanding about credits card and college students allowed for a strong, clear, and concise analysis of the data collected.

A weakness to this research is the use of a purposeful sample. This sample is relying on accessible data from claims-makers that fit the method of this research; this creates weakness in the design because the findings cannot be generalized to all claims concerning college student credit card issues and my research question. While qualitative research increases the depth and understanding of the data examined, it reduces generalizability (Patton 2002). I would have liked to access all claims and counterclaims concerning college student credit card issues but, I could not due to time and monetary constraints. The research would have become far too time consuming and too large in scale if I had examined and compared all claims. Moreover, a fair amount of these data require the payment of fees (e.g. membership website fees or subscription fees), therefore limiting its accessibility. Due to this, I purposely sampled the three groups I believe to best represent the scope of claims concerning college students and credit cards issues.

A second weakness to the study is a lack of content validity or the "degree to which a measure covers a range of meaning included within a concept" (Babbie 2001:G2). As already stated, this is a purposeful sample and does not cover all claims made about college student credit card issues. Ideally, it is desirable to cover all owners and claims concerning college student credit cards issues. I have chosen a sample I feel best represents the scope of claims and counterclaims concerning college student credit card issues for my method; as a result, I have weakened the content validity of this research.

One strength to this research would be the reliability of a content analysis; I have chosen only to examine information that anyone can retrieve with little to no expense. "The data are in permanent form…allowing reliability checks" (Robson 2002:354). This gives other researcher the ability to examine and verify the claims I have collected for data. Also, there is face validity, or "the quality of an indicator that makes it seem a reasonable measure of some variable" (Babbie 2001:G4), concerning the collected data. For example, while other researchers may not agree upon "ownership" and "responsibility," it can be agreed upon by other researchers that these claims revolve around college student credit card issues. Another strength to the research is that it is an unobtrusive content analysis of public data, meaning that I "can 'observe' without being observed" (Robson 2002:354). Further, there is little reason to believe harm could come to any claims-maker because the data being examined is publicly available.

Conclusion

There are both strengths and weaknesses to the described research method and operationalization. However, I believe this research is important to the sociological body of knowledge despite its limitations, for three reasons. First, there has been limited research concerning college student credit card issues within the field of sociology. Second, this research furthers social inquiry concerning public problems. Finally, with the majority of college students obtaining credit cards, it is a public matter worth further examination to better understand the implications and claims made about causal and political responsibility. As a researcher it is my intention to add to the sociological body of knowledge, hopefully, creating further inquiry and interest into college student credit card issues.

CHAPTER 5

DATA ANALYSIS

Introduction

The focus of this section is to examine the causal and political claims (and counterclaims) in reference to college student credit card issues. First, I investigate of the causal and political claims within groups; secondly, a comparison across groups of claims-makers will be made (See APPENDIX A). The causal analysis will be a diagnosis of assertions concerning college student credit card issues. These assertions are a belief or cognition about existing situations concerning college student credit card issues. These claims are not necessarily factual, but framed from a subjective stance amongst these groups. As Gusfield (1981) has noted, causality/causal claims are ambiguous, open to numerous interpretations. They are moral assertions from claims-makers about a specific situation.

Furthermore, these claims are cognitive beliefs about the causes of a given situation. Gusfield (1981) maintains you need both the moral and cognitive for the composition of a public issue. The political analysis is the prescription of how to alter the situation previously diagnosed by claims-makers. According to Gusfield (1981), political claims place locus of responsibility and assert who is responsible for the management of the problem or issues. Sociologically, there is first, a theoretical assertion; and second, a method put into practice to close the gap between "what is" and "what should be."

Claims Within Groups

Sociologists: Manning and Ritzer

The first group of claims-makers I examine are sociologists, George Ritzer and Robert D. Manning. Currently, they are the only two sociologists who have examined college student credit card issues from a public issue standpoint. Both Ritzer (1995) and Manning (2000) claim that the historical social phenomena of the credit card has led to the creation of social problems within the United States. Ritzer (1995) was the first of the two sociologists to address college student credit card issues as a public problem. While the framework of his book, *Expressing America,* has a larger, societal focus, he does specifically address college student credit card issues within the text. Manning has researched credit card issues on both a societal level and performed specific research concerning college student credit card issues.

Luring the Illiterate

The primary causal claims of Manning (2000) and Ritzer (1995) concerning college student credit card issues focus on credit card companies (these issuers are bank and other corporations that issue Visa and MasterCard credit cards) marketing to college students. They both claim that college students are the focal point of credit card companies through mass marketing because of issues such as brand loyalty, revolving debt, and an immediate increase in their business revenue. Further, they believe credit card companies target students because if students indebt themselves beyond their means, parents will likely bail them out of debt. Credit card companies in effect, are socializing students to a life of imprudence through their mass marketing and advertising. Ideally, the youth of our society should not be taken advantage of in this way in our society. If anything, our youth should be protected from these credit card firms.

According to Ritzer (1995) and Manning (2000), credit card companies use mass-marketing techniques to enlist students into the world of credit. First, there is marketing on campus to students. "To recruit college students, credit card firms are advertising heavily on campus, using on campus booths to make their case and even hire students to lure their peers into the credit card world" (Ritzer 1995:13).

Additionally, Ritzer (1995) and Manning (2000) assert these credit card firms entice college students with gift offers and discounts via retail stores or travel firms and with advertisement by mail and through on campus media. Credit card companies use the current economic historical situation of America's indebtedness, both public and private, as a mechanism to justify the acceptance and use of credit cards. The belief between Ritzer (1995) and Manning (2000) is that socialization and acceptance of credit will indebt college students beyond their means. Further, they will become brand loyal to these companies as "revolvers."

One of the main distinctions between Manning and Ritzer's work concerning credit cards as previously mentioned is that Ritzer's research and focal point is society. Due to the fact that Ritzer's (1995) book is about credit cards in "modern America," the focus on college student credit card issues is minimal. College student credit card issues are used as examples of how the "credit card industry has created problems for people" (Ritzer 1995:12). This, however, does not necessarily make him a "disowner" of college student credit card issues, but more an owner of societal credit card issues.

Manning takes his research and claims further when it comes to being an "owner" of college student credit card issues through his research, appearances before Congress, and maintenance of an internet website devoted to credit card issues. Manning's main claim throughout the literature is that college students are financially illiterate. While he never uses the phrase "social problem," it can be interpreted that way by the language he uses throughout the data. Manning consistently claims that credit card companies prey on college students through their naiveté of credit card use. In a prepared statement to the U.S. Senate, Committee on Banking, Housing, and Urban Affairs (2002), Robert Manning and Caroline Werner Gannet[21] claim that there is a "shockingly low level of financial literacy among our youth" (p. 42). Manning and Garrett assert this is the main reason the credit card industry markets to college students.

> Clearly, the lack of financial education/literacy and parental oversight of students' purchasing decisions (especially over the Internet) encourages the credit card industry to market their products to increasingly younger students in the pursuit of higher profits (U.S. Senate 2002:46).

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[21] Robert Manning was the person who made the actual address to the U.S. Senate and in the forthcoming discussions of both the U.S. Senate and U.S. Congress.

In a similar prepared statement made by to the U.S. House of Representatives, House of Financial Service Committee (2003) Manning Garrett said: "shockingly low levels of financial literacy among our youth" (p. 1). Further on in the address, there is another claim about the credit card industry focusing its marketing toward college students because they lack financial literacy: "what is striking is the acknowledgment of the credit card industry is that college students are a desirable market because of their ignorance of personal finance and their lack of consumer debt" (U.S. House of Representatives 2003:6).

Another example concerning the lack of financial literacy is in Manning's (2000) book, *Credit Card Nation*, where he devotes an entire chapter of personal narratives as examples of how college students are taken advantage of by the credit card industry and lured into indebtedness. These stories all revolve around the theme of how these students, or previous students, became extremely indebted via credit cards due to financial mismanagement.

Robert Manning claims throughout his book that college students are financially illiterate and the credit card industry takes advantage of them, offering credit and creating "revolving" creditors. This, in effect, creates the social problem of debt and other personal troubles from that debt that lead to

> dropping out of college (misclassified as academic casualties), health problems (physical and emotional), family conflict, bankruptcy, job rejections (due to poor credit histories), loan denials, inability to rent apartments, professional school rejection, and even suicide (Manning 2000:160).

Manning (2004) also claims colleges share in the causal responsibility of "what is."

> College administrators have not been passive bystanders. Marketing agreements

> have proliferated on college campuses which grant credit card companies exclusive promotional access to students in exchange for millions of dollars. This is especially common at public institutions...it is noteworthy that none of these "royalties" from these lucrative contracts have been used to fund financial literacy or debt consolidation programs (P. 2).

