Most of the fiscal stimulus packages that countries have introduced (cf. Section 1) include labour market and social policy measures to cushion the negative effects of the economic downturn on workers and low-income households, including many of those reported in the questionnaire responses and discussed above. However, the additional funds for labour market programmes are rather limited in most cases. Still, there are a few exceptions. In particular, recent discretionary increases in spending correspond to an annual increase of between nearly 0.15% and nearly 0.45% of GDP in Greece, Japan, Poland, Portugal, Spain and Sweden (Figure 1.18). The coverage of these spending estimates approximates that of programme categories 1 to 7 in the OECD Labour Market Policy Database (see Table J in the Statistical Annex to this publication). Juxtaposing 2007 spending on these programmes with spending increases reveals that Japan, Mexico, Poland and Portugal are dramatically scaling up national funding for ALMPs, albeit from relatively low baselines (except in Portugal).

Figure 1.18. **Discretionary spending on active labour market programmes**

Average annual planned additional expenditure in response to the economic downturn

<table>
<thead>
<tr>
<th>Country</th>
<th>As % of GDP (left scale)</th>
<th>As % of 2007 ALMP expenditures (right scale)</th>
</tr>
</thead>
</table>

[Graph showing discretionary spending on active labour market programmes across various countries.]

a) Average annual expenditure for 2008-10. Analysis limited to countries for which spending estimates could be obtained. Denmark and Switzerland not shown because ALMP expenditure automatically rises with unemployment in these countries, greatly limiting the need for discretionary increases.

Source: OECD calculations based on the OECD Labour Market Programmes Database and responses to OECD/EC questionnaire.

It must be emphasised that the additional ALMP spending presented in Figure 1.18 relates exclusively to discretionary measures which were taken by national governments to increase active measures in response to the labour market impact of the current economic downturn. Accordingly, it takes no account of the large automatic and smaller discretionary increases in spending on passive measures, such as unemployment benefits, which are occurring in most countries. Nor does it take account of the automatic increases in the budget for ALMP spending which are occurring in a few countries where funding automatically responds to changes in the level of unemployment. In Denmark and Switzerland, the national budget for ALMPs is adjusted according to the government’s official unemployment forecasts and these funds are then transferred to local and regional