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IMPLICATIONS FOR THE AGRICULTURAL SECTOR OF THE LACK OF A MATCHING DEGREE OF INTEGRATION IN THE OTHER AREAS OF COMMUNITY POLICY

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IMPLICATIONS FOR THE AGRICULTURAL SECTOR OF THE LACK OF A MATCHING DEGREE OF INTEGRATION IN THE OTHER AREAS OF COMMUNITY POLICY

A separate chapter of the Commission's Report on "The agricultural situation in the Community" (1) in 1982 is devoted to the implications for agricultural sector of the lack of a matching degree of integration in the other areas of community policy. In view of their economic importance we are reprinting the complete text in question in this issue of "Green Europe".

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Implications for the agricultural sector of the lack of a matching degree of integration in the other areas of Community policy

Title II of the Treaty establishing the European Economic Community is devoted to agriculture. Article 38, in this Title, stipulates that 'the operation and development of the common market for agricultural products must be accompanied by the establishment of a common agricultural policy among the Member States'. Article 39 adds that 'in working out the common agricultural policy... account shall be taken of ... the fact that in the Member States agriculture constitutes a sector closely linked with the economy as a whole'.

Two key expressions are noteworthy here: 'common agricultural policy' and 'sector closely linked with the economy as a whole'. These expressions raise two sets of questions. In the first place is the fact that agriculture is an economic sector which is relatively integrated and closely linked with an economic complex which has not yet reached this degree of integration not a source of conflict and even, at worst, a threat to the common agricultural policy itself? Secondly, with a view to ensuring the proper operations of the CAP according to the spirit and the letter of the Treaties, have the right decisions concerning integration, or, at the very least, concerning harmonization been taken in agriculture?

It has to be acknowledged that the failure to achieve integration in other sectors of economic activity and the lack of an economic and monetary union do inhibit the structural development of European agriculture and even tend to nullify the efforts to achieve the integration of the agricultural sector itself. It must also be acknowledged that while the drive to achieve integration in agriculture has gone much further than in other sectors, it has not been completed and that in many fields directly linked with agricultural production or trade in agricultural products, harmonization is imperfect or there are no common policies at all.

The purpose of what follows is to attempt to pinpoint those fields in which the absence of common policies has consequences for the CAP. Such implications cannot be quantified, but a few examples will give some idea of what remains to be done.

The first paper of this chapter assesses the implications for the CAP of the absence of common policies other than those which have been harmonized within the CAP. The second part is an analysis of the common policies directly linked with the production and marketing of European agriculture which should be implemented or pursued.

Implications for the CAP of the imperfect integration or harmonization of the policies not directly linked with agricultural activity

As Article 39 of the EEC Treaty states, 'agriculture constitutes a sector closely linked with the economy as a whole'. In fact, the link is twofold: in the first place, agriculture is being ever more closely dovetailed into a technico-economic production process having sectors 'upstream' and sectors 'downstream'; secondly, agriculture takes its place in an overall economic context in which the primary sector can be fully effective only in so far as the overall economy is propelled by active and convergent policies on growth, employment, the regions, etc. However, it is a fact that the achievements of the past 10 years have been meagre both with regard to the performances of the policies and with regard to their convergence. Consequently, not only has the structural development of agriculture been inhibited in many ways, necessitating adaptations of the CAP, but the policy has also suffered from the difficulties besetting the general economy, which have posed a threat to some of the achievements in the matter of agricultural integration that were once thought definitive.

Factors inhibiting the completion of the CAP

As the Commission recalled in its reply to the mandate of 30 May 1980, 'the policy of common prices remains a central instrument of a common agricultural policy'. But the policy on common prices can operate fully only if it works in a relatively homogeneous and fluid economic context. Supporting common policies in the field of agricultural structures can be implemented to speed up the pace at which certain farms, sectors or regions are catching up with the rest. The policy on common prices can also be adapted. But neither the policy on structures, nor the policy on prices can temper the disadvantages arising from the lack of a reasonably uniform degree of integration in three areas in particular: production structures, marketing and processing structures, and regional development.

Farmers work in economic settings which differ from Member State to Member State. Not all countries have reached the same stage of development. Consequently, the policy on common prices must be accompanied by a policy on structures cushioning the impact of the common price policy by altering not only farming structures but also the context of agriculture. But as a structural policy generally entails financial aid, two problems arise: the compatibility of national aids with the rules ensuring 'transparent' operation of the markets and the capacity of a State to grant and administer such aids.

