

Dialectics between short term measures and sustainable development and between social and economic factors in the strategy of the Active Labour Market Policy

Matti Sihto, Adjunct Professor, Labour Market Counsellor, Ministry of Employment and the Economy

The presentation is related to a research project, which aims to update the evaluation of the strategy of the Active Labour Market Policy and its offerings under the current and forthcoming conditions.

Especially the OECD presents recommendations to be generalised to all developed industrial countries. The central recommendation in the labour market and employment issues concerns the Active Labour Market Policy, which was raised into international publicity by the OECD already in 1964. The realisation of the ALMP into practise has varied greatly across countries. The national applications vary as a part of the diversity of national employment models. The evaluations of the ALMP and the ALMP itself have changed over the years, too.

As recently as during the last deep depression in the beginning of the 90's, the predominant economic view saw that the manpower policy should abandon its role in the short-term stabilisation policy. Decreasing the number of unemployed would only lead to an increase in unemployment and inflation. However, it is now generally accepted in the labour market studies that the impact of measures increasing labour demand will not fade away very soon. On the other hand, a short-term increase in unemployment has long-term effects. Unemployment creates unemployment. Unemployment does not return quickly to its previous level.

The social and economic matters have traditionally been seen separate in solving unemployment problems. Unemployment and its mitigation have primarily been seen as a social matter, which, however, causes economic costs.

In the current labour market research-studies, it is perceived that unemployment and its solutions are basically also economic matters. Unemployment, especially when prolonged, damages the unemployed, which affects the structure of unemployment and weakens the functioning of the labour market therefore eroding the basics of the economic growth.

The evaluations of the policy have turned into their antipodes. The immediate combat against unemployment, a short-term stabilisation policy, is not an outrage but a condition for a sustainable economic growth.

The reduction of the number of the unemployed is not only a task of the general economic policy but of the labour market policy, too. Influencing the structure of unemployment, inhibiting the worsening of unemployment, is especially a task of the labour market policy. . The ALMP returns into the centre of the employment policy.