

# **World Economic Summit in Birmingham, 15 - 17 May 1998**

## **- Action Plan of the Federal Republic of Germany -**

High unemployment is one of the greatest economic-policy challenges in many countries of the industrialised world. Many jobless have been out of work for more than one year. A considerable percentage of them has only low qualifications, they are the core of structural unemployment. Tackling the high level of unemployment therefore remains the central task of trade unions, employers and politicians in Germany, in Europe, but also in many other parts of the world.

For this reason, it is justified that within the G8 consultation process - last at the Employment Conferences in Kobe and London - this topic has been dealt with in detail. Both the seven economic-policy principles adopted in London and the employment-policy guidelines of the European Union take account of the fact that for the reduction of unemployment a convincing economic-policy concept is needed which focuses on stability, healthy public finances and structural reforms on the labour and product markets. The German Federal Government has presented in detail its overall economic-policy and employment-policy strategy in the 1998 annual economic report and in the action plan for employment policy of the Federal Republic of Germany, which was adopted by the German government on 22 April 1998. This action plan incorporates the most important measures of German economic and employment policy in accordance with the seven principles adopted at the G8 Employment Conference in London on 22 February 1998.

### **Development on the German labour market**

While the overall economic perspectives continue to brighten and there are many indicators for an upswing in terms of vigour and breadth, the situation on the German labour market is still very serious in view of 4.6 million jobless persons. However, the chances that Germany is making progress on its way towards a fundamental and lasting reduction of unemployment improved perceptibly at the beginning of 1998. In western Germany, the economic recovery started to have an impact on the labour market. The number of jobs is rising especially in the export-oriented manufacturing. Employment also increased in the services sector, although the efforts to reduce bureaucracy and make administrations lean resulted in a considerable reduction of workforces in the public sector. Almost 1.5 million jobs were created in the services sector between 1991 and 1997. In eastern Germany, employment is expected to rise in the course of the year. The sharp

increase in wages at the beginning of the nineties and the gap between wages and productivity, which still exists, are some reasons for the present unsatisfactory situation on the labour market in the eastern federal states.

In the near future, the German labour market will continue to be characterised by the special situation in view of German unification and the considerable immigration level of the last few years. Altogether the Federal Government expects a rise in employment in 1998. This rise will not immediately lead to a corresponding fall in unemployment, since the supply of employees usually also increases as the demand for labour grows. At the end of 1998, the number of jobless persons will presumably be 200,000 lower than twelve months earlier.

### Employment-policy strategy

More employment requires in particular the offensive tackling of structural change. New fields of employment will arise from competition in markets. For this reason, the German government will consistently pursue its reform policy. Stable macroeconomic framework conditions, a policy of taxation and fiscal charges that promotes employment, more competition and privatisation, the reduction of bureaucratic obstacles and the simplification and acceleration of authorisation procedures will enlarge the scope for private job-creating initiatives. Strengthening the social market economy is the best precondition for more jobs and investment in Germany.

For this reason, the Federal Government has subscribed to an economic policy that creates a reliable framework and favourable conditions for investors. The core of this supply-side concept includes a clear distribution of responsibilities amongst the decision-makers in charge of economic policy. A indispensable element of supply-side policy concepts is their medium-term orientation towards the goal of stabilising the expectations of investors and consumers. Such concepts are not reconcilable with short-breathed actionism and interventions in the market weakening the sense of individual responsibility.

Against this background, the following specifies in which form the principles that were adopted at the London Employment Conference are implemented:

### I. Sound macroeconomic policies to promote lasting, non-inflationary growth and more employment

- The central elements of an overall economic policy that promotes growth and employment are - apart from stability-oriented monetary policy - a moderate wage policy and a reliable financial policy, which reduces public household deficits, on the one hand, in order to strengthen the confidence of investors and consumers and prevent burdens for future generations, and cuts the tax burden on companies and private households, on the other hand, in order to stimulate performance.
  