With regard to aid for improving structures, there have been developments under three headings. Firstly, although there is still some doubt as to the notion of compatibility of national aids with the rules of a 'transparent' market, an appreciable effort made by the Commission to assess these aids and to achieve their harmonization through guidelines sent by the Commission to the Member States has been made and is being made. Secondly, it must be stressed that some aid schemes are operated within a Community framework, and this has tempered their tendency to distort competition. Examples are the directives concerning the modernization of farms, the cessation of farming, agricultural training and information, etc. Thirdly, a stronger common political approach seems to have emerged in recent years in favour of a concentration of the shared effort on help for those farms needing it most, whilst maintaining some degree of consistency with the policy with regard to the markets. However, it must be added that this socio-structural policy, largely based on directives, leaves the Member States a major responsibility in this area. Consequently, here too, the circumstances in which farmers in the various parts of the Community are working vary very widely particularly in relation with the degree of 'richness' of the economic context in which they are farming. The 'richer' a State, the easier it is for its government to pay out aids, although the farmers concerned are the very ones who often stand in least need of such support. The CAP policy-makers have been aware of this situation, and the share of Community financing for certain 'common measures' in the socio-structural field has reached 65% in Ireland or in Italy, whereas it has been generally only 25% for the other Member States. Despite these real efforts, it is clear that the CAP cannot by itself provide solutions for all the problems arising as a result of these various situations.

Another limitation preventing the prices policy from working freely has become discernible because of the differing situations in which Community farmers operate from the point of view of the processing and marketing of their products. New initiatives have been taken in those fields. The Council has adopted a regulation concerning aid for the formation of producers' groups and their associations and regulations relating to the improvement of the processing and marketing of agricultural products. Indeed, in a single case, that of citrus fruit, it has granted marketing premiums to enable fruit of this kind grown in the south of the Community to find markets more easily in the northern parts of the Community. But, here too, despite these efforts, it is clear that the CAP cannot overcome by itself problems caused by the lack of a common transport policy, a common policy on the food processing industries, or common efforts to improve marketing in general in certain regions of the Community.

On this question of the regions, a great deal of work has in fact been done under the CAP. It will suffice to mention here the directive on mountain and hill farming and farming in less favoured areas, the decisions adopted in 1979 for the Mediterranean regions and outlying regions of the Community, and the decisions adopted in April 1981 pursuing the work begun in 1979 by concentrating common action on the regions in most need of help. However, despite these undeniable efforts by the Community for certain regions, especially the Mediterranean regions, it would, as the Commission stresses in its report on the mandate of 30 May 1980, be quite wrong to imagine that the CAP can take the place of other policies or deal alone with a wide range of problems which are essentially the reflection of the general economic context to which they belong. Consequently, it is not surprising that despite some progress made in helping Ireland and north-west Italy to catch up with the rest of the Community, region-to-region disparities in agricultural incomes have, in general tended to widen. For this reason, special attention must be given in the future to the general problems connected with regional disparities. The Commission has therefore decided to propose, for the Mediterranean regions, integrated Community programmes based on the main principles of equivalence and equity. Equivalence means that in line with the basic principles of the Treaties, the common agricultural policy must apply without discrimination to Mediterranean products. Equity means that change cannot be allowed to lead to a drop in living standards for those involved.

In the fields referred to above, the lack of common policies or the lack of harmonization of national policies is an obstacle to the full operation of the common agricultural policy. But in certain, more serious, cases the situation is such as to pose an actual threat to past achievements of the common agricultural policy once thought to be definitive.

A threat to past achievements

In the face of general economic developments in the past 15 years, the Commission, despite definite successes, has not been able to offer a common response to the challenges it has had to contend with. In efforts to achieve convergence, one significant success has been the establishment of the European Monetary System. By political will, or by practical necessity, the Member States have found themselves assigning priority to differing economic objectives with different consequences for certain economic aggregates or indicators, such as employment or prices, and this has necessarily had an impact on the CAP.

