UNIVERSITY OF CALIFORNIA, IRVINE

Who is in Debt? The Role of Social Class, the Welfare State, and a Culture of Finance

DISSERTATION

submitted in partial satisfaction of the requirements
for the degree of

DOCTOR OF PHILOSOPHY

in Sociology

by

Zaibu Nissa Tufail

Dissertation Committee:
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2019

DEDICATION

To

My Dad, Mom, and sister

For their love, unwavering support, and constant encouragement

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

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2016 Polletta, Francesca, and **Zaibu Tufail**. "Helping Without Caring: Role Definition and the Gender-Stratified Effects of Emotional Labor in Debt Settlement Firms." Work and Occupations *43*(4): 401-433.

2015 **Tufail, Zaibu** and Francesca Polletta. "The Gendering of Emotional Flexibility: Why Angry Women are both Admired and Exploited in Debt Settlement Firms." Gender & Society *29*(4): 484-508.

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ABSTRACT OF THE DISSERTATION

Who is in Debt? The Role of Social Class, the Welfare State, and a Culture of Finance

By

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Doctor of Philosophy in Sociology

University of California, Irvine, 2019

Professor Nina Bandelj, Chair

To advance our understanding of debt and credit, my dissertation provides a comprehensive sociological examination of household level credit consumption—both within the US and in the European Union. I attempt to account for how both supply and demand side social forces—cultural and structural—simultaneously drive indebtedness. I address three questions. First, how does class position mediate the influence of structural and cultural forces on U.S. households' levels of indebtedness? Second, has acceptance of debt in U.S. households changed with intensified financialization? Third, how do welfare-state provisions influence households' indebtedness across countries over time? In Chapter 2, I show that credit consumption is class-contingent. Specifically, using Survey of Consumer Finances (SCF) data for 2010, I find that upper class households use their credit to make financial investments, ostensibly in the service of wealth creation. The middle classes are interested in using their homes as investment in long term security, and the upper middle class (along with the upper class) does use some of its credit

to engage in status based, positional consumption. In contrast, the lower classes deploy their debts to make ends meet. They use credit to pay for basic necessities and also to fund education. In Chapter 3, I approach the issue of debt and finance culture from a longer-term perspective, interrogating the contours of the 'norm of debt acceptability' over the 1989 to 2016 period, using SCF. I extend my examination beyond general debt acceptance levels, by interrogating how acceptable households find using credit for 5 specific kinds of purposes. Surprisingly, I find that social class membership is less important in patterning how households think about credit than it is in determining actual credit consumption and debt. One interesting pattern is that American households' understandings of the appropriate uses of credit shifted substantially in the mid-1990s, when Americans, regardless of position in the social structure, moved away from seeing credit as a means by which households may furnish frivolous/luxury consumption to a view where credit is recognized as an important tool to deal with economic constraint. Interestingly, credit use in general is considered less acceptable to upper class households, and more acceptable to poor households, likely reflecting the structural need to rely on credit. In Chapter 4, contrary to most scholarship on the credit/welfare nexus, I find a complementary, rather than substitutive relationship between state spending levels and the total amount of household indebtedness in European Union countries, using hierarchical linear models of EU SILC data, 2004-2015. I also uncover that time exerts a positive impact on household debt amount, as does degree of financialization. I argue that the welfare regime/household credit tradeoff proposition needs rethinking for different institutional environments. On the whole, my dissertation provides a multidimensional understanding of debt, and advances economic sociology and the study of finance by integrating it with issues of social stratification and by considering how structural and cultural forces jointly shape household indebtedness across space and time.

CHAPTER 1: Introduction

Consumer debt in the U.S. stands at a record 3.33 trillion dollars (Federal Reserve 2015) and one in every three households uses credit to pay for basic necessities (Salerno 2012). The United States has transitioned from a nation of savers to a nation of borrowers (Carruthers and Ariovich 2010). One consequence is that credit is becoming progressively more ubiquitous within market transactions, rivaling and often superseding real money in usage (Krippner 2005; Carruthers 2005; Carruthers and Ariovich 2010). Though divergent from the U.S. at the outset, the last few decades have seen the advanced European countries converging with the United States in the relative importance of credit and in ever soaring levels of households and consumer indebtedness (Kus 2015).

While the ubiquitous nature of both credit and debt is well known, we are less apt to recognize that acquiring debt is not a random process. The question of who becomes indebted is contingent on a vast array of social forces. Economic sociologists have emphasized that economic phenomena are shaped by social structures, culture and politics (Smelser and Swedberg 2005). And clearly, credit use—and accumulating debt, in particular—are just such economic phenomena. My dissertation investigates how indebtedness is shaped by social class position, and by the characteristics of the institutional and cultural environments in which people live, particularly those engendered by welfare state provisions and the rise of finance culture. Specifically, I address three related questions in individual substantive chapters of the dissertation.

1. How does class position mediate the influence of structural and cultural forces on U.S. households' levels of indebtedness?
2. Has acceptance of debt in U.S. households changed with intensified financialization?
3. How do welfare-state provisions influence households' indebtedness across countries and over time?

To answer these questions, I conduct Tobit regression analyses and hierarchical linear models using data from the Survey of Consumer Finances (SCF), World Bank and EU-SILC databases, which provide information on the indebtedness of households in the US and in the European Union member states. All three sources of data also include essential covariates, which I use in my analyses along with my central variables of interest, namely class position, acceptance of debt and welfare state provisions.

In Chapter 2, entitled "Who is in Debt? A Class Based Analysis of Consumption on Credit," I use data from the Survey of Consumer Finances to examine household debt in the US. Two central questions motivate this work. First, what drives household debt—is it economic vulnerability, a culture of debt, status based consumption, or something else? Second, do drivers of debt vary by class position? Results from one set of analyses demonstrate that class engenders significant variation of structural, institutional, and cultural factors on household credit consumption. Findings from the second set of analyses indicate that two relatively new norms engendered by financialization—one of virtuous investment, and a second of credit acceptability—interact with growing inequality to pattern households' consumption of credit according to social class membership. Specifically, only upper and upper middle classes use credit to engage in conspicuous consumption, while upper class households alone use credit to fund financial investments. At the same time, the middle classes use credit in ways that may

potentially insulate households against future economic insecurity. Lastly, the working class and poor deploy their credit largely to overcome structural barriers.

In Chapter 3, entitled "Finance Culture 1989—2016: How Financialization Reshaped Household Credit Consumption in the US," I examine patterns in how households understand the uses of distinct kinds of credit, as well as assessing how they deploy their available credit, in ways that change over time, and which vary in class-contingent ways. Financialization involves the making of finance capitalism through specific narratives and discourses that emphasize individual responsibility alongside risk-taking and calculative assessment in financial management. The transition of finance into daily life has been made possible by the democratization of finance, whereby financial products and services have been made available to large parts of the population. Moreover, 'popular finance' projects have facilitated households' participation in financial markets, via capital-funded pension plans, home mortgages, consumer credit, and other mass-marketed financial products. In this work, I seek to examine how households' credit consumption reflects the adoption of logics of finance culture over time. First, I show that all American households adopted a financialized conceptualization of the function of credit. Next, I find that households have embraced the norms of finance culture equally across social strata. I do show, however, that structural constraints influence how households deploy their credit. The intersection of structure and culture patterns how Americans invest in their economic wellbeing using distinct strategies of classed credit consumption.

In Chapter 4, entitled "Effects of Financialization and Welfare State Spending on Household Indebtedness," I examine the influence of institutional forces—namely, financialization and state social spending—on household indebtedness within thirty EU member nations. Household debt levels cross nationally have been converging over time, to higher levels

of debt. Deepening neoliberalism and increasing financialization have engendered large shifts. Supply side changes such as the democratization of credit along with demand side forces, particularly the erosion of social safety nets and shrinking wages increased households' credit reliance. In this chapter, I seek to interrogate the link between welfare state spending and household indebtedness. I also ask what impact-if any—does increasing financialization/ neoliberalization of societies exert on household indebtedness? My analysis uncovers a complementary, rather than substitutive, relationship between social spending and household debt. I postulate that this surprising relationship is a result of actors' increasing orientation towards financial investment. I also find that increasing financialization at the state level is associated with increased household debt.

On the whole, my research advances a multi-dimensional understanding of debt. The uses and deployment of credit are often less clear cut than other forms of exchange media. This is because credit can function as financial capital that facilitates purchases; but it also begets financial penalties, often in the form of interest payments (Pressman and Scott 2009a, 2009b; Hodson et al. 2014). Thus, the meanings and legitimate uses assigned to credit may be multiple, and may perhaps even seem contradictory. Credit is a boon for many, replacing income due to economic precariousness. But credit's uses extend beyond the purely structural; it also serves as a means of status differentiation insofar as it can enable increased conspicuous consumption. It even functions as a novel investment technique, providing actors a means to translate existing advantage into even greater economic benefit. My results shed light on each one of these potential uses of credit, and speak to the changes in household indebtedness wrought by a nascent culture of finance. Theoretically, my research advances economic sociology and the study of finance by integrating it with issues of social stratification and by providing an

economic embeddedness perspective (Zukin and DiMaggio 1990; Bandelj 2008, 2015), which considers how structural, cultural and political forces jointly shape household indebtedness across space and time. Thus, I am able to move beyond the reductionism of either structural or cultural explanations, which currently prevail in our understanding of indebtedness.

TRENDS IN HOUSEHOLD DEBT IN THE U.S., 1989-2016

The remainder of this introduction uses Survey of Consumer Finances (SCF) data to document trends in household debt and credit use in the U.S. The SCF is conducted triennially by the Federal Reserve and is one of the most reliable and detailed sources of economic information gathered on families in the US (Pressman and Scott 2009; Fligstein and Goldstein 2015). Because it oversamples wealthy households, it is not nationally representative (Keister 2000a). Making use of sampling weights, however, rectifies this, and renders this data representative of U.S. households (Fligstein and Goldstein 2015). I make use of ten individual cross sectional datasets provided by the SCF. This data is in the form of repeated cross sectional data, collected and publicly released triennially, with the earliest full survey conducted by the SCF in 1989, while the most recent in 2016.

The analytic strategy for presenting these data is to use of descriptive comparisons of mean debt to income ratios, in the following ways: (1) across time (by each survey year); and (2) for both the full sample as well as by class category. The second part of my analytic strategy is to conduct several One-Way Analysis of Variance (ANOVA) and Multiple Comparisons, for which I ran tests for Bonferroni-corrected as well as associated inferential results indicating significant differences among means in each class, for each survey year. I use Bonferroni correction to

conduct pairwise tests assessing whether the difference between means of two groups is significant.

Variables

Total Household Indebtedness to Household Income Ratio

I also provide some descriptive trends on the total household indebtedness (inflation adjusted to 2013 dollars). Rather than using absolute numerical values of household debt, I follow Fligstein and Goldstein (2015) in presenting a more standardized measure of household debt in the form of debt to income ratios. Thus, each dependent variable used in this analysis is divided by that household's gross income for the year, before taxes are deducted. Then total household indebtedness is represented by said household's debt to income ratio (d2inc). This variable is constructed by totaling the seven distinct classes of household indebtedness that the SCF records. These include principal mortgage debt (including the first three mortgages on this property), loans on the purchase of secondary properties (not used for investments), home improvement loans, vehicle loans, loans for the purchase of goods and services, loans for investments (real estate or financial), education, and other unclassifiable debts. I sum these variables, and adjust for inflation using the CPI-U.

Credit Card Debt to Income Ratio

In addition, I examine use of several important subtypes of total household debt. The first such measure is a household's credit card debt to income ratio (ccbal13inc). Credit card debt is defined as a particular household's balance carried over from previous billing cycle on all household credit cards. This includes any monies owed on bank cards, store credit cards,

recreational cards (such as Diner's Club cards) and any other sort of card with a revolving balance). This variable is then standardized by dividing total household credit card debt by the corresponding household's gross, pre-tax income.

Educational Debt to Income Ratio

I also examine educational debt. Total household educational debt divided by gross household income. Educational debt is constructed by totaling, for each member of the household, the balance on any sort of loan, which is used to pay for educational purposes. The SCF asks, in a series of questions, whether any amount of all household loans and sources of credit are applied toward educational endeavors for any member of the family. Thus if any portion of a household's total debt—including personal loans, lines of credit (including home equity lines of credit (HELOCs)), vehicle title loans, credit cards and even informal loans from friends of family—are applied towards educational expenses, this counts as educational debt only. For example, if a family reports that they used 1,000 USD of a second mortgage to help pay for a child's college tuition, this would be included in the educational debt amount rather than as mortgage debt.

Mortgage Debt to Income Ratio

The importance of mortgage debt on a family home is well established in the sociological (and social science) scholarship primarily because of the wealth effect (Oliver and Shapiro 2006; Schwichtenberg 2014). The wealth effect posits that households are increasingly financing consumption (of both necessities and more frivolous purchases) by extracting equity from their home (Williams 1990; Warren and Tyagi 2003; Conley and Gifford 2006; Oliver and Shapiro

2006; Greenspan and Kennedy 2008). Thus, in order to examine the actual patterns of credit usage, the largest source of credit available to members of most social classes must be included (Dwyer, Hodson and McCloud 2012). To do so, I assess primary residence debt. This variable is constructed by first summing the entirety of household debt owed on primary residence. The SCF defines this measure as the total balance owed on each of the first three home mortgages on the principle residence. All other types of real estate debt generally fall under the purview of investment debt or recreational property debt, captured by total household debt. To calculate the debt to income ratio, the total balance on the first three mortgages on the principal residence are summed then are divided by household income.

Investment Debt to Income Ratio

To construct the ratio of household investment debt to income, I use the total amount of household indebtedness incurred in the service of financial investment, and divide this figure by gross household income. Investment debt is defined by the SCF as any monies owed to any institution or actor that are used by the household to make wealth generating investments; in other words, "loans for investments and mortgage loans for other real estate". As is the case of education debt, investment debt is constructed to reflect any monies used to make financial or real estate (other than primary residence) investments.

Social Class

Class is partitioned into five categories: upper class, upper middle class, lower middle class, working class, and the poor. The measure of social class was constructed as index variable on the basis of income quintiles (Wolff 2012), educational attainment, and occupational category,

following standard operationalizations in previous research (DiMaggio and Useem 1978; Marger 2008; Petev 2013). A categorical measure of respondents' highest educational attainment is already provided by the SCF, and it is partitioned into five categories: less than a high school diploma, high school graduate, some college, college graduate, and post graduate study[1]. Again this scheme is well established in the literature (Warren and Thorne 2012). Closely aligned (though not a precise match) with the Featherman-Hauser (F-H) scheme of occupational classification—proposed by the authors in 1978—are the categories of this measure constructed by the SCF (for an excellent review of the F-H scheme, see: Petev 2013). The variable in the public SCF data set relies on 4-digit census codes (2010 codebook n.d.), but collapses these occupations into 6 categories: 1) managerial and professional occupations, 2) administrative occupations, 3) blue collar and service oriented occupations 5) low wage work/manual labor and 6) occupations involved in public safety—such as the armed and police forces.[2] By combining income, occupation and education, I create a single index variable of social class.[3] Importantly, the five resultant class categories were also constructed to accord precisely with Marger's (2008) detailed description of the three middle classes, such that both the upper class and the poor categories flank the entire middle class.

Trends in Household Debt to Income Ratio

In comparing yearly (for the full sample) mean debt to income ratios of each debt subtype, I find that in the ANOVA test, that all debt types had a significant F values. This indicates that there

[1] I use the five categories of educational attainment utilized by Warren and Thorne (2012); see Figure 2.2 (p. 29).
[2] Refer to US Census Bureau Appendix F (available online at: http://publicdata.norc.org/GSS/DOCUMENTS/BOOK/GSS_Codebook_AppendixF.pdf) for details regarding the coding criteria used.
[3]Refer to Table 2.1 (p. 58) NEED TO FIX THIS for more information on the distinctions in income, occupation and education among each level of the middle class.

are differences in the yearly debt: income means in each category of debt purchase. Table 1A further parses out precisely which yearly mean debt: income ratios were significantly different (than all others[4]), examining how mean debt to income ratios change from year to year obscures the rather critical differences in credit use that occur according to class lines, the patterns which do emerge at this level of aggregation are telling. Significant differences that arise between time points—within particular categories of credit consumption—are critically important, simply because they are robust enough to matter for everyone. Looking first, however, at the differences that arise in overall household debt to income ratio across time (from year to year), Table 1A underscores several key time points at which stark changes in overall borrowing to income ratios occur. Before delving into the specifics, one overarching trend in Table 1A, which I note is that we do not see a smooth trend across time towards increasingly overleveraged households, despite the rather widely accepted popular notion that American households are increasingly overleveraging themselves with every successive year. Instead, I show that overall debt to income ratios are the lowest in 1989, and then almost as low both in 2001 (at a ratio of 1.07), and at a third low in 2016 (at a ratio of 1.21).

[Table 1A About Here]

A second, and related pattern which jumps out from Table 1A is that for American households in the aggregate—or households overall—the most "popular" kind of purchase to make using available credit changes from time point to time point. It is not the case that one

[4] Throughout this dissertation, for both clarity, as well as to highlight only the most meaningful trends, I choose to report mean debt acceptance or mean debt: income ratios as significant *only in the cases where the divergent group mean is significantly different in direction from all of the remaining 4 means, which are not significantly different from one another.* The only exception is when group means of two classes are similar enough to one another that they are both significantly distinct from all remaining three means in their respective group comparison (in the same direction as one another)). In such cases, I will mark both means with an asterisk, which denotes they are both significantly different from the remaining three group means.

particular kind of good or service remains the one most utilized over the time points included in my analysis; rather households tend to expend more credit (relative to income) to one distinct class of purchase for either one or two consecutive time points, while moving on to another right afterward.

Turning to more specific yearly trends in overall household indebtedness, we see that according to Table 1A, as compared to remaining time points, the year 1989 is one in which American households have the lowest total debt to income ratio. Or said more accurately, in 1989, households in the U.S. had a total debt to income ratio that is significantly lower than that of all subsequent time points. Moreover, the size of that change is relatively large; in the time period between 1989 and 1992, households in the United States shifted from having a mean total debt amount that was lower than their mean income (a debt to income ratio which is below one) to a mean household debt which was one and a half times greater than mean household income (a debt to income ratio of 1.41). Again, 1989 had the lowest debt to income ratio overall; and was the only time point in my analysis in which American households were not overleveraged—that is, in which mean debt was lower than mean income for US households in the aggregate.

However, the years 1989—and in particular—1992 highlight that American households possessed an extraordinarily high ratio of credit card debt to income in those years. In 1989, the mean credit card debt to income ratio for households was a staggering 1.02, and it is nearly double this in 1992. Specifically, in 1992, households in the United States reported possessing an average credit card debt amount, which was nearly twice their average annual income. Strikingly, the mean credit card debt: income ratio drops precipitously in 1995 from 1.92 to 0.04, which is approximately what the credit card to income ratio remains from 1995 onward. Although I am unable to parse out exactly what kinds of goods and services were purchased with

credit cards in 1989 and 1992, the trends in overall acceptability of credit can likely lend insight into whether the purchases were necessities or whether they tended more towards luxury or frivolous consumption on credit.

Table 1A also underscores just how unique the year 2010 was, in comparison to any remaining year in which the SCF surveyed households. Given popular narratives in the media about the overindebted American household and how frivolous their consumption on credit was in the wake of the 2008 financial crisis (Warren 2004; Warren and Tyagi 2005), it is unsurprising that I find that in 2010, as compared to other time points from 1989 until 2016, American households were significantly overleveraged. Specifically, according to Table 1A, in 2010, households in the U.S. had a mean total household debt to income ratio which is significantly higher than the mean ratio in all other years. Again, given that the SCF survey year reflects respondent information from the prior year, the finding that American families were significantly more overleveraged in 2009 than any other time point from 1989 to 2016 meshes with the well established facts not just about the subprime mortgage crisis, but about the rather stark and pervasive turn to a consumer credit-driven economy.

Another less than surprising finding is that the mean ratio of primary residence debt to income in American households was significantly lower in 2001 than other time points, while it was significantly higher than the rest in 2010. The time period from the late 1990's into the early 2000's corresponds to the dot.com bubble era, in which institutional investment was focused squarely on technological innovation—that is, on investment in companies at the cutting edge of technology. Home ownership was less emphasized as a source of individual investment, and this is at least consistent with the borrowing patterns we see in the early 2000's in Table 1A. That 2010 saw significantly higher home debt (to income ratios) than at any other time over the last

twenty or so years supports the notion that this period of time is demarcated by expansive increases in homeownership. We can also see that those years in which mortgage debt is the highest (2010 specifically) are also the time points at which the average American households are most overleveraged. It is likely because home mortgages are of course, by far the largest kind of debt that Americans undertake.

Classed Debt Levels—Classed Credit Use Patterns

Within-class Bonferroni comparisons test whether mean aggregate percentages (which are devoted to different purchase types) of social classes' total aggregate debt for each year are significantly different from those of the remaining 4 social classes, or in some cases significantly, situations in which two social classes have mean percentages that are almost identical to one another, but statistically distinct from the remaining three social classes (the latter is almost always a case of the poor and working classes, which are generally significantly distinct from the other 3 classes, but nearly identical to one another).

[Table 1B About Here]

Upper Class Investment on credit is at its highest in 2016 (46 percent of total debt in 2016) and is almost as high in 2013. The second highest proportion is in years 1995 and 2010 (hovering near 30-35 percent of total household debt in each year); moreover, in the years 1992, 1998, and 2007 investment on credit was somewhere in between 20-29 percent of yearly household debt expenditures. The lowest percentage of investment driven debt (about 17 percent) occurs in both 1989 and 2004. Other salient patterns, which emerge for upper class household borrowing over

time, first involve the proportion of credit deployed in the service of other non-investment real estate. This is consistently higher than any other class category as a proportion of total class debt. Year to year, only upper class households have significantly higher shares of their aggregate total debt (relative to all 4 remaining social classes) devoted toward non-primary residence, non-investment real estate. The proportion of credit used for the purchase of noninvestment real estate is lowest (significantly lower) in the years 2001 and 2016, hovering near 11 percent of total upper class household debt. 1989 sees the highest (Significantly higher than other years). The proportion remains at about 17-18 percent in the years 2004-2010, and begins to decline in 2013 (14 percent). Interestingly enough, upper class households also expended a significantly larger proportion of overall aggregate class debt for the "other" category from 1989 until about 1998/2001.

Overall, both upper middle and lower middle class households expend the majority (roughly about 75 percent) of their available credit on their primary residence. In fact, upper middle class households deploy 70-80 percent of the total available credit on primary residence debt—over time. Similarly, lower middle class households generally expended anywhere from 65-78 percent of their overall household credit on this category of good across the period 1989—2016. From 1989 – 2016, the trends stays similar and stable (around 70-80 percent of each social classes' respective total household debt in each specific year), with upper middle class debt diverging by 10 percentage points higher than lower middle debt in the years 2007 and 2016, and the two mean aggregated percentages of total class debt in each year being essentially equivalent in 1989, 1992, 2010, and 2013.

Credit based consumption in working class households is predominantly fueled by credit used to finance the purchase of a vehicle (40 percent of available credit is deployed for this

purchase type in 1989) as well as educational loans. The relative amount of total working class debt used to purchase a vehicle drops over time to about 20 percent in 2016, while that used for educational purposes grows by factor of about 7.4, from a low in 1989 of 7.58% of total debt, to 55.98% of total working class debt in 2016.

In terms of working-class educational loans, in the late nineteen eighties, poor and working class households use roughly equivalent proportions of their classes' total credit—around 6-7 percent. For both classes, the proportion of their total class credit expended on educational loans increases over time, but working class households exhibit slower increases per year. By 2004, the proportion of working class aggregate debt used for education is half that of poor households in that year, although both classes have significantly larger educational loan amounts (relative to overall class credit available) than upper, upper middle and lower middle class households—at every time point in my analysis. The years 2013 and 2016 see the highest percentages of total debt dedicated to education.

A strikingly large shift is apparent in the relative proportion of poor households' total credit expended in the service of financing an education from year to year, with the lowest proportion of total debt a mere 7% of total within class aggregate debt in the year 1989 (Table 1D). This within-class proportion of poor households' educational to overall debt in 1989 is significantly lower than it is in any subsequent year. In the time period between 2010 and 2013, however, educational loans as a portion of total debt nearly doubles. In 2013, educational debt represents a staggering 77 percent of poor households' credit consumption debt immense. This drops to slightly to 72% in 2016, although the amount of mean household debt dedicated to furnishing an education is statistically higher (distinct from) all previous time points. As is the

case for any other kind of consumption on credit, the relative amounts of educational loans from year to year are context dependent. But student loans may be more

A non-trivial amount of debt overall aggregate debt held by poor households is expended, year after year, on "other" purchases; depending on the year, this purchase type accounts from anywhere between 7 and 20 percent of poor household debt. Moreover, both poor and working class households consistently have the highest (significantly ($p=0.00$), for each survey year) proportions of their total debt employed to purchase "goods and services" when compared to the other 3 social class categories.

Deployment of Credit: Debt Types?

In what ways do the middle classes invest on credit? Do the middle classes differ from upper class credit consumption more generally? Consistent with previous work which finds that a home is the largest cache of middle class wealth (Dwyer 2007, 2009)—one which serves as an investment on credit (Harmes 2001; Langley 2008; Conley and Gifford 2006; Montgomerie 2009)—is my finding that the greatest proportion of upper middle and lower middle class household debt is expended on a family home (Table 1B). The middle class—broadly defined (Marger 2008)—is now economically precarious in the absence of sufficient asset holdings (Wheary, Shapiro, and Draut 2007; Hodson, Dwyer, Neilson 2014). This condition, along with the widespread belief in the future failure of the social security system in the US (Hacker 2004, 2012), suggests that these classes understand owning a home as a kind of safety net—as an investment with the capacity to insulate against financial hardships. Indeed, there is much scholarship that arrives at precisely this conclusion (Kemeny 1980; Castles 1998; Conley and Gifford 2006; Ansell 2012; Cook, Smith, and Searle 2013).

But what about working class and poor households? Unsurprisingly, economic vulnerability influences indebtedness for both the working class and for the poor; and they are, of course, subject to more severe structural constraints than members of the middle classes. According to Fligstein and Goldstein's (2015) argument, such vulnerability should render working class and poor households more likely (than middle class households) to deploy debt for the purpose of defensive spending. To understand better the descriptive trends laid out in this introduction, the next dissertation chapter examines how social class influences household indebtedness in the U.S., using multivariate analyses.

CHAPTER 2: Who is in Debt? A Class Based Analysis of Consumption on Credit

INTRODUCTION

Consumer debt in the US stands at a record 4.0 trillion dollars (Federal Reserve 2015) and one in every three households uses credit to pay for basic necessities (Salerno 2012). Historically, credit largely existed as a means through which families could bridge the gap between income and a need to purchase specific goods required for subsistence (Carruthers and Ariovich 2010). However, near the very end of the Fordist regime—and along with the concomitant loosening of federal usury laws in the early 1980's (Scott 2007)—the United States transitioned from a nation of savers to a nation of borrowers (Carruthers and Ariovich 2010: 21). This shift occurred in an increasingly financialized economy—one in which credit is becoming progressively more ubiquitous within market transactions (Van der Zwan 2014; Kus 2015), rivaling and often superseding real money in usage (Krippner 2005; Carruthers 2005).

Some scholars, particularly in the field of stratification, assert that this shift has occurred because credit must be used to replace income lost due to stagnant real wages for households in precarious positions (Leicht and Fitzgerald 2007; Pressman and Scott 2009). In contrast, work within both behavioral economics and the overlapping field of economic psychology traces the rise in household indebtedness to a pervasive "culture of debt" (Lea, Webley, and Levine 1993). Both bodies of literature argue that the widespread adoption of consumerism fostered our transition from a savings-driven society to one dominated by credit use. A third body of work is attentive to the role of status-based consumption in propagating the increase in household indebtedness (Campbell 1995). In this view, actors consume goods conspicuously to gain status—signaling their membership to a social class category more esteemed than their own.

