

French Action Plan (as agreed at London G8 Employment Conference)

France is aware of the need for policies designed to stimulate growth and employment and promote equal access to the labour market. It has adopted a National Employment Action Plan whose objectives are in line with the basic principles to generate job opportunities and tackle unemployment and exclusion adopted at the London Conference of 21 and 22 February 1998. The general framework, and the basis for this Plan, are provided by the guidelines defined by Member States of the European Union at the Extraordinary Employment Council meeting at Luxembourg in November 1997.

Macro-economic Framework

France is convinced of the need for budgetary and monetary policies oriented towards sustained, non-inflationary growth. These are a necessary condition if structural policies aimed at increasing employment are to succeed.

Monetary policy must aim to achieve medium-term price stability. In Europe, the Maastricht Treaty provides the European Central Bank with just such an objective, as well as the means to fulfil that assignment, while taking account of the position of each economy in the cycle.

Budgetary policy also has a role to play. First, by ensuring public finances maintain a sustainable path, it enhances the credibility of the monetary authorities. This ensures moderate interest rates can be maintained. Secondly, the upward phase in the cycle must be used to recover sufficient margin for manoeuvre. This clearly means that advantage must be taken of the current upswing to reduce public deficits below 3%.

The macro-economic conditions for a further reduction in the French unemployment rate—12.1% in February 1998, after a peak at 12.6% in June 1997—are therefore in place. Output grew at an annualised 3.2% in the last quarter of 1997; the growth rate above which the French economy creates jobs is presently about 1.5%, against over 2% in the 1980s.

The current improvement, however, must not conceal imbalances in the labour market: long-term unemployment affects a substantial proportion of the total of the unemployed; very many individuals are dependent on minimum income benefits; young people under 25, moreover, endure particularly high unemployment rates and less-well qualified workers are especially vulnerable to under-employment.

The French Strategy for Employment

The resumption of growth will thus not in itself be sufficient to ensure a substantial and sustainable drop in unemployment. Consequently, France has elaborated an ambitious policy to encourage job creation. This focuses on seeking stronger, more lasting and more job-conducive growth; its benefits must also be enjoyed by all, particularly those for whom employment is but a distant prospect. The core objective is offering a "new start" to young and adult job-seekers before they enter long-term unemployment, as well as to those already facing social exclusion.

Structural reforms designed to encourage growth, to foster entrepreneurship and SME development, and to make the labour market more equitable and efficient

In the spirit of the London Conference recommendations, and in order to improve growth potential and encourage more job-intensive growth, France wishes to promote a more adaptable, efficient and equitable work organisation by implementing reform in the following areas:

- to improve the adaptability of the corporate sector and the labour force, a Law for the Encouragement of Shorter Working Hours will unleash a process of negotiations leading to better work organisation and, consequently, to job creations ; further legislation in 1999 will draw conclusions from agreements signed by that stage ;
- new incorporations will henceforth take no longer than one day, and payroll management and administrative procedures will be simplified, especially for the smallest companies ;
- entrepreneurs will be offered a loan scheme and suitable tax incentives ; tax credits will also be allotted to smaller companies for every job created over the period 1998-2000 ;
- SME access to public procurement and research centre expertise will be improved ;
- innovation will be encouraged, particularly via greater interaction between researchers and the corporate sector, help for research targeted primarily towards SMEs, and tax incentives for research ;
- to make the most of new job opportunities in the area of collective services, a Government Youth Employment Programme (*Nouveaux services, nouveaux emplois*) will offer new employment opportunities to satisfy emerging needs not yet met by the market. Three hundred and fifty thousand young people will be recruited over a three-year period, above all in the sporting, cultural, educational and environment-related areas ; the aim is to create 150,000 jobs in 1998, and to ensure these are maintained in the medium term and gradually integrated into the market ;
- France will also examine ways of adapting contracts and regulations to keep pace with new types of employment, such as the case of salaried workers shared by several employers ; obstacles to the self-employed engaging simultaneously in a combination of several businesses or activities will also be removed.

Development of lifelong learning and improvement of vocational training

France has operated an ambitious training scheme for salaried workers since 1971. This must, however, now be revised to encourage fully-fledged training throughout people's working lives. The scheme will be adapted starting in 1998, so as to put the company at the heart of the qualification process.