Now that general economic growth has slowed down so sharply, there are far fewer opportunities for farmers and farm workers to find jobs outside agriculture. In fact, employment in industry and services actually declined—by more than 1%—from 1979 to 1981. Rationalization of farming by streamlining the agricultural labour force is therefore no longer the obviously desirable policy it was in the past, although the situation varies from Member State to Member State. Moreover, the Member States in which the proportion of the labour force working in farming is highest (Ireland, 19.2%; Italy, 14.2% (1980)) and where rationalization is therefore most needed are the very Member States which have the largest reserves of manpower (the unemployment rate is 11.9% in Ireland and 10.3% in Italy) and in which it is hardest to fit farmers or farm workers into the other sectors.

This is tending not only to slow down the process of rationalization of agriculture, and therefore to slow down productivity gains in this sector, but also to force the authorities to use the prices policy to support the incomes of farms which normally would have disappeared from the market, although certain economic or social situations may justify the use of prices policy in this way. Consequently, the objective of a 'prices policy based on a narrowing of the gap between Community prices and prices charged by its main competitors', as recommended by the Commission in its reply to the mandate of 30 May 1980, has become even more difficult to achieve.

Inflation and the CAP: one of the results of the inadequate convergence of economic policies and major disparities in economic structures and conditions governing development is a very wide pattern of inflation in the different countries. In May 1982, on a 12-month average, the consumer price index had increased by 21.9% in Greece but by only 5.2% in the Federal Republic of Germany, by 21% in Ireland but by only 6.4% in the Netherlands, whilst in the other Member States the rates ranged from 8.7% in Luxembourg to 9.4% in Denmark, 9.5% in Belgium and in the United Kingdom, 13.9% in France and 15.3% in Italy. This situation is bound to make the CAP more difficult to operate.

In its reply to the mandate of 30 May 1980, the Commission was very clear on this point: 'the policy of common prices remains a central instrument of a common agricultural policy. But this policy presupposes the smooth operation of the European Monetary System and a significant alignment of inflation rates'. The fact is, however, that so far there has been no significant alignment of inflation rates. If this situation continues, one of the major achievements of the CAP could be threatened: the single prices.

Currency adjustments and the CAP

Even if diverging inflation rates do entail currency parity adjustments, the adjustments do not necessarily offset differentials in full. In the meantime, the diverging inflation rates create situations with which it is not easy to reconcile a policy for common prices. This was stressed by the Commission on 17 March 1982 in its communication to the Council on 'Differential rates of inflation and the common agricultural policy' when it concluded its communication with this remark: '... in the short and medium term, it cannot be excluded that difficulties for agriculture may arise if a Member State with a relatively high rate of inlation does not devalue its currency, and is unable thus to obtain an additional increase in agricultural prices through a green devaluation'.

Even if the parity adjustments are made, this does not solve all the problems; generally, the consequences of the parity adjustments are reflected only partly or not at all in the common prices expressed in national currency. Where a currency is devalued, it is important to ensure that general inflation is not fuelled and that agricultural production is not stimulated; where a currency is revalued, the authorities must bear in mind the impact on farmers' incomes. The consequences of the exchange-rate adjustments are therefore in general cushioned by the introduction of 'monetary compensatory amounts' (MCAs). But it has been shown that while there is a reasonable case for MCAs in the short term, in the long term their induced effects are harmful.

They must therefore be eliminated, and the Community authorities have undertaken to do this. This is the reason why the MCAs are from time to time reduced and their elimination enables the upward movement of agricultural prices expressed in ECU to be adjusted, when expressed in national currencies, on the basis of the economic and monetary situation of each Member State.

Eliminating the MCAs is, however, no easy matter, for there is little room for manœuvre available and the greater the effort to pursue a policy reflecting real market conditions, the narrower the margin becomes. Since the autumn of 1981, the EMS has been operating in difficult circumstances. Within nine months, from 5 October 1981 to 14 June 1982, the central rates had to be realigned on three occasions. The Council had just succeeded on 17 and 18 May 1982 in eliminating the MCAs of 2.9 points for the Federal Republic of Germany and 2 points for the Netherlands when the currency realignment of 12 June brought its efforts to nought. But if economic and monetary policies fail to create the conditions for greater convergence, not only will the competition-distorting effects and the incentives to fraud engendered by the monetary compensatory amounts continue, but the single common agricultural market will be broken up once and for all into separate fragments.