I propose that such accounts are incomplete in their conceptualizations of household credit consumption. Using a broadly defined embeddedness framework[5], I analyze data available from the Federal Reserve's Survey of Consumer Finances to examine household indebtedness in the US. In the main, I interrogate how distinct social forces influence household indebtedness. First, I try to ascertain the relationship between structural conditions and household credit consumption. In particular, I examine pressure on disposable income and the impact of both accumulated assets and state transfers. I further investigate the role of cultural understandings by assessing households' consumption of luxury goods and the way ideas about credit acceptability may shape indebtedness. Finally, I interrogate whether social class shapes borrowing. Two central questions motivate this work. The first asks what drives household debt—is it economic vulnerability, a culture of debt, status based consumption, or something else? And secondly, how does the impact of institutional, structural, and cultural forces on indebtedness vary by class position? In other words, how (if at all) do the drivers of debt differ among households belonging to distinct class categories? This focus on the intersection of the use of credit and social stratification through a cultural lens also allows me to link two areas of investigation of the economy that have yet to be productively linked, namely economic sociology and stratification research (Swedberg 2003; Mahutga and Bandelj 2008; Bandelj and Mahutga 2010).

[5] Throughout this paper, I use the terms "embeddedness" and "embeddedness framework" strictly as they are defined by Zukin and DiMaggio (1990). "Embeddedness", according to the authors, "refer[s] to the contingent nature of economic action with respect to cognition, culture, social structure, and political institutions" (Zukin and DiMaggio 1990: 15). Thus, I adhere to a (Polanyian) broadly defined embeddedness framework (1990) rather than the customary, narrower Granovetterian understanding of the term (1985) in conceptualizing economic action as embedded jointly in social, cultural, and institutional factors.

BACKGROUND

Neoclassical models of consumption have been widely criticized for their inability to account for the rise of household indebtedness in the US (DiMaggio 1994; Zukin and Maguire 2004). Actors' and households' actual credit use—most notably with regard to overleveraging—isn't well explained by these models (Barba and Pivetti 2009). The general response to the failure of neoclassical models has been a proliferation of alternative theories from a variety of disciplines which privilege either structural, institutional or cultural drivers of indebtedness. I review these theories in turn.

Economic Instability: American Households in the Neoliberal Era

Scholarship contends that consumption on credit, and the ensuing accumulation of debt, has become endemic and permanent. This is largely the effect of political policies and structures that lead to stagnant wages and declining purchasing power in the face of rising productivity (Warren and Tyagi 2003). The structuralist program posits that the rapid escalation of household indebtedness—beginning in the 1970's—is primarily driven by growing income inequality (Porter 2012). Because of the decline of Fordism, the proliferation of neoliberal economic policy and the process of deindustrialization, wages for the middle class have either been stagnant or in decline (Leicht and Fitzgerald 2007, 2014). The bulk of the literature on consumer indebtedness theorizes that the gap between income and expenses leads consumers to use credit as a bridge (Leicht 2012). Research also finds that indebtedness rises when a household experiences a shock, such as job loss, illness or death (Warren and Thorne 2012). Fluctuations in household income due to economic instability also contribute to Americans' mounting debt loads (Leicht and Fitzgerald 2014). Rajan (2010) identifies deregulation as the source of both the increased

competition for employment and the rising rate of firm turnover. Both factors undergird rapidly increasing income volatility, and contribute to rising economic insecurity in American households (Carruthers and Kim 2011). Reductions in social safety nets engendered by neo-liberal reforms, along with the increased volatility of household income render it difficult to withstand economic hardship without sufficient asset holdings (Hodson, Dwyer and Neilson 2014). We can expect that those households with more economic security in accumulated assets will be less vulnerable when faced with such adverse shocks.

Proposition 1a: Lower household income is associated with higher levels of indebtedness.

Proposition 1b: Higher accumulated assets are negatively correlated with household debt.

Much structurally inclined literature on the welfare state in the US has examined the relationship between home equity (secured credit) and the balance between public and private systems of welfare. In the context of the equity/welfare tradeoff, equity functions as a substitute for inadequate public safety provisions (Castles 1998, Ansell 2012). A more recent line of work—also focused largely on structural mechanisms—has begun to move beyond research focused exclusively on home equity credit (Schwichtenberg 2014). Instead, this research examines the tradeoff between social spending and household or consumer credit more generally. By and large, the results illustrate a substitutive relationship between various kinds of household credit and state transfers. The substitution effect is influenced primarily by wage stagnation and welfare retrenchment (Sullivan, Warren and Westbrook 2001) and economic insecurity (Krippner 2005; Rajan 2010). Along this vein, Prasad (2012) finds support for the credit-welfare substitution effect, but only under circumstances of extensive economic deregulation, as is the case in the United States. In countries with weak public welfare states, regulation suppresses credit usage. In

contrast, deregulation makes possible the consumption of goods and services on credit—goods and services that would have otherwise been purchased with state transfer monies.

Proposition 1c: The indebtedness of households will be lower if they receive state assistance.

Conspicuous Consumption and Debt

Status driven accounts of indebtedness draw heavily on the theoretical insights of both Weber (1946) and Veblen (1899). Weber's key insight is that social groups are based on 'lifestyles' marked by various consumption patterns (Weber 1946: 193). Members of more esteemed groups retain status by demarcating social boundaries through varied modes of consumption (Weber 1946; Lamont, Pendergrass and Pachucki 2015). Similarly, Veblen (1899) postulates that boundaries are marked through conspicuous consumption; that is, through signaling membership to a higher class and claiming its status through the ostentatious display of wealth (luxury goods) (Veblen 1899; Ritzer 2001; Trigg 2001; Fourcade and Healy 2007).

Contemporary status oriented scholars of indebtedness assert that the democratization of credit provides a means through which actors can engage in conspicuous consumption on a large scale (Trigg 2001; Scott 2007). Moreover, it is well established that actors will often overleverage before reducing their consumption (Traub and Ruetschlin 2012; Fligstein and Goldstein 2015). Thus, many such theorists claim that actors incur debt to emulate the consumption of classes with more status (Barba and Pivetti 2009). One important stream of work (Ritzer 1995, 2001, 2012; Schor 1998, 2007; Barba and Pivetti 2009; Wisman 2013) asserts that rising income inequality amplifies the increase in household debt via conspicuous consumption. The media inundates consumers with images of the vastly wealthy, and portrays the lifestyles of the super-rich as the norm (Schor 1998). Members of all social classes are misled into conceiving

of the wealthy as everyone's appropriate reference group (Ritzer 1995; Wisman 2013). As inequality increases, so diminishes the viability of reaching such a target (Schor 1998; Frank 2007). While the rich ratchet up their consumption of conspicuous luxury goods—including highly prestigious brands of jewelry, handbags, clothing, furniture, wine and even cosmetics—members of other classes attempt to follow suit (Schor 1998; Frank 1999). In many cases, the only means through which consumers can furnish the increase in luxury consumption is through the use of credit (Schor 2007; Manning 2000). This cycle results in what George Ritzer refers to as "hyper-debt" (Ritzer 2012).

Proposition 2: Households that consume more luxury goods will have higher amounts of debt.

The Debt Culture: How do Norms and Attitudes Influence Indebtedness?

Scholarship in both behavioral economics and the related discipline of economic psychology subscribe to the notion of a so-called "culture of debt" (Lea, Webley and Levine 1993: 83) in explaining the growth of household indebtedness. This stream of work proposes that individual attitudinal, personality or cognitive failings cause consumers to behave in hedonistic (Fourcade and Healy 2007), rather than rational ways (Roberts and Jones 2001; Norvilitis et al. 2006). Deemphasizing the salience of structural or economic influences, this perspective argues that indebtedness owes to profligate consumption, in which consumers are prey to the culture of consumerism in which they are embedded (Manning 2000). In support of this view, Richins (2011) finds that materialism leads to attitudinal acceptance of debt, as does the belief that one can positively transform her life through the acquisition of material goods. She concludes that these beliefs work together to increase overleveraging. Findings by Lea, Webley and Levine (1993) point to an attitudinal disjuncture between those who take on debt and those who do not.

These authors find non-debtors are less approving of borrowing on credit than are debtors. They also find (a smaller) effect of debt acceptability in distinguishing mild debtors from serious debtors, with serious debtors holding more debt-tolerant attitudes than mild debtors. Moreover, Livingstone and Lunt (1992) find that social and demographic factors play a relatively minor role in the accumulation of personal debt. The authors observe that disposable income does not differ between debtors and non-debtors, although it does explain how far people are mired in debt. Attitudinal factors (seeing credit as problematic but useful), rather than social location predict whether actors incur debt.

Proposition 3: Households expressing that the use of credit is acceptable will be more indebted.

Debt, Inequality and Class Position

The significance of social class as a theoretical construct is contested. When examining processes governing an actor's consumption, the standard sociological view posits that class position and other ascriptive criteria have largely lost their influence over outcomes (Gaartman 1991; Slater 1997; Carruthers and Uzzi 2000; Ritzer 2001; Zukin and Maguire 2004). By and large, sociological accounts of indebtedness do not adequately engage the possibility of classed credit usage. Extant research either 1) under-theorizes the importance of class position in general, or 2) fails to substantively consider the differences in credit consumption between class strata. Generally, studies suffering from the latter weakness either formulate theories or concepts specific to one or two classes, or at the other extreme, may apply a theory to all class strata monolithically. By ignoring variation in structural, institutional and cultural forces that act together—but also in ways that differ by class—research on household debt begets a theoretical gap requiring further examination (Dwyer, McCloud, and Hodson 2011). As Swedberg (2003)

points out, scholarship in economic sociology is no exception—and for the most part, theorists have participated in the unwarranted rejection of class as a salient influence on actors' consumption practices.

In contrast, a minority of scholars still argue for class's continued utility in sociological research (Petev 2013). A number of influential theorists argue that social class only appears theoretically impotent because we are failing to adequately capture its altered dimensions (Grusky and Weeden 2001). Along this vein, new class theory, echoing Bourdieu (1984), postulates that class must be reconstructed according to the "classed nature of social and cultural practices" (Bottero 2004: 989). Though little work directly explores whether indebtedness is indeed classed, there is a small body of structurally oriented work on class and debt which points to the influence of class (generally operationalized as income) on household credit consumption (Keister 2000b; Warren and Tyagi 2003; Oliver and Shapiro 2006; Dwyer 2009; Dwyer, McCloud and Hodson 2011). Within this body of work, the central insight of use is simply that debt is neither acquired, nor used monolithically across social strata (Dwyer, McCloud, Hodson 2012). In fact, Hodson, Dwyer, and Neilson (2014) find that both the amounts and kinds of debt that households undertake are quite clearly contingent on social class membership.

I propose that in order to uncover precisely how classed meanings of credit use and indebtedness are constructed, a framework of embeddedness (Zukin and DiMaggio 1990) is most illuminating. In addition to structural considerations, this conceptual framework allows an examination of variations in cultural understandings and institutional norms that may operate differently across class strata. To engage in such an endeavor, I follow a largely Bourdieusian (1984) new class conceptualization to demonstrate that in the case of consumption on credit, the

meanings and deployment of economic action are shaped by class membership—itself based on the constellation of cultural, institutional and structural forces that act on various social locations.

Proposition 4: Structural, cultural and institutional influences on indebtedness vary according to social class membership.

Embeddedness and Classed Variation in the Consumption of Credit

Using an embeddedness framework, I propose several specific propositions exploring how these fundamental social forces may impact credit consumption differently according to class membership. In the case of both structural and institutional forces, we would expect that, aside from the upper class, economic precariousness affects all classes to some extent. This is particularly salient when considering the impact of the Great Recession on unemployment for all but the upper class (Nau 2013) and on home ownership (Anthony 2012; Cook, Smith and Searle 2013), the greatest store of wealth for members of the middle class (Dwyer 2007, 2009).

Proposition 5a: Upper class debt will be uncorrelated with structural forces (namely, income liquidity, accumulated assets, and state transfers), while the indebtedness of the remaining four classes will be negatively correlated with all three structural variables.

Status theorists understand borrowing in the context of increasing inequality. An extension of this logic implies that classes with fewer material resources should borrow at least as much—if not relatively more—than classes with access to more resources. However, an embeddedness framework may be more consistent with the opposite notion: that precariousness drives down conspicuous consumption on credit.

Proposition 5b: Upper class and upper middle class household debt will be positively correlated with luxury consumption.

Proposition 5c: Luxury consumption will be negatively associated with household debt for lower middle class, working class and poor households.

Work within the economic psychology/behavioral economics paradigms is valuable because it highlights that consumers' (debt tolerant) attitudes influence their indebtedness. However, the "culture of debt" perspective is highly flawed. By and large it, presents an oversocialized, latent variable view of culture (Granovetter 1985; DiMaggio 1997). In this work, culture boils down to a single norm of materialistic consumerism. Together with widely occurring cognitive errors, this "culture" cultivates a monolithic attitude of increased credit acceptance. Any potential variability in acceptance—particularly as might exist between different social groups—is not generally considered.

Culturally oriented work within economic sociology provides a way to transcend the weaknesses of such a framework. Theorists working within this framework highlight interdependencies between shared understandings, institutional norms and actors' attitudes and behaviors. Viviana Zelizer (1989) finds that cultural frames and normative expectations shape the meanings that money has; including how it is used and who uses it. Moreover, cultural beliefs intersect with structural and institutional forces in shaping how money is understood and appropriately used. Other economic objects, processes and actions are similarly embedded within cultural understandings (DiMaggio 1997; Bandelj 2008; Wherry 2008; Beckert 2010).

DATA AND METHODS

My research draws on cross sectional, household level data available in the Survey of Consumer Finances (SCF). The SCF is conducted triennially by the Federal Reserve, and is one of the most reliable and detailed sources of economic information gathered on families in the US (Pressman and Scott 2009; Fligstein and Goldstein 2015). Because it oversamples wealthy households, it is not nationally representative (Keister 2000a). I make use of sampling weights included in the main dataset in order to mitigate potentially skewed findings that could result (see Nau 2013; Fligstein and Goldstein 2015). Additionally, I employ clustered (Rogers 1993) robust (Huber 1967, White 1980) standard errors to offset significant heteroscedasticity and within-cluster dependence extant in the data.

To test each of my propositions, six Tobit regressions were run. Model 1 (results in Table 2C) reflects the full sample Tobit regression analysis, while models 2 through 6 (see Table 2D for results) correspond to the Tobit regressions run by each of five class categories. Tobit analysis was chosen for both substantive and methodological reasons. The methodological rationale centers on my dependent variable: total household debt. It is a limited dependent variable—left censored from below—with a significant number of observations clustered at zero. The Tobit model is the most appropriate model for a continuous dependent variable in which a significant number of observations cluster at some limiting value (McDonald and Moffitt 1980). Substantively speaking, however, this model allows me the opportunity to control for the distinction between debtors and non-debtors. I am able to model the relationship between my independent variables and dependent variable more accurately, since the latent dependent variable I assess is conditional on being a debtor. The Tobit model takes the general form

$$y_i = \begin{cases} y_i^* & \text{if } y_i^* > 0 \\ 0 & \text{if } y_i^* \leq 0 \end{cases},$$

where y_i^* is a latent variable:

$$y_i^* = \beta x_i + u_i, u_i \sim N(0, \sigma^2)$$

In addition to assessing the influence of three major social forces as they jointly shape credit use by class, in this paper I attempt to address a significant weakness plaguing much of the literature on household debt. Modeling the latent dependent variable (y_i*) rather than dependent variable (y) itself allows me to account for the disjuncture between debtors and non-debtors in addition to the amount of debt. More specifically, this model captures both the qualitative decision to incur debt (using a maximum likelihood function), as well as the quantitative measure of indebtedness incurred (via a multivariate linear regression function). OLS regression cannot account for the qualitative difference between zero and non-zero debt—which may obscure estimates of borrowing as they occur in reality. Thus, tobit regression captures borrowing behavior more accurately than OLS, and avoids losing significant explanatory nuance with the use of a binomial model.

Dependent Variable

The dependent variable for my analyses is total household indebtedness in the US in 2010.

Information on eight different kinds of household debt is available in the SCF. This include principal mortgage debt; monies owed on any secondary (non-commercial) properties (excluding properties used as an investment); and the amount a household owes toward home improvement loans, vehicle loans, loans for the purchase of goods and services, loans for investments (real estate or financial), education loans, and any other loans. The sum of these variables is the dependent variable, total household debt. Additionally, I include principle residence mortgage debt because of the wealth effect (Oliver and Shapiro 2006; Schwichtenberg 2014). The wealth effect posits that households are increasingly financing consumption (of both necessities and more frivolous purchases) by extracting equity from their home (Greenspan and Kennedy 2008). Thus, in order to examine the actual patterns of credit usage, the largest source of credit available to members of most social classes must be included (Dwyer, Hodson and McCloud 2012).

Total household debt for the purchase of goods and services was calculated using credit card and store card balances, balances on lines of credit, home equity lines of credit (HELOCs), along with first, second and third mortgages on primary residences. Next, to calculate debts owed on the remaining categories of household indebtedness, SCF data on investment properties, vacation and recreational properties, monies owed to businesses and owed on financial investments, vehicle debt (including recreational vehicles, such as yachts or motorhomes), educational loans, and other kinds of installment debt is included in the dependent variable.

Independent Variables

Structural Drivers of Credit Consumption

Previous work has established that both income and assets are key factors influencing levels of indebtedness (Wolff 2010). To parse out more fully the structural influences of income on debt suggested by both the stratification literature, two distinct dimensions of income are included in the analyses. First, to examine the effect of relatively accessible income, the measure "income liquidity" is constructed. The summary dataset splits household's income out into eleven distinct variables based on source. In constructing income liquidity, I make use of eight such income sources. More specifically, I include income from wages earned from paid employment, alimony, profits garnered through businesses by the household, returns on investments and interest, dividends, any income from the collection of rent, and income garnered through the sale of stocks. Secondly, the measure "transfer" is created to examine independently the effect of income provided by the state. The "state transfer" variable is based on earnings from three (of the total eleven sources of income). One measure includes monies earned via social security payments, pensions, retirement benefits, or assistance for disability. I also include income earned through public social welfare programs such as TANF. Lastly, I elect to include any income in which a member of the household receives remuneration from workers' compensation.

In order to assess the influence on household debt exerted by wealth, the measure "net worth" is created. This variable includes both financial and nonfinancial assets (less any debts). Financial assets include money market accounts, call amounts at brokerages, transaction accounts, certificates of deposits, mutual funds, stock holdings, bonds (other than bond funds), mortgage backed bonds, corporate and foreign bonds, government

agency bonds or bills, quasi-liquid retirement accounts, the cash value of whole life insurance, and other managed assets (trusts and annuities). This measure also includes future proceeds, royalties, futures, non-public stock, deferred compensation, and any oil/gas/mineral investments. Nonfinancial assets, such as vehicles, motor homes, recreational vehicles, boats, planes and the like) are also included; as are business holdings, primary residences, and any other properties (commercial properties, farms, mobile homes, vacation homes and the like).

Cultural Drivers of Indebtedness

To examine conspicuous consumption, I extricate the value of a household's luxury asset holdings from its net worth. Here, I operationalize 'luxury goods' in accordance with Warren's (2004) conceptualization of (status-oriented) luxury goods as high priced consumer nondurables. Warren argues convincingly against categorizing homes, daily use vehicles, and consumer durables as luxury goods used for conspicuous consumption. Homes, vacation properties and even vehicles are not exclusively rooted in luxury consumption. In addition, I am unable to determine whether households purchase these items for conspicuous consumption or another purpose, such as investment (Jianakoplos and Bernasek 1998). I then exclude these items from my analysis. The luxury assets measure I use is already constructed by the SCF. This measure of luxury assets includes gold, silver, jewelry and gemstones; cars; rare books, art objects, antiques, furniture, "oriental" carpets, furs, and wine stores, among other objects.

I also rely on an attitudinal measure that are most likely to predict indebtedness. The SCF asks respondents how they might imagine someone like them feels about using

credit for any general purpose. The answer choices include: 1) It is never acceptable, 2) It is only sometimes acceptable, 3) It is always acceptable. In order to assess the independent influence of acceptability of using credit (which also best corresponds to descriptions of the debt culture), I collapse response categories 2 and 3, creating a dichotomous variable, coded 1 for those who are accepting of credit usage, zero for those who exhibit no credit acceptance.

Controls

The literature on indebtedness suggests that race is among the most important demographic variables affecting debt (Keister 2000b), because access to credit is highly racialized (Carruthers and Kim 2011; Fourcade and Healy 2013). To control for the potential influence of race, two dummy variables for race are included in inferential analyses. One denotes a Latino household while the second denotes a Black household, as defined by the SCF. Additionally, scholarship points to the importance of family structure on debt (Warren, and Thorne 2012). In particular, the number of children in a household, as well as whether a household with children is headed by a single female (Goode 2010) are both key influences to hold constant. In this paper, I operationalize number of children as a count variable, whereas I construct a dummy variable to control for potential effects in which a household is headed by a single female.

Several highly salient controls are included to help offset the distinctiveness of my data, which was collected at the tail end of the Great Recession. One consequence of the economic downturn was job loss and unemployment. Thus, employment status is included as a control. It is constructed as a dichotomous variable indicating whether the

head of household is currently employed. Additionally, the ability to procure credit is linked directly to indebtedness—particularly in the context of the Great Recession (Petev, Pistaferri, and Saporta-Eksten 2011). Scholars of credit use and indebtedness largely agree that access to credit is unevenly distributed across the population (Carruthers and Kim 2011) and that certain social groups are excluded more often than others (Oliver and Shapiro 2006; Fourcade and Healy 2013). To counteract a potentially confounding effect, I include a measure of credit eligibility. I operationalize credit eligibility as a dichotomous variable measuring whether a household has been denied credit for any reason or has received less credit than applied for at any point over the previous five years. Moreover, home ownership status is strongly related to structural independent variables in predicting indebtedness (Sullivan, Warren and Westbrook 2001), most notably in the year 2009. I include a dichotomous variable for the home ownership status—whether the household owns their principle residence—as a control.

I also make use of demographic factors that are highly related to household indebtedness. I include both the average age of the head of household and her/his spouse, as well as a squared term for this average age, in order to test for an inverted U shape relationship between age and household debt. A positive relationship between age and debt is expected up to a certain point; as young people age, they will accrue more debt for purchasing investments (Barba and Pivetti 2009). But this should level off and may perhaps decline slightly past a certain point; we expect that the elderly will pay down their debts (Barba and Pivetti 2009).

Social Class

Models 2 through 6 included in this analysis are run separately for each social class. Class is partitioned into five categories: upper class, upper middle class, lower middle class, working class, and the poor. The measure of social class was constructed as index variable on the basis of income quintiles (Wolff 2012), educational attainment, and occupational category, following standard operationalizations in previous research (DiMaggio and Useem 1978; Marger 2008; Petev 2013). A categorical measure of respondents' highest educational attainment is already provided by the SCF, and it is partitioned into five categories: less than a high school diploma, high school graduate, some college, college graduate, and post graduate study. Again this scheme is well established in the literature (Warren and Thorne 2012: 29). Closely aligned (though not a precise match) with the Featherman-Hauser (F-H) scheme of occupational classification—proposed by the authors in 1978—are the categories of this measure constructed by the SCF (refer to Petev (2013) for an overview of this scheme). The variable in the public SCF data set relies on 4-digit census codes (2010 codebook n.d.), but collapses these occupations into 6 categories: 1) managerial and professional occupations, 2) administrative occupations, 3) blue collar and service oriented occupations 5) low wage work/manual labor and 6) occupations involved in public safety—such as the armed and police forces.[6] By combining income, occupation and education, I create a single index variable of social class. Importantly, I constructed said categories to align precisely with how Marger (2008: 58) constructs the three middle

[6] Refer to US Census Bureau Appendix F (available online at: http://publicdata.norc.org/GSS/DOCUMENTS/BOOK/GSS_Codebook_AppendixF.pdf) for details regarding the coding criteria used.

classes; that is, such that the upper class and poor categories I construct flank the entire middle class.

RESULTS

Table 2A presents the mean and standard deviations for all independent variables, aggregated by social class.

[Table 2A About Here]

In general, the results accord with expectations regarding mean liquid and transfer income, as well as assets; the aggregate mean for all three measures is highest for the upper class, while the poor have the lowest holdings. Luxury assets follow the same pattern—which is unsurprising when considering the difference in resources available to members of distinct social classes.

Next, Table 2B displays the percentages of total aggregate debt (within a particular class category) for seven broad categories of goods: the discrete loan purpose variables the SCF calculates and provides in its publicly available summary extract dataset.[7]

[Table 2B About Here]

Most fundamentally, the results are consistent with the notion that credit consumption is classed. The values in Table 2B are standardized, and thus they provide a descriptive

[7] The 2010 SCF summary extract dataset may be downloaded at: http://www.federalreserve.gov/econresdata/scf/scf_2010survey.htm.

comparison of how patterns of credit use seem distinct among classes in general. Results reported in Table 2B, although not inferential, suggest that, in the aggregate, classes may use credit to purchase very different kinds of goods. Upper middle class and lower middle class indebtedness is dominated largely by mortgage debt. Additionally, the percentage of debts expended to purchase vehicles, goods and services, and "other" goods increases progressively as class categories decrease in the resources and esteem they are afforded. However, it is seemingly important to gauge whether the variation in usage is simply a reflection of disparities in material resources, or whether classed logics may also play a role. To do so, I examine how the joint influence of cultural and structural forces results in distinct—classed—patterns of credit use.

Full Sample Tobit Regression

Table 2C presents the results of a Tobit regression of household indebtedness on all independent variables and controls, over the entire sample of households (n = 32,410).

[Table 2C About Here]

Results for model 1 reveal that increases in income liquidity are positively correlated with debt. Thus, the results do not align well with proposition 1a, which predicts that lower household income will be associated with higher levels of household debt. The relationship between net worth and debt is the reverse. Proposition 1b predicts that lower accumulated assets will be correlated with higher debt. Results in Table 2C support this proposition; we find that assets exert a negative influence on indebtedness. State transfer

income, like income liquidity, is positively associated with household debt. Proposition 1c, which predicts that the indebtedness of households will be lower with higher levels of state assistance, is not supported in the full sample Tobit analysis. These results suggest households borrow when experiencing economic shocks under conditions of low asset holdings. It is puzzling that there is not much evidence to support the central structuralist claim that economic vulnerability drives indebtedness in US households. These results raise more questions than they answer.

In contrast, the impact of cultural forces in driving indebtedness are more uniform, and less surprising than structural ones. Both luxury asset holdings and debt acceptability are positively correlated with indebtedness. Possession of luxury goods and debt tolerant attitudes are both associated with a significant increase in debt for American households. Thus, propositions 2 and 3, which posit that households consuming more luxury goods and exhibiting increased debt acceptance will have higher amounts of debt (respectively)—are both supported.

However, significant differences in the levels of household indebtedness according to class membership exist. Table 2C presents the results of dichotomous class membership variables included as controls. Each dummy variable for class is significantly different from all others. In order to get a clearer, more accurate understanding of household credit consumption it is important to examine whether drivers of debt vary by class position.

Tobit Regressions by Class Category

Table 2D presents the results of Tobit regressions for total household debt, run separately for each of the five class categories included in this analysis. Results obtained in the split class Tobit regressions (models 2-6) present a more nuanced—and more complex—portrait of the impact of structural, cultural and institutional influences on debt than do results obtained in Model 1. Looking across class category, results in Table 2D show variation in the forces that are significantly correlated with indebtedness. In other cases, independent variables or controls remain significantly associated with debt, but the direction of impact reverses according to class membership in comparison to Model 1. Moreover, the influence of salient independent variables is patterned by class category. That is, the influence exerted by independent variables on debt diverge across social class. Therefore, the proposition that structural and cultural effects on indebtedness vary with class position is supported. I will now review these distinctions in greater detail.