Ritzer makes no such claims about universities, but this may be a more recent trend and therefore unknown to him at the time of his publication.

The message is---college students are taken advantage because they are young and naïve. Credit cards firm recognize and take advantage of this situation. College students should not be taken advantage of in this fashion, but fall victim because both colleges and the government have failed them. College is a time when students are suppose to become independent, not fall victim to a lifetime of debt.

Restrict and Sanction the Unrepentant

Political responsibility claims concerning college student credit card issues between Manning and Ritzer vary on how to alleviate these social problems of low levels of financial literary and debt. Since Ritzer uses college students as an example, he only offers one prescription of what should be done. That is for the credit card industry to "cease immediately the escalating efforts to recruit high school, and perhaps even college students" (Ritzer 1995:82). While Ritzer makes many other assertions of what should be done and by whom for society as a whole, this is the only specific claim regarding college students. Ritzer's other political claims could easily be directed toward college student credit card issues, but he never specifically states this.

Robert Manning, on the other hand, makes assertions of how to alleviate these issues. In the prepared testimony of Manning and Garrett, the prescription to the current situation has many facets; two claims illustrate this best. First, "it is imperative that college administrators begin to formulate a code of conduct that is enforceable and with effective sanctions on unrepentant credit card marketers" (U.S. Senate 2002:49). Secondly,

> without legislative restrictions on credit card marketing and the implementation of objective, practical, and effective financial literacy/education programs in high school and in college, the student credit card debt problem will become a social crisis of far greater proportion (U.S. Senate 2002:50).

Another suggestion by Manning is to parents, which is to teach their children financial literacy. "It is imperative for parents to discuss the potential social and economic consequences of debt-based consumption with their children as soon as they are able to recognize advertising messages that define the pop culture to our youth" (Manning 2004:2). These are the full extent of Manning's claims within the data discussed.

Within this section, I have described both Manning and Ritzer's causal and political claims concerning college student credit card issues. In general, they are relatively similar in causality; both see the credit card industry as the causal factor for a social problem of student debt. Further, both argue that college students are financially illiterate, but do not necessarily focus on who is responsible for that debt. No specific attribution of who is responsible for financial illiteracy is made by Ritzer. Manning believes schools, parents, and Congress all have a responsibility to aid these children, but he clearly believes that the credit card industry is taking advantage of students.

Political responsibility varies between Manning and Ritzer. Ritzer believes the credit card industry should make changes in marketing. Manning does not believe this will happen with large profit revenues to be made. Manning prescribes that schools (both college and K-12), parents, and the U.S. government take action. They have the task to create financially literate consumers who can use credit wisely.

Credit Card Industry: Visa and MasterCard

Visa and MasterCard are the two largest issuers of credit cards within the United States (Mandell 1990). An examination and comparison of causal and political responsibility claims between Visa and MasterCard yields similar results when viewing how they address issues concerning college students. In this section, I will discuss the similarities and differences between Visa and MasterCard regarding claims of causal and political responsibility regarding college student credit card issues.

Good Credit Equals Fiscal Fitness

Visa and MasterCard believe college students are responsible adults who use credit cards responsibly. They pay their bills on time and therefore have every right to have credit cards, there are no issue to discuss. Visa and MasterCard spokespersons, Susan Murdy and Charlotte Rush (1995), claim that 97 percent of students pay their bills on time and 55 percent of these students are convenience users. Sean Healy, a spokesperson for MasterCard, claimed in 1996 “it’s critical for young adults to be able to build a credit history and we play a valuable role in that” (Geraghty, 1996:A37).

> A credit card enables students to establish a credit history that can be used not only to obtain other forms of credit upon graduation, such as a car loan, but can be reviewed by landlords in apartment rental decisions and by employers, who see a stable credit history as a favorable criteria [sic] for employment. In fact, according to a Roper College Track, the main reason students say they want a credit card is to establish a positive credit history (Murdy and Rush 1995:13).

Visa and MasterCard argue that students realize the importance of credit cards in building their credit history (Dodge 1991a). Visa and MasterCard believe that the current environment of college student credit card issues is not a social problem.

Visa and MasterCard both recognize that financial literacy is an important tool in money management skills. On all four internet websites analyzed the credit card companies offer budgeting tools. While mastercard.com does not specifically address college student budgeting, they claim to offer a service to college students, “giving students and families increased flexibility and the ability to manage money” (MasterCard 2004b:1).

The other three websites, visa.com (Visa 2004a), practicalmoneyskill.com (Practical Money Skill 2004a), and credittalk.com (Credit Talk 2004a) make similar claims about offering their services. They profess to help build college students’ credit histories, which will benefit them throughout their lives. For example, Visa (2004b) states, “your credit history stays with you wherever you go. And it’s easily available to very important people in your life, like landlords, employers, and car loan companies” (p. 1). The Practical Money Skill (2004b) website states, “using credit wisely is critical to building a solid credit history and maintaining fiscal fitness" (p. 1). Credit Talk (2004b) claims

> while "good credit" can mean different things to different lenders, if you have what's considered to be "good credit," it can be very beneficial to your financial future. Good credit is determined primarily by information found in your credit report. What it says about you is one of the most important factors in achieving financial independence. Lenders rely on credit reports to determine if you are likely to repay a loan for a home or car, or if you can handle credit cards or store credit (P. 1).

All three of the previously mentioned websites discuss the importance of the student creating a budget and a good credit history. Clearly, there is a belief here that students are responsible for building their credit histories and Visa and MasterCard claim to assist in this function.

We're Doing Our Job, are You Doing Yours?

According to Visa and MasterCard, if there is political responsibility for debt, it lies with the schools, parents, and the individual. However, Visa and MasterCard make no claim to debt being a problem among college students. Visa and MasterCard claim they are being responsible through their internet websites. Within these websites they offer tools for teachers, parents, and college students to build financial literacy and ensure good credit. Visa offers a budget worksheet (2004c) and a breakdown of how to understand a visa billing statement (2004i), suggests saving techniques (2004d), budgeting resources (2004e), a credit quiz (2004f), credit resources (2004g), and credit facts (2004h). On Visa's, practicalmoneyskill.com, there are lesson plans for college instructors to teach money management (Practical Money Skill 2004c). Visa claims their "program reaches more than 2.5 million educators and

37 million students across the county -- and is growing everyday" (Practical Money Skill 2004d:1). Practicalmoneyskill.com is one part of Visa's commitment to enhance personal finance skills amongst consumers (Visa 2004j).

Similarly, MasterCard offers money management skills on credittalk.com, such as a credit calculator (2004c), a budget worksheet (2004d), payment advice (2004e), budgeting tools (2004f), tips for saving money on campus (2004g), and ideas about how getting money management advice from parents (2004h). MasterCard's websites are not as extensive in content as either of Visa's websites.

Throughout these websites the message is prevalent that schools and parents need to do their share to create financially literate citizens because these credit card companies have given them the tools. Visa and MasterCard are "agitators," dismissing the college student credit card issue. In effect, they are making a counterclaim to the public that there is no social problem concerning financial literacy or debt among college students. Visa and MasterCard believe they are offering opportunities for college students. The causal claim for both companies is that college student's use of credit cards is a wise decision for building a good credit history that will aid them in their futures. There is no political claim or prescription because credit cards can only be harmful if students have poor money management skills and most do not; they pay on time (Murdy and Rush 1995).

Consumer Interest Groups: Public Interest Research Groups and Consumer Federation of America

The PIRG and CFA are consumer interest groups that work for the public's interest concerning a variety of social issues within the United States. Both of these public interest groups focuses on a variety of public matters, including college student credit card issues. In this section, I will examine the causal and political claims asserted by these public interest groups that focus on college student credit card issues.

Credit Trap: Hunting for the Illiterate

The causal claims of both PIRG and CFA are similar in many respects. One claim they share is that credit card companies market too aggressively toward college students. A PIRG study news release from spokespersons Hitchcock and Mierzwinski (2001) states, "credit card practices are misleading and deceptive; and card marketing to college students is too aggressive" (p. 1). Other PIRG research concerning college student credit card issues utilizes phrases such as "sleazy marketing" (1998), "aggressive marketing," "misleading practices" (Public Interest Research Group 2004a; 2004b), "predatory in lending," "manipulative marketing practices/schemes" (Public Interest Research Group 2004a), and "slick marketing" (Hystad and Heavner 2004) to describe college student credit card issues. Credit card companies market to college students hoping to create long-term "brand loyal" customers (Hitchcock and Mierzwinski, 2001). According to PIRG (2004a), credit card industry research indicates that young adults who obtain credit cards remain loyal to these companies for years. The credit card industry wants to secure their loyalty at the earliest age in order to increase company profits as these students leave colleges and enter the job market.