Thus, the lack of common policies, or at the very least, the absence of harmonization of the policies determining the economic context in which the common agricultural policy is ever more closely involved is liable not only to slow down the development of the CAP but also, in the long term, to pose a threat to it. But in addition to the policies affecting the general economic context, there are policies more directly connected with agricultural activity which are also far from having achieved the degree of integration attained, for example, by the agricultural markets. This situation has an impact on the relative positions among themselves of agricultural producers and also, in general, on the freedom of movement of their products.

Implications for the CAP of the imperfect integration or harmonization of the policies directly linked with agricultural activity

The focus of the integration drive under the CAP has been the common organization of the agricultural markets. The objective has been fully achieved for the agricultural products listed in Annex II to the EEC Treaty, for which a common agricultural policy must be introduced. At the present time, apart from potatoes and ethyl alcohol obtained from agricultural products, virtually all Annex II products have been brought under common organizations. It is estimated that Annex

II products represent about 90% of the total agricultural production of the Community.

Article 38 states that the common market must cover agriculture and trade in agricultural products. But while the common organizations constitute a remarkable achievement in terms of agricultural integration, they do not suffice by themselves to ensure complete freedom of movement of agricultural products or relative parity of treatment among farmers facing the markets: the lack of harmonization of certain national regulations can affect the farmer either as producer or as trader but also, sometimes in both respects. The policies concerned are essentially taxation policies, measures having effects equivalent to quantitative restrictions on trade, and social policies.

Taxation policies

These policies are the responsibility of the governments and continue to differ from country to country despite efforts to achieve harmonization which have been very successful in some cases, as for example VAT. Apart from historical considerations, which over the centuries have done so much to determine the taxation structures of the Member States of the Community today, it should be remembered that fiscal policy remains a key instrument for controlling the economy and ensuring income redistribution. Now as there is still not a political, economic and monetary union at Community level, fiscal policy differs from Member State to Member State. It is true that while there are indeed differences, it can be argued that the farmers of any given Member State are on an exactly equal footing with that of the other 'economic agents' of this same Member State. But even this is not really true; for while none of the Member States has a separate taxation scheme for agriculture, each of them does have certain special measures for farmers. Secondly, it cannot be denied that a common agricultural policy, the key feature of which is common prices, leaves the Community's farmers in differing situations with regard to taxation of goods and persons, VAT and excise duties.

Taxation of property and persons: with regard to agricultural property, the land tax is one of the taxes which varies very widely, since it is a local tax, changing from locality to locality and over time, from one year to the next. Inheritance laws and the relevant taxes also vary among the Member States, and this is a particularly serious problem in agriculture. We should also note the existence of an annual tax on wealth in five Member States: the Federal Republic of Germany, Denmark, France, Luxembourg and the Netherlands.

With regard to personal income tax, agricultural income in all the Member States ranks for personal tax like other income, with major differences from one Member State to another. But, for farmers, agricultural profits are often determined on a flat-rate basis. This arrangement is more favourable than the taxation of real profits. But here too, there are wide differences from one Member State to another. The flat-rate determination of farm profits is the general rule for almost all farms in France, Italy, Belgium and for all small and medium-sized farms in the Federal Republic of Germany and Luxembourg. But this system is unknown in the Netherlands, Denmark and the United Kingdom, where farmers are taxed on profits determined under the accounts they are required to keep. The Irish taxation system is also based on real income, but there are major exemptions. Such systems inevitably entail disparities of treatment, particularly when they can be applied, as is, for example, the case in France, Italy or Belgium, to modern and relatively large farms.

The value-added tax (VAT): here too, the Member States use flat-rate devices the purpose of which is to enable the farmer to recover tax paid on purchases of goods and services whilst avoiding the obligations normally incumbent upon registered persons. Seven Member States out of 10 use this technique but not on a compulsory basis. Only Denmark and the United Kingdom do not have it at all. The VAT system is not yet operating in Greece, and is due to start only on 1 January 1984.

Thanks mainly to the sixth Directive on VAT, major progress in harmonization has been made with regard, in particular, to the basis of assessment; however, the rates still vary very widely from one Member State to another, both in respect of those charged on farm inputs and in respect of those applicable to 'farmgate' prices. For example, on 1 January 1982, the VAT rates for fertilizers ranged from 2% in Italy to 22% in Denmark. As for the farmer's output, under the normal arrangement, the rates varied from 0% in the United Kingdom for products generally intended for human or animal consumption to 22% in Denmark for all agricultural products. Under the flat-rate scheme, the purpose of which is to offset on a flat-rate basis the VAT costs borne on purchases of agricultural inputs, the compensatory flat rates varied from Member State to Member State and product to product from 20% to 1% (see Tables 14.1 and 14.2 of this report for more detail).