[Table 2D About Here]

Structural Factors

According to Table 2D, the relationship between household debt and income liquidity is consistent across all classes, except the upper class. Income liquidity is positively and significantly associated with indebtedness for members of the upper middle class, lower middle class, working class and for the poor. The direction of income liquidity's impact on debt for these classes remains consonant with that in Table 2C. In contrast, income liquidity is not significantly related to indebtedness for upper class households.

Net worth also operates on indebtedness somewhat monolithically across class categories in the split class models—with the exception of upper class households. As expected, the direction of this measure's influence on debt is opposite that of income liquidity. Models 3-6 in Table 2D illustrate that significant increases in net worth (less any nonfinancial luxury holdings, as defined in this paper) correspond to decreases in household debt for all but the upper class. Working class households exhibit the greatest decrease in indebtedness for each dollar increase in net worth, while decreases in debt are more or less equivalent for those in the lower middle class and for the poor. Net wealth does negatively impact upper middle class debt, though this effect is smaller relative to the lower middle class, working class and the poor. Again, upper class households buck the trend—for these households, net wealth is positively associated with debt. For the bottom four classes, these findings are ostensibly consistent with expectations: we expect an inverse relationship between accumulated assets and debt in households that are economically vulnerable. That is, we expect that assets and household debt behave as substitutes for one another—when an adverse economic event occurs, those who are in an economically precarious position will not have the option of dipping into assets. Rather, they will take on debt for this purpose.

Models 3- 6 in Table 2D illustrate that state transfers are also consistently similar for all classes but the upper class. Strikingly, however, for upper middle class, lower middle class, working class and poor households, state transfers are positively correlated with household indebtedness. For these class categories, increased state transfers correspond to higher levels of debt, rather than less debt. As expected, an increase in state transfers is not significantly associated with debt for upper class households. Based on

the results from Table 2D, proposition 5a is supported. Upper class indebtedness is uncorrelated with both income liquidity and state transfers, while remaining classes exhibit negative relationships between debt and both liquidity and transfers.

Cultural Forces

Of all independent variables I examine, luxury assets are the least uniform in their effects on debt across class. Results from Models 2 and 3 (Table 2D) illustrate that luxury assets are significantly and positively associated with indebtedness for households belonging to the upper and upper middle classes. Thus, proposition 5b, which posits that upper class and upper middle class household debt will be positively associated with luxury consumption, is supported here. Interestingly, the impact of luxury assets on upper class debt is smaller than its impact on upper middle class debt. However, there is only partial support for proposition 5c—that luxury consumption will be negatively associated with household debt for members of the three most disadvantages classes. Luxury assets are negatively associated with debt for members of both the lower middle and working classes. But for the poor, luxury goods are not significantly associated with indebtedness.

Little variation among models exists when examining the acceptability of debt. According to Table 2D, debt acceptance is positively correlated with indebtedness for members of all classes except the poor. The acceptability of debt corresponds to diminishing increases in debt in moving from model 2 to 5. As evidenced in the sixth model, debt acceptability is not significantly associated with indebtedness for poor

households. Model 6 exhibits the only deviation from debt acceptability results in the full sample model in Table 2C.

DISCUSSION

Very rarely does the empirical scholarship on indebtedness—in any paradigm—simultaneously account for both structural and cultural factors (Schwichtenberg 2014). Much of the literature promulgates explanations for indebtedness that are either primarily structural, or fundamentally cultural; and most work treats institutional forces as exogenous. But even when it examines cultural and structural forces together, the research largely conceptualizes these two dimensions as mutually exclusive and diametrically opposed. At the same time, the small body of literature that examines institutional effects on household debt generally ignores or undertheorizes the role of culture.

But previous scholarship—conducted largely by culturally inclined economic sociologists—finds that in the context of economic action, cultural and structural conditions operate jointly (Zelizer 1989; Fligstein 1996, 2001; Bandelj 2012). Put simply, without a joint examination, we are unable to understand how cultural and structural drivers of indebtedness concomitantly structure credit consumption. In this work, I mitigate limitations posed by unidimensional examinations of credit use by using a broadly defined understanding of the economic embeddedness perspective (Zukin and DiMaggio 1990) as a primary theoretical framework. Additionally, I employ Tobit

regression to control for potential qualitative differences between mild debtors and non-debtors. In doing so, I am able to correct the second methodological and substantive weakness plaguing much social science literature on household indebtedness. Though the contemporaneous nature of my data disallow causal conclusions, my findings suggest that households understand and use credit differently according to social class. In other words, the joint influences of structural forces and cultural understandings are classed in the context of household credit consumption. Though the full sample model results (Part I) aren't dissonant with results from the split-class analyses, findings from the full sample model obscure the variation illuminated in the sub-sample analyses. More specifically, the split-class results presented in Table 2D underscore the importance of class, highlighting how independent variables influence debt differently by class category. I now turn to a discussion of these results.

Structural Forces: Stability for the Upper Class, Precariousness for the Rest

Recall that results from Table 2D demonstrate the upper class is distinct from all others in how both structural and institutional forces tested in this paper propel household debt. Of these, only accumulated assets exert a statistically significant (positive) influence on upper class indebtedness. Neither income liquidity nor state transfers are related to upper class household debt. These findings are not surprising; we do not expect upper class households will need to use credit to mitigate economic hardship (Wolff 2007, 2010). At the same time, there is no theoretically informed reason to expect a positive relationship between assets and upper class indebtedness. Instead, I conceptualize one such rationale, and delineate it in a subsequent section of this paper. Now recall my finding that in the

remaining four class categories, net worth is reciprocally related to debt. In contrast to wealthy households, this is precisely what we expect of precarious households, because they lack of asset holdings. Clearly, this negative relationship between accumulated assets and debt demonstrates that indebtedness is contingent on structural conditions.

While, the negative link between household assets and debt—for all but upper class households—agrees with structuralist predictions, neither the debt-income liquidity link nor the debt-transfer income link does. According to the structuralist account, insecurity should foster a substitutive relationship between household debt and both income liquidity and transfer income for all except the upper class (those endowed with financial security via asset ownership) (Warren and Tyagi 2003; Prasad 2012). All else constant, the lower a household's economic capital, the more indebted it should be (Pressman and Scott 2009). However, I find an unexpected relationship between these two sets of measures; Table 2D reveals both transfer and liquid incomes are positively correlated with indebtedness, for households in all but the wealthiest class. Ostensibly, then, the structuralist account of household indebtedness is incomplete; it is likely that other social forces also drive indebtedness—even in insecure (structurally constrained) households.

Status Based Consumption: Trumped by Economic Vulnerability?

Households adhere to one of three distinct modes of status-based consumption on credit. Poor households employ one such approach; working and lower middle class households a second; and upper middle and upper class households, a third. Table 2D helps characterize each of the three modes of conspicuous consumption, by elucidating how

consuming luxury goods relates differently to household debt according to class strata. Interestingly, upper and upper middle class households are unique; for these classes—and no others—households' status based consumption is positively associated with their debt. Given this, it seems that status-seeking consumption drives at least some degree of upper and upper middle class household debt. This may be surprising, since upper middle class households—lacking assets—are clearly vulnerable to economic shocks. This interpretation is supported by my finding that upper middle class households exhibit precisely the same pattern of relationships between structural forces and indebtedness displayed by lower middle class households, the working class, and the poor (Table 2D). Ostensibly, upper middle class households seemingly deploy some of their available credit in ways which align with a strategy used to mitigate the effects of economic shocks, but they also seem to use their credit to pursue status via conspicuous consumption. This highlights yet another shortcoming of the literature on household debt thus far: allowing for the possibility that a single household's overall debt can be driven by divergent—and even conflicting—rationales to address disparate goals.

In contrast, lower-middle and working class households' luxury holdings are negatively associated with their debt levels. Since greater luxury possession corresponds to *lower* indebtedness within working and lower middle class households, status based consumption doesn't seem to drive their debt. Unfortunately, because my data are cross sectional, I cannot rule out another plausible alternative interpretation of my results: that those who are more heavily indebted refrain from purchasing luxury items on credit. Further work is required to identify which of these two interpretations is correct.

Results presented in Table 2D speak to the charge of conspicuous consumption commonly leveled at poor households (Traub and Ruetschlin 2012). Strikingly, I find that luxury consumption is unrelated to poor households' indebtedness; ostensibly undercutting notion of status-driven indebtedness among the poor. But descriptive results in Table 2B help cast doubt on the "conspicuous borrowing" by households experiencing relatively severe economic constraint—the lower middle and working classes, and the poor. Table 2B demonstrates that the working class borrows largely in the service of educational or professional endeavors. Such borrowing characterizes the indebtedness of poor households to an even greater degree; in fact, the least materially advantaged class incurs nearly sixty percent of its total debt to fund educational or professional pursuits. This finding suggests that both the working class and the poor accumulate debt to overcome structural barriers. It also conflicts with the related argument of hedonistic or imprudent consumption that is so often used to explain why precarious households generally fail to achieve mobility or greater financial stability.

Beyond Behavioral Economics? Explaining Classed Variations in Debt Acceptability

Perhaps the least surprising result from both the full sample and split-class tobit analyses is that household debt acceptance score and household debt are significantly associated (results located in Tables 2C and 2D, respectively). Moreover, the direction of said relationship is ostensibly just as predictable; it is, by and large, consistent with the "culture of debt" view. Recall regression results found in Table 2D: upper, upper-middle, lower-middle, and working class households exhibit a positive correlation between how far they are in debt and their level of credit acceptance, while poor households' debts are

uncorrelated with that households' debt acceptance score. Results for all but the poor accord with the assertion that we are embedded in a culture that is increasingly tolerant of using credit to fund needless acquisitiveness.

The degree to which households accept credit use varies by class, even after controlling for a panoply of potentially confounding measures. At the very least then, the classed nature of debt acceptability suggests that explaining households' borrowing in terms of a pervasive "culture of debt" may be overly simplistic: presenting an account of household debt that is either under- or oversocialized (Granovetter 1985). Culture is either presented as totalizing—unnecessarily denying borrowers any real agency (Hodson, Dwyer and Neilson 2014), or, alternatively, debt is described in terms of individual personality traits (Norvilitis et al. 2006) and/or cognitive errors (Roberts and Jones 2001; Soll, Keeney, and Larrick 2013). Consumers are either cultural dupes or are assailed by enough errors in cognition to preclude rational decision making. Such an unsophisticated conceptualization of culture disallows any capacity to account for why acceptance scores are patterned by group membership. Results presented in Table 2C indicate that understandings about the acceptability of debt are based not on homogenous materialism, idiosyncratic personality traits, nor on particularized cognitive errors.

In searching for a better explanation, we might try and draw from what a purely structuralist interpretation could be. Ostensibly, such a perspective would explain the inferential results in Table 2D—the positive relationship between debt tolerance and indebtedness—to structural conditions. More specifically, such a framework could argue that the act of borrowing, which is necessitated by economic need, would lead actors to be more accepting of credit use. Structural exigency, then, would shape cultural

understandings or cognitive schemas regarding debt tolerance, rather than the reverse process—culture or attitudes shaping action—that underpins the debt culture argument. Though I am unable to definitively rule out this structuralist interpretation—because my data is limited to a single time point—it still fails to present the most plausible explanation. Why is this? First, in my analyses, the indebtedness of the most materially and structurally constrained class is entirely divorced from associated debt acceptance levels. This seriously undercuts what may be a purely structuralist explanation of debt tolerance; namely, that economic need drives acceptance scores rather than the reverse mechanism. Secondly, not only is debt acceptability positively related to indebtedness for upper class households—households that are financially secure—but out of the five class categories, this class of households has the highest aggregate debt tolerance. Combined, these findings render explanations of structurally driven borrowing less plausible than culturally driven ones. It seems likely then, that cultural understandings about the acceptability of indebtedness do, to some extent, drive households to borrow more.

Macro-Micro Link: The Logics of Financialization, Neoliberal Entrenchment, and Classed Credit Consumption

In the remaining sections of the discussion, I examine how norms and beliefs shape household borrowing in the context of financialization and the progressive entrenchment of neoliberal policies. In the main, my findings suggest that norms of increased credit acceptance and virtuous investment are pivotal in shaping classed credit consumption, but only when taken together with fears about an ostensibly unrelated set of beliefs regarding social spending. More specifically, classed credit consumption is seemingly influenced

by the widely held belief that social safety provisions and social security will be insufficient in the future. This belief encompasses workers' (accurate) perception that work-based benefits, like retirement and health insurance, are diminishing (Kus 2015). But it also includes the widely recognized, and closely related notion that the social security system in the US is about to collapse (Hacker 2012).

Increased Debt Acceptance and Finance Culture

Though we have identified an important critique of the debt culture perspective, we need not stop there. In fact, my results move beyond the question of *whether* debt acceptability is classed; they illuminate *how* it's classed. Table 2D showcases the positive association between household debt and acceptance that holds for most classes, and reveals important distinctions. First, the upper class is the most debt tolerant; secondly, other classes are marked by progressively decreasing acceptance scores. How might we explain this? Structurally inclined arguments are implausible, and the logics of the "culture of debt" reductive. Some work in economic sociology offers a realistic—and nuanced—cultural explanation. In the context of the link between culture and credit attitudes, sociologists (Davis 2009, Goldstein 2013, Fligstein and Goldstein 2015) find evidence for the relatively recent and broad diffusion of a norm characterized by the increased acceptance of indebtedness in the U.S. The authors conclude that the acceptability of indebtedness is particularly salient for households wishing to maintain their lifestyle in the face of a potential downgrade—those households driven to borrow "defensively". This is true even for groups whose income has not declined or has even increased (Fligstein and Goldstein 2015. This empirical work helps to overcome the latent variable view of culture. It does

so by postulating how to understand why debt acceptance levels—despite an overwhelming positive correlation with debt overall—are indeed classed.

Beyond the Upper Class: Borrowing for a Rainy Day

In what ways do the middle classes invest on credit? Do the middle classes differ from upper class credit consumption more generally? Consistent with previous work which finds that a home is the largest cache of middle class wealth (Dwyer 2007, 2009)—one which serves as an investment on credit (Harmes 2001; Langley 2008; Conley and Gifford 2006; Montgomerie 2009)—is my finding that the greatest proportion of upper middle and lower middle class household debt is expended on a family home (Table 2B). The middle class—broadly defined (Marger 2008)—is now economically precarious in the absence of sufficient asset holdings (Wheary, Shapiro, and Draut 2007; Hodson, Dwyer, Neilson 2014). This condition, along with the widespread belief in the future failure of the social security system in the US (Hacker 2004, 2012), suggests that these classes understand owning a home as a kind of safety net—as an investment with the capacity to insulate against financial hardships. Indeed, there is much scholarship that arrives at precisely this conclusion (Kemeny 1980: Conley and Gifford 2006; Ansell 2012; Cook, Smith, and Searle 2013).

But what about working class and poor households? Unsurprisingly, economic vulnerability influences indebtedness for both the working class and for the poor; and they are, of course, subject to more severe structural constraints than members of the middle classes. According to Fligstein and Goldstein's (2015) argument, such vulnerability should render working class and poor households more likely (than middle

class households) to deploy debt for the purpose of defensive spending. Although they exhibit the same pattern of structural constraints as the upper and lower middle classes, the relationships between cultural influences (tested in this paper) and debt are quite divergent for working class and poor households. In fact, the cultural drivers of debt I examine (Table 2D) run counter to one another in the case of working class households, and are entirely decoupled from poor households' indebtedness. It is apparent that structural forces play at least some role in driving how the most vulnerable households accumulate debt. In the case of poor households, further empirical investigation is needed to identify whether this decoupling of cultural influences used in my analysis occurs because structural forces are influential enough to overshadow the impact of cultural forces, or whether, net of structural constraints, the poor borrow less because of their relatively lower levels of credit acceptance.

Complementarity rather than Substitution? Financialization, Neoliberalism and Everyday Investors

Thus far, my discussion points to the overall distinctiveness of upper class households' credit consumption. While the forces driving upper class borrowing are relatively unambiguous, results for the remaining four classes yielded two puzzling trends. Specifically, my analyses yield positive relationships between 1) household income liquidity and household indebtedness and 2) household transfer income and household debt. These relationships are unexpected—most scholarship finds a negative relationship between both these measures and indebtedness (Prasad 2012), the evidence is particularly strong in the case of mortgage debt and income (Conley and Gifford 2006; Ansell 2012).

In the case of income and overall debt, the mechanism by which they function as substitutes is also well documented in the literature (Hacker 2006). The conventional structuralist account maintains that deregulation, a product of the increasing institutionalization of neoliberal policy, fosters economic insecurity. It is this insecurity that cultivates the negative association between 1) household debt and household income, as well as 2) debt and state transfer income (Hacker 2006). Insofar as credit functions as a replacement for household saving (Carruthers and Ariovich 2010), vulnerable households are expected to use credit as a substitute for inadequate income (Leicht and Fitzgerald 2007; Leicht 2012; Warren and Thorne 2012, Kus 2015). A similar argument undergirds the predicted negative association between social spending and household debt. Scholars posit that this reciprocal relationship is driven by the comparatively low levels of public spending in the US (Prasad 2012). That is, credit is likely used to supplement meager social spending and paltry state transfer income at the household level, particularly in the context of growing economic inequality and the increasing precariousness of employment (Soederberg 2013).

The Income-Debt Link

Given previous scholarship finds that income liquidity and household debt are negatively linked, what might account for the positive relationship I find instead? Two plausible explanations exist. First, because my data is cross sectional, income liquidity may capture credit worthiness rather than the impact of wage liquidity, as intended. Households with higher incomes are deemed more credit worthy, and so are able to undertake more debt (Fourcade and Healy 2013). Though I attempt to control for credit access by including

"credit eligibility", this is not a fine grained measure. If income liquidity indeed captures creditworthiness, the income-debt link should be positive. More plausible, however, is a second explanation: the positive link is an artifact of greater home ownership rates among higher income households within each class category. In the US, homeownership rates are high, and mortgage debt comprises a large part of overall indebtedness, particularly in middle class households (Warren and Thorne 2012). Unfortunately, I am unable to adjudicate between these two explanations without testing them directly. Additional analyses are needed to do so.

The Credit-Welfare Nexus

Two possible mechanisms may explain the positive association between state transfer income and indebtedness. First, it is possible that the positive association between transfers and debt is simply an artifact of the increased economic need—precipitated by the Great Recession—placed on households already relying on transfer income (Petev, Pistaferri and Saporta-Eksten 2011). This explanation is particularly apt in the US context, where much of the welfare system is private and hidden (Hacker 2004). That is, social welfare provisions, like pensions or medical insurance are provided through employment benefits, rather than directly through the state (Hacker 2006; 2012). Households that are either very vulnerable or that have experienced an economic shock (or both) tend to draw on state transfers to sustain themselves—this is particularly salient during economic crises like the Great Recession. Such households likely experienced a loss of private workplace benefits, and may have recently begun receiving (or received an increase in existing) state transfer income (Hacker 2004).

Transfer payments did increase during the Great Recession, via 1) increased availability of means tested programs such as TANF/extensions of unemployment insurance put forth by the state, and 2) increased up-take rates of unemployment insurance and Food Stamps, respectively (Petev, Pistaferri, and Saporta-Eksten 2011). It is plausible, however, that even such increases in public spending failed to mitigate lost income and fully cover expenses. In such cases, households may have used credit to make up the difference; this would account for the positive relationship between household transfers and debt.

In actuality, the increased use of state transfers did stabilize incomes for precarious households and those who had recently experienced an economic shock (Petev, Pistaferri, and Saporta-Eksten 2011). This suggests that a purely structuralist explanation is inadequate. As it turns out, cultural influences are key component of the explanation; specifically, households' beliefs regarding the social safety net and access to workplace benefits. Allon and Redden (2012), like Fligstein and Goldstein (2015), argue that consumers are motivated to invest not only in the service of wealth creation, but also as a protection against future economic instability. Moreover, both Hacker (2012) and Allon and Redden (2012) find that welfare retrenchment provides part of the impetus for middle class investments in a primary residence. These authors assert that welfare retrenchment, in addition to economic insecurity and the turn toward investment, prompts households to fund equity generating investments on credit, in the form of a mortgage. Such arguments underscore how cultural forces, along with structural and institutional ones drive economic action: shifts in actors' perceptions about future insecurity, along

with altered meanings of both investment and credit work together to render transfer income and debt complementary goods rather than substitutes.

Though further analyses are needed to ascertain more fully what, precisely, the positive relationship between income and indebtedness is predicated on, this mechanism quite plausibly drives it to some degree. Moreover, it likely also drives the complementarity of state transfers and debt, given that households earning transfer income do see their public social monies as part of their own wealth or income (Gerba and Schelkle 2013). Acting jointly, structural, cultural and institutional forces may drive households to cobble together income liquidity, state transfers and available credit to invest in a classed fashion. Ostensibly, households display a greater degree of instrumentalism and more agency in their use of credit than is acknowledged by principal social scientific theories concerned with household indebtedness.

CONCLUSION

This chapter used data from the Survey of Consumer Finances to examine household debt in the US and answer two central questions. First, what drives household debt—is it economic vulnerability, a culture of debt, status based consumption, or something else? Second, do drivers of debt vary by class position? Tobit regression results from one set of analyses demonstrate that class engenders significant variation of structural, institutional, and cultural factors on household credit consumption. Findings from the second set of analyses indicate that two relatively new norms engendered by financialization—one of virtuous investment, and a second of credit acceptability—interact with growing inequality to pattern households' consumption of credit according to social class

membership. Specifically, only upper and upper middle classes use credit to engage in conspicuous consumption, while upper class households alone use credit to fund financial investments. At the same time, the middle classes use credit in ways that may potentially insulate households against future economic insecurity. Lastly, the working class and poor deploy their credit largely to overcome structural barriers. It is important to note that the period from which the data for these analyses come from is 2009, which is very close to the financial crisis of 2008. However, even in light of potential particularity, the data strongly show that household indebtedness is shaped significantly by social class. The next chapters of the dissertation are going to put these findings in a broader temporal and cross-national context.

CHAPTER 3: Finance Culture: How Financialization Reshaped Household Credit Consumption in the U.S., 1989-2016

INTRODUCTION

The last thirty or so years have witnessed the shift from Fordism to Neoliberalism as the organizing orientation to economic and social life in the United States. Alongside deepening neoliberalism in the US as well as globally, we are currently experiencing financialization. Like neoliberalism, financialization engenders a unique confluence of structural, institutional, and cultural shifts. These are occurring at the global, state, firm, and actor levels (Davis and Kim 2013). The rapid proliferation of financial markets in the post-war period, and perhaps to a larger extent, their recent and spectacular implosion during the Great Recession, has resulted in a burgeoning body of scholarship examining the causes, constitutive processes, and consequences of finance capitalism (Krippner 2005, Davis and Kim 2013, Van der Zwan 2014).

Yet, we lack a panoramic analysis of the financialization of American households over the previous two decades. The purpose of this chapter is to examine the contours of the culture of finance in US households over time, and also to map out how the influence of cultural understandings about credit use and debt may be patterned distinctly by social location. I focus on the impact of finance culture on how households think about credit consumption in particular. Thus, this work seeks to answer two questions: (1) How does the finance culture impact American's understandings about and use of credit over time? And (2) do new patterns emerge in class-specific ways? That is, do financialized logics

foster meaningful differences—over time—in how different social classes conceptualize credit and debt?

This chapter extends theorizing about the impact of financialization, and thus a culture of finance, on household financial behavior in three distinct ways: First, I focus my analysis on the impact of financialization on U.S. household credit consumption. Specifically, I examine how the finance culture has resulted in distinct patterns of credit acceptance over time, both overall and also in distinctly classed ways. Secondly, very little scholarship on household indebtedness looks at data beyond either 2007 or 2010. That is, most work on credit use fails to look at what happens in the aftermath of the Great Recession. To better understand finance culture in the US, I conduct an examination of indebtedness, which begins in 1989, and ends in 2016, thereby including crucial information from the post-recession era. Thirdly, I conduct a relatively fine grained and detail exploration of how finance culture has engendered shifts in American's attitudes about the proper uses of credit. I do this by examining households' tolerance levels for using credit for five specific functions. I conduct this examination to explore credit acceptance of American households over time, according to social class, and delineate class-specific patterns over time.

BACKGROUND

Financialization: A Macro Level Process with Micro Level Implications

Contemporary economies are shaped simultaneously by three broad macro level forces: neoliberalism, globalization, and financialization (Epstein 2005, Foster 2007). Each of these three sweeping forces are cut from the same cloth, but when compared with

neoliberalism and globalization, financialization is a newer—and relatively understudied—concept (Van der Zwan 2014). As defined by Greta Krippner, financialization is "a pattern of accumulation in which profit-making occurs increasingly through financial channels rather than through trade and commodity production" (Krippner 2005: 181).

Financialization is understood and examined through various frameworks couched in one of three distinct approaches within social science scholarship (Van der Zwan 2014). The most prolific approach is largely Marxian in orientation—specifically in conceptualizing financialization as a "regime of accumulation" in the postwar era (Kus 2015). According to this perspective, as profits from productive economy declined, finance and financial markets became the new mechanism of economic growth efficiency (Boyer 2000). More specifically, this view argues that in large capitalist states, the amount of profits possible from the productive economy decline over time When the global capitalist class faced falling profits from the real economy, which is an inevitability in large capitalist states (Baran and Sweezy 1966; Madoff and Sweezy 1987) after the end of World War II, they began using novel financial instruments in a concerted and systematic attempt to mitigate stagnating profits in the productive sector. Since then, the turn to finance has increased over time (Krippner 2005).

Somewhat differently, the second stream of work views financialization as an outcome of a seismic shift at the organizational or corporate level. Since the 1990s, political economists and institutional sociologists (Useem 1996; Fligstein 2001; Davis 2009), have identified and explored the structural transformation of the US economy toward financial markets by focusing largely on firms. More precisely, such scholars have homed in on firms' greater orientation toward their valuations on the stock market.

Neil Fligstein (2001) posits that while the rise of large conglomerates from the mid-1960s onwards can be described as an emergent "finance conception of the firm," this institutional model gave way to a "shareholder value conception" in the 1980s. The focus here is on the role played by the ascendency of the shareholder value orientation; that is, the changes brought about as shareholder value replaced "managerial profits" as the prevailing logic in corporate governance (Davis 2005, Fama and Jensen 1983; Jung and Dobbin 2012; Davis and Kim 2015).

In contrast, the third line of scholarship takes a decidedly cultural slant in explaining financialization, particularly in its consideration of how the process exerts influence on actors. Such scholars do so, more specifically, by focusing on the role consumers or households play in large scale financial processes (Harmes 2001, Langley 2007, Allon and Redden 2012; Montgomerie 2010; Fligstein and Goldstein 2015). Much of this research examines how financialization fosters shifts in cultural understandings and practices that involve risk, investment, and credit use.

Financialization—Engendering a Debt Fueled Economy?

Importantly, consumer credit and financialization are understood to be inextricably related—regardless of which of the three main perspectives on financialization one subscribes to. Guttman and Plihon (2010) aver that

> "Debt accumulation by the economy's principal actors – governments, corporations, households, and the financial institutions themselves - has now for quite some time constituted a key element in the growth dynamic of capitalist economies. The composition of debt has evolved continuously as each of these

key sources of aggregate demand used debt financing to turn itself into a unique engine of growth" (47).

Disparate bodies of scholarship examine consumer debt and its potential links to financialization. However, by and large, these analyses limit their focus to debts accrued by states, institutions, or corporations. Households debt is, for the most part assumed to be related to financial markets, but is excluded from empirical analysis in relations to financialization.[8]We have works which postulate macro-macro and meso-macro relationships, but relatively few examining micro-macro linkages (Harmes 2001; Montgomerie 2006, 2009; Van der Zwan 2014, Davis and Kim 2015; Kus 2015).