- The Federal Government takes account of these requirements with its concept of symmetrical financial policy. The consolidation of public households was continued in 1997. Further progress was made with regard to the medium-term objective of financial policy to reduce the public-sector share in GDP to 46 % by the year 2000. After it had totalled 50 % in 1996 and 48.8 % in 1997, it will further fall to about 48 % this year.
  
- The Federal Government is determined to further pursue its policy of strict austerity. This is reflected by the 1998 federal budget and the financial plan of the Federal Government for the period 1996 to 2001. With a rise by 3.4 %, the expenditure volume earmarked for 1998 is much higher than one year earlier. But this is not the result of generous expenditures in the financial year of 1998, but rather due to the rising federal contribution to the pension insurance within the framework of the measures regarding the pension reform (cf. also number V). This is supplemented by inevitable additional burdens, especially as regards expenditures for the labour market. The expenses nonetheless reach only the 1996 level. For the remaining years of the medium-term financial planning, the expected rise in expenditures at an average of 1 1/2 % will be much lower than the expected increase in Gross Domestic Product. The Federal Government thus makes a decisive contribution to the further reduction of the public-sector share in GDP.
  
- Aiming at the consistent consolidation of public households and moderate wage agreements does not imply that the demand side can be neglected. But policy-making must start on the supply-side of the economy. This will generate demand for private investment and private consumption. Experience shows that demand-stimulating programmes have been able to halt the rise in unemployment only for a short period, but have caused government indebtedness to increase and to last. Under the present conditions, they would only result in the destabilisation of the confidence of investors and consumers in the stability of the macroeconomic environ-

ment. Moreover, an expansionary wage policy is not in line with the principles of sound policy-making. It has in particular job-destroying cost effects. Furthermore, part of the wage increase does not directly translate into rising domestic demand owing to increases in household savings and expenditures abroad.

## **II. Structural reforms enhancing efficiency on labour, capital and product markets to facilitate employment growth**

Apart from other factors, more flexibility in the institutional and collective-bargaining arrangements relating to the labour market is very important for the tackling of unemployment. More openness, more mobility, fewer rules, a greater differentiation of wages and a reduction of non-wage labour costs are needed. Furthermore, public employment promotion must be made more efficient.

- In its field of responsibility, the Federal Government has already achieved much: It has amended the legislation on working hours, relaxed the dismissal protection provisions, amended sick pay provisions, extended the possibilities of fixed-term employment contracts and increased the requirements for recipients of earnings-replacement benefits. These measures aim at fostering the willingness of companies to hire additional staff and at strengthening job-seeking incentives.
- As regards its labour-market policy, the Federal Government offers new concepts with the **Employment Promotion Reform Act** and enhances the efficiency of labour administration. Active labour-market policy will undoubtedly focus on strengthening employment on the first labour market. The new instruments of employment promotion - integration contracts, training measures, recruitment subsidies in the case of business start-ups, grants for measures within the framework of social plans that serve the integration into the labour market - are part of this approach. The scope of action of the employment offices will be considerably extended this year. They will be able to make use of the instruments and means of active labour-market policy according to the situation on the local labour market independently and within their discretion.
- With the reform of the legislation on social assistance in 1996, the measures to support employment have been extended by means of additional incentives. The relevant Act enables

those granting social assistance to promote the creation of new jobs by means of allowances for employers, other appropriate measures or grants for recipients of social assistance. Furthermore, the Federal Government submitted a draft ordinance according to which the incentive for recipients of social assistance to take up employment or work longer hours is strengthened in view of an increase in the amount of earned income that is not credited against social assistance, especially in the case of employment subject to social security contributions.

- The **wage policy** must make a contribution so that investment activities become more dynamic and the high unemployment level falls. In 1997, employers and trade unions in western Germany took account of the situation on the labour market with a moderate rise in standard wages, partly together with a reduction of additional benefits and related qualitative reform approaches. This course must be continued.
- Employers and trade unions in particular face the task of strengthening their efforts to reform the **standard wage agreements**. In order to be able to meet the challenges of the future, standard wage agreements must be limited to a minimum of framework rules and extend the scope of action of individual companies with regard to wages and working hours. This includes opening clauses for agreements on the corporate level, entry wages, the payment of wages below the standard level in emergency situations that remain to be defined, more differentiation according to sectors, regions and qualifications and options for earnings-linked wage elements.