This diversity in respect of rates and systems is harmful in two ways: in the first place, from the point of view of competition among products within a single Member State, secondly from the point of view of competition for a given product from one Member State to another. It is true that because of this disadvantage a system has been introduced offsetting differences between rates in intra-Community trade. But the fact that many farmers operate on a flat-rate basis means that equalization between VAT charged on products sold and VAT charged on production inputs cannot always be ensured.

Excise duties: excise duties chargeable to the farmer should be distinguished from excise duties on products of agricultural origin. The first group mainly covers taxes on fuels used by tractors and agricultural machinery. But, as the Commission stressed on 24 February 1982 in its reply to Written Question No 1872/81 from Mr Früh, Member of the European Parliament, exemption from excise duty for agricultural fuels is in fact almost universal. Such exemptions are in fact normal, since the duty should not affect production but only final consumption. A special problem arises, however, in respect of heating fuels used for hothouses, where the problem is made more complex because of the need to take into account other distorting factors which are more important than the problem of excise duties, including the question of the actual pricing of oil products and that of natural gas tariffs.

Conversely, problems of discrimination and competition between products caused by excise duties assume a more important dimension in respect of excise duties on products of agricultural origin, and in particular, excise duties on wine, alcohol and tobacco. For example, on 1 April 1982, for one hectolitre of wine at 10°, the excise duties were zero in the Federal Republic of Germany and Italy, 3.52 ECU in France, from zero to 11.47 ECU in Luxembourg, from 12.43 to 24.06 ECU in Belgium, from 15.55 to 31.11 ECU in the Netherlands, 91.56 ECU in Denmark, 191.37 ECU in the United Kingdom and 268.59 ECU in Ireland. It would be wrong to imagine that harmonization downwards of excise duties would solve the difficulties besetting the wine market, but it would be just as wrong to imagine that such differences in excise duty rates do not affect the consumption of wine in each of the Member States.

Tobacco is another pertinent example. On 1 August 1981, the total tax borne by cigarettes of the price category most in demand represented a percentage of the retail price ranging from 56.2% for Greece to 87.7% for Denmark. If Greece, where the Community system was introduced on 1 January 1981, is left out of account, the lowest percentage is Luxembourg, with 63.5%. The impact of such a difference in taxation on the interpenetration of the markets cannot be denied. On 18 February 1982 in its report to the European Parliament, the Commission conceded: 'It is striking that, notwithstanding the abolition of customs duties for intra-Community trade and the implementation of two stages of excise harmonization, there is no true Community market for cigarettes'.

Measures with effect equivalent to quantitative restrictions on trade

Legislation in the various countries differs on, for example, fertilizers, pesticides, technical standards for tractors and agricultural machinery, etc. Thus, a given pesticide may be accepted in one Member State but prohibited in another, so that the farmers in the two countries are operating in different conditions. The protracted work on harmonizing this legislation has started and is being pressed forward; but there are still many fields in which harmonization has not yet been carried out and the instruments adopted for harmonizing legislation with a view to eliminating technical obstacles to trade often include optional clauses enabling the Member States to maintain lower protection levels than those required by the relevant Community directives, and thus to ensure lower production costs.

One important domain is veterinary legislation. (1) This field is important from the twofold angle of the protection of human health and the protection of animal health, but also because of its implications for freedom of trade: by using particularly drastic veterinary legislation of its own, a Member State can in effect close its frontiers to imports of products from, for example, another Member State where special methods of stock-raising are used or in which outbreaks of animal disease have occurred.

There is a need, on such occasions, to assess whether the danger is a real one or whether the main purpose is not to protect a home industry from outside competition. The public is sometimes aware of the importance of the problem when spectacular cases occur like the 'pork war' between the Federal Republic of Germany and the Netherlands in connection with trichinosis, the closure of the United Kingdom frontier to chickens and eggs from other Member States because of Newcastle disease, or the closure of the Italian frontier to imports of veal from the north of Europe, etc.