Literature adhering to either the regime of accumulation or shareholder orientation views of financialization envisages the link between financialization and households in relatively flat, one-dimensional terms. The connection is driven primarily by structural changes that forced relatively large increases in both the number of—and extent to which—households participated in financial markets over the last 30 or so years (Krippner 2005, 2011; Davis and Kim 2015; Kus 2015). The weakness of the accumulation regime view is that it doesn't even attempt to consider how people may differentially negotiate with the dictates of financialization; the same weakness also plagues the corporate shareholder value understanding of financialization. In either case, actors' agency is largely ignored—they are not understood to negotiate with the norms of financialization as they precipitate downward through the financial markets in which said actors are embedded (Van der Zwan 2014).

[8] The exception is Fligstein and Goldstein (2015), where the two are linked empirically.

The culturally oriented framework—and the related, "financialization of the everyday" view (Van der Zwan 2014: 102)—eschews an exclusively macro or meso focus. Instead, work in this paradigm sees finance as embodied in actors' everyday practices (Van der Zwan 2014; Harmes 2001; Langley 2007a; 2008). Instead of conceptualizing households' uptake of finance-oriented logics as incidental to increased engagement with financial markets and objects, the cultural view understands such logics as actively impressed upon households through the action of various agents of financialization (Harmes 2001, Langley 2007, 2008; Allon and Reddon 2012; Montgomery 2009). According to this view, schools, branches of state governments and private financial institutions either passively or actively sold households on the importance of financial knowledge. This occurred largely through rapidly burgeoning financial literacy programs (Langley 2007b). The nascent cultural shifts that scholars understand as an outgrowth of financialization, are described variously as related not only to actors' greater financial literacy and fluency (Harmes 2001; Langley 2008a, 2008b), nor only to a democratization of technology which can facilitate financial activity for average households (Nau 2013); but such a culture is also understood as households' a measured and strategic use of their own financial resources (Davis 2009).

That is, scholars adhering to this micro-level lens on finance hold that changes in households' use of financial instruments and services are much more than mere consequences of the myriad institutional and structural changes that accompany financialization. Rather, such increased reliance on financial instruments is reflective of large cultural shifts in the way that people think about and engage with financial activities and markets (Martin 2002; Langley 2008; Davis 2009). Indeed, a number of scholars

argue that the rise of the finance culture and its associated logics valorizing savvy financial investment and increased risk-taking, and normalizing credit use proliferated because households' were drawn into financial market activities by virtue of institutional shifts (Allon and Redden 2012; Davis and Kim 2015; Kus 2015). In general, this means that financialization corresponds to broadly shared transformations in the meaning of economic and financial activity (Fligstein and Goldstein 2015; Jung and Dobbin 2012, and Goldstein 2013). It is in the context of this finance culture that households make use of financial strategies, principles, and rationales when managing their own household finances.

When assessing changes—over time—in the extent to which households in the U.S. employed instruments of financialization, the critically important study by Fligstein and Goldstein (2015) strongly supports the notion that logics of financialization are manifest in people's everyday practices—at least to some extent. Fligstein and Goldstein (2015) conceptualize this nascent finance culture as one in which "…households have come to actively embrace financial strategies as a means to manage their consumption, indebtedness and saving...." (Fligstein and Goldstein 2015: 576). The authors find that American household's participation in the financial system (via the use of financialized economic objects) has indeed increased over time. More specifically, the authors found that over time, households interacted more frequently with financial professionals when making decisions, and they held increasing numbers of credit cards and other accounts including mortgages, bank accounts, and equity and mutual funds. Overall, theorists examining the financialization of the everyday contend that greater risk tolerance coupled with the strategic use of economic instruments is at the heart of a finance cultural

orientation (Harmes 2001, Langley 2007, Montgomery 2012, Kus 2014, Fligstein and Goldstein 2015).

However, this is where the overarching adherence to finance culture stops, and where the authors find distinctions in finance logics begin to manifest, in ways reflecting structural constraint. Fligstein and Goldstein (2015) show, rather unsurprisingly, that variations in the degree of financial market involvement are strongly related to households' position within the soceioeconomic order. The most advantaged groups generally always employed more financial instruments and services at any point, and over time, they deployed such financial tools far more than other, less advantaged social strata (Fligstein and Goldstein 2015). It is important then, to fully flesh out how such differences may change dynamically over time.

Debt, Inequality and Class Position

Credit has provided a boon to households experiencing the woes wrought by Neoliberal policies in the US. Within the American context of neoliberal structural shifts which engendered stagnating wages, declining purchasing power, growing labor market risks, and rapidly increasing income inequality and overall precariousness (Hacker 2012)? However, it stands to reason that the specific pressures and constraints households' faced are dictated by households' position within the social structure. Of course, this means that how households understand the appropriate uses of credit depends to some extent on their position within the social structure.

In the second chapter of my dissertation, I adjudicate between the distinct uses of credit among American households in the year 2010. I draw on the Bourdieusian understanding of consumption as a lens through which to understand credit consumption in the context of social strata, and the complex of different forces acting upon each position therein.

Importantly, the construction of meaning—often reflected in attitudes—is a "product of historical conditions, ideological socialization, and social location" (Goldberg and DiMaggio 2015: 2). The premise that economic precariousness is an important component of social location—one which functions as a structural constraint in economically vulnerable households—guides how credit acceptance may be differentially patterned by class membership. Given that the embeddedness frame presupposes an interaction between structure, institutions, and cultural understandings, I submit that while attitudes of debt acceptability will be widely adopted across class, the extent to which distinct classes exhibit such acceptance will not be uniform.

Finance Culture and Credit Consumption: Meanings and Uses of Credit

Beyond defining the strategic use of home debt—whether via investment facilitated by home equity lines of credit or via rental income from investment properties—as "financialized", there is little theorizing about the financialized uses of consumer credit. How finance logics dictate the appropriate use of credit on the part of households is not properly delineated. In fact, in the limited body of work in which consumer credit at the household level is examined, there is no agreed upon definition regarding what the financialized use of credit would entail, aside from the diffuse and incomplete notion that

it be used for the purposes of investment. The nature of financialized credit use—more so than most other financial tools—should be clearly conceptualized.

Why? Because although consumer credit is one of the most democratized and widely available financial tools within reach of American households (Kus 2014, Van der Zwan 2014), it is also one of the most complex. It is unarguably less fungible than money, because it possesses not just quantity but qualitative differentiations. These differentiations vary by credit source, as well as by the functions for which each class of credit can be deployed. This is only important, however, because it is only in the case of credit that it's multiple kinds and uses engender highly distinct and unequal potential profits and likely risks (Sullivan 2013). What is understood about the varied uses of credit suggests that the benefits and risks households incur in their credit consumption is inequitable and may exacerbate the extent of economic inequality (Fourcade and Healy 2013). However, some theorists point out that the inequalities, which may be produced through credit consumption can be more opaque than currently theorized. Teresa Sullivan (2013) puts it succinctly, stating:

> "Debt has the potential to affect social mobility as well, certainly in the negative sense of downward mobility but also in the more subtle ways that debt may be used to alter the relative position of two generations. Blue-collar parents who incur college debt for their children are an example of a debt that might foster social mobility, assuming that the college graduates could achieve a better occupational position and income with their degrees." (p. 37).

Thus, class contingent conceptualizations of both debt and credit in the context of a financialized citizenry must be examined. In the context of the link between cultural

understandings and credit attitudes, sociologists (Davis 2009, Goldstein 2013, Fligstein and Goldstein 2015) find evidence for the relatively recent—and broad—diffusion of a norm characterized by the increased acceptance of indebtedness in the US. Fligstein and Goldstein (2015), however, further distinguish between households who use their available credit in order to "invest" for the purposes of wealth creation (via the households' home equity lines of credit), and juxtaposition them against households which ostensibly deploy their credit to maintain their lifestyle in the face of a potential downgrade—those households driven to borrow "defensively". But, the authors also contend that there is evidence that people at the top of the income distribution are using their growing economic resources to facilitate increased consumption while it becomes progressively more difficult for those less advantaged to keep pace. Clearly, the meaning of the new financial culture is quite different depending on where you stand in the social structure. Thus, we should see different class effects for how these cultural factors matter for the size of household indebtedness, particularly over time.

Proposition 1: Acceptability of debt begins highest for wealthy upper class, and as time progresses, acceptability levels increase for middle class households and then for lower classes as well.

In the aftermath of the Great Recession, scholars documented the rapid and substantial deleveraging on the part of American households (Wolff 2013). The dominant narrative claimed that households engaged in irresponsible borrowing—to facilitate consumption—in the years leading up to the housing crisis. Once the Great Recession

began in earnest, American households were savvy enough to reduce their consumption (on credit), reduce costs and increase savings (Federal Reserve 2010). Consistent with this explanation, research finds that, in fact, households may be more willing to increase debt during times of greater economic prosperity (Dynan and Kohn 2007: 4). The late 1990s and early 2000s were just such a period (Kus 2015) but due to severe losses and foreclosures for individual households due to the financial crisis (Montgomerie 2009; Fligstein and Goldstein 2012; Wolff 2007; 2012). Such a consumer-demand driven account of Americans' post-recession deleveraging would suggest that acceptance levels for debt would decline across classes.

Proposition 2: After the financial crisis of 2008, acceptability of debt levels decreases for all classes.

DATA AND METHODS

My research draws on cross sectional, household level data available in the Survey of Consumer Finances (SCF). The SCF is conducted triennially by the Federal Reserve and is one of the most reliable and detailed sources of economic information gathered on families in the US (Pressman and Scott 2009; Fligstein and Goldstein 2015). Because it oversamples wealthy households, it is not nationally representative (Keister 2000a). Making use of sampling weights, however, rectifies this, and renders this data representative of U.S. households (Fligstein and Goldstein 2015). I make use of ten individual cross sectional datasets provided by the SCF. This data is in the form of repeated cross sectional data, collected and publicly released triennially, with the earliest full survey conducted by the SCF in 1989, while the most recent in 2016.

The analytic strategy for this project is simple. I make extensive use of descriptive comparisons of mean levels of household debt acceptability, and supplementary analyses of mean debt to income ratios, in the following ways: (1) across time (by each survey year); and (2) for both the full sample as well as by class category. I also examine debt acceptability across distinct categories of credit funded consumption. The second part of my analytic strategy is to conduct several One-Way Analysis of Variance (ANOVA) and Multiple Comparisons, for which I ran tests for Bonferroni-corrected as well as associated inferential results indicating significant differences among means in each class, for each survey year. I use Bonferroni correction to conduct pairwise tests assessing whether the difference between means of two groups is significant.

Variables

Overall Debt Acceptability Score

To assess households' general level of debt acceptance, as a way to capture the finance culture, I rely on an attitudinal measure that is used to assess attitudes about how acceptable the use of credit is to make purchases (Fligstein and Goldstein 2015). The SCF asks respondents the question: In general, do you think it is a good idea or a bad idea for people to buy things by borrowing or on credit? The answer choices include: 1) It is never acceptable, 2) It is only sometimes acceptable, 3) It is always acceptable. In order to assess the independent influence of acceptability of using credit (which also best corresponds to descriptions of the debt culture), I collapse response categories 2 and 3, creating a dichotomous variable, coded 1 for those who are accepting of credit usage, zero for those who have exhibit no credit acceptance.

Specific Debt Acceptability Measures

I also make use of several additional variables that measure the acceptability incurring debt in the service of five rather specific and distinct kinds of purchases. Each of the below are dichotomous variables (with 0= "No"; 1= "Yes") that respondents use to answer the question: do you feel it is all right for someone like yourself to borrow money in order to? These specific debt acceptability scores ascertain the acceptability of debt to: 1) Cover the expenses of a vacation trip (2) cover living expenses when income is cut? (3) Finance the purchase of a fur coat or jewelry? (4) Finance the purchase of a car? (5) To finance educational expenses?

Social Class

Class is partitioned into five categories: upper class, upper middle class, lower middle class, working class, and the poor. The measure of social class was constructed as index variable on the basis of income quintiles (Wolff 2012), educational attainment, and occupational category, following standard operationalizations in previous research (DiMaggio and Useem 1978; Marger 2008; Petev 2013). A categorical measure of respondents' highest educational attainment is already provided by the SCF, and it is partitioned into five categories: less than a high school diploma, high school graduate, some college, college graduate, and post graduate study[9]. Again this scheme is well established in the literature (Warren and Thorne 2012). Closely aligned (though not a precise match) with the Featherman-Hauser (F-H) scheme of occupational

[9] I use the five categories of educational attainment utilized by Warren and Thorne (2012); see Figure 2.2 (p. 29).

classification—proposed by the authors in 1978—are the categories of this measure constructed by the SCF (for an excellent review of the F-H scheme, see: Petev 2013). The variable in the public SCF data set relies on 4-digit census codes (2010 codebook n.d.), but collapses these occupations into 6 categories: 1) managerial and professional occupations, 2) administrative occupations, 3) blue collar and service oriented occupations 5) low wage work/manual labor and 6) occupations involved in public safety—such as the armed and police forces.[10] By combining income, occupation and education, I create a single index variable of social class.[11] Importantly, the five resultant class categories were also constructed to accord precisely with Marger's (2008) detailed description of the three middle classes, such that both the upper class and the poor categories flank the entire middle class.

RESULTS

Mean Debt Acceptability Scores

The first trend that I report on concerns overall debt acceptability scores. We can see that there is more variation among social classes in how acceptable they find debt generally, and much more agreement between classes in their acceptance of debt subtypes. Whether a particular debt purchase type is more or less acceptable, social

[10] Refer to US Census Bureau Appendix F (available online at: http://publicdata.norc.org/GSS/DOCUMENTS/BOOK/GSS_Codebook_AppendixF.pdf) for details regarding the coding criteria used.
[11]Refer to Table 2.1 (p. 58) for more information on the distinctions in income, occupation and education among each level of the middle class.

classes seem to be much more monolithic in how they think about specific classes of credit use versus debt in general.

[Table 3A About Here]

A strikingly rapid (and complete) reversal in what kinds of debt is acceptable, and which sort is not, occurs sometime between 1992 and 1995. The overall shift is one in which credit moves from being appropriately used for leisure and luxury consumption (in 1992) to an economic object, which is instead, appropriately used to help households to survive structural hardships (1995). More specifically, although the acceptability of debt in general doesn't shift much from 1992 to 1995, the acceptability of debt subtypes is almost perfectly inverted within that time period. The mean acceptance scores of using credit to finance a vacation drops from .40 and then 0.34 in 1989 and 1992, respectively, to a mean acceptance score of around 0.15 in 1995.

Similarly, the mean acceptance score of using debt to buy a luxury item (namely, a fur coat or jewelry) drops from an aggregate mean acceptance score of 0.41 in both 1989 and 1992, to a mean acceptance of 0.07. Both these new low mean acceptance scores remain as low or further decrease in all time points after 1995. In that same year we see the complementary, sharp and long-lasting increase in the mean acceptability of using credit to supplement lost wages, as well as to finance a vehicle. These new increases also remain stable (or further deepen) across subsequent time points after 1995.

Lastly, it is interesting to note that the acceptability of using credit to fund one's education remains somewhat more stable across the points of time I include in my analysis. Although the mean acceptability of incurring debt to finance an education is

significantly lower in 1989 and 1992 as compared with most other time points, the amount of change in mean acceptance score is far smaller. In other words, we see a much smaller increase in the average acceptance score of educational-related debt in 1995, when compared to the large changes in the acceptance scores of all other debt types. Lastly, according to Table 3A, the mean acceptability of debt-financed education drops to 0.76 in 2016. Though it is important to note that his score is not significantly different from scores in other years (aside from 1989 and 1992).

Time Trends in Normative Understandings of Credit

Importantly, we see absolutely no class-based distinctions in mean acceptance scores of any of the debt subtypes (only within the acceptability of debt generally) within any year after 1992, until 2016. In 2016, we see large and significant distinctions between classes' acceptance levels for using debt to supplement lost wages, to finance a vehicle, and for the first time point in my dataset, there are class-contingent differences in how acceptable it is to incur debt to finance an education. It is also rather noteworthy—and perhaps somewhat surprising—that the acceptance of student loans have been the only debt subtype, which stayed relatively (and monolithically) high, without any significant differences in mean acceptance for the full sample or by class over time, except in 2016.

[Table 3B About Here]

Table 3B results highlight an overall trend towards declining acceptance levels of American households in the aggregate as time passes.

[Figure 3B About Here]

Although the mean overall acceptance score for American households is significantly lower in 2010 than any other year, there is still a clear trend downward, over the 20 year period, in how accepting Americans are of debt generally. This undercuts Fligstein and Goldstein's (2015) assertion that those who need to borrow to stay afloat economically are more accepting of incurring debt. Results in Table 3B and Figure 3A also demonstrate why I reject Proposition 1, which holds that the acceptability of debt begins highest for wealthy upper class, and as time progresses, acceptability levels increase for middle class households and then for lower classes as well. Additionally, results in Table 3B demonstrate that in 1989, the upper class is actually the least accepting of debt overall as compared to the remaining 4 social classes (see Figure 3B). I also reject Proposition 1 because both WC and poor households' aggregate debt acceptance levels are significantly higher than those of more advantaged social classes in 1989, 1992, and even as late as 1995. These findings, taken together, characterize precisely the reverse of what is expected according to Fligstein and Goldstein's (2015) description of finance cultural logics as they pertain to household credit consumption.

This finding also suggests that the overall (significantly) high(est) acceptability score of US in general in 1989 can be attributed to two alternative explanations. One plausible explanation is that working class and poor households' relatively higher mean acceptance of debt generally pulls the mean acceptance of debt generally up high enough in 1989 that it becomes significantly higher than any other year. A second explanation

would be that using debt in general cannot be understood as a simple amalgam of all the distinct debt subtypes; i.e. this would imply that it is not advisable to sum across the debt acceptance subtypes to arrive at an approximate acceptance level of debt generally. Debt in general would then be a different theoretical construct than is incurring debt in the service of reaching some specific goal. However, the first explanation is unlikely, since in 1992, the full sample acceptability for debt in general is 0.34—not significantly higher than other years, but the classed pattern is even more exaggerated than it is in 1989. More precisely, the acceptability of debt generally is significantly higher among poor households in 1992, and upper class households are more accepting of using debt this way than in 1989.

Next, the mean aggregate debt acceptance score of debt in general for upper class households in 1989 is significantly lower than that of all other social classes ($0.37\ p < 0.005$). This is seemingly driven by the only real class distinction in mean acceptance of any sort of purchase type. In 1989, aside from debt to finance a vacation; there are no significant differences between the mean acceptance levels of any social class. Moreover, the data in Table 3B clearly highlights that both upper middle and lower middle class households' aggregate acceptance of debt generally is significantly less than that of poor and WC households and significantly higher than that of UC households in 1989. The acceptability of using debt in general remains statistically indistinct from that of other classes (largely) after this point in time; even in 2010 onwards.

I also reject my second proposition, which predicts that the debt acceptance levels of households belonging to all five social classes (overall but also for various purchase types) will decline significantly in the aftermath of the subprime mortgage crisis.

Interestingly enough, while for the full sample of US households the mean acceptability of using debt generally is actually the lowest (significantly) in 2010 as compared to any other year, acceptance scores (for any of the 5 debt purchase subtypes) of Americans in 2007 are not significantly different than those in 2010. Moreover, results in Table 3B highlight the fact that there are no social class categories for whom any one of their debt acceptability scores in 2010 is significantly different theirs in 2007. Thus, it appears as though debt acceptance was unchanged by the financial crisis.

DISCUSSION

Undiminished after Crises: The Need for Credit

Two plausible explanations may account for the fact that I observe no statistically significant declines in the acceptance of incurring debt from 2007 to 2010 for any specific social class category (although there is a significant decline for all Americans, in the aggregate, when asked about the acceptability of just accruing debt generally). One possibility is that the deleveraging that researchers and empiricists chronicled in the aftermath of the Great Recession was simply not a product of consumer demand, but rather reflected supply-side constraints. Lenders may have slashed the credit they made available to consumers. The less palatable possibility is that households deleveraged rapidly because they lost their homes to foreclosures in the midst of the sudden economic insecurity. It is perhaps unexpected that there is no significant shift (not even in the positive direction) of classed debt acceptance scores that would be consistent with the exigency characterizing either one of the supply-driven deleveraging accounts. Perhaps

the cognitive and cultural drivers of debt acceptance are less affected by structural conditions than expected.

Over Time--Finance Culture for All: Classed Uniformity in Debt Acceptance

Across time, class-contingent attitudes about the acceptability of using credit for different purposes helps to clarify a great deal about the contours of the finance culture in American households. A direct examination of how households occupying distinct positions within the social structure perceive how acceptable it is to deploy credit for distinct reasons may lend greater insight into the extent to which the logics of finance are embraced. This direct exploration of how members of disparate social classes really understand their credit is preferable to using only information about real debt consumption to try and deduce what normative understandings households really have.

Table 3B displays results from both the descriptive tables of debt acceptance as well as the corresponding inferential statistics about their significances presented in the Bonferroni corrected ANOVA. Several statistically significant trends which emerge in overall debt acceptability over time, suggest important revisions must be made to current understandings regarding the finance culture in the scholarship. First, despite Fligstein and Goldstein's (2015) argument that the wealthy and upper middle class have embraced the logics of the finance culture to a greater extent than other households is less consistent with the results of my analysis for this chapter. At least not in the case of how American households conceptualize taking on credit, as opposed to how they actually deploy their credit, which is the yardstick with which Fligstein and Goldstein's (2015) measure households' adherence to the dictates of finance culture. This overall pattern of

relatively high intra-class homogeneity of acceptance levels—of attitudes towards incurring debt—as compared with very distinct, class-contingent credit consumption patterns suggests that only differences in access to credit (both amount and particularly important—kind) drive classed differences in indebtedness and credit use.

The single, dramatic shift in how all households—regardless of their structural position—understood the appropriate functions and meanings of credit overall is a critical juncture in understanding how norms of finance shape understandings about credit consumption. It is clear that substantively, within a three year period, the general understanding of what consumer debt could and should be deployed for was turned on its head. Before 1995, American households conceptualized credit as a consumption enabling tool; one which was most appropriately used to facilitate luxury and/or leisure goods or services. That is, to furnish consumption of frivolous items or services which were out of reach with households' standard economic resources. Americans abruptly reversed course, and by 1995, the overarching meaning of credit, and its appropriate uses, had shifted according to the dictates of financialization—both cultural and ostensibly also structural. It would appear that, by 1995, households understood credit as an important financial tool, which was to be deployed calculatively, in the service of households' economic health. Of course, household economic wellbeing encompasses both defensive spending on credit (to help mitigate the impact of any structural exigencies engendered by neoliberal polices—welfare state rollbacks combined with labor market precarity which befall a household) as well as future-oriented strategies for increasing household's economic standing (mobility-oriented).

Thus it seems that the norms of finance culture were absorbed relatively rapidly across all social strata to shape understandings about how credit should be used in homogenous ways. This is in contrast with notion that financial logics are not equally embraced (constrained either by differences in financial literacy or attributable to structural constraints patterning beliefs as well as action (Fligstein and Goldstein 2015). Fligstein and Goldstein (2015) posit that, "those who are facing downward income mobility have always had a more open attitude towards taking on debt in order to support their lifestyles. In the face of income decline, they have always been willing to go into debt to support their current lifestyle. What has changed is that those whose incomes are constant or rising agree in increasing numbers over time that it is permissible to go into debt to support one's lifestyle" (2015: 145).

The ostensibly counterintuitive results of class-contingent acceptance of debt generally over time undercuts the argument that structural location in some way inhibits households which are less advantaged from adopting finance cultural norms and frames. That those households belonging to the most financialized strata—the most advantaged strata—hold the least accepting attitudes about incurring debt (while borrowing the most in absolute terms, and no less than others in relative terms), and those who are least finance-savvy are the most accepting may truly reflect each classes' underlying degree of adoption of the debt acceptance norm. Those in relatively more advantaged social strata make greater use of financial products; they also rely on finance professionals to the highest degree. The least disadvantaged strata are of course, the least financialized in terms of what they borrow and for what purpose.

On the other hand, these results may actually be demonstrating differential engagement in finance culture. This would be the case if the acceptance pattern we see (the reverse of what is predicted) reflects that upper class households are most financially savvy and recognize more clearly the pitfalls associated with debt. Thus, they may simply be more discerning in terms of the kinds of credit they find it appropriate to deploy and may be more calculative in the kinds of purchases they make with said credit (low risk, high yield for example). This interpretation would square with hoe upper class households actually make use of their credit (not driven by structural pressures as are other social classes).

CONCLUSION

I argue that the classed credit consumption patterns which I find evolving over time arise, to a large degree, as a consequence of the unequal structural barriers to accessing divergent kinds of credit instruments, which fosters novel forms of inequality. Both economic inequality as well as economic volatility have increased significantly in the neoliberal era. Financialization has exacerbated both these processes, via increasing macroeconomic instability in which households are subject to progressively more financial crises as time moves forward. At the household level, norms of finance culture—those valorizing calculative investment and economic independence in order to fend for one's own financial health in era of increasing economic precarity are absorbed across the social strata rather equally, in terms of credit use. However, when you pool this homogenous credit acceptance with the constraints of social location, such logic is highly problematic for households unable to access the kinds of credit, which carry the most

benefit and the least risk. The result is a deepening of economic inequality—since the increased drive to borrow in the service of preserving economic health transcends class, but the credit available to those who are economically constrained yields further constraint rather than economic prosperity (Fourcade and Healy 2013).

CHAPTER 4: The Welfare State/Consumer Credit Link in an Era of Financialization

INTRODUCTION

Household debt—both consumer as well as mortgage—has been steadily increasing over time. Until about the late 1990's, the juggernaut that is proliferating household indebtedness was largely an American phenomenon; some theorists attributed American's high debt to some anomalous feature of US culture—ranging from hedonistic materialism (Ritzer 2013) to an excessive focus on positional competition (Schor 2007). Others attributed household overleveraging to institutional or structural deficiencies unique to the American case. Some scholars emphasized how the lack of American health care access led to higher than normal consumer credit use in the US (Prasad 2012), while others focused the high levels of primary residence mortgage debt. However, the tide began to shift in the late 1990s. Household debt levels cross nationally have been converging over time, to higher levels of debt. Kus (2015: 212) argues that "the rising household indebtedness is a global phenomenon that is part and parcel of the neoliberal reorganization of the state–economy–society relationship."

There are several ways in which the neoliberal turn may have impacted household indebtedness; although this process is still best exemplified by the American case, it is widely applicable to any state.. On the supply side, the deregulation of credit markets made a larger supply of credit available to a larger pool of people. With less rigid regulations, the financial sector and credit markets became more aggressive in pushing high-risk loans – particularly to citizens in the lower end of the income distribution

(Montgomerie 2009; Soederberg 2013). On the demand side, the erosion of social safety nets and shrinking wages increased citizens' credit reliance (Crouch 2009; Rajan 2010; Kus 2013; Montgomerie 2009; Leicht and Fitzgerald, 2014a, 2014b). At the same time, increasing demand for consumer products during the late 1990s and early 2000s – a time of high growth in many Western nations, particularly in the United States – caused middle-class families to save less and spend more on credit (Schor 1998; Frank 2007; Cynamon and Fazzari 2008; Davis 2009).

The supply and demand side factors have likely interacted as well. The increased access to credit moderated the effects of decline in real purchasing power, and rising inequality by enabling households to pay for a variety of necessities and conveniences using credit. For many middle and lower-income American households, however, this meant a new form of socioeconomic insecurity that came with paramount levels of indebtedness – what Leicht and Fitzgerald (2014a, 2014b) call "the hidden crisis of the American middle class.

Although much scholarship delineates the expected impact of both supply and demand side forces on actor level debt (Kus 2014, Davis and Kim 2011), there is still very little in the way of sociological work, which directly examines the impact of both supply and demand side forces on overall (rather than exclusively mortgage) debt incurred by individual households.