For those starting a new business and for existing small and medium-sized enterprises, a **functioning and efficient private capital market** is very important. For this reason, the Federal Government has taken important steps to further improve the **framework conditions** especially for the **venture capital market** and to strengthen small and medium-sized companies,

- After the **net worth tax** had already been abolished as of 1 January 1997, the **trade tax on capital** was abolished as of 1 January 1998 and the minimum capital requirements for securities firms have been reduced.
- The tax situation for the raising of equity capital has also been improved through a more favourable treatment of business capital with regard to the **inheritance tax**.

- As from 1999, the new insolvency legislation will contribute to the fact that entrepreneurs will have the opportunity to start a new business after the collapse of their firm.
- The 3rd Act to Promote Financial Markets will improve the supply of technology-oriented and small and medium-sized enterprises with equity capital through deregulations of the Act on Companies Participating in Non-Listed Companies and the reduction of tax impediments. The period for the tax-favoured reinvestment of gains will be reduced from six years to one year, new legal forms will be admitted apart from the stock corporation and refinancing will become more flexible.
- Furthermore, the Act to Promote Financial Markets comprises a large number of additional measures to promote the equity markets and especially to attract institutional investors for more investments also in shares of smaller listed companies. Investment companies, for example, will for the first time be admitted as listed stock corporations („closed-end funds“). In addition, savings can to a greater extent than so far be used as venture capital within the framework of special retirement funds. Apart from the measures that have been initiated so far, the Federal Government examines whether and how it would be possible to create the legal prerequisites for the foundation of pension funds on the basis of the Anglo-Saxon model.

The privatisation of state participations, giving up activities, the reduction of bureaucratic impediments for companies, the opening of markets and strengthening the competitive principle create scope for private initiative, open up new employment and growth potentials and strengthen Germany as a business site in international competition.

- The Federal Government continued its successful privatisation policy with the second largest issue of shares in German history, the complete privatisation of *Deutsche Lufthansa AG* in October 1997. With its report „Reduction of Government Participations - Continuation in 1997“, the Federal Government decided to consistently pursue its working programme. The current privatisation projects include government participations in *Autobahn Tank & Rast AG*, various airports, *Deutsche Post AG* and *Deutsche Siedlungs- und Landesrentenbank*.
- In future, more use must be made of forms of cooperation between public bodies and private companies where they offer the advantages of real, material privatisation. In particular operating models, within the framework of which private parties take part of the investment

risk, offer a broad range of possible uses. It would thus be possible to reduce the burden on the state, to save time and to enhance the efficiency.

- The Federal Government believes that the privatisation potential has by far not yet been exhausted as regards the transfer of tasks to private parties. Several pilot projects have been started in the federal administration, in order to examine to what extent public services for ministries can in future be rendered by private firms. This includes for example real-estate management, printing, transportation, the organisation of official trips, security matters and medical services. The Federal Government will implement the results within the framework of its move to Berlin.
- The Federal Government will consistently pursue its deregulation policy. The range of measures that entered into force in autumn 1996 to accelerate the planning and authorisation procedures, which sometimes used to be very slow, has already perceptibly reduced impediments. Thus the concept to make available to companies quicker procedures has paid off. The number of authorisation procedures in the field of the protection against emissions, for example, in some federal states fell by up to 30 % in the case of plant modifications. The amendment of the Water Management Act has considerably facilitated the examination of plants pursuant to the relevant legislation. Regional planning procedures are concluded more rapidly. The federal states now must make full use of the possibilities of accelerated procedures.
- The final report of the Expert Council on Lean Administration comprises further important deregulation proposals. In addition, the existing acceleration models are being further developed within the framework of the works on an environmental code.
- The Federal Government's draft Act on the 6th amendment of the Law against Restraints of Competition aims at strengthening the competitive principle in view of the new tasks that will arise in particular owing to the increasing globalisation of markets. In addition, German legislation is planned to be harmonised with the European law - as far as necessary - as well as shortened and reorganised. The draft incorporates main parts of the EC legislation especially where the latter is stricter than the German law. Not only the execution, but the conclusion of cartel agreements will be expressly prohibited. In line with EC legislation, an additional exemption from the ban on cartels will be introduced; this creates for both the cartel authorities and

companies the possibility of reacting flexibly to the complex and rapidly changing challenges of competition.

