



Dr. Christoph Mattes

Debt as a poverty trap – consequences of debt and solution strategies in the context of unemployment and work integration

In recent years, the debt of private households has increased considerably despite a strengthening of consumer protection regulations. Even if but little exact data is available as regards the extent, it is by now beyond dispute that debt and overextension is a social problem requiring social work.

Debt and overextension not only have a destabilising effect on the living conditions of people with precarious employment and earning capacities but also make it harder for those affected by poverty to get off social welfare and for the unemployed to be integrated into working life.

What kind of help can indebted and overindebted people be offered, particularly if they do not have the money to settle or restructure their debt? Is it sufficient to give good advice as to how people affected by poverty may live with their debts? Does help offered in a professional context also need to address existing debt in order to enable those affected to assume more personal responsibility again?

Many European states have already established legal debt clearance proceedings which also permit poor people the chance to start again. Personal bankruptcy exists in Switzerland, but it does not involve the cancellation of existing debt. What is the effect of such proceedings, and in what way are they suitable for fighting poverty and unemployment sustainably?

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