Business and labour union representatives will be invited to draw up agreements to improve existing training schemes and provide all salaried workers—especially the less-well qualified and those in SMEs—as well as the unemployed with more effective training opportunities.

In addition, certification of work experience will be developed, and existing arrangements adapted, so that work experience can give access, where appropriate, to academic as well as professional qualifications. A system of academic credits will be set up and self-teaching encouraged.

Getting young people and the adult unemployed persons into work

The "new start" offered to young people and to the adult unemployed must be based primarily on personalised job or training offers, or suitable guidance as appropriate. In all cases, individual proposals must be made as required, and reflect difficulties encountered by each job-seeker. All the people concerned will receive the benefit of these measures within the next five years: the adult unemployed, before they reach twelve months' unemployment ; younger job-seekers before they reach six months' unemployment ; minimum income recipients. Efforts in favour of the long-term unemployed will of course also be amplified.

Younger unemployed people and the long-term unemployed

- setting up of the TRACE programme offering young people encountering the severest problems a special eighteen-month insertion programme ;
- extension of qualification contract to people over 26 unemployed for over six months ;

- increase in number of contracts offered for five years by local authorities and groups, to rise from 90,000 to 200,000 over three years ;
- temporary insertion work agencies will see their hosting capacity doubled over three years ;
- one hundred and twenty to 150 Local Employment Schemes, combining all locally-available employment and insertion instruments, will be set up within three years, in favour of those adults facing the severest difficulties.

Adapting initial training systems

- three-year reduction in the number of young people leaving the educational system without a qualification ; they will be given personalised assistance, focusing particularly on areas with the lowest educational records ;
- modernisation of the educational system to reflect technological and economic change : this will include, *inter alia*, a massive introduction of new technology, an updating of teaching methods and an improved partnership between educational institutions and the corporate sector ;
- encouragement of training schemes combining job-experience with vocational training, and of apprenticeships ; the target is for 450,000 contracts to be offered within three years.

Active schemes to bring a wider number of people into work

Reforming welfare systems to help the unemployed and those affected by exclusion into work

A return to work must give rise to a sufficient increase in disposable income.

Incentive schemes for those no longer qualifying for certain welfare benefits and allowances have already been instituted. For recipients of each of these benefits (minimum income, single-parent allowance and the supplementary allowance paid after unemployment benefit entitlement has been exhausted), a proportion of the income derived from them can initially be combined with newly-earned income ; in this way, disposable income receives a substantial boost at the time of resuming employment. These schemes will be consolidated and harmonised.

Reducing the net cost of labour

France has also adopted a set of measures to reduce indirect labour costs:

1. the financing of social security has been changed: sickness insurance rates for salaried workers have been reduced by 4.75 points, offset by a increase in the general social-security charge levied on all forms of income ;
2. social security contributions for workers earning the minimum wage have been reduced, bringing the net cost of such jobs down by 12.6% ;
3. moreover, France intends to seek an experimental EC-wide reduction in VAT on personal services, to support job creation and entrepreneurship.

A change in the basis on which social-security contributions are levied, in order to encourage employment, is also under consideration.

Improving training for the unemployed and incentive schemes to bring the long-term unemployed back into work

Important efforts are already made in the area of training for the unemployed: initial training for young people and adult job-seekers will be improved, notably *via* more personalised training and greater alternation between job experience and vocational training.

Incentive schemes for welfare recipients returning to low-paid jobs will be adapted.

Improving equality of opportunity

Equality of opportunity, particularly for women and the disabled, is a major factor fully reflected in the overall French policy framework. Nevertheless, specific schemes are also operated for their benefit.

Schemes in favour of women

Schemes to ensure equal access to jobs and training will be strengthened ; government, business and labour unions will join forces to ensure the labour market is free from discrimination. In particular, contracts to encourage mixed-gender employment and job equality will be designed, and special efforts made in favour of single mothers, spouses of the self-employed and women entrepreneurs.

Measures in favour of the handicapped

France will build on its long-standing policy of integrating the handicapped within the workplace via positive discrimination. A three-year programme will be set up to increase placement ratios for the 125,000 handicapped people seeking full-time permanent jobs.