- The Information and Communications Services Act, which entered into effect on 1 August 1997, paves the way for the development of multimedia services. The Act is the legal framework for the fact that the new electronic media can develop in accordance with market-economy principles and that fair competition, justified user interests and public control interests will be balanced. The provisions on digital signatures make a considerable innovative contribution to data protection, which is also the basis for electronic commerce. In December 1997, the Federal Government initiated an evaluation of this Act, in which the relevant economic and social groups participate, in order to gain knowledge about the practical use and possible necessary adjustments. It will report to the *Deutscher Bundestag* on these findings by summer 1999.
- The Federal Government expects that the opening of markets regarding postal services will also result in a better and less expensive supply of services. The Posts Act at the beginning of this year abolished the transportation monopoly of the *Deutsche Post AG*; however, the latter has an exclusive licence restricted to 5 years for the transportation of letters weighing up to 200 gram and of information letters weighing up to 50 gram.
- The new energy industry legislation aims at the restructuring of the electricity and gas markets thus strengthening competition. The reform, which will enter into force shortly, will abolish closed supply areas, in order to make possible competition for individual customers - final consumers and distribution firms. Energy supply companies will no longer be exempt from the general cartel ban. Arrangements with regard to the distribution of areas and exclusive rights of way in cities and communities to build and operate supply grids will no longer be permitted pursuant to the cartel legislation. The right to have access to grids (transit) for electricity has been expressly laid down in legislation; as regards gas, the general clauses in the cartel legislation apply.

### **III. Promotion of entrepreneurship and the creation of favourable framework conditions for small and medium-sized companies**



Self-employment in Germany must be strengthened. The potential of people wishing to set up new businesses is enormous. The activation of this potential within the framework of the promotion of small and medium-sized enterprises makes a considerable contribution to the creation and securing of jobs. In this context, the improvement of the framework conditions of the venture capital market described under number II plays a central role. In addition, the following measures have been initiated:

- In 1998, financial aid in the form of loans totalling almost DM 11 billion is available for business start-ups and small and medium-sized companies. Another nearly DM 1.2 billion have been earmarked for the promotion of consultancy, qualification, innovation and the opening-up of foreign markets. The additional funds of the European Investment Bank which were appropriated at the Luxembourg Employment Summit are used to strengthen small and medium-sized firms within the framework of proven support structures.
- Within the framework of the unemployment insurance, jobless persons who wish to become self-employed are supported by means of a bridging allowance and grants in addition to social assistance.
- In order to prepare university graduates for self-employment, an initiative has been started to establish business start-up chairs. By the end of 1998, six chairs focusing on family businesses and business start-ups will be established at German universities.
- On the basis of the American example of „business angels“, the German Federal Government will support the start of an initiative for the private promotion of business start-ups. The initiative aims at establishing contacts between those setting up a new business and mentors (entrepreneurs, senior managers, university teachers who are experienced in business matters, financial experts and lawyers) and thus at fostering private commitment in this field in the form of management activities and equity contributions.

#### IV. Improving employment, education and vocational training opportunities for young persons, including young adults; measures for the severely handicapped

The need of broader and deeper knowledge in all economic areas requires modernisation of the education system including vocational training. Generating and applying knowledge are

gaining in importance for enhancing the competitiveness of employees and companies. The trend in unemployment in recent years shows that the poorly or not appropriately trained labour force runs the greatest risk of unemployment.

