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M.A. Dissertation Evaluation

Andrew Metzger

Financial Hedonism: American Consumers, Easy Credit, and the Economic Crisis

Andrew Metzger (Andy) has chosen a very controversial contemporary topic, namely the present-day economic crisis, as the topic of his M.A. dissertation. I applaud his decision because it is certainly not easy for anybody who is not an economist to get an idea as to what the real causes of the crisis are apart from all the media spin. The title “Financial Hedonism: American Consumers, Easy Credit, and the Economic Crisis” is a fitting one. Andy rightly blames individual consumers and their unwillingness to live within their means for the crisis.

The dissertation is written in a clear, concise manner, and the text itself is brilliant because the reader remains interested throughout due to Andy’s excellent choice of words. The work is divided into an introduction, six main chapters, and a conclusion. I must say that the referencing is very precise and Andy provides evidence that he has consulted a plethora of sources. In the introduction, Andy makes it abundantly clear that the current tendency to blame Wall Street and greedy bankers for the crisis ignores the more important fact that ordinary people often took very risky decisions and now seem unwilling to accept responsibility for finally having to pay the piper. Chapter 1, entitled “Countdown to Meltdown”, provides some necessary background without which the reader would be unable to understand where Andy is coming from. He analyzes the psychology of home ownership at any cost as well as the roles of Fannie Mae and Freddie Mac, the banks, the unrealistic expectations of the American consumer, and Wall Street. Each of these sections tells the vivid, true story of what led to the crisis, which was 25 years in the making. The final section of Chapter 1 deals with the decrease in house prices, the rise in foreclosures, and the ensuing economic collapse. Chapter 2 discusses mounting credit card debt and how Americans came

to combine credit card debt with their mortgages in the form of home-equity loans. This proved to be a sure recipe for disaster. Many folks just adopted the mentality of borrowing more and more and the system of incentives prompted loan officers to hand out ever more money to people who realistically could never dream of paying it back. Chapter 3 delves more deeply into the psychology behind this excess. As people have come to judge themselves and others on the basis of things, all sorts of unnecessary goods and services came to be seen as crucial in order for one to fit the suburban stereotype. Homes, luxuries available in malls, SUVs, etc. became must-have status symbols because “bigger is better” became the dominant thinking. Chapter 4 shows the evolution of “the debt industry”, which from the 1980s onward provided exorbitant salaries to people whose main task was to get consumers into greater debt. The securitization of both mortgages and credit card debt resulted in excessive lending to risky clients. Chapter 5 deals with the George W. Bush administration’s propagation of the “ownership society” and its calamitous economic consequences thanks to Fannie Mae and Freddie Mac. The orgy of excess collapsed in 2008 and this is briefly described in Chapter 6. In the conclusion, Andy expresses his opinion that the mistakes that led to the current crisis are more than likely to be repeated unless Americans learn more responsibility and restraint and accept blame for something that is largely the result of consumer greed and exorbitance.

I am very pleased with the arguments and content in this dissertation. Andy has done very well and I recommend an **excellent** classification. Andy should definitely consider expanding this work and make arrangements to have it published in book form.

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doc. PhDr. Francis D. Raška, PhD.