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PLMP and ALMP should exist in a delicate balance

Although the passive labour market policies (PLMP) were not in the focus of the project, it is essential to highlight their interaction with the ALMP.

The case studies revealed that the regions/countries should find the delicate balance between the ALMP and PLMP to ensure high employment, low unemployment and to reduce labour market mismatches. In more economically developed countries with extensive social protection, the motivation for education and employment has been declining, especially among young people. Thus, many initiatives are “soft”, targeting motivation of individuals by promoting social responsibility and importance of ensuring sustainability of the welfare system.

In contrast, in regions with limited social protection people are more likely to accept poor working/employment conditions and a quick return to work, in case of job displacement. Thus, more ALMP support is needed. In some of these regions, the ALMP have been replacing the PLMP. To illustrate, in Hungary, there are many large public works programmes and subsidised jobs that cover employees' wages to discourage dismissals. Such programmes have been designed to provide a source of income following the austerity measures introduced during the economic recession of 2008, thereby replacing unemployment benefits. The programmes have been successful in reducing extreme poverty and unemployment, addressing a lack of social protection, but led to labour market mismatches.