- Germany's combined system of on-the-job and in-school vocational training („dual training system“) allows training of qualified labour on a large scale. At present, about two-thirds of the school-leavers receive training under this system each year. Another two assets of the system are that it ties directly in with the labour market and allows comprehensive and action-oriented learning in business practice. This includes current adaptation of educational regulations to meet the required qualifications which are subject to rapid change because of deep-rooted change in business and employment, globalising markets as well as advances in technological development.
- The German government has taken a number of measures for improving the framework conditions governing supply of training positions in business and for supporting the business community in providing training places adequate in number. These measures encompass the amended Act on juvenile labour protection, more flexible regulations governing the aptitude of apprentice trainers, programmes on development of, including advice on, training positions in the eastern federal states by way of direct contacting and advising of enterprises, including specific organisational assistance, in the interest of winning businesses for making available training places, either for the first time or after having abstained from doing so for some time.
- To strengthen the attractiveness of and modernise the dual training system, the regulations on nineteen of the existing training occupations are to have been modernised by the beginning of the new training year and those on eleven new ones are to have been created. These newly designed regulations will create training occupations within the framework of the dual training system mainly in branches recording growing employment such as the media as well as information and communication technologies.
- To enhance future possibilities for qualification and to expand training possibilities in business, the way new training occupations are conceived will be submitted to structural change as well. Through its „vocational training reform project“, the Federal Government seeks to create

wider scope and greater flexibility in the training regulations in future while retaining its basic concept.

The aforementioned project also includes proposals on ways to make vocational training more flexible: new training occupations are to be designed by giving more weight to practical skills to meet the needs of young persons whose talents are primarily on the practical side and who have often failed to complete their formal training. Moreover, it is to be examined when training programmes are modernised or newly designed whether training can be imparted on a step-by-step basis. For those trainees who are unable to pass their final examinations in full in spite of all the promotion they get, certificates have been developed confirming that they have been successful in parts of their final examinations. There are plans for young persons who can do better than required by the training regulations to develop in a more systematic way than so far additional qualifications they can acquire and use in a flexible manner.

- In early April 1998, the Federal Government discussed with the social partners a „national action plan for vocational training“ which provides for further substantive steps towards securing adequate supply of training places, modernising and strengthening the dual training system as well as lowering the percentages of young persons without formal vocational training and inadequately educated school-leavers. These steps encompass:
  - \* a joint federal/state initiative for promoting additional training places in eastern Germany;
  - \* continued financing of investment in multi-employer training shops;
  - \* winning employers to take part in the „joint training“ programme addressed to small companies that are not able to train young people alone, but would be in co-operation with others ;
  - \* the initiative on „foreign companies offer training positions“.
  
- The aim of university policy reform is to allow more competition and greater variety through deregulation and by stressing the need for performance as well as to make university education more international in character. The objectives include inter alia performance-oriented university funding, evaluation of research and teaching, redefining and fixing new regular lengths of study as well as giving universities wider possibilities for filling a larger percentage of their study places with students of their own choice. At present, about one quarter of all young persons go to a university or college (*Fachhochschule*).

- Especially the Act on the severely handicapped serves to improve the opportunities of the severely handicapped in the labour market. This Act obligates all employers to examine when hiring personnel whether to employ severely handicapped persons and to give 6% of the jobs to such persons or to pay an offset in the event they do not. From the funds obtained through this offset, severely handicapped persons may be given loans or interest grants for earning or securing their livelihood through self-employment. It is also possible, for instance, to finance to the benefit of severely handicapped persons services they need in their working environment such as technical aids, help in transportation to and from their job, in finding suitable dwellings or in preserving their ability to work.

To cut unemployment of the severely handicapped, the following additional measures will be taken:

- \* A nation-wide model project beginning in 1998 (comprising a total of 32 individual projects promoted by the Federal Government's offset fund) will examine till 2001 whether and, if so, how „specialised integration measures“ and „employment/integration projects“ can contribute to a successful integration in the labour market of severely handicapped persons especially affected by unemployment.

- \* A European Employment Promotion Centre with 250 assisted places for integrating handicapped young persons into the labour market will be set up near the borders with France, Belgium, Luxembourg and the Netherlands. This Centre is to allow qualified preparation for the labour market and to impart training recognised in the adjacent partner countries. This Europe-oriented training, including foreign language qualifications, will create important conditions for its trainees enabling them to work and live in another country.