CFA uses similar terminology in the discussion of marketing to college students. In a letter to the U.S. Congress, CFA (2002) claims credit card marketing practices to be "reckless and predatory". In two CFA reports similar terminology of "aggressive lending practices" is used (Gillis and Plunkett 2002; Plunkett and Brobeck 2001). Finally, in a problem statement written by the CFA (1998) "overly aggressive marketing" is stated.

The discussion of overly aggressive marketing revolves around the idea that students have little financial literacy and, due to aggressive marketing, they obtain credit cards and go into debt. Both PIRG and CFA agree that students lack financial literacy. Within the PIRG (2004b) literature there is a message that students lack financial literacy; here is an example: "Their aggressive marketing, coupled with students' lack of financial experience or education, leads many into serious debt" (p. 6). In *The Credit Card Trap* (Public Interest Research Group 2004a) PIRG states, "that young adults lack the knowledge necessary to successfully manage their own finances" (p. 7). Hystad and Heavner (2004) also make similar claims in their research: "students often fail to understand even the basic fact that a credit card is a high interest rate loan" (p. 13). This lack of understanding leads the student into debt.

The PIRG (2004a) offers evidence of overly aggressive marketing in its

Credit Card Trap Report, claiming 58% of students "reported seeing on-campus credit card marketing tables for a total of two or more days within the first two months of the college semester. 25% report seeing on-campus tables more than five days" (p. 14). On out of three of those students applied for credit cards on campus and 48% of them paid late fees (seven percent have had their cards cancelled). This directly reflects the PIRG claim of students going into debt from marketing on campus.

In another claim PIRG (2004c) states "more than half of students (61%) responsible for their own bill reported they had obtained cards at a campus table while fewer than half of those who reported that their parents helped with payment (41%) obtained cards at tables" (p. 1). Other than long-term debt, the only other claim made by PIRG (2004d) about the negative impacts of credit cards on college students is in relationship to creating a bad credit history through late payments. The PIRG never specifically claims that the lack of financial literacy or debt is a social problem, but their discussion of debt leads me to believe that is what is implied.

The CFA (1998) also claims students are not financially sound with credit cards. "American consumers are burdened with high levels of credit card debt, due in part to overly aggressive marketing of credit cards to high risk borrowers and inexperienced students" (p. 1). Another illustration of the poor financial literacy claim is demonstrated in a brochure distributed by the CFA (2002) concerning the financial literacy among youths. This brochure states that high school seniors "answered correctly only 42% of the questions about, banking, insurance, housing, cars, and food" (p. 1). CFA makes other claims about college students beyond the lack of financial literacy and indebtedness. Gillis and Brobeck (1999) claim in their CFA press release "debt imposes large and varied costs on students" (p. 2). Problems that arise from credit card debt include embarrassment, family tension, academic failure (dropping out of school), trouble gaining employment after graduation, anxiety, emotional crisis, and suicide. Debt and lack of financial literacy appear to be a social problem within CFA discussion, but the exact phrase "social problem" is not used.

According to the PIRG and CFA, the credit card industry markets too aggressively to college students and they should not have to face such pressures. Students do not have the financial understanding needed to manage their credit properly, which leads to a host of other problems for them, especially debt. The responsible party for these college student credit card issues according to the PIRG and CFA is primarily the credit card industry. However, the PIRG and CFA believe there are other groups causally responsible for college student credit card issues.

Both the PIRG and CFA claim that colleges are also responsible for college student credit card issues. The PIRG (2004a) claims universities work hand in hand with the credit card issuers, providing student information to the credit card issuer in return for a lump sum payment to the school and/or a percentage of revenue from charges made. Hystad and Heavner (2004) claim a similar finding in their research of 12 colleges in Maryland. Two Maryland schools sell student lists to credit card firms and others schools have exclusive marketing arrangements with a credit card issuer. Also, the CFA claims college administrators are failing students by taking subsidies from these credit card issuers. “Many colleges and universities not only permit aggressive credit card marketing on campus; they actually benefit from this marketing” (Gillis and Brobeck 1999:2). When students enter colleges they should be able to rely on the university to protect them, not sell them out for profit.

According to the PIRG and CFA, Congress is also culpable in regard to college student credit card issues. The PIRG has two almost identical claims “Congress has failed to enact meaningful credit card market reform” (Hitchcock and Mierzwinski 2001:2) and “Congress has failed to enact meaningful reform” (Public Interest Research Group 2004a:4). They further claim college students and others will be negatively impacted by new bankruptcy legislation introduced to Congress (by credit card companies and the banking industry). There will be less chance for people (including students) to get out of debt from bankruptcy because the debt owned to credit card companies will have to be paid within a five-year period (Gillis and Plunkett 2002).

It is clear that the CFA and PIRG see college students as the victim of the credit card industry. Students enter colleges where they ideally should be under the protection of those institutions, but instead are sold-out by them. While this is happening, Congress fails to act, instead siding with the credit card industry. College students become victims during a time they should be transforming into productive citizens who gain from a college education, not become indebted.

Sanction Those Who Will Not Sanction Themselves

The PIRG and CFA argue political responsibility falls on Congress, colleges (and administrators), and credit card issuers. However, there are differences between the PIRG and CFA concerning political responsibility. The CFA's claims call for much less intervention in comparison to the PIRG concerning Congress and colleges. As for credit card issuers, there is only one claim that can be found in the data for both the PIRG and CFA. Credit cards companies should act responsibly setting credit limits on revolving credit for college students (Gillis and Brobeck 1999; Hystad and Heavner 2004). The PIRG also claims students should take political responsibility themselves and become more informed to stay out of debt. The CFA makes no direct claims of what students should do or should not do.

The PIRG (2004e) has created a list of recommendations of what Congress should do to alleviate problems associated with college student credit card problems. Congress should not support industry initiatives by the credit card companies and the banking industry that attempt to reform bankruptcy laws. Instead, Congress should support strict legislation that would put restraints on credit card companies. Congress should also hold hearings concerning college student credit card issues and students' rising credit card debt. Furthermore, Congress should prohibit mailing of unsolicited credit cards applications. Hitchcock and Mierzwinski (1998) claim, "Congress should impose tough sanctions on misleading and deceptive credit card practices" (p. 1).

Further recommendations from Hystad and Heavner (2004) are that

> Congress should enact a national interest rate cap for credit cards, require higher minimum payments, require disclosure of length of time it will take to pay off the account if only the minimum payment is made, place limits on late fees and penalty interest rates, and prohibit penalty interest rates for late payments to other creditors (P. 16).

The CFA (2002) has only one claim in the data examined about what Congress should do and that is to reject the bankruptcy legislation introduced by the banking and credit card industries.

Political responsibility also lies in the hands of college administrators, according to the PIRG and CFA. The PIRG claims colleges should review policies concerning on campus solicitation and put limitations on credit card issuers who solicit on campus. They should prohibit high-pressure marketing practices. Colleges should make debt education material more accessible to college students, including debt orientation programs to college freshmen (Hystad and Heavner; 2004; Public Interest Research Group 2004a; 2004e). Furthermore, colleges should restrict the selling of student name lists to credit cards firms (Hystad and Heavner 2004). The CFA claims that colleges should "not accept subsidies from issuers, should severely restrict credit card marketing, and should insist that *quid pro quo* for marketing is effective financial education for cardholders, especially during freshman orientation" (Gillis and Brobeck 1999:4). This is the only recommendation within the literature that the CFA makes.

The final claim of political responsibility that the PIRG and CFA have in common is the claim concerning credit card issuers. Hystad and Heavner (2004) claim that "credit card companies should act responsibly and set reasonable credit limits for college students, so that students will be less likely to be overwhelmed with high credit card balances" (p. 16). The CFA claims that credit card issuers should "limit the total revolving credit extended to the individual student (certainly to no more than 20 percent of their incomes unless parents co-sign for the debt)" (Gillis and Brobeck 1999:4).

The PIRG (2004c) claims that college students must be politically responsible for themselves; they should shop around for the best card offer, obtaining only one universal credit card, pay off the balance monthly, keep a low credit limit, and avoid cash advances. Students should consider the risk and benefits before applying for a credit card (Public Interest Research Group 2004e). The PIRG (2004f) claims it is up to students to protect themselves because not many other people or groups are looking out for their interests.