Prasad's work (2012) is unique in that it expands the welfare/state social spending tradeoff literature beyond the narrow focus on mortgage debt. Prasad (2012) chooses to examine overall consumer debt rather than exclusively looking at primary residence debt. This is certainly necessary. Scholars of financialization have argued persuasively that the

democratization of credit fostered by deepening neoliberalism globally, along with new norms of consumer investment engendered by the nascent finance culture have drastically altered how households think about and use various (sometimes novel) kinds of credit available to them. However, a major gap remains, as Prasad (2012) looks at aggregated consumer debt--at the state level—rather than at the household level. The questions which remain, and which I will address in this chapter, include: *What is the relationship between state level social spending and total household level (rather than aggregated) indebtedness? Moreover, what impact-if any—does the degree of state-level financialization exert on household indebtedness?*

To answer these questions, I employ hierarchical linear models using annual data for the years 2004 through 2015 from both the World Bank and EU-SILC databases, which, together, provide household and country level data for 30 European Union member nations. The EU-SILC provides relatively fine grained information on EU member nation households, particularly in terms of information on families' finances. Thus, I have relatively comparable information on the important financial aspects—including income, economic insecurity, and overall, as well as some specific subclasses of indebtedness—of households in the US as well as in 30 EU members states. The World Bank provides reliable and detailed data on state level measures I use in this chapter. Both sources of data also include essential covariates, which I use in my analyses along with my central variables of interest, namely welfare state provisions and household level transfer income.

LITERATURE REVIEW

Welfare State Institutions

In his seminal work, Esping-Anderson (1990) posits that welfare states have distinct organizations based on a variety of priorities involving different understandings about what constitutes the optimal degree of a state's responsibility to ensure its' citizens' well being (Esping-Andersen 1990). As such, different welfare regimes are a result of 1) a state's unique established tradition of intervention into the market (Freeman 1995; Hall & Soskice 2001; Hicks & Kenworthy 2003), (2) the manner in which policy has developed over time and has become institutionalized, and (3) the distinct cultural understandings which dictate how much or how little state intervention is ideal in ensuring citizen well being. Esping-Andersen (1990) delineates a typology consisting of three distinct, overarching welfare state types. He posits that welfare states are either liberal, conservative or social democratic in terms of the different value orientations around their provision of care to citizens.

More specifically, Esping-Andersen (1990) asserts that within Western states, welfare state regimes diverge in their cultural understandings regarding the optimal mix of publicly guaranteed social rights and 'private initiative' (Esping-Andersen 1990: 78). The author avers that social democratic states foster policies that underscore the vital importance of equality. In contrast, liberal welfare states implement targeted policies. That is, it institutes policies in which need is the central consideration for who should appropriately receive welfare monies. In the United States—the quintessential liberal welfare state—recipients of state transfers are not eligible for benefits if their income exceeds a particular threshold (Schwichtenberg 2014). In fact, most theorists argue that

America's social welfare policies are the most limited in eligibility, coverage and cost among the major Western powers' (Rodgers 2006: 77).

In contrast, liberal welfare states offer the most spartan protection in comparison to all other welfare state regimes. In these states, social programs designed as means-tested and targeted to citizens—as such, they require those receiving transfer monies from the state not to exceed maximum levels of income in order to receive such benefits. Benefits, when offered are generally spartan—and can be considered paltry. modest amounts. DiPrete and McManus observe, "American welfare benefits are modest and of short duration, which motivates individuals to rely on their own actions and on the actions of family members to offset adverse employment events and the negative consequences of losing a partner" (2000; 344). The United States, the United Kingdom, Canada and Australia are all examples of liveral welfare states.

Conservative welfare states are differentiated by low decommodification efforts on the part of the state, as well as by a strong emphasis on non-state intervention based on community, religious, or family sources of support. This may be explained by the conservative state's history with the Catholic Church (Esping-Andersen 1990; p.73). Corporatist nations spend more than liberal nations on social programs, and have lower inequality rates overall (Taylor-Gooby 1991). Italy, France, Germany and Belgium exemplify conservative welfare states (Esping-Andersen 1990).

Last, the social democratic welfare state typifies universalist policies, strong decommodification policies, and an overt, clear and explicit commitment to equality among citizens. Previous research (Korpi & Palme 1998; Esping-Andersen 1990) demonstrates that social democratic states have the lowest rates of poverty, in comparison

to states which fall under either liberal or conservative regimes types. In social democratic welfare state regimes, countries devote the highest percentage of their expenditures toward social services, have higher percentages of their budget allocated toward social spending programs, promote full employment, and a goal of limited inequality between citizens relative to states of other welfare state regime types. Examples of social democratic nations include Norway, Sweden, Finland, Denmark and the Netherlands.

The Welfare/Credit Nexus

Two separate fields of research over the past 30 years wrestle with uncovering the link between welfare state provisions and credit at the household level. The most established body of work examines the specific link between welfare state—social spending, and consumer's mortgage debt (Kemeny 1981; Castles 1998; Conley & Gifford 2006). The second is a relatively nascent body of work, in which a few empirical pieces have extended their examination such that "credit" now encompasses all consumer credit (e.g. Prasad 2012; Kus 2011). Both strands of scholarship argue that increased state spending on social programs can decrease the amount of debt citizens take on. It is important to note, however, that work in the latter tradition identifies conditions under which the tradeoff either does not exist at all, or in which it reverses course. That is, the tradeoff doesn't always hold.

Linking Welfare Provisions to Household Debt: The Influence of Macro Level Social Spending

Much literature on the welfare state in the U.S. has examined the relationship between home equity and the balance between public and private systems of welfare. In the context of the equity/welfare tradeoff, equity functions as a substitute for inadequate public safety provisions. Kemeny (1980) and Castles (1998) find that homeownership may be associated with a weak welfare state, specifically in states with low public pensions, such as the United States. Kemeny (1980) pointed to the notion that taxpayers—specifically those who own homes rather than rent—resisted more expansive social spending. That is, because homeowners have higher up-front costs during a time when incomes are relatively low in the life cycle, they are less amenable to policies of generous pension provisions. Generous public spending engenders higher tax rates for homeowners. Ansell (2011) findings concur with this argument, finding that in the United Kingdom, households that acquired a home became unsupportive of higher taxes to finance benefits. Speaking more explicitly to the substitutive relationship between mortgage debt and welfare, Castles (1998) argues that the tradeoff between housing and public welfare monies results from the fact that a weak welfare state provides incentives to use homeownership as a financial asset. Homeownership, then, acts to substitute inadequate state transfers—it is a social insurance mechanism. Conley and Gifford (2006) corroborate this finding using cross-national time series data. The authors test whether high levels of homeownership are primarily due to a substitution effect—where equity functions as a substitute for low social spending—or an income effect. The authors conclude that indeed, homeownership is a substitute for insufficient social spending, and that mortgage debt is inversely related to social welfare spending. Little scholarship exists which directly examines the impact of welfare state policies on household

indebtedness more generally (Schwichtenberg 2014). Although it does not examine total or overall credit as it is consumed at the household level, a nascent line of work has moved beyond the theoretical limits imposed by restricting the examination of the welfare state/credit tradeoff beyond mortgage debt. This line of work examines the tradeoff between social spending and some specific kind aggregate consumer credit. Johanna Montgomerie (2006a) argues that higher levels of household debt are the result of a political strategy employed in neoliberal economies to implement non-inflationary growth policy. This includes relatively weak public social welfare provisions (Montgomerie 2006a). Credit is a substitute for various economic shortcomings engendered by a complex of neoliberal policies—of which low social spending is a part. Soederberg (2013) looks specifically at the credit card debt in the aggregate, homing in on the features of households that possess larger ratios of credit card debt to other kinds of consumer credit. The author not only attributes the credit-welfare link to both wage stagnation and welfare retrenchment, at a time in which credit policies became more lax. He argues that the current mode of accumulation—within the context of deepening neoliberalism—purposively positions credit cards to serve just such a substitutive function for the most insecure strata in society: the underemployed and unemployed. Specifically, scholars argue that neoliberal policies give rise to (Peck, 2001; Wacquant, 2009) a specific set of structural constraints—namely wage stagnation and falling purchasing power across the board, the commodification of public goods and services, an increasing share of low-wage jobs within the labor market—specifically pink collar jobs, and the turn to workfare from welfare—which ousts progressively larger proportions of the population to the ranks of the under and unemployed. In this vein, earlier work

(Barbo and Pivetti 2009; Warren and Tyagi 2003; Sullivan, Warren and Westbrook 2011) has proposed that in the U.S., weak public spending, along with relatively easy access to credit and bankruptcy results in credit assuming the function of public welfare for those in need. Krippner (2005) and Rajan (2010) focus on the substitutive function of credit as it pertains to the middle classes. Both theorists argue that politicians advocated for the employment of credit as a response to middle class demands for greater economic security. Thus, consumer and mortgage credit are increasingly used as a substitute for both stagnant wages and insufficient state transfers.

What about the relationship between welfare state spending and overall or total consumer credit? One of the only empirical works to explicitly extend its examination of the welfare/credit relationship beyond mortgage debt is Prasad (2012). Prasad (2012) argues that a there is a balance between relying on credit and relying on the welfare state that varies among industrialized nations. Prasad (2012) finds that when deregulation occurs in states with less developed welfare policies, these states experience a rapid proliferation in household indebtedness in comparison to more developed welfare states. On the whole, Prasad (2012) finds support for the credit/welfare tradeoff. However, she also provides a nuance to this finding by taking account of an important contextual influence, which mediates how debt and social spending are related. She finds that the substitutive relationship between aggregate social spending and household debt exists only under circumstances of extensive deregulation—such as is the case in the United States. More specifically, she finds that where the welfare state is weak, regulation suppresses credit usage. But deregulation makes possible the consumption of goods and services on credit—goods and services that would have otherwise been purchased with

state transfer monies As she writes, “In the postwar period this led the United States to develop a heavily regulated economy that was also marked by high demand for credit, while it led to an increasingly strong welfare state in Europe” (Prasad 2012: 243).

Beyond the US: Welfare State Provisions’ Impact on Micro Level Total Indebtedness

Some scholars assert that the distinction between the US and European welfare provisions is not one of amount, but of kind. Hacker (2002: 21) notes that “the share of the U.S. economy devoted to social welfare spending is not all that different from the corresponding proportion in even the most generous of European welfare states.

What is most distinctive about American social welfare practice is not the level of spending but the source (Hacker 2006). In fact, in the U.S. context, much of the welfare system is private and hidden (Hacker 2004; Leicht 2012; Leicht and Fitzgerald 2014; Prasad 2012). That is, state transfers are provided through the employment within the labor market (via pensions, healthcare, and the like), rather than directly through the state (Hacker 2004). Households that are either very vulnerable or that have experienced an economic shock (or both) tend to draw on state transfers to sustain themselves. Many households are then prey to income volatility that has been increasing due in no small part to organizational restructuring in service of the shareholder value orientation that dominates American workplaces (Jung and Dobbin 2012). Due to the private nature of the U.S. welfare regime, many middle class and lower class households have experienced a loss of private workplace benefits, providing an impetus for greater consumer borrowing than households in European states (Hacker 2004, 2006).

Rethinking the Credit/Welfare Link? Financialization at the State Level and its Impact on Household Level Economic Action

Shifts in Household Understandings—Complementarity Rather than Substitution

Although the credit/welfare tradeoff literature has documented a substitutive relationship between welfare spending and household debt in many scenarios, there may be good reason to expect a positive relationship between welfare and debt in other cases. Rona-Tas and Guseva (2018): 59 explicitly claim that, depending on context "high rates of borrowing may, in fact, correlate with generous welfare provisions."

The authors lay out numerous examples in which a complimentary, rather than substitutive, relationship between aggregate consumer (or aggregate household) credit and welfare spending has emerged. First, Finland's consumer debt rose despite its' unchanged robust welfare spending (Oksanen et al. 2015, p. 232). Schelke (2012) chronicles the case of France, in which the 2008 financial crisis was preceded by a housing bubble even larger than that in the US. After the crisis, even though their welfare state is far stronger than that of the US, France experienced greater precarity and increased short term borrowing than the US.

Next, the authors delineate lay out numerous conditions in/circumstances under which a complimentary relationship is expected, since generous welfare provisions can even stimulate greater consumer borrowing (Rona-Tas and Guseva 2018). In fact, there

are good reasons to believe that generous welfare provisions can actually encourage more borrowing in general. One reason is that purchasing power may be greater in countries with smaller welfare states; one important reason may be because a weaker welfare state is associated with lower taxation (Prasad 2012). Whatever is driving households' credit consumption—whether conspicuous consumption or to bridge structural gaps in the fact of economic shocks—economic uncertainty and weak social safety net provisions can stifle households' inclination to borrow, and instead prompt them to save real monies (Zavisca 2012). A related but distinct possibility, which is just now starting to be explored, rests within the changes wrought by financialization and its associated finance culture within the neoliberal context. Prasad (2012, p. 228) delineates posits that

> "A welfare state can itself raise the level of credit in an economy if welfare funds are invested in credit instruments. And... people should be more willing to take on high levels of debt if they do not feel it necessary to save for their own future health care and pension needs."

Cultural economists contend that welfare retrenchment, in addition to economic insecurity and the turn toward investment prompts households to fund equity generating investments on credit. Focusing on the middle class, empirical work conducted within both structuralist and culturally oriented traditions find that these households purchase primary residence homes on credit. Such a result squares with previous work, which finds that a home is the largest cache of middle class wealth (Warren and Tyagi 2003; Wolff 2010, 2012)—one which serves as an investment on credit (Harmes 2001; Langley 2008; Montgomerie 2009; Fligstein and Goldstein 2015).

Scholars spanning various traditions within the social sciences have identified and delineated a broad American trend towards growing homeownership (Warren and Tyagi 2003. They have increased their efforts to invest in a single residence home for two purposes. The first is to engage in "defensive spending," while the second reason is to save for the future. Allon and Reddon's (2012) findings support this interpretation. They find that consumers are motivated to invest on credit not only for the purpose of gaining mobility through wealth creation—nor simply as a solution to current instability necessitating defensive consumption on credit (Goldstein 2013)—but also to prevent economic instability in the future. These authors, as well as others (Langley 2007, 2008a, 2008b, 2008c; Montgomerie 2009) assert that that the contraction of welfare provisions, in addition to economic insecurity and the turn toward investment prompts households to fund equity generating investments on credit. In particular, both Montgomerie (2009) and Allon and Reddon (2012) find that welfare retrenchment provides part of the impetus for middle class households' investment on credit.

Neither Allon and Reddon (2012) nor Montgomerie (2006, 2007a) explicitly postulate the direction of the association between welfare monies and credit usage. They do, however, find that welfare retrenchment, along with households' fear of safety net rollbacks, provide part of the impetus for middle class households' investment on credit. Arguments proposed by Allon and Reddon (2012) and Montgomerie (2007) then also give us reason to move beyond current work, which finds a substitutive relationship between transfers and credit. By and large, this scholarship (Prasad 2012) limits its examination of influencing variables to immediate structural exigencies (resulting from economic instability). Instead, the insights offered by culturally oriented work suggests

that structural forces—in particular—economic insecurity and the changing nature of work is not enough. Rather, attempts to understand the welfare/debt nexus must be based on a framework of embeddedness. That is, ascertaining the impact of welfare provisions on household debts should consider structure, but also the normative aspects of culture engendered by financialization. To this end, it is wise to consider how finance culture—specifically, norms of credit acceptance may exert considerable influence on this link.

I examine 30 industrialized nations—all members of the EU—with the goal of better understanding how welfare state regimes impact household level debt. This cross-national perspective is important because most literature so far focuses on the U.S. case (Kus 2015). But the US and UK possess relatively weak social safety net systems, and also embrace neoliberal logics, which valorize norms of risk taking and rationality (Goldstein 2013; Fligstein and Goldstein 2015) and personal responsibility for households' finances (Harmes 2001). This may be different in other states with stronger welfare state traditions. Thus, it is important to assess how the relationship between debt and welfare state as well as financialization and the institutional context therein shifts in the context of historically established welfare regimes and direct social provisions to individual households, and the relationship between welfare state provisions and household indebtedness is an empirical question. Two propositions will be examined:

*Proposition 1 - Debt/Welfare Tradeoff: Households in countries with stronger welfare provisions, will have **lower** levels of indebtedness.*

*Proposition 2 – Debt/Welfare Complementarity: Households in countries with stronger welfare provisions will have **higher** levels of indebtedness.*

DATA AND METHODS

Data

I pool together data from two sources I use data from two different sources, EU-SILC and World Bank country indicators. At the first level, each of my approximately 2.4 million (N = 2,343,885) unique observations are identified by their membership to a specific household ((“household ID), and each of these unique observations is clustered by both the country in which they live, as well as the year in which they are surveyed (this is time series, rather than panel data, since the households surveyed are different each year).

My central HLM model makes use of household level measures from the EU-SILC (microdata) database. This data is a restricted access dataset with highly detailed economic and social information on survey respondents. I employ the data file on households, rather than on individuals. This is due to the household level dataset I use, which has very limited information on demographics outside of some selected household economic controls I utilize in the central HLM models (Table 1). However, I do include the most pertinent controls, ensuring that omitted variable bias isn’t a pressing concern at the household level. Additionally, because my model has a relatively complex structure, overfitting is a serious concern at the micro level. I address my attempt to balance the dangers posed by both overfitting and omitting important variables by reporting on results from a number of robustness checks (see Appendix), as well as sensitivity tests and solutions (Appendix) I conduct. The household data from EU-SILC is cross sectional data. Thus, my final dataset then is time series data, with information on household finances from years 2004 to 2015.

Although the time period I employ in this analysis is largely data-driven, it captures a time frame that is well suited to my investigation. This 11 year period is one during which financialization had just begun to proliferate in earnest and to exert powerful global influence, as a macroeconomic process related to—but theoretically distinct from—deepening neoliberalism (and widening globalization). The years 2005-2015 are ideal, since I seek to explore the relationship of financialization (as a distinct theoretical construct) with welfare state provisions and to attempt to delineate it's unique impact on household debt cross nationally. I use the following countries in my analyses Austria, Belgium, Bulgaria, Switzerland, Cyprus, Czechia, Denmark, Estonia, Greece, Spain, Finland, France, Greece, Croatia, Hungary, Ireland, Iceland, Italy, Lithuania, Luxembourg, Latvia, Malta, Netherlands, Norway, Poland, Portugal, Romania, Sweden, Slovenia, Slovakia, and the United Kingdom.

Dependent Variable

The dependent variable for this project is overall, or total, household indebtedness amount. Household debt is a continuous variable, and the EU-SILC household data file reports this measure in inflation adjusted euros. However, because data on economic measures is often skewed, and may violate assumptions of normality, I transform the dependent variable such that hhdebt is measures as the (base 10) log of household debt in euros.

Independent Variables

Level 2: Independent Variables

I include time (specifically, survey year) as an important independent variable, in addition to employing it as a second level clustering dimension (entirely distinct, of course, from country, the other second level clustering dimension in my analysis). Year, as an independent variable, consists of each of the 12 possible values—one for each year for which I have data, which is namely: 2004 up to, and including, 2015.

Social spending is the first of two key independent variables at the second level of data. The variable I call "socspend"—is defined as state-level social benefits, which consist of transfers, in cash or in kind, to households and individuals to relieve them of the burden of a defined set of risks or needs; administration costs, which represent the costs charged to the scheme for its management and administration; other expenditure, which consists of miscellaneous expenditure by social protection schemes (payment of property income and other). It is calculated in current prices, and then is reported as a percentage of each state's GDP.

The second key level 2 predictor I include, "finanzn" is a proxy measure of state level financialization. More specifically, the variable finanzn is the extent to which the financial sector provides each state's domestic credit. In general, domestic credit provided by the financial sector as a share of GDP measures banking sector depth and financial sector development in terms of size[12]. The financial sector includes monetary authorities (the central bank) and deposit money banks, as well as other financial institutions where data are available (including institutions that do not accept transferable deposits but do incur such liabilities as time and savings deposits). Examples of other

[12] The data on domestic credit provided by the financial sector are taken from the financial corporations survey (line 52) of the International Monetary Fund's (IMF) International Financial Statistics or, when unavailable, from its depository corporations survey (line 32).

banking institutions are savings and mortgage loan institutions, finance companies, development banks, and building and loan associations."

The fourth level 2 independent variable I include in my central analyses—GDP (gross domestic product)—reflects the total value of all goods and services produced less the value of goods and services used for intermediate consumption in their production. Expressing GDP in PPS (purchasing power standards) eliminates differences in price levels between countries, and calculations on a per head basis allows for the comparison of economies significantly different in absolute size. Purchasing power standard is an artificial common reference currency unit used in the European Union which eliminates the differences of price levels between countries. So, a PPS allows to buy the same volume of goods and services in all the countries. This unit allows significant comparisons in volume of economic indicators between countries. The aggregates expressed in PPS are calculated by dividing the aggregates expressed in current prices and in national currency by the Purchasing Power Parities (PPP).

Level 1: Independent Variables

My analyses include two key independent variables at the household level. The first, "income", is total disposable household income, which is a continuous variable measured in inflation adjusted Euros. More specifically, household income is defined, by EU-SILC as "the total disposable income minus total net transfers (i.e. minus unemployment benefits; old-age benefits; survivor' benefits; sickness benefits; disability benefits; education-related allowances; family/children related allowances; social exclusion not elsewhere classified and housing allowances. The sum for all household members of

gross personal income components (gross employee cash or near cash income; gross non-cash employee income; gross cash benefits or losses from self-employment (including royalties); value of goods produced for own consumption; gross income components at household level (imputed rent); income from rental of a property or land; interests, dividends, profit from capital investments in unincorporated business; income received by people aged under 16) minus (employer's social insurance contributions; interest paid on mortgage; regular taxes on wealth; regular inter-household cash transfer paid; tax on income and social insurance contributions)."

The second key independent variable at the household level is "transfer" which is simply the total transfer income that a household received in the previous year (inflation adjusted and reported in Euros). I constructed "transfer" by combining four separate transfer income measures that the EU-SILC includes in its household level data file across all years, namely, (1) social benefits, which is comprised of income received for (a) "family/children related allowances", (b) housing allowances (c) social exclusion not elsewhere classified; together with (2) regular inter-house cash transfers. Regular inter-household cash transfers are defined as regular monetary amounts received, during the income reference period, from entities outside the household[13]. Social benefits are defined as current transfers received during the income reference period by households intended to relieve them from the financial burden of a number of risk or needs, made through collectively organized schemes, or outside such schemes by government units

[13] This includes compulsory alimony and child support, voluntary alimony and child support received on a regular basis; regular cash support from persons other than household members; and regular cash support from households in other countries.

and NPISHs (Non Profit Institution Serving Households)[14]. The Family/children Function refers to benefits that provide financial support to households for bringing up children, and/or provide financial assistance to people who support relatives other than children[15]. The Housing Function refers to interventions by public authorities to help households meet the cost of housing. An essential criterion for defining the scope of a Housing allowance is the existence of a qualifying means-test for the benefit[16]. Social benefits in the function 'social exclusion not elsewhere classified' refer to the "socially excluded" or to "those at risk of social exclusion". General as this is, target groups may be identified (among others) as destitute people, migrants, refugees, drug addicts, alcoholics, victims of criminal violence[17].

Lastly, I include in my analyses the continuous measure "fingap" which gets at the difference between households' actual net income and the income it needs to stay afloat. I construct this variable by subtracting each household's gross income (including transfer income) from the value it gives as a response to the EU-SILC's survey question

[14] In order to be included as a social benefit, the transfer must meet one of two criteria: (1) Coverage is compulsory (under law, regulation or a collective bargaining agreement) for the group in question; (2) It is based on the principle of social solidarity (i.e. if it is an insurance-based pension, the premium and entitlements are not proportional to the individual exposure to risk of the people protected).

[15] It includes: (i) Income maintenance benefit in the event of childbirth: flat-rate or earnings-related payments intended to compensate the parent for loss of earnings due to absence from work in connection with childbirth for the period before and/or after confinement or in connection with adoption; (ii) Birth grant: benefits normally paid as a lump sum or by instalments in case of childbirth or adoption; (iii) Parental leave benefit: benefit paid to either mother or father in case of interruption of work or reduction of working time in order to bring up a child, normally of a young age; (iv) Family or child allowance: periodical payments to a member of a household with dependent children to help with the costs of raising children; (v) Other cash benefits: benefits paid independently of family allowances to support households and help them meet specific costs, such as costs arising from the specific needs of lone parent families or families with handicapped children. These benefits may be paid periodically or as a lump-sum.

[16] It includes: rent benefit: a current means-tested transfer granted by a public authority to tenants, temporarily or on a long-term basis, to help with rent costs; benefit to owner-occupiers: a means-tested transfer by a public authority to owner-occupiers to alleviate their current housing costs: in practice often help with paying mortgages and/or interest.

[17] It includes: income support: periodic payments to people with insufficient resources. Conditions for entitlement may be related not only to the personal resources but also to nationality, residence, age, availability for work and family status. The benefits may have a limited or an unlimited duration; they may be paid to the individual or to the family and provided by central or local government; other cash benefits: support for destitute and vulnerable persons to help alleviate poverty or assist in difficult situations. These benefits may be paid by private non-profit organizations.

asking households to estimate their perception of the lowest net monthly income (in euros) needed to 'make ends meet'. Since fingap is intended, in a general sense, to capture households' economic insecurity—specifically, the gap between a household's expenses and their ability to meet them—more positive values indicate greater economic need which goes unmet even when including transfer income.

Control Variables

"Home ownership, of course, does not cover all types of asset or equity accumulation; however, it may be the most important one, since home equity represents the modal form of household wealth (Wolff, 1996). While modeling total net worth itself might be more comprehensive, cross-national data on net worth are thin (Wolff, 1996). By contrast, home ownership is a categorical variable that is readily comparable across time and place (with some minor comparability issues) and is collected periodically on many national surveys" (Conley and Gifford (2006): 56). In terms of control I include the dichotomous variable "tenstat", which has information on the tenure status of the household in relation to their current dwelling. Respondent answers are categorized as one of 4 distinct categories, based on whether a member of the household: (1) currently owns his/her current place of residence, (2) is a tenant or subtenant paying rent at prevailing or market rate (3) the accommodation is rented at a reduced rate (lower price that the market price), or (4) accommodation is provided free. I recode this variable to create a dichotomous variable such that 1 = owner, and 0 = all other categories. Another dichotomous measure

in my analyses is “dwelltype”, captures the type of residence in which the household resides. Dwelltype is coded such that a response of 1 signifies that the household resides in a detached, semi-detached or terraced home; while a response coded 0 is given when a household lives in an apartment. Two additional control variables at the household level are: tothouscost and hhsize. The former, a continuous variable measured in inflation-adjusted euros, gives us information regarding the total cost of a household’s primary residence. The latter is an interval level variable and captures the number of people who belong to the household.

Analytic Strategy

HLM Models

The central analysis in this project is a set of hierarchical linear models, because my data fall into two distinct levels (at the household level as well as at the state level). Each of the approximately 2.4 million observations in my data are organized according to the year and country to which each belongs. I employ a cross-classified (or “crossed”) HLM (hierarchical linear model) design, because although there are three identifier variables in my data (namely: household, country, and time), there are only two levels in my data. Since the author is not aware of any convincing theory or argument which suggests either that time should be nested within country, or the reverse (that country should be nested within time). Additionally, the crossed model is appropriate for this project because households—the level 1 identifier—are nested within country as well as within time rather than the more commonly used nested HLM model design, because the observations in my data are classified by two distinct types of clusters, which are not

hierarchical[18] (nor nested within one another. Specifically, the identifier (clustering) measures in my data are 1) time—or rather, 'year', and 2) country membership. The analyses are mixed models (run in Stata using the "xtmixed" command). This type of advanced model is so named because it incorporates a mix of both fixed and random effects. Mixed models are the most appropriate models to use for this project.