#### V. **Reforming the systems of taxation and fiscal charges in a manner friendly to employment.**

The German government regards it as its ongoing task to shape the taxation system in a way friendly to economic growth and employment. Major successes have already been achieved in the implementation of its tax policy strategy:

- The **net worth tax** is no longer collected, the **inheritance tax** has been amended, the **motor vehicle tax** has been more strongly oriented towards exhaust emission and fuel consumption levels, the **trade tax on capital** has been abolished, and the **solidarity surcharge** on income and corporation taxes has been cut by two percentage points.
- To achieve a sizeable improvement in employment and investment conditions in Germany, the Federal Government has submitted a draft Bill with the aim of achieving a noticeable reduction in the rates of **income and corporation taxes** whilst broadening the tax assessment basis and effecting noticeable net relief of taxpayers. The draft Bill passed by the *Deutscher Bundestag* has however not been put into effect because the Bill was rejected by the *Bundesrat*. The Federal Government deems it urgent to reopen the legislative procedure on income tax reform immediately after the 1998 general elections.

A noticeable impediment on the road towards more employment are the high rates of contribution to social security. They mean additional costs for companies when using labour and disposable income restrictions for employees. Unemployment as well as the search for legal and illegal contribution-free activities are the consequence. For this reason, the Federal Government regards it as one of its most important tasks to revert this trend and to **reduce burdens resulting from contributions to social security.**

- The **growth and employment promotion Act** results in cost cuts in the field of statutory pension insurance on account of a further reduction in the length of general education eligible for pension payment, of new regulations on rehabilitation measures funded by the statutory pension insurance funds, of advancing the previously raised statutory pensionable age of women and the long-term insured to the year 2000 and of changes in the foreign pensions Act.
- By raising the effectiveness and efficiency of the activities of the Federal Labour Office, the **Employment Promotion Reform Act** will result in relief to contributors. An average length of unemployment reduced by improved placement practices and better integration opportunities as well as by effectively controlling abuses of the welfare system is expected to bring about this relief.

- One major new element of the 1999 pension reform Act is a demographic factor reducing to 64% in the long term the level of pensions in view of the population's rising life expectancy by providing for flattened pension increases. A complementary grant from the Federal Government to be financed by a one percent increase in the rate of value-added tax will allow to keep the rate of contribution to the system at 20.3% in 1998 and to lowering it presumably in 1999.
- The contributions relief Act in the field of statutory health insurance results in cost cuts on account of higher patient contributions to the cost of medicines, of non-payment of denture costs of insured young persons, of changes in in-patient health cures, of cuts in sickness benefits as well as of a reduction in unnecessary hospital treatment.
- The first and the second Acts on amendment of self-government and own responsibility in statutory sickness insurance has created the conditions for a lasting limitation of tasks and stabilisation of the level of contributions to statutory sickness insurance funds. Increases in contribution levels by individual sickness insurance funds will in future result in higher co-payments; at the same time, it will be possible for insured persons to switch to another sickness insurance fund at short notice. Moreover, sickness insurance funds will have more scope in contributions, in fixing co-payments and statutory benefits as well as the possibility to agree on model projects and structural agreements with associations of statutory health insurance doctors, in particular.

## **VI. Promotion of lifelong learning**

- Interlinking employment and lifelong learning is becoming more and more important. The key points of emphasis in this process are to improve the interrelationship between labour organisation and further training and to intensify co-operation between labour and management in expanding further training on the job. The Federal Government assumes that further training measures must correspond to the principles of acting on one's own responsibility, self-organisation and subsidiarity, the aim being to contribute towards the development and expansion of a new culture of learning in society.

- **Responsibility** for further vocational training rests primarily with **industry**. According to trend extrapolations by the Institute of German Industry, expenditure by the private corporate sector on further vocational training in 1995 amounted to some DM 34 billion. Major increases were registered in learning while working and in self-monitored learning.
  