Apart from these cases well publicized by the media, there are many other technical or legislative obstacles which constitute measures with effect equivalent to quantitative restrictions on trade. For example, at a time when environmental problems are assuming considerable importance, the lack of a common policy in this field is a golden opportunity for the Member States to push through national legislation if the Community authorities do not act promptly. A recent example brought home to the public the scale of this question, when a case which may have seemed minor or even futile in fact was found to mask powerful economic inter-

(1) This subject has been dealt with in detail in the 1981 Agricultural Report in a chapter entitled 'The development of veterinary legislation' (p. 35).

ests: that of the size of laying hens' cages. All these examples show that the problems are complex, highly technical and have a major economic impact. The experts' work is difficult and cannot be dispatched quickly; the example of the study of the water content of frozen poultry, which has lasted more than 10 years, is a case in point. Long delays, harmful to the common interest, have occurred. However, the Commission stepped up its work in 1981; it is be hoped that this will continue in coming years so that market integration can be pressed forward and a comprehensive policy developed giving the consumers the protection to which they are entitled.

Social policies

The social policies are, by definition, one of the essential ways in which the political philosophy of a State is expressed, a major aspect of national solidarity. Consequently, it is not surprising that the social field is one of the fields in which progress towards integration has been slower.

Substantial successes have, however, been achieved in this field, in which there has indeed also been some degree of Community solidarity. This is not the place for a description, much less for an analysis. It would also take too much space to give details of the social security cover available to Community farmers or the mechanisms for financing social security in agriculture. But it should be stressed that in this field as well, the social security available to a farmer varies very much according to the Member State in which he is farming. An indication of this disparity is given by the ratio between contributions paid by farmers and statutory benefits for farmers. According to a study made by the Commission's Directorate-General for Social Affairs in 1975 and 1977, central government participation was 98% in Ireland, but only 14% in the Netherlands. It must, however, be remembered that taxation policy, which also has a crucial impact on the disposable income of farmers, still varies very widely from country to country. This is a measure of the differences between Community farmers. In view of the major political difficulties which the social problems, especially the social security problems, raise, it is hard to see how these country-to-country inequalities for farmers with regard to social policy can be evened out in the short term.

All this shows that despite integration of the agricultural markets with single markets for each product (common organizations and common prices), Community preference and financial solidarity, there is still very much to be done before Europe will have a genuinely integrated farming sector. Imperfect integration or even only imperfect harmonization of national policies directly connected with agricultural activity must inevitably mean that a farmer in one Community country is in fact operating in very different conditions from a farmer in another Community country. Even more seriously, in certain extreme cases, like those of the closing of national frontiers for veterinary reasons, for example, the idea of a common market becomes a pure fiction. A good deal of work has been carried out on the approximation of national legislation fields directly connected with agricultural activity. This work must be pursued and accelerated.

In conclusion, a number of observations could be made on the basis of the above analysis; but the first main finding must be that the various sectors of the European economy have become so interdependent that the economic integration of a single sector can no longer be pressed forward in any single sector unless substantial progress towards integration is made at the same time in the other economic sectors.

The second main finding is that agricultural integration has unquestionably been a success but that this success must now be consolidated. The integrated development programmes and work on harmonizing legislation are examples of the kind of activity that must be continued and developed.

The third main finding concerns the importance of the contribution of the CAP to the economic development of the Community. This subject was discussed last year in the 1981 Report on *The Agricultural Situation in the Community.* Let it suffice to note here one of the main merits of the policy, namely that it has helped to curb the increase in unemployment during this period of slow growth. Although some observers assert that the farming sector is an industry belonging to a past age, economically incapable of development, and that the CAP is also a policy of the past, inhibiting change, the facts show that European agriculture has drive and that the CAP has flexibility. Both have weathered the economic storm of the past 10 years without loss of momentum; they have coped with the problems of unemployment, inflation, energy and currency fluctuations, and the contribution of agriculture to the efforts to overcome these problems has consistently been of great importance. But it is clear that there are limits to this. The economic crisis is not responsible by itself for the present situation of the CAP but it has helped to show more clearly the limits to what the isolated integration of a single sector of economic activity can achieve. This experience, far from being a negative one, should prove a stimulating incentive to the pursuit of efforts to achieve convergence, harmonization and integration of the whole European economic and social system.

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