1. Model 1: First a simple random intercept model (only includes the dependent variable—household debt).
2. Model 2: This is a model that only considers the household level independent variable on the outcome.
3. Model 3: This model is a crossed multi-level model in which I include both GDP and state level social welfare spending (PPP corrected and standardized) at the country level in addition to household level independent variables included in model 2.
4. Model 4: Include the addition of "year" as an independent variable.
5. Model 5: The last model simply includes my measure for state's degree of financialization.

Data Transformations

Because the model structures I employ in this project are rather complex, they are susceptible to a greater variety of serious model modeling errors; and certain weaknesses are intrinsic to HLM models whenever utilized. To ensure that the models I employ in

[18] Note: A nested three level model is not employed here because it is inaccurate to use. It is not accurate to conceptualize "year" as constituting a higher level of organization than country.

this work are robust, and that any and all claims I make based on these are sound and valid, I delineate the multitude of the well-established diagnostics I ran in order to parse out as many potential weaknesses as possible, and I describe the measures I have taken to address potential weaknesses I did observe.

To get a sense of whether or not multicollinearity is an issue plaguing my data, I obtained the VIF (or variance inflation factor) scores of all my independent variables after running my analyses. VIF scores estimate how much the variance of a coefficient is "inflated" because of linear correlation with other independent variables. Although there is some disagreement as to how high a VIF score must be to become problematic, Paul Allison (available at: https://statisticalhorizons.com/multicollinearity) tends to take a conservative view, suggesting a VIF of 2.50 or over is problematic (since a VIF of 2.50 corresponds to an R2 of .60 with the other variables). The highest VIF of any independent variable in my analysis is 1.74, which helps to ensure that multicollinearity is not a significant issue in my data[19].

Heteroscedasticity is another concern when employing HLM models. The most pressing issue that it presents involves standard errors. Standard errors are biased when heteroscedasticity is present. This in turn leads to bias in test statistics and confidence intervals. To address potential effects of heteroskedasticity, I log transform my dependent variable (logdebt) as well as mean-center all independent variables.

Another, related problem plaguing HLM models are is that of influential cases or extreme outliers obscuring the true nature of relationships. Of course, unusual or extreme cases can distort results, just like OLS. The potential of influential data points is rather

[19] Refer to Table B4.1 in Appendix B for VIF scores of all independent variables in this project.

pronounced in country level data, and I took several steps to address this potential concern. I ran preliminary outlier diagnostics in stata, constructing a plot of influential points which exhibited leverage (by country membership organizing cluster) after running my final set of models and after transformations and after incorporating weights. The results (which are reported in Table B4.2 in Appendix B), demonstrate that I had only 10 observations out of approximately 2.4 million that were influential.

RESULTS

Looking at simple country-specific distinctions in household debt as presented in Figure 1, it appears that these differences could be driven at least in part by country economic development level, with states like Norway and Denmark having high overall household debt levels, compared to Czech Republic, Croatia, Romania and Malta, having less. Therefore, it makes sense that models control for GDP/capita.

The results from my key analyses for this project are in Table 1 below.

[Table 1[20] About Here]

Household (Level 1) Measures

The link between household income and household debt is consistent with structurally oriented scholarship on debt. Looking at Table 1, we see that in all models containing

[20] Since only the dependent variable is log-transformed, I report all coefficients in Table 1 as percentages. I do this by exponentiating the coefficient, subtracting one from this number, and multiplying it by 100. This gives the percent increase (or decrease) in the response for every one-unit increase in the independent variable.

predictor variables (models 2, 3,4, 5 and 6), household income, across countries, is significantly and positively related to household debt. Specifically, I find that every (inflation-adjusted) Euro increase in household income is expected to correspond to a 0.09 percent decrease in household indebtedness. This is ostensibly a sizeable decrease in households' overall indebtedness level, but it likely varies substantially between countries.

[Figure 1 About Here]

The relationship between households' transfer income and their indebtedness level across all my HLM models (Table 1) demonstrates that there exists a much more complex relationship between transfer income and household indebtedness, when compared to the straightforward and robust negative relationship between household income (less transfers) and household debt. In models 2-5, household transfer income is the only independent variable that is not significantly associated with household indebtedness.

Next, according to Table 1, there is a rather robust link between fingap and debt; one which is stable across all 5 models in my analysis. We see that for every euro increase in the gap between a household's cost of living and their real net income (which includes all social monies), there we expect to see a 0.011 ($p = 0.000$) increase in household debt.

Measures related to household residence are crucially important in the validity of any analysis in which household level indebtedness is the dependent variable of interest (Fligstein and Goldstein 2015). However, it is of particular import in accurately

conceptualizing the influence of state social spending on household debt, because "patterns of home ownership are integrally linked with government social welfare efforts designed to intervene in inequitable social and market outcomes" (Conley and Gifford 2006: 56). Tenure status is another key dimension to control for when examining household debt. In model 6 (Table 1), I find that dwelling type (dwelltype) is positively associated with debt. Living in a home—regardless of tenure status (that is, irrespective of whether the household owns, rents, or is living in a home provided by the state for free/at a subsidized rate)— corresponds to about a five percent increase in a household's annual debt, as compared to living in apartment.

As the total monthly cost of a household's primary residence increases by one euro (which is not an insignificant increase, given that the mean monthly cost for households across state and over time is about 390 euros), we expect see a .04 ($p = 0.000$) percent increase in a household's debt, across countries. Size of household is significant as well. With every additional member in a household, household indebtedness increases by about 8 percent.

Country (Level 2) Measures

To the best of the author's knowledge, there is a dearth of sociological scholarship which focuses on examining overall household (micro level) indebtedness, rather than focusing exclusively on mortgage debt. There is even less empirical work which directly and explicitly examines the impact of both state level and household level forces on total household debt, particularly within the same analysis. However, the link between state level (aggregate) consumer or household debt and gdp is more than well established in

the literature (Prasad 2012). According to this line of work, we would expect a positive relationship between GDP and aggregate debt levels. Economies that are more developed are also generally more financialized, and thus should also have a greater availability of consumer credit (Krippner 2005, Kus 2014, Prasad 2012). It is intuitive then, to imagine that this established expectation extends to household—or micro level—debt as well. And a significant and positive relationship between GDP and household indebtedness across countries (and time) is precisely what I find. Across all 5 models in Table 1, I find that with each additional million purchasing power standards of GDP, we expect to see a .005 ($p = 0.000$) percent increase in household indebtedness, across country and over time. This is a rather sizeable increase in indebtedness and demonstrates quite clearly the rather consequential impact that supply side factors at the state level exert on actor level economic outcomes.

Turning to socspend, the independent variable most central to this project, I find that my results align with the less well established body of work within the welfare/credit nexus literature. Rather than a strongly substitutive relationship between social spending provisions and consumer credit use (Prasad 2012), I find a robust, complementary relationship between social spending at the state level and total household level (both consumer and mortgage) indebtedness. Results for the link between social spending and micro-level debt are consistent over all 5 HLM models (see Table 1), and the impact of social spending on debt remains positive and significant across all models with country level predictor variables—namely, Models 3-5[21]. More specifically, in Models 3-5, I find

[21] See Appendix B for more about the robustness of my social spending results

that as social spending increases (relative to GDP) by one percent, we expect to see approximately a 4.52 ($p = 0.000$) percent increase in (mean) household indebtedness.

In Model 4, I add the variable "year" in order to explore the independent influence that time may exert on mean total debt across households belonging to EU member nations[22]. I find that a significant, and rather sizeable time trend exists. According to my results, survey year exerts a significant ($p = 0.000$) and positive effect on total household indebtedness, across EU nations. Specifically, I find that the passage of each additional year in time corresponds to a predicted 8.5 percent increase in total household debt, for households in the 30 nations included in my analysis (results in Table 1, in Models 4 and 5).

The results of my fifth HLM model (results for Model 5 are in Table 1), in which I add the last second level predictor variable I include in my analysis: finzn (the degree of yearly state level financialization) are quite telling. I find that with every 1 percent increase in the proportion of domestic credit furnished by state's financial sector, we expect to see a 1.75 percent increase in household debt across all states. Interestingly, the effect of time remains significant and positive after the addition of a separate measure for the effect of financialization.

DISCUSSION

This goal of this chapter was to address the following three questions: What is the relationship between state level social spending and total household level (rather than

[22] Again, time, operationalized in my analysis as "year", is the second level 2 dimension which I expect my level 1 data to cluster. "Country" is the other level 2 dimension along which my household data is clustered.

country-aggregated) indebtedness? Moreover, what impact-if any—does increasing financialization/neoliberalization exert on household indebtedness?

Scholars have debated the relationship between welfare state provisions and indebtedness. Previous research at the country level has mostly suggested that taking on debt serves as a substitute for lack of social provisions by weak welfare states (Prasad 2012). In contrast, my analysis shows a robust positive relationship between household indebtedness and social provisions at the country level, controlling for household level factors that account for the income and financial situation as well as size of the household, among others. How to explain these findings?

Indeed, rather than focusing on structural contingencies brought about by macrostructual or institutional forces, and the welfare/debt tradeoff, some scholars have pointed to how such structures (in particular, neoliberalism, financialization and shareholder value processes) have fostered nascent cultural valuations of investment. Adam Harmes (2001) proposed the concept of a "culture of mass investment"; postulating that it originally arose out of the turn from defined benefit pension plans to defined contribution plans. Since then, neoliberal institutions have done a great deal to promote and advertise the virtues—and have even espoused the necessity—of financial literacy (Harmes 2001; Langley 2007, 2008b; Van der Zwan 2014). Influential political, institutional and economic actors have linked investment to positive qualities such as self-expression, responsibility, success and the capitalist spirit (Harmes 2001). Investment is also effectively linked with achieving self-realization through freedom and security (both economic and otherwise) that the act of investing provides (Langley 2007, 2008a, 2008c). The context within which the act of investment has been imbued with

both material and intrinsic personal value is one characterized by relatively rapid and widespread proliferation of financialization (Krippner 2005). Inherent to the principles of a financialized system, a culture of investment includes the strategic deployment of credit to fund investment.

As concerns the debate about increasing financialization and neoliberalization and their impact on households, my study does substantiate ever greater indebtedness over time for EU member nations. But my analysis demonstrates, quite explicitly, that this is not simply a story of increasing liberalization over time but that state level financialization processes exert independent effects on household level debt.

As Davis and Kim (2011) argue, processes of financialization occur at supranational (macro), state (meso), and micro (household) levels. The findings from my analyses suggest it is likely that the kinds of financialized systems formed in different countries depend both on national-level institutions, as well as on supra-national forces. Such national financialized systems could be closely linked to other existing national institutions, such as welfare provisions. Therefore, in countries with stronger social systems, such as Denmark and Norway, whereby expected state support can be counted on, taking on debt may be viewed as extending the ability of households to use debt as leverage, or as investment, rather than primarily as a need-based instrument in conditions of financial need. As such, more generous welfare provisions could be linked with more household debt, and the relationship between institutions is complementary, as I found in my analyses, rather than a tradeoff.

I am unable to parse out the relative impact of supranational versus state level financialization in the present study. An examination of the disparate impact of macro

level and meso financialization on household level economic outcomes would be a fruitful endeavor, since the scholarship on financialization has yet to conceptualize much about state level financialization in general (Davis and Kim 2011).

CONCLUSION

In this chapter, I examined the influence of institutional forces—namely, financialization and state social spending—on household indebtedness within thirty EU member nations. Household debt levels cross nationally have been converging over time, to higher levels of debt. Deepening neoliberalism and increasing financialization have engendered large shifts, both at the state level, in terms of institutional policies and changes in structural conditions, as well as at the household or actor level, in terms of the changing conceptualizations of moral, or socially honorable action in the credit market (among others) as well as virtuous, desirable economic action, about what the appropriate use of financial tools that may be. Supply side changes such as the democratization of credit along with demand side forces, particularly the erosion of social safety nets and shrinking wages increased households' credit reliance. In this chapter, I sought to interrogate the link between welfare state spending and household indebtedness. I also asked what impact, if any, increasing financialization/ neoliberalization of societies exerts on household indebtedness. My analysis uncovers a complementary, rather than substitutive, relationship between social spending and household debt. I postulate that this surprising relationship is a result of actors' increasing orientation towards financial investment. I also find that increasing financialization at the state level is associated with increased household debt. Future research needs to interrogate better how national institutions, and

perhaps credit regimes, interact with welfare state institutions to account for different kinds of welfare/debt relationships at the national level.

CHAPTER 5: Conclusions

Macroeconomic growth depends on debt (Guttman and Plihon 2008). Much of this debt is incurred at the micro level (Preda and Knorr-Cetina 2012; Kus 2015). Examining the logics governing credit use is crucially important, given that much literature on financialization—regardless of theoretical orientation—identifies consumer credit consumption as the engine that propels much macroeconomic growth in today's financialized economy. So what determines household debt? There are many competing theories, but scholarship is generally divided into two camps: structural and cultural theories of debt. Structural theories posit that economic constraint determines household debt. While culturally inclined explanations argue that people engage in conspicuous consumption or subscribe to a "culture of debt." My dissertation is an attempt at understanding consumer credit use in the modern era, whereby I propose that cultural and structural forces operate jointly in shaping economic outcomes (Zelizer 1989, Zukin and DiMaggio 1990, Bandelj 2012).

Debt in the U.S. has registered a substantial rise in the past several decades (Carruthers and Ariovich 2010). Major macroeconomic shifts—namely neoliberalism and financialization—have engendered massive shifts in cultural as well as structural conditions which precipitated this massive rise in consumer debt—at first in the US, and now also in various EU member states across Europe (Kus 2015). Neoliberalism, or a series of policies aimed at liberalization, deregulation, and privatization of economy,

fueled both supply and demand side structural conditions, which then have driven the exponential rise in consumer credit use since the 1970s, and particularly after the 1980s.

In terms of supply side shifts, the relatively recent mass democratization of consumer credit is one of most important structural conditions underpinning the stratospheric increase in consumer credit use at the household level. On the demand-side, the changes in consumer credit use are largely a product of business-friendly neoliberal policies and the associated cultural ethos. Neoliberal policies in general have engendered pervasive and proliferating economic inequality, and to an even greater degree, growing volatility in households' economic position. The neoliberal program has resulted in pervasive wage stagnation, social safety net rollbacks, and a labor market in which the current model of work is part-time, contract work without workplace benefits. The structuralist explanation of credit consumption hinges on the idea that households often use credit in the absence of adequate social safety net provisions—to make ends meet in the face of some economic shock or unforeseen structural pressure.

Cultural forces—in the shape of normative understandings and prescriptions—are just as important in shaping credit consumption at the household level. Cultural explanations offer three disparate lines of thought. One view holds that households use credit to engage in conspicuous consumption in order to signal membership to a more advantaged social stratum. A second view points to the role of hedonistic consumption. A third, newer view asserts that households have absorbed the logic of a culture of finance, which prompt them towards calculative investment. Situated in these theoretical debates that emphasize the role of structural and cultural forces, my dissertation examines how household indebtedness is shaped by social class position, and by the characteristics of

the institutional and cultural environments in which people live, particularly those engendered by welfare state provisions and the rise of finance culture.

Determinants of Household Debt in the U.S.

I divided the second chapter into two distinct components. In the first part of chapter 2, I used the embeddedness perspective (Zukin and DiMaggio 1990) to examine how Americans consume credit, across social strata. I focused on parsing out how structural and cultural forces drive debt for Americans in the year 2010. My results for the full sample of households in the US demonstrated that indebtedness is driven by both cultural and structural forces. However, my results also demonstrated that to understand how Americans borrow on credit, and the different types of credit, theorists must account for relative social class position.

Following the Bourdieusian notion that consumption is patterned by the confluence of forces all acting on various social locations, I expected social class to differentially influence how households understand and use credit. Results of classed consumption analyses I conducted are very consistent with a classed consumption, and therefore classed indebtedness, framework. That is, social class membership does indeed differentially pattern how households understand and use credit. The overarching portrait of borrowing which emerges illuminates the extraordinary difference of structural constraints in shaping the credit use of more disadvantaged social groups relative to more advantaged ones, and specifically, the sharp distinction between the upper class and the remaining social classes. Upper class households are driven to use credit for conspicuous consumption, and their indebtedness is also driven by an adherence to the debt culture

mentality. Although they do not borrow to address economic insecurity, structural forces influence their borrowing, nevertheless: said forces *facilitate* their increased credit use for leverage. Upper class households borrow more as their wealth *increases*, but unlike all other social classes (upper middle class, lower middle, working class and poor), upper class households do *not* borrow more in order to bridge a sudden and unfortunate gap between expenses and income. Instead, upper class households seem to borrow in order to make wealth-generating investments. This result helps illuminate the often obscured way credit use has begun to engender new (and perhaps worse) forms of social inequality, and are consistent with analyses of increasing income inequality in the U.S., in particular, that the top 1 % has doubled the overall income share, while poverty has held steady (Saez and Zucman 2016).

Debt and the Rise of Finance Culture in the U.S., 1989-2016

Neoliberalism, globalization and financialization are large-scale processes, which define contemporary times. The empirical work that has been conducted thus far on the topic of financialization can be categorized as belonging to one of three distinct but related theoretical frameworks (Van der Zwan 2014). The first broad perspective—the accumulation view—focuses on social class. In particular, this view is concerned with the role of elites in helping to engender global inequality through bringing about the process of financialization. The second view sees financialization as a result of the shareholder value orientation—which theorists argue leads to increasing socioeconomic inequality that arise in response to the disproportionately increased precariousness and benefits in lower skilled versus skilled jobs (Kus 2015). The third view—that of the financialization

of everyday life—is important, since it helps account for precisely how financializing shapes households' economic action, and examines the very real role that households play in reciprocally shaping financialization.

This line of thought allows scholars to begin to think about how households negotiate with the dictates of financialization. What theorists have uncovered, however, is that financialization espouses—through media channels and via institutional policies—a particularly calculative orientation to ones' household finances. This cultural orientation engendered the proliferation of "pop finance" (Harrington 2010) and is an orientation in which households are expected to be "everyday investors" (Harmes 2001). Throughout, investment for the purposes of economic gain is valorized (Davis 2009). However, the underlying ethos is one of households or individuals being responsible for their own economic health—particularly for arranging their own safety net provisions in an environment of high volatility and precarity, and in which households are fully aware of the specter posed by future insecurity (Hacker 2012). It is important, then, to extend current sociological scholarship on this crucial process of everyday financialization. I focused on credit consumption, because it is the most widely available and utilized financial tool by households, and because my second chapter pointed to clearly classed patterns of consumption on credit in a cross sectional analysis of American households in the year 2010. Thus, in my third chapter I investigated the extent to which financialization—specifically, nascent norms of finance culture—has influenced classed credit consumption over time.

It is well established that more advantaged households display a greater adherence to neoliberal values, specifically those of the capitalist spirit, business savvy and the use

of strategic investment used to grow individual wealth. But what about the logic of finance culture? To what extent (and how) do these distinct norms and understandings play out across the social structure? Fligstein and Goldstein (2015) find that the wealthy are also the most financialized segment of the social structure. Specifically, they find that upper class households were the only ones, which appreciably adhered to wealth-growing logic of finance culture, particularly by displaying greater risk tolerance and use of financial instruments and patronage of financial experts.

These insights are interesting, but the extent to—and manner in—which the logics of finance culture are adopted across the socioeconomic structure in the specific case of consumer credit use remains an open question. Fligstein and Goldstein (2015) offer preliminary directions. Using only one measure of credit acceptance (specifically: the use of credit to supplement lost wages) they find that there is a new norm of credit acceptance, but structural forces constrain its adoption across social strata. Because the exact nature of this constraint remains unclear from that scholarship, I set out to empirically test how exactly credit acceptance is classed, and how this may vary over time. The expectation going into this analyses, based on previous research, was that there is diffusion of general finance cultural norms of virtuous investment over time—specifically, that acceptability of debt begins the earliest (in time) for wealthy upper class and then diffused to more disadvantaged classes progressively over time.

This was not supported by my analyses. Instead, I show that debt acceptance in the U.S. by class membership is rather monolithic in the 1989 to 2016 period for which I have data. Apart from in 2016, there is no significant difference in (for any year) mean acceptance of incurring debt to 1) supplement lost wages, 2) to finance a vehicle, 3) to

purchase luxury/frivolous goods, or 4) to finance an education. Acceptance for all of these is relatively high. It is telling that the year 2016 is unique in that the mean class acceptance score by debt type (within each year) are all significantly different from one another. This finding may suggest upcoming shifts in the uses of credit as patterned along the social structure. This new divergence could be capturing that potentially a new pattern of debt use is afoot. Or it may capture some sort of signal for a novel kind of closure mechanism in the field; which opposes the tide of growing democratization of credit access. Alternatively, it could hint at divergence in how classes consume on credit. It is interesting that upper class households have the *lowest* mean acceptance scores at all time points from 1989 until 2016.

Consumers often increase credit consumption when the economy is healthy; and in the aggregate, they decrease debt loads during an economic downturn. Aligning with this trend, households did deleverage significantly in the wake of the Great Recession (Federal Reserve 2010). What underpins these trends? Two possibilities exist. The first is that structural factors—whether the widespread foreclosures (Wolff 2012) or falling into arrears on any number of credit types—force deleveraging. The second alternative is that cultural shifts—namely, decreased acceptance of credit use, fosters the reduction of household debt. I investigated which explanation is more likely, via testing the second proposition in my third chapter. I found that after the financial crisis of 2008, levels of debt acceptability decreased for all classes.

In fact, my results are somewhat inconsistent with a cultural explanation underpinning the deleveraging which 2010 witnessed; particularly when taking class into account. Firstly, it is interesting to note that acceptance scores (of each social class) are

not significantly different in 2010 as compared to 2007. This is the case for each specific debt subtype. In contrast, when examining the acceptance scores of debt generally pre- and post- recessions, we see that while the upper class' scores are not significantly different, those of the remaining social classes are significantly different when comparing the mean debt acceptability of debt generally in 2007 and 2010. More specifically, the mean acceptance levels of upper middle, lower middle, working class and poor households is significantly lower in 2010 as compared to 2007. These results point to an interesting feature of attitudes about debt: using credit is often more acceptable when the type or purpose of said debt is specific and concrete. Attitudes about debt in general—as a diffuse idea—are distinct, and often generate more variability. This seems to be the case for across class as well as over time comparisons

Welfare Policies and Household Indebtedness in the European Union Countries, 2004-2015

Although previously the US was far ahead of any European state in aggregate household debt, recently the EU nations have been closing the gap (Kus 2015). Country context—and, the institutional environment engendered by welfare state policies--affects indebtedness. The influence of state level (and even global) changes is not yet well theorized in the European context (Kus 2015, Davis and Kim 2013). Therefore, I examined in my fourth chapter the relationship between state social spending and overall household indebtedness. There are a variety of global, regional and state level institutional changes afoot, which we should expect to influence household debt among EU nations.

There is a body of literature, which examines the tradeoff between credit at the household level and state level social spending. This work argues that when state social safety net spending is low, particularly in a country characterized by high inequality and precarity, households generally use credit to substitute for shortfalls in public spending. The central finding is that credit and welfare are substitutes (Prasad 2012). Thus, in Chapter 4, using EU SILC data and hierarchical linear models, I tested the welfare regime proposition to examine whether countries with greater spending on social programs as a share of GDP will have lower overall debt holdings at the household level. A relatively unexpected and robust finding emerged, that goes against the welfare/debt trade off proposition.

Indeed, when considering the widespread internalization of norms of investment (Harmes 2001, Langley 2007, 2008), and of the acceptability of debt (Fligstein and Goldstein 2015), along with fears about potentially losing work benefits or widely held belief in the future collapse of the social security system (Hacker 2012), we may have reason to believe that households use transfers and credit together to insulate against future insecurity. If they do, we would expect to see a complementary relationship between transfer income and indebtedness—and between state social spending and household debt. I found evidence that aligns with this perspective. Specifically, households in countries with stronger welfare provisions show **higher** levels of indebtedness.

My key empirical finding in Chapter 4 is that social spending and household debt are compliments rather than substitutes. One other important result for my analysis in chapter 4 is that time is positively related to household debt across country and that the

degree of state financialization is also positively linked to credit consumption at the household level. My key empirical finding, however, is that there exists a complimentary, rather than substitutive link between state social spending and aggregate household debt in thirty European Union countries, in the 2005 through 2015 time period. My results are consistent with emerging work that problematizes conceptualizing the relationship between welfare state spending and consumer credit as a tradeoff. In his preliminary work, Wiedermann (2019) argues that such a characterization is a gross over-simplification. Instead the author argues that financial markets and welfare states are linked, and so credit regimes interact with welfare state regimes to pattern the relationship between state social spending and household debt in a variety of ways in addition to a substitutive one. Based on my analyses, this seems to be a fruitful direction for future research to explore.

Directions for Future Research

My analyses have contributed to the advancement of our understanding of household indebtedness and how everyday financialization interacts with class inequality. One extremely consequential dimension of consumer credit that I was not able to adequately address with the data I had available is households' use of payday and bad-credit loans. This kind of credit is one, which is most strongly stratified—and not coincidentally is the most exploitative. Such "bad/no" credit is essentially created to be employed by only the most disenfranchised and disadvantaged members of the social structure; those who often are barred from using credit that is easily attained by anyone with a bank account. This

closure mechanism is helping to create a novel underclass, whose contours and dynamics remain unexplored (Fourcade and Healy 2013; Wherry, Seefeldt and Alvarez 2019). Secondly, it would be instructive to disaggregate the distinct types of credit consumption that households in distinct EU member states engage in, as well as households' understandings about the appropriateness of various kinds of credit. This information would help shed light on both institutional differences within states as they pertain to credit use and debt, as well as illuminating any distinct state-specific understandings about credit and its appropriate functions. Just as in the US case, it would be critical to track how such consumption shifts according to class membership across time.

On the whole, my dissertation has applied the economic sociology perspective on consumption through credit. Economic sociologists define the economy as "…institutions and relations of production, exchange, and consumption", (DiMaggio 1994: 28) and many scholars assert that consumption is fundamental to modern life (Zelizer 2004; 2010; Zukin and McGuire 2004). But the study of consumption has traditionally occupied a marginal position in the field of economic sociology, (Swedberg 2003; Zelizer 2004, 2005, 2010; Zukin and McGuire 2004; Bandelj 2008), focusing on markets and organizations, rather than consumers or households, as proper sites of examination (Carruthers and Uzzi 2000; Zelizer 2010). The goal of my dissertation was to add to the literature on consumption in economic sociology by linking it with stratification, and by conceptualizing someone economic action as related to class position, and as co-constituted with cultural, structural, and institutional forces. Much research is still needed to advance our understanding of household debt. Still, one thing is certain: that the use of consumer credit, because of the credit scoring mechanisms on which it relies,

has distinct and consequential effects on social inequality. Consumer credit, as an institution, allows differential access, all the while it puts differential constrain, across the SES spectrum in which social closure becomes salient through the quantity and the kind of credit available to households across the social structure.