Conclusion

Within this section, I have described both the causal and political responsibility claims of the consumer interest groups. In general, they are relatively similar in both causal and political claims. With respect to "what is," credit cards firms market college students too aggressively. They are vulnerable because of a lack of financial literacy, which leads them into debt. Colleges are "selling out" their students and Congress sits by idly. As for "what ought to be," Congress and colleges should take more responsibility so students will have good money management skills and, in turn, will be less likely to go into debt. Credit card firms "ought" to act more responsibly in marketing in an effort to keep students out of large-scale debt. While the PIRG has made more causal and political claims, both the CFA and PIRG appear to have a similar focus concerning college student credit card issues. The one main difference is that the PIRG claims college students should also take political responsibility for themselves. Both groups mention each other within their works and appear to work together on political issues. That may be why the claims are so similar.

Claims Between Groups

Sociologists and the Credit Card Industry

In this section, I compare the causal and political responsibility claims of sociologists (Ritzer and Manning) to the claims of the credit card industry (Visa and MasterCard). Ritzer (1995) and Manning (2000) both claim that the college student credit card issue, or debt and a lack of financial literacy, has become a social problem due to the mass marketing of credit cards. They claim the credit card industry is the main perpetrator in the construction of this problem. Visa and MasterCard, on the other hand, counterclaim that college students are financially responsible adults who deserve an opportunity to build their credit history.

Lured? Or Hooked by Themselves?

According to Ritzer (1995) and Manning (2000), credit card companies use mass marketing techniques to lure college students into obtaining credit cards. While Ritzer (1995) makes no specific claim about the financial literacy of college students, he does claim credit card companies are "getting them hooked while they're young" (p. 12). And according to Manning (2000), youth are "the most profitable niche of the credit card market" (p. 5). Credit card companies market to students for brand loyalty and the prospect of long-term revenue that college students may bring (Manning 2000; Ritzer 1995).

Manning (2000) claims credit card companies intentionally take advantage of the lack of financial literacy of college students in an attempt to indebt them. He also claims universities share responsibility because they are profiting from revenues given to them from affinity cards (with their logo), while providing little financial information to students (Manning 2000; Manning 2004). In both prepared statements to Congress, Manning makes claims about "shockingly low levels of financial literacy among our youth" (U.S. Senate 2002:42; U.S. House of Representatives 2003:1). According to Manning, indebtedness among college students leads to many other personal troubles for college students; it "can create a host of emotional and psychological problems…with shocking results of naïve twenty-somethings: rejections for apartment rentals, home mortgages, auto loans, car insurance, graduate school loans…" (Manning 2004:1). Ideally, college students should not face the pressures of becoming indebted from credit cards before they have even had an opportunity to become more financially literate.

Visa and MasterCard make no real claims of causal responsibility. There is never a discussion of their marketing techniques. In fact, Visa and MasterCard counterclaim they are offering a service to college students by marketing to them and giving them an opportunity to build a credit history (Geraghty 1996; Murdy and Rush 1995). Perhaps not coincidentally, Murdy and Rush (1995) and Geraghty (1996) published articles in *The Chronicle of Higher Education in* the year that Ritzer's *Expressing America* was published and in the year following its release as well.

If causal responsibility lies anywhere, Visa and MasterCard implicate students are causally responsible because of their lack of money management skills. On all four of the credit card websites examined, there is recognition of the importance of money management. MasterCard (2004c) claims they "can help you with money management ideas and a card that suits your lifestyle" (p. 1). The Credit Talk (2004i) website states "financial management is a crucial part of planning for and successfully completing college" (p. 1). Visa (2004k) tells students they will find everything they need concerning money management on their website. Practical Money Skill (2004d) "is a free website designed to help educators, parents and students practice better money skills for life" (p. 1). Visa and MasterCard make counterclaims about college student financial literacy, stating, that students "recognize the responsibility of managing their personal finances" (Murdy and Rush 1995:14). Visa and MasterCard also claim they work with colleges to educate students about the importance of financial literacy via their websites and through school programs (Murdy and Rush 1995, Visa 2004k).

The difference between the sociologists and the credit card companies concerning causal responsibility is vast. Sociologists claim that mass marketing lures students into obtaining credit cards and the credit card industry counterclaims that marketing to students is a service. Manning, in particular, claims colleges are partially responsible for college students' lack of financial literacy and debt problems, while the credit card companies counterclaim they are working hand-in-hand with colleges to aid students. While credit card companies do recognize that poor financial management can lead to poor credit histories, they do not make any claims about emotional or psychological stress as Manning mentioned. It is clear that these two groups have a different belief about "what is" in the current situation concerning college student credit card issues.

Obligation to Financial Literacy

The obligation of "what ought to be done" about college student credit card issues and the locus of responsibility concerning political claims differs between sociologists and credit card companies. Sociologists have different political prescriptions as to what policies should be enacted concerning college student credit card issues. Credit card companies do not claim there is a gap between "what is" and "what ought to be". They do not recognize the problems of debt and a lack of financial literacy. However, they claim to offer parents and educators the necessary instruments to teach future adults financial literacy.

Ritzer's (1995) one claim of political responsibility is that the credit card industry should immediately terminate its efforts to enlist a new consumer base at the high school and college level. Manning makes no direct claims toward the credit card industry; he instead directs his focus on colleges/universities and Congress, but he also believes the parent(s)s play an important role. First, Manning claims that college administrators should create stringent systems concerning credit card marketers and their access to students. Secondly, Manning urges Congress to create legislation restricting the relationship between credit card companies and young adults and to create financial literacy programs (U.S. Senate 2002). Finally, Manning (2004) claims it is essential for parents to teach their children an understanding of the consequences of debt based consumption. “What ought to be,” is that students should be financially literate to avoid debt. And the way to achieve this is by credit card firms to ceasing manipulative markets, Congress restricting credit card firms, colleges/universities intervening, and parents teaching their children how to manage money.

Visa and MasterCard would agree with Manning that it is important for children to learn the financial tools necessary concerning debt. In addition, just like Manning, they offer web-based information on how to manage money. Unlike Manning, all the information within these websites (visa.com, mastercard.com, credittalk.com, and practicalmoneyskill.com) is free. Manning offers informative financial tools, but there is a cost involved (via credit card) for access to certain information (creditcardnation.com).

Visa and MasterCard also hold similar beliefs to Manning about the importance of schooling and financial literacy programs (Murdy and Rush 1995). Manning claims legislative programs are still needed (U.S. Senate 2002), and Visa and MasterCard counterclaim they have set up financial literacy programs in schools from secondary up through the college level. Compared with Ritzer, Visa and MasterCard make a counterclaim to his argument that they should stop marketing. They claim to offer a service to students by marketing on college campuses. Ultimately, Visa and MasterCard do not claim to recognize a gap between "what is" and "what should be" and therefore make no real political claims. They recognize the importance of financial literacy, but do not recognize the social problem claims of sociologists.

In this section I compared sociologists to the credit card industry. Their claims of political and causal responsibility vary drastically. Many of the causal and political claims of the sociologists are in direct conflict with the credit card industry claims. Both groups have concerns about student indebtedness. However, while Visa and MasterCard claim they are offering a service, sociologists maintain there is a problem concerning students' lack of financial literacy which leads to a the problem of debt for college students.

Sociologists and Public Interest Groups

In this section, I examine the causal and political claims between sociologists (Ritzer and Manning) and consumer interest groups (PIRG and CFA). These two groups are similar in their claims concerning college student credit card issues. While the public interest groups make no specific claim of social problems concerning college student credit card issues, their claims are similar to sociologists who argue that the current environment of credit card marketing leads to indebtedness due to a lack of financial literacy.

Wolf in Sheep's Clothing

Concerning causal claims of responsibility, both sociologists and the consumer interest groups claim that credit card companies market too aggressively and this is not an ideal situation for financially illiterate college students. For example, Ritzer (1995) claims credit card companies are "getting them hooked," making reference to addiction or fishing. Manning claims credit card companies intentionally market to college students because of their naiveté (U.S. House of Representatives 2003). In other words, Manning is claiming college students are "duped" into debt. Similarly, the PIRG makes statements such as "predatory" and "misleading" (Public Interest Research Group 2004a). Credit card companies are the "wolf" in sheep's clothing and college students are the "sheep" being guided astray. The CFA claim "aggressiveness" and "predatory" (Consumer Federation of America 2002; Plunkett and Brobeck 2001). Again, the credit card companies are depicted as aggressive predatory animals just waiting to "swoop" down on their prey. The underlying message is that if credit card marketing was not so intense, college students would be less likely to fall prey to debt.

These claims revolve around the idea that students are ignorant to what is happening and the credit card industry is just trying to create brand-loyal "revolvers." According to Manning and the public interest groups, college students are financially illiterate. Students are the targets of aggressive marketing because they lack the skills needed to manage money (Public Interest Research Group 2004a); they are "inexperienced" (Consumer Federation of America 2002) and therefore the credit card industry jumps at the opportunity to create debtors (U.S. House of Representatives 2003).

