

ACTIVITY!

CREDIT, THEN AND NOW

The 1920s saw the birth of consumer credit, with charge accounts at stores, credit cards, and installment loans. Today it's hard to imagine modern life without these kinds of credit. Yet in both eras, families often found themselves in severe financial hardship due to overusing easy credit and then not being able to pay their bills.

- **Create a graph that compares consumer credit from the 1920s through today.** You can research just one type of credit, such as installment loans for purchasing automobiles, or the use of credit cards, which in the 1920s were mostly used for gasoline companies and hotels. On your graph, decide how to organize your information so that you can show the year and the number of people who have a credit card or an installment loan.
- **Analyze your data.** From events such as the stock market crash in 1929, the Great Depression in the 1930s, and the economic downturns of the early 2000s, what conclusions can you draw about consumer credit during these times?
- **Create a second graph showing modern credit card use.** Use the data for each year from 1950 (the advent of credit cards like Mastercard and Visa) through today. What's the average consumer's credit card debt? What trends can you see here? Is credit card debt steadily growing, or does it rise and fall?

To investigate more, consider the fact that credit card companies are now targeting college students as potential users, often before they even have a steady income. Do you think this is a way to help students build good, responsible credit, or a potential trap for overspending?

Inquire & Investigate

VOCAB LAB

Write down what you think each word means: **economy, mass production, monopoly, stock, proliferation, consumer goods, thrift, and financing.**

Compare your definitions with those of your friends or classmates. Did you all come up with the same meanings? Turn to the glossary if you need help.