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FIGURES

Figure 3A. Full Sample Debt Acceptance Across Time, by Debt Type

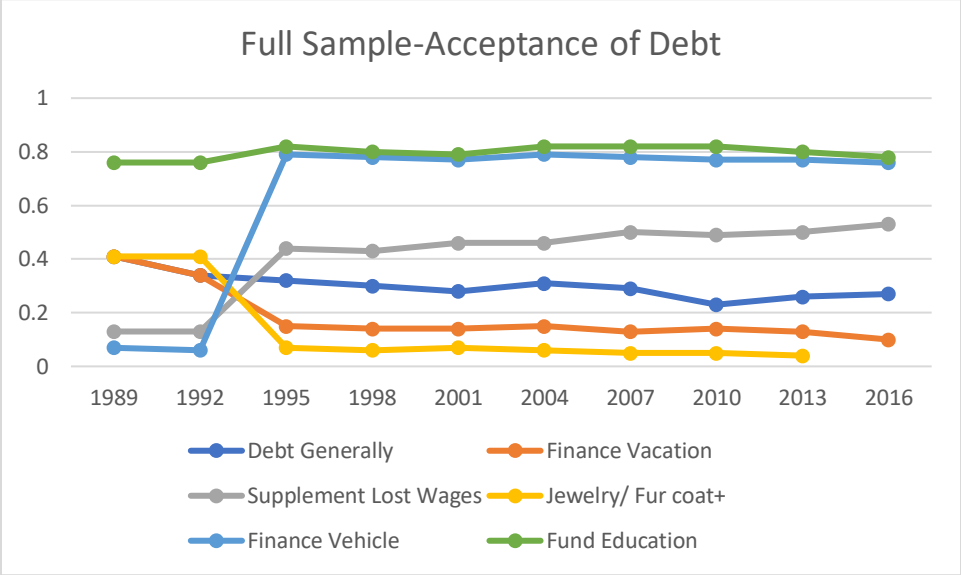


Figure 3B. Mean Acceptability Score of Debt Generally by Social Class, Over Time

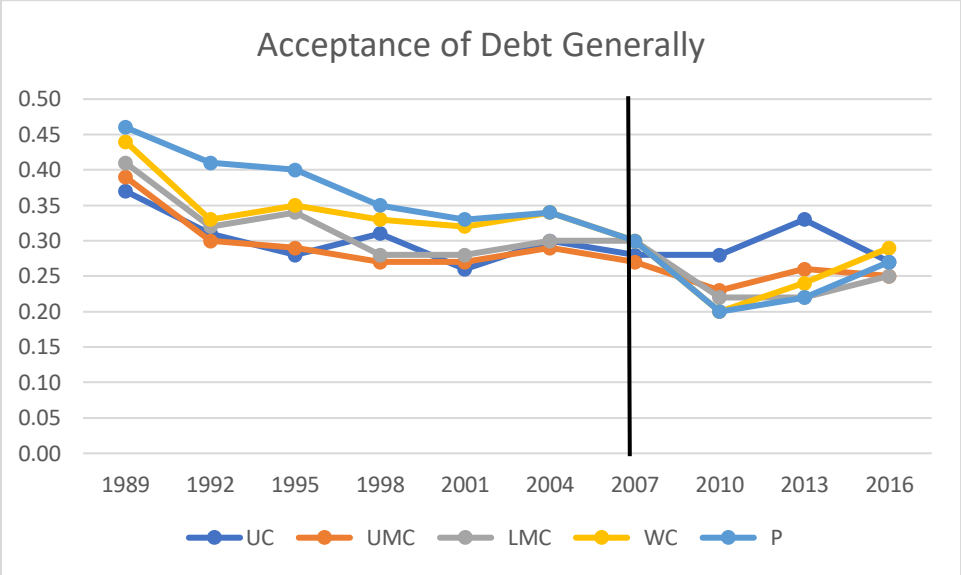
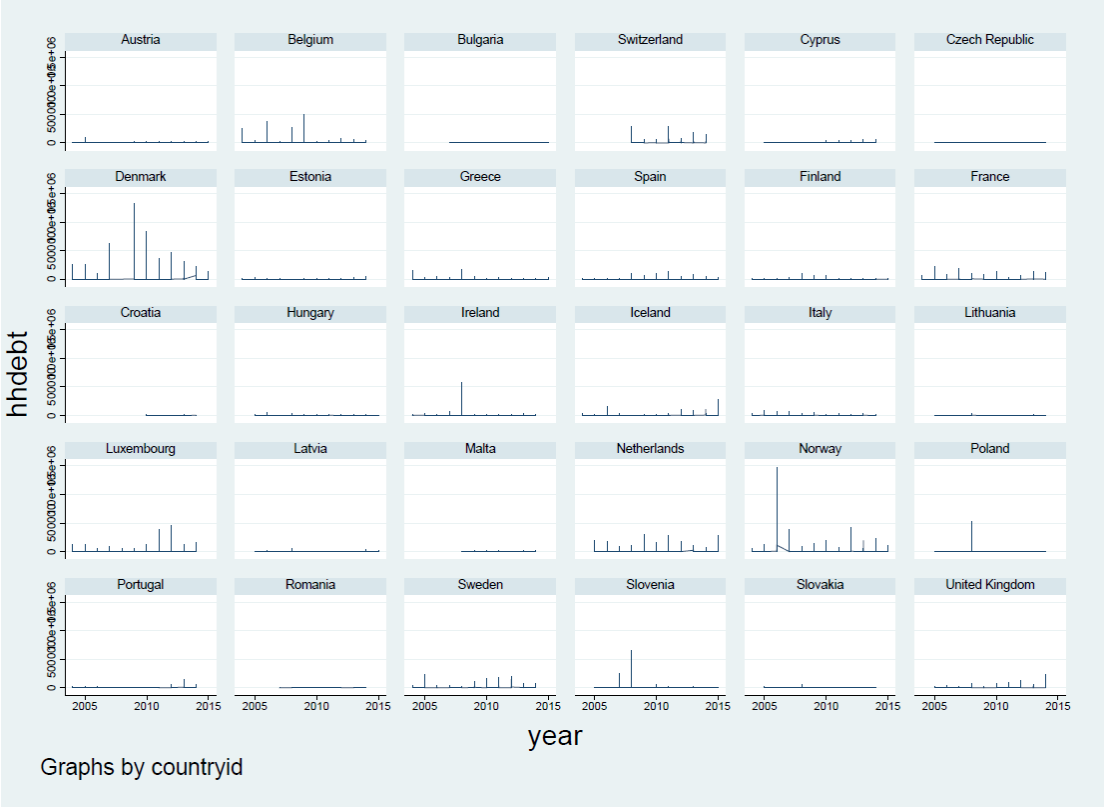


Figure 4A. Social Spending on Household Debt, By Country



TABLES

Table 1A. Full Sample—Mean Differences Within Category, Over Time

Year	Mean Debt ___: Income Ratio: Total Household Debt	Primary Residence Debt	Credit Card Bal	Education Loan Amt	Loan Amt for Investment
1989	0.91***	0.81	1.02***	0.02	0.06
1992	1.42	0.82	1.93***	0.04	0.04
1995	1.27	0.80	0.04	0.04	0.03
1998	1.32	0.73**	0.06	0.09	0.07
2001	1.07**	0.59***	0.05	0.03	0.05
2004	1.43	0.92	0.05	0.06	0.05
2007	1.34	0.90	0.05	0.07	0.04
2010	1.63***	1.03***	0.04	0.13*	0.19***
2013	1.41	0.79	0.04	0.35***	0.03
2016	1.21*	0.70	0.03	0.18**	0.03

Table 1B. Debt to Income Ratios: Differences between Social Classes, by year and purchase type

Year		Total Household Debt	Primary Residence Debt	Credit Card Bal	Education Loan Amt	Loan Amt for Investment
1989	UC	0.94	0.81	0.00	0.00	0.17***
	UMC	1.90***	0.80	10.07***	0.02	0.05
	LMC	0.73	0.81	0.03	0.02	0.01
	WC	0.36	0.80	0.03	0.03	0.00
	P	0.19***	0.82	0.01	0.08***	0.00
1992	UC	1.60***	0.82	0.01	0.00	0.11***
	UMC	1.63***	0.82	10.62***	0.01	0.03
	LMC	1.06	0.82	0.04	0.03	0.01
	WC	0.48***	0.82	0.05	0.06	0.00
	P	0.23***	0.81	0.03	0.12***	0.00
1995	UC	1.83***	1.20***	0.01	0.00	0.08***
	UMC	1.62***	1.03	0.04	0.02	0.02
	LMC	1.16	0.88	0.05	0.02	0.00
	WC	0.57***	0.17*	0.08	0.09**	0.00
	P	0.35*	0.01***	0.03	0.12***	0.00
1998	UC	1.33	0.65	0.02	0.00	0.20***
	UMC	1.33	0.95	0.04	0.01	0.05
	LMC	1.65	1.14***	0.09*	0.08*	0.00
	WC	1.51	0.60	0.11**	0.25***	0.00
	P	0.47***	0.00***	0.05	0.27***	0.00
2001	UC	0.91	0.56	0.01	0.00	0.14***
	UMC	1.23	0.97	0.04	0.02	0.01
	LMC	1.31	0.95	0.07	0.04*	0.01
	WC	1.48***	0.08***	0.17***	0.08***	0.00
	P	1.25	0.00***	0.04	0.07***	0.00
2004	UC	1.33	1.17	0.01***	0.01***	0.14***
	UMC	1.66***	1.38***	0.05	0.04	0.02
	LMC	1.27	1.18	0.09*	0.05	0.01
	WC	1.57***	0.15	0.07*	0.14***	0.00
	P	1.42	0.00***	0.04	0.13***	0.00
2007	UC	1.44	0.92	0.02	0.01***	0.10***
	UMC	1.91***	1.55***	0.08**	0.05	0.01
	LMC	1.57	1.18**	0.08**	0.07	0.00
	WC	0.48***	0.05	0.05	0.14**	0.00
	P	0.41***	0.00	0.03	0.25***	0.01
2010	UC	2.40***	1.48	0.02	0.01***	0.75***
	UMC	2.16***	1.65	0.06	0.07	0.03
	LMC	1.76***	1.36	0.07	0.11	0.02
	WC	0.59***	0.08***	0.04	0.23***	0.00
	P	0.51***	0.00***	0.03	0.34***	0.00
2013	UC	1.41	0.93	0.01	0.02***	0.11***
	UMC	1.64	1.28	0.04	0.09	0.01
	LMC	1.63	1.24	0.06	0.16	0.00
	WC	1.18	0.12***	0.05	0.83***	0.01
	P	1.08	0.00***	0.04	0.97***	0.00
2016	UC	1.22	0.74***	0.01	0.01***	0.07***
	UMC	1.66**	1.28***	0.04	0.08	0.03***
	LMC	1.38	0.92***	0.06	0.19	0.00
	WC	0.75***	0.03***	0.04	0.46***	0.00
	P	0.61***	0.00***	0.02	0.44***	0.00

Table 1C. Within Class Percentage of Aggregated Indebtedness According to Purchase Category across Survey Years 1989-2016

Year	Social Class Category	Primary Residence	Real Estate***	Home Improve	Vehicle	Goods & Services	Invest	Education	Other
1989	UC	44.28	25.32	2.87	2.59	1.98	17.45***	0.11	5.40
	UMC	70.58***	2.12	1.80	7.60	3.80	3.33	1.14	9.63
	LMC	71.61***	0.00	2.84	15.18	5.65	0.90	1.50	2.33
	WC	24.36	0.73	1.81	40.09***	15.07	0.45	7.58***	9.91
	P	0.40	83.86	0.02	2.44	3.23	0.42	6.41***	3.23
	Total	**48.60**	**21.18**	**2.69**	**4.47**	**2.61**	**14.23**	**0.49**	**5.72**
1992	UC	32.41	29.09	1.24	1.01	1.73	25.02***	0.08	9.41
	UMC	79.39***	4.26	1.99	4.96	4.67	1.37	1.26	2.09
	LMC	78.64***	0.51	1.85	9.50	5.55	0.37	2.26	1.33
	WC	19.06	1.40	0.69	34.56***	20.05	0.18	17.48***	6.58
	P	37.71	7.37	0.00	4.13	13.68	0.15	19.95***	17.00
	Total	**39.82**	**24.55**	**1.34**	**2.23**	**2.46**	**20.85**	**0.56**	**8.19**
1995	UC	24.37	21.20	0.79	1.86	5.83	33.60***	0.05	12.29
	UMC	79.40***	6.07	2.16	4.77	3.47	1.39	0.72	2.02
	LMC	74.30***	1.68	2.27	9.10	6.50	0.86	3.16	2.13
	WC	25.97	2.26	3.51	31.36***	17.25	0.47	13.79***	5.39
	P	10.50	9.94	0.01	9.94	20.81	0.62	30.90***	17.29
	Total	**31.53**	**18.59**	**1.00**	**2.73**	**5.81**	**28.98**	**0.45**	**10.90**
1998	UC	41.23	15.75	0.92	4.33	2.09	25.45***	0.10	10.13
	UMC	76.32***	4.69	2.08	5.99	4.65	3.74	1.35	1.18
	LMC	72.37***	0.00	2.50	10.30	8.84	0.44	3.56	1.98
	WC	16.07	0.91	0.49	33.22***	17.98	0.62	27.14***	3.57
	P	0.63	3.97	0.01	7.66	25.67	0.01	48.37***	13.69
	Total	**46.91**	**13.27**	**1.14**	**5.22**	**3.05**	**21.01**	**0.89**	**8.51**
2001	UC	37.06	11.60	0.75	3.21	4.26	36.53***	0.09	6.50
	UMC	80.57***	2.35	2.25	6.63	4.84	0.92	1.78	0.66
	LMC	73.99***	0.11	2.00	11.81	7.26	0.55	3.43	0.86
	WC	15.61	0.54	0.38	36.12***	19.31	0.15	23.15***	4.72
	P	0.00	0.00	0.34	7.53	29.92	0.04	32.56***	29.61
	Total	**42.47**	**10.10**	**0.94**	**4.22**	**4.63**	**31.26**	**0.64**	**5.74**
2004	UC	45.35	17.86	1.39	9.22	6.05	17.45***	0.11	2.58
	UMC	83.14***	0.00	2.21	6.28	4.58	1.04	2.24	0.51
	LMC	77.82***	0.00	1.40	9.13	6.34	0.37	3.57	1.36
	WC	14.39	0.00	0.30	29.92	19.23	0.13	26.50***	9.52
	P	0.04	0.00	0.00	12.22	25.22	0.00	46.54***	15.98
	Total	**51.05**	**14.39**	**1.48**	**9.12**	**6.08**	**14.67**	**0.83**	**2.38**
2007	UC	43.69	17.06	1.46	5.40	1.55	28.92***	0.27	1.65
	UMC	80.22***	1.40	2.82	5.53	6.41	0.66	2.52	0.43
	LMC	71.85***	0.79	2.15	9.71	7.82	0.33	4.99	2.35
	WC	9.35	1.73	0.39	34.64	15.76	0.16	28.99	8.99
	P	0.11	0.00	0.17	7.77	18.51	8.98	44.09	20.37
	Total	**48.38**	**14.64**	**1.63**	**5.75**	**2.42**	**24.60**	**0.95**	**1.62**
2010	UC	34.47	19.00	1.27	6.42	7.46	30.61***	0.17	0.61
	UMC	76.19***	5.72	2.07	4.43	5.22	1.57	4.06	0.73
	LMC	75.46***	1.63	1.14	6.52	6.33	0.65	7.07	1.20
	WC	11.83	0.53	0.25	22.65	14.82	0.04	40.13	9.75
	P	14.80	0.89	0.16	4.49	16.31	0.63	49.07	13.65
	Total	**41.46**	**16.15**	**1.34**	**6.35**	**7.24**	**25.02**	**1.64**	**0.80**
2013	UC	33.68	14.83	1.61	2.31	3.66	42.05***	0.48	1.39
	UMC	75.12***	6.56	1.82	4.69	3.54	2.27	6.01	0.00
	LMC	73.76***	1.49	1.24	7.13	5.10	0.16	11.12	0.00
	WC	15.74	0.17	0.22	21.66	10.99	0.82	50.40	0.00
	P	0.02	0.00	0.03	4.47	12.05	0.10	77.30***	6.02
	Total	**40.62**	**12.85**	**1.59**	**3.13**	**3.87**	**34.38**	**2.70**	**0.86**
2016	UC	33.98	11.41	1.90	2.31	3.85	45.02***	0.15	1.39
	UMC	75.84***	5.35	1.82	4.69	3.54	2.27	5.83	0.67
	LMC	66.76***	1.49	1.24	7.13	5.10	0.16	18.12	0.00
	WC	9.18	0.17	0.22	19.13	14.50	0.82	55.98	0.00
	P	0.02	0.00	0.03	3.97	15.01	0.10	71.73***	9.14
	Total	**37.16**	**3.68**	**1.04**	**7.45**	**8.40**	**9.68**	**30.36**	**2.24**

* Table includes Significance of Mean Ratios via Bonferroni Corrected Comparisons of Means (Within Purchase Type and Year), calculated as a percentage of total aggregate debt held by each social category, excludes any real estate used as an investment; limited to properties used for vacation/leisure.

Table 1D. Within Class Percentage of Aggregated Debt According to Purchase Category, by Year+

1989

	Primary Residence	Real Estate**	Home Improvement	Vehicle	Goods and Services	Investment	Educational	Other
Upper Class	44.28	25.32***	2.87	2.59	1.98	17.45***	0.11	5.40
Upper Middle Class	70.58***	2.12	1.80	7.60	3.80	3.33	1.14	9.63
Lower Middle Class	71.61***	0.00	2.84	15.18	5.65	0.90	1.50	2.33
Working Class	24.36	0.73	1.81	40.09***	15.07***	0.45	7.58***	9.91
Poor	0.40***	83.86***	0.02	2.44	3.23	0.42	6.41***	3.23
Total	**48.60**	**21.18**	**2.69**	**4.47**	**2.61**	**14.23**	**0.49**	**5.72**

1992

	Primary Residence	Real Estate**	Home Improvement	Vehicle	Goods and Services	Investment	Educational	Other
Upper Class	32.41	29.09***	1.24	1.01	1.73	25.02***	0.08	9.41
Upper Middle Class	79.39***	4.26	1.99	4.96	4.67	1.37	1.26	2.09
Lower Middle Class	78.64***	0.51	1.85	9.50	5.55	0.37	2.26	1.33
Working Class	19.06	1.40	0.69	34.56***	20.05***	0.18	17.48***	6.58
Poor	37.71	7.37	0.00	4.13	13.68	0.15	19.95***	17.00***
Total	**39.82**	**24.55**	**1.34**	**2.23**	**2.46**	**20.85**	**0.56**	**8.19**

1995

	Primary Residence	Real Estate**	Home Improvement	Vehicle	Goods and Services	Investment	Educational	Other
Upper Class	24.37	21.20***	0.79	1.86	5.83	33.60	0.05	12.29***
Upper Middle Class	79.40***	6.07	2.16	4.77	3.47	1.39	0.72	2.02
Lower Middle Class	74.30***	1.68	2.27	9.10	6.50	0.86	3.16	2.13
Working Class	25.97	2.26	3.51	31.36***	17.25***	0.47	13.79***	5.39
Poor	10.50	9.94	0.01	9.94	20.81	0.62	30.90***	17.29
Total	**31.53**	**18.59**	**1.00**	**2.73**	**5.81**	**28.98**	**0.45**	**10.90**

1998

	Primary Residence	Real Estate**	Home Improvement	Vehicle	Goods and Services	Investment	Educational	Other
Upper Class	41.23	15.75***	0.92	4.33	2.09	25.45***	0.10	10.13***
Upper Middle Class	76.32***	4.69	2.08	5.99	4.65	3.74	1.35	1.18
Lower Middle Class	72.37***	0.00	2.50	10.30	8.84	0.44	3.56	1.98
Working Class	16.07	0.91	0.49	33.22***	17.98***	0.62	27.14***	3.57
Poor	0.63	3.97	0.01	7.66	25.67***	0.01	48.37***	13.69***
Total	**46.91**	**13.27**	**1.14**	**5.22**	**3.05**	**21.01**	**0.89**	**8.51**

2001

	Primary Residence	Real Estate**	Home Improvement	Vehicle	Goods and Services	Investment	Educational	Other
Upper Class	37.06	11.60***	0.75	3.21	4.26	36.53***	0.09	6.50
Upper Middle Class	80.57***	2.35	2.25	6.63	4.84	0.92	1.78	0.66
Lower Middle Class	73.99***	0.11	2.00	11.81	7.26	0.55	3.43	0.86
Working Class	15.61	0.54	0.38	36.12***	19.31***	0.15	23.15***	4.72
Poor	0.00	0.00	0.34	7.53	29.92***	0.04	32.56***	29.61***
Total	**42.47**	**10.10**	**0.94**	**4.22**	**4.63**	**31.26**	**0.64**	**5.74**

2004

	Primary Residence	Real Estate**	Home Improvement	Vehicle	Goods and Services	Investment	Educational	Other
Upper Class	45.35	17.86***	1.39	9.22	6.05	17.45***	0.11	2.58
Upper Middle Class	83.14***	0.00	2.21	6.28	4.58	1.04	2.24	0.51
Lower Middle Class	77.82***	0.00	1.40	9.13	6.34	0.37	3.57	1.36

Working Class	14.39	0.00	0.30	29.92***	19.23***	0.13	26.50***	9.52***
Poor	0.04	0.00	0.00	12.22	25.22***	0.00	46.54***	15.98***
Total	**51.05**	**14.39**	**1.48**	**9.12**	**6.08**	**14.67**	**0.83**	**2.38**

2007

	Primary Residence	**Real Estate****	**Home Improvement**	**Vehicle**	**Goods and Services**	**Investment**	**Educational**	**Other**
Upper Class	43.69	17.06***	1.46	5.40	1.55	28.92***	0.27	1.65
Upper Middle Class	80.22***	1.40	2.82	5.53	6.41	0.66	2.52	0.43
Lower Middle Class	71.85***	0.79	2.15	9.71	7.82	0.33	4.99	2.35
Working Class	9.35	1.73	0.39	34.64***	15.76***	0.16	28.99***	8.99***
Poor	0.11	0.00	0.17	7.77	18.51***	8.98	44.09***	20.37***
Total	**48.38**	**14.64**	**1.63**	**5.75**	**2.42**	**24.60**	**0.95**	**1.62**

2010

	Primary Residence	**Real Estate****	**Home Improvement**	**Vehicle**	**Goods and Services**	**Investment**	**Educational**	**Other**
Upper Class	34.47	19.00***	1.27	6.42	7.46	30.61***	0.17	0.61
Upper Middle Class	76.19***	5.72	2.07	4.43	5.22	1.57	4.06	0.73
Lower Middle Class	75.46***	1.63	1.14	6.52	6.33	0.65	7.07	1.20
Working Class	11.83	0.53	0.25	22.65***	14.82***	0.04	40.13***	9.75***
Poor	14.80	0.89	0.16	4.49	16.31***	0.63	49.07***	13.65***
Total	**41.46**	**16.15**	**1.34**	**6.35**	**7.24**	**25.02**	**1.64**	**0.80**

2013

	Primary Residence	**Real Estate****	**Home Improvement**	**Vehicle**	**Goods and Services**	**Investment**	**Educational**	**Other**
Upper Class	33.68	14.83***	1.61	2.31	3.66	42.05***	0.48	1.39
Upper Middle Class	75.12***	6.56	1.82	4.69	3.54	2.27	6.01	0.00
Lower Middle Class	73.76***	1.49	1.24	7.13	5.10	0.16	11.12	0.00
Working Class	15.74	0.17	0.22	21.66***	10.99***	0.82	50.40***	0.00
Poor	0.02	0.00	0.03	4.47	12.05***	0.10	77.30***	6.02***
Total	**40.62**	**12.85**	**1.59**	**3.13**	**3.87**	**34.38**	**2.70**	**0.86**

2016

	Primary Residence	**Real Estate****	**Home Improvement**	**Vehicle**	**Goods and Services**	**Investment**	**Educational**	**Other**
Upper Class	33.98	11.41***	1.9	2.31	3.85	45.02***	0.15	1.39
Upper Middle Class	75.84***	5.35	1.82	4.69	3.54	2.27	5.83	0.67
Lower Middle Class	66.76***	1.49	1.24	7.13	5.1	0.16	18.12	0.00
Working Class	9.18	0.17	0.22	19.13***	14.5***	0.82	55.98***	0.00
Poor	0.02	0.00	0.03	3.97	15.01***	0.10	71.73***	9.14***
Total	37.16	3.68	1.04	7.45	8.4	9.68	30.36	2.24

*Calculated as a percentage of total aggregate debt held by each social class category

**Excludes any real estate used as an investment; limited to properties used for vacation/leisure.

+Within Class Bonferroni Comparisons test whether mean aggregate percentages (which are devoted to different purchase types) of social classes' total aggregate debt for each year are significantly different from most others.