Like Manning, the CFA claims other long-term consequences are associated with student indebtedness (Gillis and Brobeck 1999). In fact, they associate the same problems because they draw off Manning's research to make these assertions. Further, the CFA makes Manning's research available (at a cost) to the public via their website. The only negative consequence that the PIRG recognizes is long-term debt and the impact this debt can have on students. In fact, both sociologists and the consumer interest groups recognize that debt can lead to troubled credit histories. Both of these groups claim that the credit card industry is responsible for college student credit card issues, in part, because they are misguide financially illiterate youth onto the path of debt.

Another group that has culpability, according to the claims of Manning and the consumer interest groups, is colleges and universities. All three of these claim-makers recognize how colleges and universities have not only permitted aggressive marketing on campuses, but also have made marketing agreements with credit card firms (Gillis and Brobeck 1999; Hystad and Heavner 2004; Manning 2004; Public Interest Research Group 2004a). These agreements range from lump sum payments to universities for exclusive marketing agreements (e.g. naming a building the "Visa

Center" or establishing affinity cards) to the distribution of student lists to these credit card firms (Hystad and Heavner 2004; Public Interest Research Group 2004a). Ideally, Manning and the consumer interest groups contend that colleges should not aid in the marketing of credit cards to their students.

One difference between sociologist and public interest research groups is that the public interest groups also see the United States Congress as liable for college student credit card problems. They claim Congress has failed students by not enacting reform and, in fact, by supporting bankruptcy legislation that would negatively influence college students (Gillis and Plunkett 2002; Public Interest Research Group 2004a).

The overall message by these groups is that students are the victim who is preyed upon by the credit card industry while in college. While there should be institutions protecting them, such and Congress and universities, they instead look out for their best interests. College students face a lifetime of debt due to poor money management skill when they instead should be learning independence.

Setting the Standards and Teaching Financial Literacy

Political claims made by sociologist and public interest groups have many similarities. Manning and the public research groups both agree that college administrators must take action, limiting marketing access on college campuses. The PIRG and CFA, however, take these claims further and argue that colleges should also break their ties with the credit card companies, offer better financial literacy and education on campuses, and restrict the sale of student lists to credit cards firms (Gillis and Brobeck 1999; Hystad and Heavner 20004; U.S. Senate 2002).

Manning and the public interest groups believe Congress needs to take more action concerning college student credit card issues. Their political claims charge Congress with the responsibility to intervene with restrictive legislation to investigate and hold hearings on college student credit card issues (Hitchcock and Mierzwinski 1998; Public Interest Research Group 2004e; U.S. Senate 2002), and to restrict bankruptcy legislation introduced by the banking industry (Consumer Federation of America 2002).

Ritzer and the public interest research groups believe credit card issuers have a responsibility in the creation of student debt, but they make relatively few claims and Manning makes none about these parties. Ritzer (1995) states that credit card firms should stop marketing and soliciting to high school and college students. The PIRG claims companies should act more responsibly (Hystad and Heavner 2004). The CFA believes credit card firms should give students smaller credit limits to college students (Gillis and Brobeck 1999). While it is recognized by most claims-makers that credit card companies "should" do something (because they are partly responsible according to causal claims), there is little breath spent in making political claims. This may be because these claim-makers, including Manning by not making a claim, have little confidence that the credit card companies will take them seriously or that these companies will even enact any suggested reform.

One final locus of political responsibility for one of the public interest research groups (PIRG) is the college student. While Manning (2004) recognizes the importance of college student financial literacy and believes parents should be involved, the PIRG (2004c) claims students had better look out for themselves. The PIRG gives college students advice on their website (truthaboutcredit.com) regarding to credit card issues. This is similar to Manning's website (creditcardnation.com) in that it distributes information, but the PIRG site information is free to the public while Manning's website has restricted access.

In this section, I examined causal and political responsibility claims of sociologists and public interest groups. These groups clearly have similar claims of causality and who is politically responsible for college student credit card issues. Both groups believe credit card firms are luring students into obtaining credit and eventually indebting themselves by becoming "revolvers" and brand loyal customers.

Credit Card Industry and Public Interest Research Groups

In this section, I examine causal and political responsibility claims made by credit card companies (Visa and MasterCard) and the public interest groups (CFA and PIRG). Claims of causal and political responsibility between these two groups contrast significantly. According to the public interest groups, credit card companies are taking advantage of college students in a variety of ways. According to credit card companies, they claim to offer a beneficial service to college students.

Is it a Trap, or a Service?

According to the claims of public interest groups, college students are taken advantage of by the aggressive marketing of credit card companies. In addition, colleges are not only allowing this to happen, but they are in partnership with these firms (Gillis and Brobeck 1999). Credit card firms are using "predatory," "deceptive," "aggressive," and "misleading" practices that lead students into long-term debt because they have few money management skills, their aim is to create brand-loyal customers (Consumer Federation of America 2002; Hitchcock and Mierzwinski 2001; Public Interest Research Group 2004a). Additionally, students who obtain credit cards on campuses "carry larger balances and pay off their cards later than those who do not" and "run the risk of falling into the credit card trap" (Hitchcock and Mierzwinski 1998:1). Preferably, students should be going to college for long-term monetary benefits, not debt.

These previous descriptions leave one with images of an animal being hunted by a coy and intelligent nemesis, deceiving its prey and somehow trapping them into a lifetime of servitude. The PIRG and CFA also believe debt created by credit cards will in effect create a poor credit history, resulting in additional negative consequences (Gillis and Brobeck 1999; Public Interest Research Group 2004d). The CFA further claims that credit cards can lead to long-term emotional and psychological problems (Gillis and Brobeck 1999). The PIRG and CFA argue that college students should not have to fall victim to the plethora of marketing that is focused on them.

In opposition, Visa and MasterCard claim themselves to be providers of a service (Dodge 1991a). They argue that most college students use credit cards wisely and therefore should be given this service just like any other citizen who can manage credit (Murdy and Rush 1995). They believe that credit cards have become a necessity to build a credit history and maintain fiscal fitness (Practical Money Skills 2004d). Further, MasterCard and Visa discuss the importance of savings, not charging, on all four of their websites: practicalmoneyskill.com, visa.com, mastercard.com, and credittalk.com. For example, MasterCard claims "if there's no one motivation to begin an effective savings strategy, it could be that satisfaction of saving enough money for a special purchase or having extra money when an emergency arises" (Credit Talk 2004j:1).

There are clearly conflicting claims about students' financial literacy, savings, and debt between these two groups. Public interest groups claim college students have few financial management skills which eventually lead them into debt after they are lured into obtaining a credit card. The credit card companies claim students are financially responsible and do not overcharge. They claim a credit card is necessary to create a credit history and they are willing to help create that credit history via their website. They do not believe a problem exists.

The CFA and PIRG believe that not only are credit card companies responsible for the problems created by giving college students credit cards, but also universities and Congress share in that responsibility (Gillis and Brobeck 1999;

Hystad and Heavner 2004). Colleges are responsible because they set up exclusive marketing contracts with credit card companies and because they sell student lists to these companies when they should protect them instead (Hystad and Heavner 2004). Further, Congress has failed by not creating legislation to curb credit card companies' relationships with college students and by trying to reform bankruptcy laws (Gillis and Brobeck 1999).

Visa and MasterCard counter-claim that they are partners with universities in trying to educate and create financially literate students. According to Kelly Presta, vice president of corporate relations, "financial literacy is a priority for Visa, as evidenced by our dozens of consumer education programs" (Visa 2004l:1). "At many colleges and universities there is a growing acceptance of cards as a payment option, giving students and their families increased flexibility and the ability to manage money" (MasterCard 2004d:1). Visa and MasterCard believe their relationship with universities and colleges is mutually beneficial, while the public interest groups believe this relationship only benefits the university and credit card firm; it does not look out for the best interest of the student. Visa and MasterCard make no claims about Congressional law in any of the data I examined, but while public interest groups claim the federal government has failed, partly because is supported by the banking industry and therefore will not act against them (Gillis and Brobeck 1999).

Who is Really Responsible?

Claims of political responsibility are just as gapped when it comes to comparing these two groups. The public interest groups claim that Congress, credit card issuers, colleges, and students (by default) are politically responsible in closing the gap between "what is" and "what should be." Visa and MasterCard do not even claim there is a gap; they do believe that parents, teachers, and students are ultimately responsible for money management, but do not claim there is a problem or issue with the situation being discussed.

The consumer interest groups see card issuers as being responsible for college student debt and call for change by setting reasonable card limits (Gillis and Brobeck 1999; Hystad and Heavner 2004). This is the one political responsibility these public interest groups place on the credit card industry, while Visa and MasterCard never addresses this issue specifically. The credit card companies do claim the majority of students pay on time (Murdy and Rush 1995). Therefore, there would appear no reason for them to discuss this issue; they believe college students to be financially responsible already.