- The Federal Government for its part has taken a great variety of measures to promote **lifelong learning**. Under the Upgrading Training Assistance Act, for instance, **financial support for upgrading training measures**, i.e. further training leading to an advanced training certificate, was substantially improved. In 1997, approximately 40,000 applications for assistance were approved, increasing the total number to about 65,000 since the coming into effect of the Act in 1996. For many of the assisted persons this is the stepping stone to an upgraded job and the realisation of forward-looking plans for the future, such as a business start-up.
  
- **Consistent promotion of lifelong learning** involves
  - Model schemes for a purposeful development of the workforce and the organisational set-up to improve on-the-job learning;
  - Model schemes for a target-oriented development of the social environment with respect to learning;
  - Further developing the network of further training institutions;
  - Extension of possibilities for learning by making use of new information and communication technologies.
  
- **Flagship projects for the use of globally available knowledge** open up new means of access to general and vocational training measures and help to improve in particular the innovation potential of companies also with a respect to creating new jobs.
  
- In close co-operation with management and labour, measures are introduced that are intended to make **job upgrading examinations** more transparent. The Federal Government will replace training regulations set up by the Chambers operating at supra-regional level more speedily by relevant updated federal ordinances.
  
- All groups of society agree in that vocational further training based on the concept of **lifelong learning** is needed to ensure the positive development of Germany as a competitive business site. In-plant qualification measures for workers are particularly important. In view of higher

job requirements, labour and management will increasingly seek to include **unskilled labour** in in-plant further training.

- **New concepts to combine activities and learning in the social environment** outside gainful activity are being developed and tested. The aim is to find new ways of maintaining qualifications so as to improve the opportunities for returning to employment.

## **VII. Enhancing equal opportunities and fighting discrimination in the labour market**

- The Federal Government aims at improving the overall situation in the labour market. It advocates a **high level of female employment**. But in its view it is up to each individual, woman or man, to decide whether he/she wants a career or to raise a family or to combine both.
- As early as in 1993, the Federal Government laid down in its **employment promotion legislation** that women are to be included in active employment policy measures in accordance with their share in unemployment.
- With its reform of employment promotion laws, which came into force as of 1 January 1998, the Federal Government for the first time introduced special legal provisions to promote female employment requesting, for example, labour offices to **ensure equal treatment of women in the labour market** in all projects planned and to seek to eliminate disadvantages.
- Women in particular benefit also from further changes in employment promotion legislation. The reform provides that **part-time jobs**, for the most part held by women, are to be more widely covered by unemployment insurance.
- Moreover, the Federal Government has planned additional measures ensuring women equal opportunities in the labour market. They include providing a **wider range of occupations** open to women by way of job information and advisory services as well as continued efforts in the context of the 1994 initiative "Women give new impulses to technology", which is to help eliminate sex-related segmentation in the labour market within the framework of women's and technology events. In addition, a special programme of the federal and state governments on higher education provides for promotion measures designed especially for



women, such as in-service and re-integration scholarships as well as promotion programmes for women seeking qualification as a university lecturer.

- To enhance equal opportunities for women also means to seek ways to make it easier for them to combine a career and a family. In order to improve the situation, the Federal Government has taken a variety of legal measures in the past few years (e.g. law concerning childcare leave and childcare allowances, legal claim to kindergarten places, law concerning long-term care insurance) and has made efforts to provide information and to enhance acceptance. The government keeps in mind that many parents continue to be highly interested in combining a career and a family. This will also be supported in the future by assistance for projects and model schemes and, if the need arises, by amending current legislation.
- Measures to ensure equal treatment also mean making it easier to return to a job after, for instance, taking on family responsibilities.

In addition to granting child-care leave, which means that employment contracts remain in effect for up to three years, the Federal Government has significantly improved possibilities for a return to working life by amending employment promotion legislation as of 1 January 1998.

- Persons re-entering working life who participate in further training measures are entitled to maintenance allowances and reimbursement of training costs if they have paid statutory insurance contributions for at least one year.
- Improvements for persons who return to working life are also part of other employment promotion measures such as recruitment allowances for business start-ups and jobs in work creation measures.
- In addition, employers may legally claim re-integration allowances for workers requiring special training after returning to a job, while, for other unemployed persons, it is in the employment authorities' discretion to grant support.