Table 2A. Descriptive Statistics of 6 Independent Variables by Social Class

Class	*Liquidity*	*Transfer Income*	*Net Worth*	*Luxury Assets*	*Debt Acceptance**
Upper					
Mean	2,198,217.0	13,498.1	29,900,000.0	278,675.3	0.76
SD	11200000.0	33333.05	83800000.0	2061604.0	0.4
Upper Middle					
Mean	75,407.2	11,031.7	396,855.8	3,041.7	0.70
SD	62552.9	20419.6	231494.6	16881.4	0.5
Lower Middle					
Mean	45,019.2	6,964.8	96,517.8	1,342.9	0.65
SD	37407.1	12879.5	82386.3	10417.7	0.5
Working					
Mean	32,037.7	4,154.1	3,856.9	303.1	0.60
SD	28094.2	8651.9	33707.5	2443.6	0.5
Poor					
Mean	14,057.5	4,842.1	-9,533.6	24.3	0.55
SD	35104.6	6589.7	214145.4	296.8	0.5

*The aggregated mean, where 0 indicates no debt acceptance, while 1 indicates debt acceptance

Table 2C. Full Sample Tobit Regression of Indebtedness on Independent Variables

	Model 1
Structural	
Income Liquidity	0.36***
Net Worth	-0.017***
State Transfers	0.90***
Cultural	
Luxury Assets	0.047
Debt Acceptance	18794.63***
Age	2185.88***
Age Squared	-37.67***
Black	-1453.37
Latino	-5652.20
Single Head	-20933.85***
Children (No.)	19756.97***
Employed	103370.60***
Home Ownership	94110.78***
Credit Eligibility	69966.20***
Upper Middle	-43056.64***
Lower Middle	-137722.10***
Working	-82739.21***
Poor	-232257.80***
Pseudo R Squared	0.1824***
Sample Size (N)	32410

***p<.001, **p<.01, *p<.05, two tailed test

Table 2D. Tobit Regression of Indebtedness on Independent Variables by Social Class

	Model 2	Model 3	Model 4	Model 5	Model 6
	Upper	Upper Mid	Lower Mid	Working	Poor
Structural					
Income Liquidity	-0.00	0.74***	0.71***	0.24***	0.17***
Net Worth	0.19***	-0.38***	-0.63***	-0.88***	-0.63***
State Assistance	-0.31	0.56***	0.67***	0.23***	0.21***
Cultural					
Luxury Assets	0.07***	0.23**	-0.32***	-0.49**	-1.28
Debt Acceptance	119460.90***	18496.31***	6354.93***	1628.11**	711.39
Age	27202.12***	-72.44	-288.93	-210.32**	-50.50
Age Squared	-349.96***	-0.63	2.13	3.56***	-0.58
Black	162878.4**	1340.1	-1758.4	-2394.93***	-2788.5***
Latino	188737.10**	18461.13**	-4669.55	-2709.67***	-3568.7***
Single Head	21772.95	17192.81*	-2393.79	400.97	-1068.93
Children (No.)	47774.95***	13690.15***	3549.11***	-657.83*	323.77*
Employed	324360.80***	94656.27***	32556.11***	-2130.66**	4466.4***
Home Ownership	177447.90***	83621.10***	75503.18***	21473.04***	2034.78
Credit Eligibility	349642.00***	56839.32***	6206.28***	3072.17***	5353.5***
Pseudo R Squared	0.1708***	0.5165***	0.4862***	0.7114***	0.5600***
Sample Size (N)	7853	6616	7557	5328	5056

***p<.001, **p<.01, *p<.05, two tailed test

Table 3A. Full Sample Mean Acceptance Scores

Year	Mean Debt Acceptability Score:					
	Debt Generally	Finance Vacation	Supplement Lost Wages	Jewelry/ Fur coat[+]	Finance Vehicle	Fund Education
1989	0.41***	0.41***	0.13***	0.41***	0.07***	0.76
1992	0.34	0.34***	0.13***	0.41***	0.06***	0.76
1995	0.32	0.15	0.44	0.07	0.79	0.82
1998	0.30	0.14	0.43	0.06	0.78	0.80
2001	0.28	0.14	0.46	0.07	0.77	0.79
2004	0.31	0.15	0.46	0.06	0.79	0.82
2007	0.29	0.13	0.50	0.05	0.78	0.82
2010	0.23***	0.14	0.49	0.05	0.77	0.82
2013	0.26	0.13	0.50	0.04	0.77	0.80
2016	0.27	0.10*	0.53*	.	0.76	0.78

Table 3B. Class Differences in Mean Acceptance Score + ** **

Year		Debt Generally	Finance Vacation	Supplement Lost Wages	Jewelry/ Fur coat+	Finance Vehicle	Fund Education
1989	UC	0.37**	0.36***	0.12	0.41	0.07	0.77
	UMC	0.39	0.39	0.13	0.40	0.06	0.76
	LMC	0.41	0.42	0.13	0.41	0.07	0.77
	WC	0.44	0.46**	0.13	0.42	0.07	0.76
	P	0.46**	0.48***	0.13	0.42	0.06	0.78
1992	UC	0.31	0.33	0.13	0.42	0.06	0.75
	UMC	0.30	0.30	0.13	0.40	0.05	0.77
	LMC	0.32	0.33	0.13	0.42	0.06	0.77
	WC	0.33	0.35	0.13	0.41	0.06	0.76
	P	0.41***	0.43***	0.13	0.42	0.06	0.76
1995	UC	0.28***	0.16	0.45	0.07	0.79	0.82
	UMC	0.29***	0.15	0.44	0.08	0.79	0.81
	LMC	0.34	0.16	0.44	0.07	0.79	0.82
	WC	0.35	0.15	0.44	0.07	0.79	0.82
	P	0.40***	0.15	0.44	0.07	0.79	0.82
1998	UC	0.31	0.15	0.42	0.06	0.78	0.80
	UMC	0.27	0.14	0.43	0.07	0.77	0.80
	LMC	0.28	0.14	0.43	0.06	0.77	0.79
	WC	0.33	0.15	0.44	0.06	0.78	0.80
	P	0.35	0.14	0.43	0.06	0.78	0.80
2001	UC	0.26	0.15	0.46	0.07	0.77	0.79
	UMC	0.27	0.14	0.45	0.07	0.77	0.79
	LMC	0.28	0.15	0.46	0.07	0.77	0.79
	WC	0.32	0.14	0.47	0.07	0.76	0.79
	P	0.33	0.15	0.48	0.06	0.77	0.79
2004	UC	0.30	0.14	0.45	0.07	0.79	0.82
	UMC	0.29	0.15	0.46	0.06	0.80	0.83
	LMC	0.30	0.14	0.45	0.06	0.80	0.82
	WC	0.34	0.14	0.46	0.06	0.78	0.82
	P	0.34	0.16	0.46	0.07	0.80	0.83
2007	UC	0.28	0.13	0.49	0.05	0.78	0.82
	UMC	0.27	0.13	0.51	0.05	0.79	0.83
	LMC	0.30	0.13	0.49	0.05	0.77	0.81
	WC	0.30	0.13	0.49	0.05	0.78	0.81
	P	0.30	0.13	0.48	0.05	0.79	0.82
2010	UC	0.28***	0.14	0.50	0.05	0.77	0.82
	UMC	0.23	0.13	0.49	0.05	0.76	0.82
	LMC	0.22	0.14	0.48	0.05	0.76	0.81
	WC	0.20	0.15	0.50	0.05	0.77	0.83
	P	0.20	0.14	0.50	0.05	0.76	0.82
2013	UC	0.33***	0.14	0.50	0.04	0.76	0.80
	UMC	0.26	0.13	0.50	0.05	0.77	0.80
	LMC	0.22	0.14	0.50	0.05	0.77	0.80
	WC	0.24	0.13	0.51	0.04	0.77	0.80
	P	0.22	0.13	0.50	0.05	0.77	0.80
2016	UC	0.27	0.08	0.38***		0.74	0.76
	UMC	0.25	0.10	0.51		0.82***	0.81**
	LMC	0.25	0.10	0.58**		0.79	0.77
	WC	0.29	0.13**	0.65**		0.77	0.80**
	P	0.27	0.10	0.70***		0.63***	0.73***

+ Mean scores which are outlined in boxes signify a score which is significantly *lower* than those of all the remaining 4 (or in some cases, 3) classes in that specific year, within that specific category of credit facilitated purchase type. Those mean acceptance scores which are highlighted in gray are those which are significantly *higher* than other classes' aggregate yearly acceptance scores for the same specific debt sub-type.

Table 4A. Hierarchical Linear Models: Country & Household Level Independent Variables on Household Indebtedness

		Model 1	Model 2	Model 3	Model 4	Model 5
Level 2	gdp			0.00***	0.00***	0.00***
	socspend			4.53***	4.52***	4.52***
	year				8.53***	8.48***
	finzn					1.76***
Level 1	income		-0.09***	-0.08***	-0.08***	-0.08***
	transfer		0.03***	0.04***	0.04***	0.04***
	fingap		0.02***	0.01***	0.01***	0.01***
	dwelltype		7.56***	5.15***	5.15***	5.15***
	tenstat		2.46*	1.24*	1.24*	1.23*
	tothouscost		0.07***	0.04***	0.04***	0.04***
	hhsize		5.30***	8.06***	8.06***	8.06***
	cons	22204.26***	10478.94***	980.98***	100.00***	100.00***
Level 2	sd(R.year)		34.08***	31.19***	29.92***	18.77***
Level 2	sd(income)		0.13***	0.13***	0.13***	0.13***
Level 2	sd(transfer)		0.11***	0.10***	0.10***	0.10***
	sd(cons)		276.12***	115.98***	115.97***	115.57***
Level 1	sd(Residual)	872.30***	239.33***	220.79***	220.79***	220.79***

***p<.001, **p<.01, *p<.05, two tailed test

APPENDIX A: FIGURES

Figure 3C. Mean Acceptability of Debt to Finance a Vacation, by Social Class, Over Time

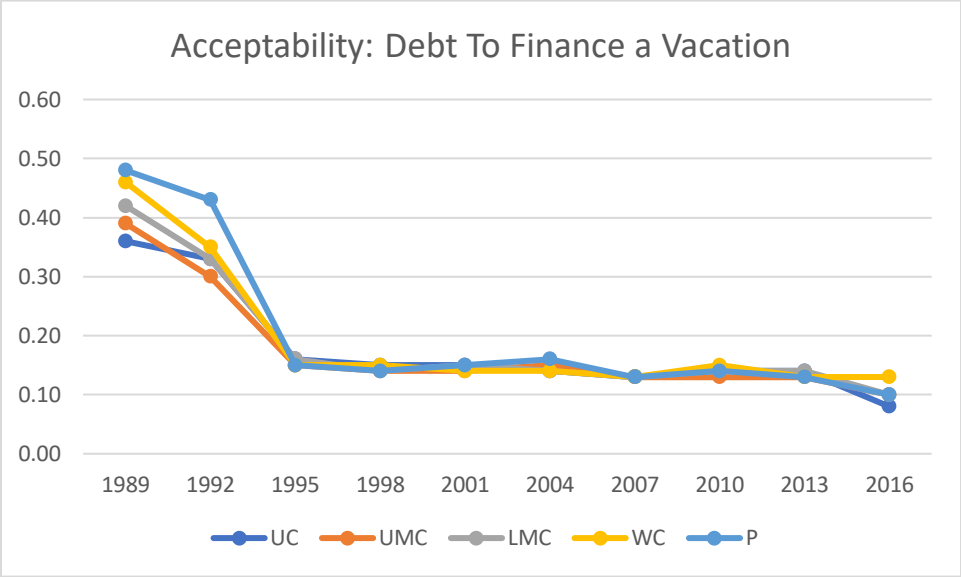


Figure 3D. Mean Acceptability of Debt to Supplement Lost Wages, by Social Class, Over Time

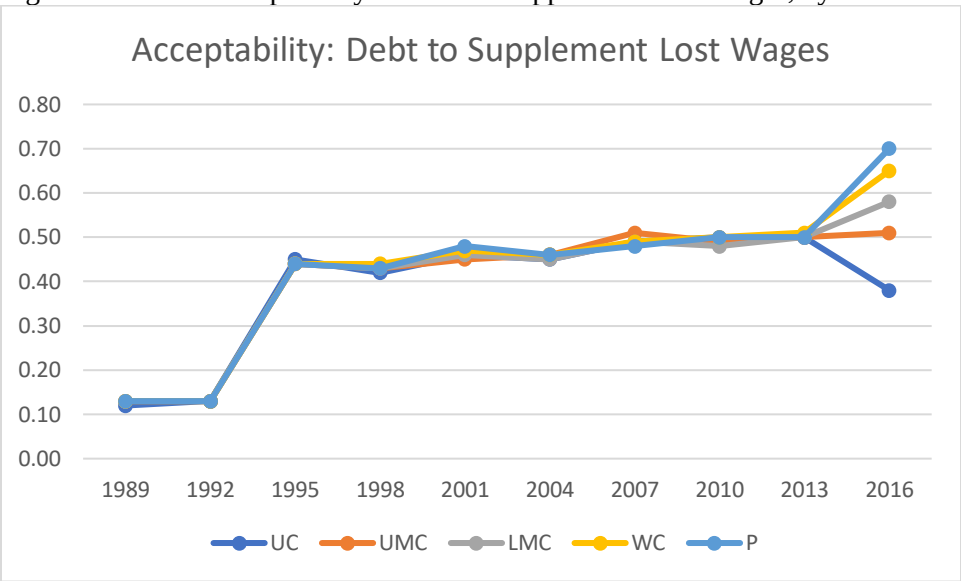


Figure 3E. Mean Acceptability of Debt to Buy Jewelry/Fur Coat, by Social Class, Over Time

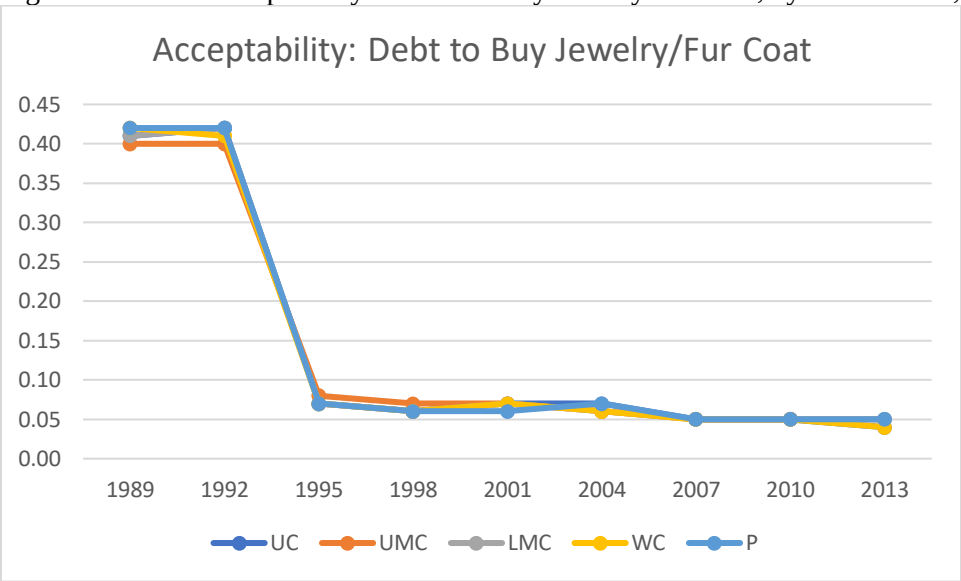


Figure 3F. Mean Acceptability of Debt to Finance Vehicle, by Social Class, Over Time

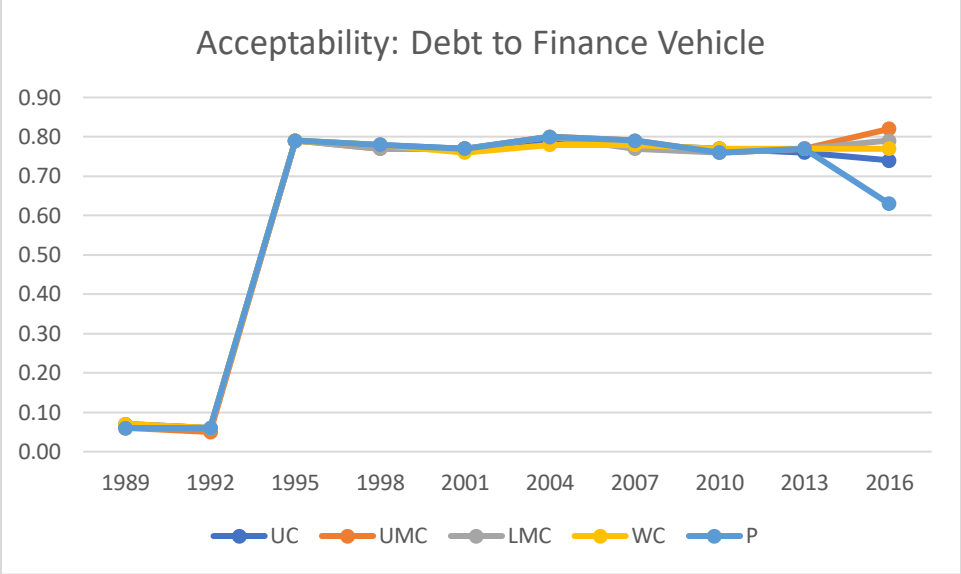


Figure 3G. Mean Acceptance of Debt To Fund an Education, by Social Class, Over Time

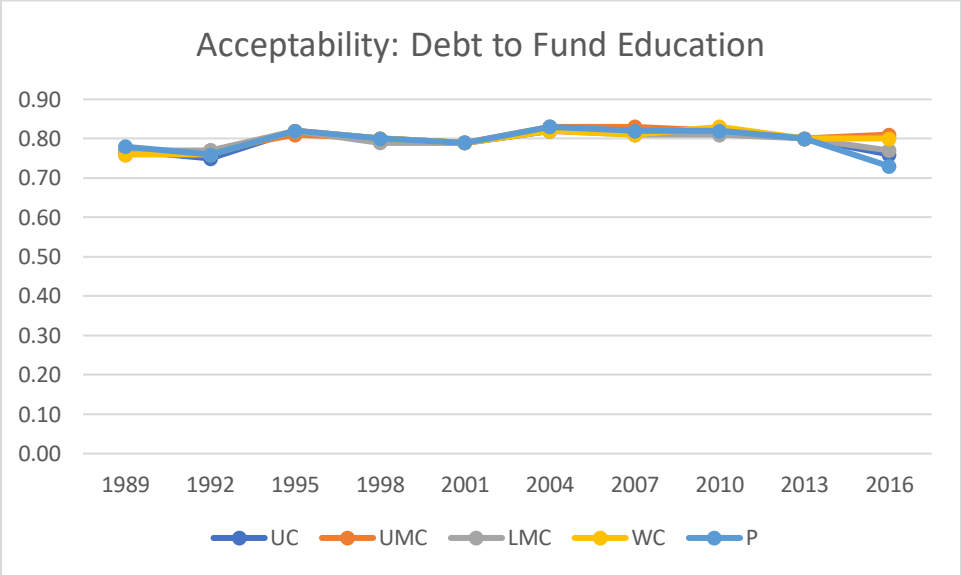


Figure A4.1. Leverage Plot: by case ID

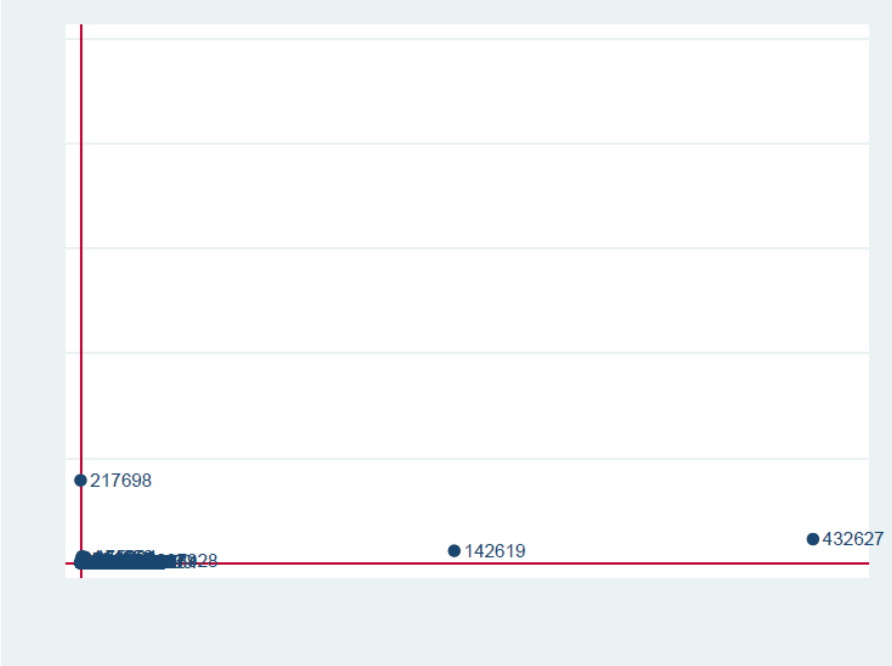


Figure A4.2. Plot of Income*Socspend Interaction Term

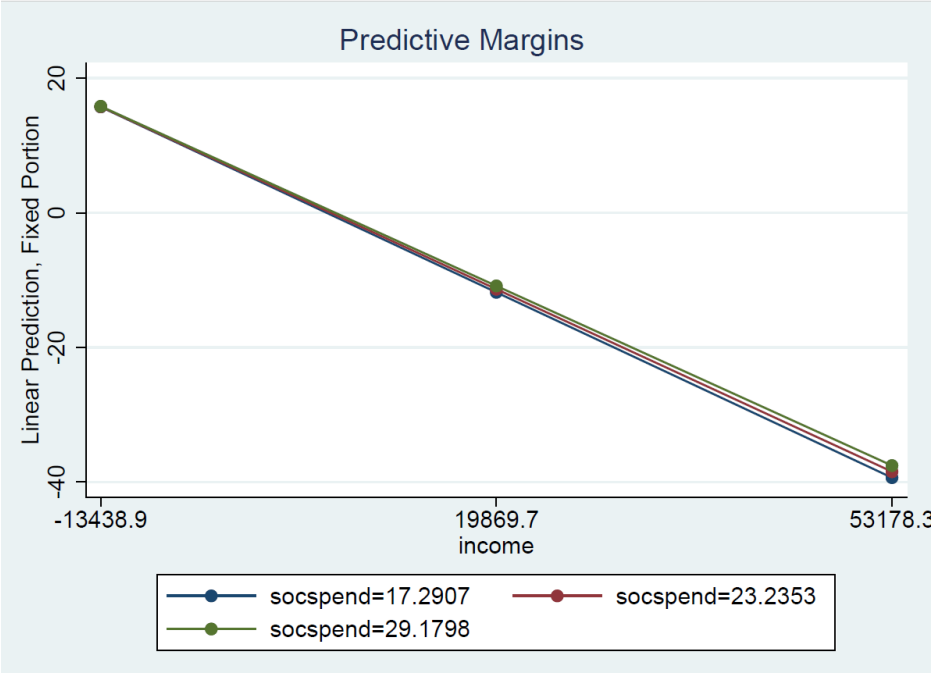


Figure A4.3. Plot of Transfer*Socspend Interaction Term

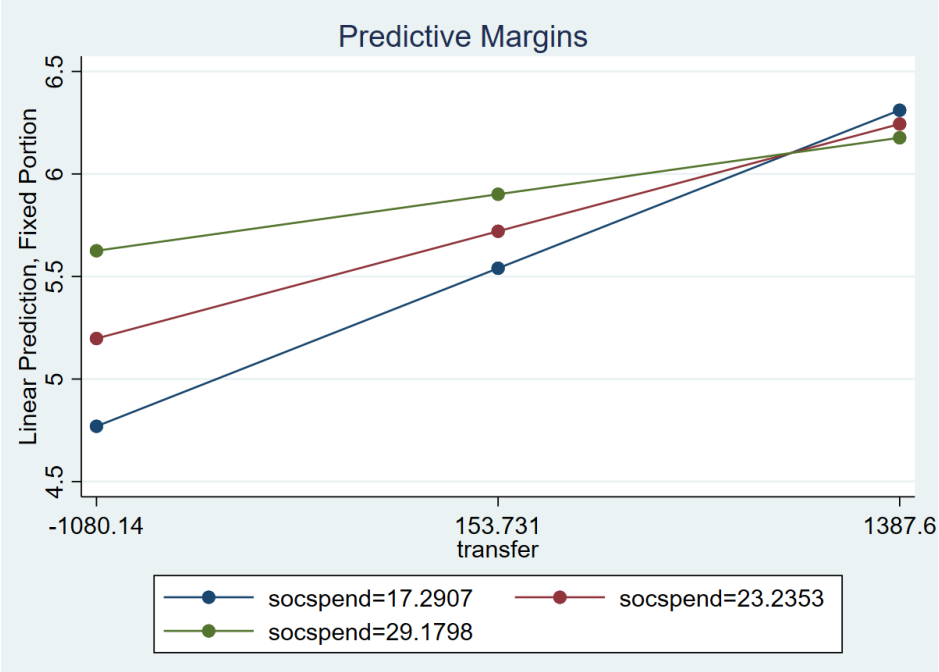
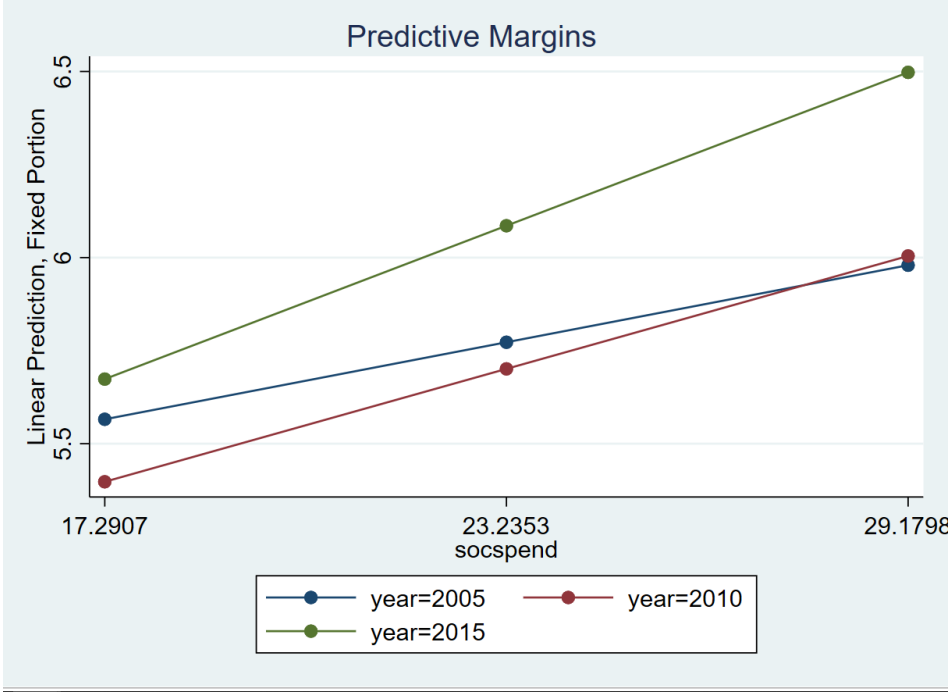


Figure A4.4. Plot of Year*Socspend Interaction Term



APPENDIX B: TABLES

Table B4.1. VIF Scores: Independent Variables

Variable	VIF	1/VIF
GDP	1.74	0.576265
Socspend	1.67	0.597348
Adeqtransfer	1.43	0.700485
Tothouscost	1.33	0.75465
Year	1.12	0.895302
Income	1.09	0.921428
Hhsize	1.08	0.929174
Tenstat	1.07	0.931742
Dwelltype	1.05	0.953715
Countryid	1.04	0.964368
Transfer	1	0.997669
Mean VIF	1.24	

Table B4.2. List of Influential Points by Cook's Distance

logdebt0	absr1
0	47.01325
0	33.19508
0	32.41976
0	20.95452
0	19.89813
0	17.964
0	17.07857
0	16.21888
0	15.1033
0	14.48361

Table B4.3. Hierarchical Linear Models: Country & Household Level Independent Variables on Household Debt

		Model 1	Model 2	Model 3	Model 4
Level 2	GDP		0.005***	0.005***	0.005***
	socspend		4.53***	4.64***	4.65***
Level 1	income		-0.08***	-0.09***	-0.09***
	transfer		0.05*	0.04*	0.13***
	transferadeq		0.01***	0.05***	0.01***
	dwelltype		5.15***	5.16***	5.15***
	tenstat		1.24*	1.22*	1.22*
	tothouscost		0.04***	0.04***	0.04***
	hhsize		8.06***	8.02***	8.02***
	cons	28543.28***	980.98***	961.86***	954.57***
Level 1*Level 2	income*socspend			0.0002***	0.0002***
	transfer*socspend				-0.0036***
Level 2	sd(_cons	0.00***	31.19***	31.12***	30.54***
Level 2	sd(income)		0.13***	0.12***	0.12***
Level 2	sd(transfer)		0.10***	0.10***	0.09***
	sd(cons)	493.17***	115.98***	115.63***	115.46***
Level 1	sd(Residual)	289.06***	220.79***	220.69***	220.67***

***p<.001, **p<.01, *p<.05, two tailed test

Table B4.4. Hierarchical Linear Models-with Country, Time and Household Level Independent Variables on Household Indebtedness

		Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Level 2	Year						
	2005					-9.22***	-56.65***
	2006					15.61***	-46.50***
	2007					-27.11***	-62.03***
	2008					-45.15***	-84.33***
	2009					-28.58***	-71.38***
	2010					-17.59***	-72.64***
	2011					-31.78***	-57.44***
	2012					-19.36***	-47.71***
	2013					35.58**	126.00
	2014					26.67*	348.11**
	2015					16.90***	-73.79***
	GDP		0.005***	0.005***	0.005***	0.005***	0.005***
	socspend		4.522***	4.631***	4.646***	4.658***	0.53
Level 1	income		-0.081***	-0.086***	-0.086***	-0.086***	-0.086***
	transfer		0.046***	0.046*	0.128***	0.124***	0.121***
	finneed		0.011***	0.011***	0.011***	0.011***	0.011***
	dwelltype		5.148***	5.161***	5.156***	5.361***	5.362***
	tenstat		1.237*	1.215*	1.217*	0.954	0.946
	tothouscost		0.04***	0.04***	0.04***	0.039***	0.039***
	hhsize		8.055***	8.018***	8.024***	8.038***	8.040***
	cons	28543.28***	-100.00***	-100.00***	-100.00***	-100.00***	2911.60***
Level 2*Level 2	year*socspend						
	2005						3.18***
	2006						2.89***
	2007						2.72***
	2008						5.82***
	2009						4.13***
	2010						4.93***
	2011						2.04***
	2012						1.93***
	2013						-2.08
	2014						-5.14*
	2015						6.89***
Level 1*Level 2	income*socspend			0.0002***	0.0002***	0.0002***	0.0002***
	transfer*socspend				-0.0036***	-0.0035***	-0.0034***
Level 2	sd(R.year)	0.000***	29.919***	29.775***	29.348***	104.347***	0.000***
Level 2	sd(income)		0.126***	0.125***	0.125***	0.126***	0.126***
Level 2	sd(transfer)		0.097***	0.097***	0.089***	0.088***	0.088***
	sd(cons)	493.168***	115.97***	115.618***	115.457***	118.558***	116.218***
Level 1	sd(Residual)	289.058***	220.795***	220.694***	220.673***	220.007***	219.987***