The PIRG and CFA also call for colleges to put an end to the practice of giving out student lists the creation of exclusive agreements with credit card issuers (Hystad and Heaver 2004: Gillis and Brobeck 1999). These universities should create financial literacy programs and accessible education materials for college students to gain the money management skills needed (Hystad and Heavner 2004; Pubic Interest Research Group 2004a; 2004d) As noted earlier, Visa and MasterCard both claim their relationship with colleges is mutually beneficial; they claim there is no problem to address (Murdy and Rush 1995). Further, they counterclaim that they provide “dozens” of educational programs that to students and universities can utilize (Practical Money Skills 2004e; Visa 2004l). Visa and MasterCard make no mention about obtaining student lists, but it could be interpreted that they would see this situation as a mechanism to give students an opportunity to start creating credit histories.

Consumer interest groups claim Congress should intervene in college student credit card issues, by holding Congressional hearings, imposing sanctions and laws on credit card companies, rejecting bankruptcy legislation introduced by the banking industry, and creating national interest rate caps (Consumer Federation of America 2002; Hitchcock and Mierzwinski 1998; Hystad and Heavner 2004). Visa and MasterCard make no claims about what Congress should do, nor do they mention bankruptcy legislation, which the public interest groups claim they endorse.

These two groups do agree that students should be informed about money management. However, the PIRG claims students should do this because no one is looking out for their best interests (Public Interest Research Group 2004f). Visa and MasterCard counterclaim that they are looking out for college students’ interests with the educational programs they offer. Further, they claim that parents and students should teach students the importance of money management (Murdy and Rush 1995; Practical Money Skills 2004e; Visa 2004l).

It is clear from the information discussed that these two groups agree on very little concerning causal and political responsibility claims. Both groups recognize the importance of college student financial literacy, but the causal and political claims by each group vary drastically. The public interest groups see college student credit card issues as very problematic, while the credit card companies do not believe there is a problem to address. The gap between "what is" and "what should be" for the public interest groups is very wide in comparison to the credit card companies who do not recognize this gap even exists.

Conclusion

The focus of this section was an examination of causal and political responsibility claims in reference to college student credit card issues. First, I investigate the causal and political claims within groups; and next I made a comparison across groups. The assertions or beliefs about the existing situation concerning credit card issues and college students varied (sometimes dramatically) within and across groups of claims-makers. Similarly, the political analysis, or the prescription of how to alter the situation, varied also within and amongst claims makers. Clearly, the most significant disjunction is between the credit card companies and the other claims-makers as one might expect. However, there are clear differences amongst all owners analyzed here. Ironically, the group from whom I did not gather data, nor does a group (so to speak) exist, is college students who have addressed the situation either individually or as their own interest group.

The literature at this time suggests academe, the credit card industry, and public interest groups as three main owners of college student credit card issues. The claims made by these three groups are in fact a reality each has created, a cultural perspective. Each of these groups is using power to give to construct the reality of the situation. Both the sociologists and public interest groups have constructed college student credit card issues as a social problem. They claim college students are financially illiterate which leads to indebtedness through the use of credit. The credit card industries counterclaims that there is no social problem with college student credit card issues. I have chosen to explore this situation by examining the claims instead of looking for truths because all of these groups have (or had) an interest in how this situation is defined. Ultimately, it is up to the reader to determine whether or not they deem any of these claims or counterclaims legitimate.

CHAPTER 6

CONCLUSION

So how free is that t-shirt? Over 80 percent of college students have a credit card with a median balance of $1,770. By the time a student reaches graduation, he or she have double his or her average credit card debt (Nellie Mae 2001). The t-shirts probably not free; students are not getting something for nothing. Depending on the claims discussed within this research, college students may be signing up for indebtedness or they may be building their credit history. Regardless of this situation, it would appear that the credit card industry will remain on college campuses for the time being. It is clear that credit card companies are focused on the college student market. That may be the one claim about which all groups within this discussion agree. However, where the groups appear to be at odds, at least the credit card companies versus the two other groups (sociologist and public interest group) , is on the two matters of financial literacy and debt.

According to Gusfield (1981), situations and problems have histories; they don't just emerge out of nothingness. Structural and cultural issues effect how "problems" arise. For example, the United States' cultural ethos at the beginning of the century revolved around thrift. However, attitudes of indebtedness have changed over the past century. Through a structural transformation and a shift in consumerism, Americans now have more debt than they do savings. As credit cards entered into the majority of the United States population, consumption patterns were changing and technology was expanding. Economic restructuring, expanding international trade, technological changes, and a weakening wage influenced the need for Credit Cards. Americans went from the "Age of Prosperity" to the "Credit Card Nation" and became a debtor society.

As the credit card industry grew in the 1970s, there was a need for new market areas to expand the low profit margins of the industry at that time. With a change in state usury laws and banking deregulation, college students became an ideal market for the credit card industry. This created a situation for claims-making activity to arise in relationship to college student credit card issues. Over the past twenty years college student credit card issues have become a hotbed of claims-making activity. So, what are the claims concerning college student credit cards issues?

The specific body of data about (about causal and political responsibility claims) I examined to answer this question from out of three ownership groups: sociologists, consumer interest groups, and the credit card industry. All of these groups have recognized that credit cards have become an intricate part of a majority of college students' lives. They are vying for control over college student credit card issues. The power struggle to become the "owner" of college student credit card issues is part of what claims-making activity is about. Each group has made subjective causal and political claims regarding college student credit card issues.

Causal and political claims from these ownership groups are not objective facts. Rather, they are subjective responses to the current environment/condition, or a response to other subjective claims (Gusfield 1981). Causal claims are statements or diagnose about "what is" or how that specific owner views a situation and what that situation would be in an ideal world. For example, Manning (2000) claims the lack of financial literacy among college students is a social problem and that, preferably, college students should have the financial skills to use a credit card wisely before actually obtaining one. The credit card industry, on the other hand, counterclaims that college students already know how to use credit cards judiciously (Murdy and Rush 1995).

Political claims are the prescription of "what ought to be." Manning (2000), for example, claims colleges "ought" to limit the marketing of credit cards on college campuses and teach students the financial skills necessary for life. The credit card industry does not claim college students have any problems with financial literacy. Rather, they claim to aid colleges in teaching students (and others), via their websites, credit talk.com and practicalmoneyskill.com, the skills and tools needed to be good managers of their money.

Throughout the examination of claims and counterclaims, there has been conflict between these three groups. These groups, all of which have significant access/ability to make and justify their claims, are shaping the public issue concerning college students and credit cards. Sociologists and public interest groups claimed social problem concerning college student credit card issues social problems came forth as the credit card industry entered the college student market. Two of the most prevalent problems that have come to fruition are a lack of money management skill (financial literacy) and indebtedness as a result. The credit card industry does not recognize any social issue or problem within the college student market.

Public consciousness is being shaped by claims-making activities and the "front stage" performances of the owners (Gusfield 1981). Attempts to influence the policy-making apparatus are in play through claims and counterclaims. For example, between all three groups, claims and counterclaims revolve significantly around the concept of financial literacy. Through claims-making activity these three groups struggle for control of the college student credit card issue trying to influence the public's consciousness.

The concentration on financial literacy is significant to all three groups; it is what the battle between the aforementioned groups has focused on throughout their claims. And clearly, this is a battle; it may not be over college students necessarily, at least as much as some of groups claim, but there is a struggle for power and ownership of college student credit card issues. Some claims-makers may not really be vying for ownership of the college student credit card matter, but instead credit card issues in general. Ritzer, for example, has written one book and has done nothing else beyond that in terms of theory or research. However, the other five claims-makers all have a vested interest in ownership for one reason or another.

Claims concerning the issue of financial literacy are laden with moral overtones. However, not one claims-maker within any of the literature defines financial literacy. Clearly, there is an idea that financial literacy means good money-management skills, but is that all that is meant by it? It seems like it is assumed the reader knows what financial literacy means.

> Financial literacy means different things to different people. For some, it is quite broad, encompassing an understanding of economics and how household decisions are affected by economic conditions and circumstances. For others, it focuses narrowly on basic money management-budgeting, saving, investing, and insuring. Still others include a set of consumer and "buy-manship" skills within a financial literacy framework. In reality, financial literacy probably can and does include all those topics (Horgath 2002:14)

Hogarth (2002) states there are three themes in literature concerning financially literacy; they

> include 1) being knowledgeable, educated, and informed on the issues of managing money and assets, banking, investment, credit, insurance, and taxes; 2) understanding the basic concepts underlying the management of money and assets (e.g. the time value of money in investments and the pooling of risks in insurance); and 3) using that knowledge and understanding to plan and implement financial decisions (Pp. 14-15).

