



**THE RELATIONSHIP BETWEEN CREDIT
CONSUMPTION AND COUNTRY'S ECONOMIC
GROWTH – UNITED STATES'S CASE STUDY**

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ABSTRACT

The increase in credit consumption is essential to drive an increase in household consumption, which ultimately increases economic growth (Aregbeshola, 2014). The objective of this study is to determine how credit consumption can affect the country's economic growth. Furthermore, this research paper consist of multiple independent variables; credit card consumed, auto loans, home mortgages, farm mortgages and commercial mortgages. In meanwhile, the dependant variable for this research paper is country's economic growth.

This research paper will be conducted by using secondary data and time-series data annually from year 1984 to 2014 (30 years). In addition, the unit analysis for this study is country (United States). The data is obtained by referring to the Federal Reserves U.S. historical annual report and historical report.

According to the test conducted by the Aregbeshola (2014), the short term credit and mortgages have significant relationship with the country's economic growth. Using debt market and macroeconomic data in regression analyses, the empirical aspect of this articleestablishes that there is a strong relationship between increasing credit consumption and economic growth. Thus, this study expecting the significant findings on the variables as widely mentioned in the previous study.