There is a broad meaning to how financial literacy is defined.

There are many claims from Manning and the consumer interest groups that students lack financial literacy. There is also evidence within others' research that suggests students are not financially literate (Lawrence et al 200; U.S. Government Accounting Office 2001). By Manning and the consumer interest groups not specifically defining this term, it is left open for the interpretation of the reader. I would argue that not defining financial literacy might be an intentional strategy by these claims-making groups, leading the reader to assume the worst, and thus shaping our perception of the "problem." Or it may be that everyone is just "assuming" we understand what financial literacy means. Another possible reason this term is left open for self-definition could be due to the moral implications that can be derived out of not defining the term. Reasons for this lack of a definition may be due to the use of moral language throughout the claims making activity. There is a disagreement between groups as to whether college students are financially literate or not.

Sociologists and consumer interest groups see college students as naïve consumers who don't understand the implications of credit cards while the credit card industry sees them as loyal customers who can manage their monies.

The sociologists' and consumer interest groups' terminology in their claims-making is loaded with words that are used to strike fear into the reader about the magnitude of this "problem": "social crisis," "deceptive," "misleading," "predatory," "sleazy," "manipulative," etc. This is moral language used in the description of causal claims. There is a clear message that college student are naïve; they lack skills to manage money and the credit card industry takes advantage of the situation. Whether the claims are true or not, the language is undoubtedly used with an authority, asserting these causal claims as true. There is a bleak picture painted by these claims-making groups for any college student who obtains a credit card. These are clearly the moral assertions Gusfield (1981) states the claims-makers will utilize in vying for control over this issue. If the public accepts as true these claims, there might be an outcry for policy-making that would protect college students. This would likely negatively impact the credit card industry and give ownership of this issue to sociologists, consumer interest groups, or both.

The credit card companies also recognize the importance of financial literacy, but they claim that students are financially sound and are "good" customers who use a credit card to build a "good" credit history. This is moral language in discussing "good" credit and the importance of building a credit history. To a certain extent, they may have no choice in the terminology, since credit has been discussed this way for decades. Still, they maintain most students are responsible, and therefore a good group of consumers to market to. The credit card industry profit margins rely on them being able to own this issue. If the public considers the industry to be doing a "good" job with college students, policy-making will not impact the current situation.

Gusfield (1981) asserts that claims-makers (in some cases) intentionally use rhetoric to produce deliberate affects in constructing the reality they are trying to portray to their audience. Causal claims may create opportunities for political action. Sociologists and public interest groups are likely benefiting in creating a reality that influences the policy-making apparatus. For example, prestige and funding for research (or further research) can be obtained from the generation of social problem.

Similarly, Visa and MasterCard would like to maintain the current reality they have defined, with alternative realities or political action excluded. They would prefer no line of investigation be opened on this matter. The obvious benefit for them is the creation of future customers and profit. When the claims are examined in this manner, the concern over the college students becomes somewhat overshadowed. It begs the question of whether or not these groups are looking out for college students' best interests or their own interests. This is not to discredit any claims-maker, but the question has to be raised how each particular claim-maker might benefit from shaping policy.

Claims of political responsibility can be seen as just as important to these groups. Their claims will guide or shape the action to be taken regarding the matter. Owners of the problem may be the ones who implement action and therefore can likely benefit. While it is possible the claim-makers have altruistic intentions, it is also possible they wish to use this opportunity to influence policy-making for self-interest. For example, they would be seen as a legitimate resource to policymakers not only for the issue at hand, but possibly other social matters. By influencing the policymakers, they, in effect, point in the direction that political responsibility should be placed and try to shape the social matter to gain "ownership" over the issue.

Clearly, the language of morality has not been lost influence in the discussion of debt. Historically, the ethos of thrift and saving has been an issue of morality and personal character. The only difference in the current language of the claims-makers is that the person or company that leads a person (at least the college students) into debt is now the one who is immoral, at least according to the sociologists and public interest groups. Examining the claims-makers in this manner makes it clear that their claims cannot just be taken at face value. This research only examines the claims from three groups and brings them into focus. The research question was: what are the causal and political claims concerning college student credit issues? I have examined those claims and have come to some of my own conclusions.

First off, I think Ritzer would say his book, *Expressing America,* applies to college students also. The focus of the book constructs credit cards as a social problem for society as a whole. The book mentions groups like college students periodically, but does not pay particular attention to any group. I doubt Ritzer's objective is to influence government policy-making. Nevertheless, he likely desires sociology departments within the United States to take his claims as objective and factual.

Robert Manning makes many assertions about the banking and credit card industry; Manning demonizes them within his discussion. There is a bit of irony to this because Robert Manning uses claims from his research on credit cards that one has to pay for if one wishes to examine the research. This research has not been published in a peer reviewed journal; instead, it is for sale on his website along with other financial information. Further, the only way to gain access to this information is via the credit card. This, in my mind, is complete hypocrisy in light of his discussion. The quality of this research cannot be determined without purchasing the work. I do not believe Manning's interests are as "pure" as he might claim. He is authoring and publishing books (arguably popular culture books), but never authors in any peer reviewed journals concerning credit card issues at all.

Visa and MasterCard also make many assertions about credit cards that appear to paint a picture of their innocence in marketing to college students. They are clearly profit motivated and continuously seek new consumers. College students are a really good market for the credit card industry. It is likely that credit cards have ruined the lives of some college students, but in today's society they have become a necessity as Ritzer (1995) has noted. The reliance on credit cards for consumer transactions will most likely continue to grow annually and this will benefit the credit card industry. I do not believe Visa and MasterCard are making attempts to create financially literate consumers as they claim. They need "revolvers" for profit. What good is it for either Visa or MasterCard to issues credit card to financially literate persons who maintain little to no balance? They want financially literate customers to the point that they do not become too indebted and cannot pay, but how financially sound do they truly want their customers?

The public interest research groups appear to be the most neutral of the three groups examined. They are nonprofit groups that gain no monetary benefit at least from any claims to college student credit cards issues. While their funding sources may be effected by whether or not they possess authority in the field in which they are making claims and thus becoming owners, they perform research and claims-makings activities in a variety of areas within the American public. They do not just have a vested interest in college student credit card issues.

Although I have only chosen three owners to empirically examine through this analysis, which weakens the breadth of the research, there is significant depth to the research. Another strength to this design is the fact that everyone has access to the data and they can examine for themselves any claims or counterclaims in which they may have an interest. The main strength to this research is the addition to the body of knowledge concerning college student credit card issues, which is limited at this time. With a majority of college students having credit cards and the easy access to students to perform research, it is likely this area of knowledge will continue to grow.

Future research on these issues could be framed in different ways. For example, Marxist focus on the use of credit cards and debt with college students would be framed around the influence of the superstructure. The focus would be on macro structural factors like the occupational shift during the 1970s and the growing inequality that it has brought about over the past 30 years, and secondly, on the large increase in consumerism since World War II. A Durkheimien approach could be also taken to examine the acceptance of credit and the use of credit cards by college students as part of the socialization process imposed upon them since birth. One more example might be Weber, who unlike Marx, would not consider economic factors to be the total determining factor in the effects of credit. Education, religion, and politics also influence the social structure and people's "life chances" (Wallace and Wolf 1995). Weber's view is more multidimensional, focusing on concepts of status and power (Blumberg 1998).

Also, I believe a more intense historical examination of American society might be useful in examining college student credit card issues. While intense credit card marketing has been discussed, there is also marketing of consumer goods issue. This issue was touched upon in Shor's (1998) discussion of shifting consumption/spending patterns of Americans and deserves a closer examination. Consumers are constantly being targeting through advertising in all forms of media. Does this create the desire to purchase goods or "keep up with the Jones"? Also, the costs of college were discussed, but not given that much weight in comparison to causal claims of credit cards and how they indebt students. However, are credit cards the reason students are becoming indebted, or is there more to the story? It is easy to blame a single phenomenon for a broader social issue that may actually be due to multiple factors. For claims-makers, concentrating on credit cards creates an opportunity for to influence policymaking and to garner the power and recognition that comes alongside that claims-making. A multifaceted problem may not give the claims-maker the access and ownership to the problem as they have framed it now. This is not to assert that claims-makers are intentionally simplifying the problem, but are credit cards mixed with the lack of financial literacy the reason for student debt?

Another way to focus on this issue could revolve around college students' attitudes about credit cards through focus groups, interviews, or surveys. There is room for qualitative and quantitative research to be done with college students. What are the college students' opinions about these issues? Since a majority of college students have credit cards, it may be important to understand their opinions and view concerning this issue.

This research has attempted to frame the current environment of college student credit card issues. First, I examined historical factors that have lead to a society where consumption appears almost rampant sometimes and the use of credit has become a norm within our culture. I then examined the specific claims of causal and political responsibility of three groups of claims-makers concerning college student credit card issues. It was clear that there are many differences in claims concerning college student credit card issues. One situation is certain; the majority of college students do have credit cards and this number is likely to increase. Along with this increase will likely be an amplification of claims concerning college student credit card issues. It would be important to remember that these claims are not facts, but moral beliefs concerning the situation and charges about what or whom is responsible for controlling the situation.

APPENDIX A

DATA SOURCES FOR CLAIMS-MAKERS

Sociologist

Robert Manning

1) Credit Card Nation-Robert Manning's website http://www.creditcardnation.com
2) *Credit Card Nation: The Consequences of America's Addiction to Credit*
3) U.S. House of Representatives, House of Financial Service Committee Testimony on "The Role of FCRA in the Credit Granting Process." 12 June, 2003.
4) U.S. Senate, Committee on Banking, Housing, and Urban Affairs. Transcript of "The Importance of Financial Literacy Among College Students." 5 September, 2002.

George Ritzer

Expressing America: A Critique of the Global Credit Card Society

Credit Card Industry

Visa

1) http://www.visa.com
2) http://www.praticalmoneyskill.com
3) Credit World
4) Chronicle of Higher Education

MasterCard

1) http://www.mastercard.com
2) http://www.credittalk.com
3) Credit World Magazine
4) Chronicle of Higher Education

Consumer Interest Groups

Consumer Federation of American

1) Consumer Federation of America
2) http://www.consumerfed.org

Public Interest Research Group

1) Public Interest Research Group

2) http://www.pirg.org

3) http://truthaboutcredit.com

4) http://marylandpirg.org/

APPENDIX B

OWNERS

Sociologists

Robert Manning

1) Attribution of Causal Responsibility
2) Attribution of Political Responsibility

George Ritzer

1) Attribution of Causal Responsibility
2) Attribution of Political Responsibility

Credit card Industry

Visa

1) Attribution of Causal Responsibility
2) Attribution of Political Responsibility

MasterCard

1) Attribution of Causal Responsibility
2) Attribution of Political Responsibility

Consumer Interest Group

<u>Consumer Federation of America</u>

1) Attribution of Causal Responsibility
2) Attribution of Political Responsibility

<u>Public Interest Research Group</u>

1) Attribution of Causal Responsibility
2) Attribution of Political Responsibility

Analysis Plan

<u>Within Group</u>

1) Sociologists: Manning versus Ritzer
2) Credit Card Industry: Visa versus MasterCard
3) Consumer Interest Groups: CFA versus PIRG

<u>Among Groups</u>

1) Sociologist versus credit card industry

2) Sociologist versus consumer interest groups

3) Credit card industry versus consumer interest groups

APPENDIX C

COMPARISONS

Comparison Within Groups

Sociologists

	Causal Responsibility Luring the Illiterate	**Political Responsibility** Restrict and Sanction the Unrepentant
Robert Manning	Credit Card Industry: Luring the Illiterate into Debt • Recruiting revolvers • Inducing through free gifts • Luring the financial illiterate • Profiting from debt Colleges: Profiteering from Illiteracy • Profiteering from debt • Selling out financially illiterate students	Colleges: Punish the Unrepentant • Formulate code of conduct on marketers • Sanction on campus marketing Congress: Restrict Credit and Implement Literacy • Legislative restrictions of credit card firms • Create financial literacy programs Parents: Teach financial literacy
George Ritzer	Credit Card Industry: Inducing Revolving Debt • Recruiting Revolvers Inducement through free gifts	Credit Card Industry: Stop Pursuing Our Youth Cease Marketing

Credit Card Firms

	Causal Responsibility Good Credit Equates Fiscal Fitness	**Political Responsibility** We're Doing Our Job, Are You Doing Yours?
Visa	Students: Fiscally Fit • They are responsible • Creating positive credit histories Creating fiscal fitness	School, Parents, and Individuals: It's Their Job • Need to teach/learn good money management skills Visa (already responsible): Offering Innovation to All Offering innovation and credit tools
MasterCard	Students: Good Creditors • They are responsible • Creating positive credit histories "Good credit"	School, Parents, and Individuals: It's Their Job • Need to teach/learn good money management skills MasterCard (already responsible): Take Our Advice Offering management skills and advices

Public Interest Groups

	Causal Responsibility Credit Trap: Hunting for the Illiterate	**Political Responsibility** Sanction Those Who Will Not Sanction Themselves
Public Interest Research Group	Credit Card Industry: Misleading the Illiterate for Profit • Too aggressive • Misleading and deceptive • Sleazy marketers • Predatory • Students lack financial literacy • The credit card trap Colleges: Selling Out Students • Selling students lists • Exclusive marketing agreement Congress: Failing Our Youth Failure to enact reform	Congress: Alleviate the Problems • Create legislation that restrains credit card firms • Prohibit unsolicited mailing • Impose sanctions on misleading practices • Create national interest rate caps College Administrators: Teach the Youth and Restrict the Credit Card Companies • Teach financial literacy • Place restrictions on credit card companies access to students Credit Card Companies: Start Acting Wisely • Set reasonable credit limits Students: Use Protection Need to look out for their own interests
Consumer Federation of America	Credit Card Industry: The Credit Trap • Reckless and predatory • Too aggressive • Students lack financial literacy • Misleading into debt Colleges: Failing Our Youth • Administrators not acting responsibly • Taking subsidiaries and benefiting from student debt Congress: Increasing Debt New bankruptcy reform will make it difficult to get out of debt	Congress: Reject Credit Legislation • Reject current bankruptcy reform Colleges: Stop Selling Out Students • Restrict marketing Credit Card Companies • Lower revolving credit limit •

Comparison Between Groups

Sociologist Versus the Credit Card Industry

	Causal Responsibility Wolf in Sheep's Clothing	**Political Responsibility** Obligation to the Financially Illiterate
Sociologist	Credit Card Industry: Addiction Through Naiveté • Hooking them while they are young • Lack of financial literacy leads to debt Colleges: Profit Over Literacy Shockingly low levels of financial literacy	College Administrators: Limiting the Access • Create more stringent system to limit access to students Congress: Legislate It • Restrict credit card companies • create financial literacy •
Credit Card Industry	Credit Card Industry: We Offer a Service • Teaching money management skills Working with colleges	Visa and MasterCard: We're Offering Help to Parents, Students, and Teachers • Offering financial literacy tools Creating financial literacy

Sociologist Versus Public Interest Groups

	Causal Responsibility Wolf in Sheep's Clothing	**Political Responsibility** Setting Standards and Teaching Financial Literacy
Sociologists	Credit Card Industry: Overly Aggressive • Students illiterate • Lack financial tools • Duped • Mislead • Long term debt • Brand Loyalty Colleges: Aiding and Abetting Permit aggressive marketing	College Administrators: Time to Take Action • Limit marketing access Congress: Time to Intervene • Create restrictive legislation • Investigate the issues Credit Card Industry: Ought to Stop • Stop marketing to vulnerable youth •
Public Interest Groups	Credit Card Industry: Swooping in on Their Prey • Predatory • Aggressive Colleges: Issuing the Hunting License • Permits aggressive marketing Congress: Failing Today's Youth • Support legislation that would negatively effect students Failing students without enacting reform	College Administrators: Give them the Tools • Limit marketing • Offer tools and programs to teach financial literacy Congress: Restrict Em' • Restrict pending bankruptcy legislation Credit Card Industry: Should Act Responsible • Restrict credit limits Students: Watch Your Back Look out for themselves

Credit Card Industry Versus Public Interest Groups

	Causal Responsibility Is it a Trap or a Service	**Political Responsibility** Who is Really Responsible?
Credit Card Industry	Credit Card Companies: On the Hunt for Profit • Misleading the financially illiterate • Predatory • Deceptive • Few financial management skills Colleges: Helping with the Hunt • Marketing agreements with credit card firms • Selling student name lists Congress: Failing to Act Failing to create and meaningful legislation that would help students	Credit Card Issuers: Limit Students Access • Limit access to credit Colleges: Provide the Tools • Create financial literacy programs • Create accessible educational materials Students: By Default Have to take care of themselves
Public Interest Groups	College Students: Using Credit Wisely • Offering service to students • Students use credit wisely • Students are financial responsible Colleges: A Partnership to Help Educate Working with colleges	Parents, Students, and Teachers: They Need to Teach Skills of Good Credit • Credit card companies providing the tools Colleges: Have Access to Information Already working with them

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