

# **The Theory and Reality of the European Coal and Steel Community**

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The charge of the chapter is to write an historical institutionalist analysis of the European Coal and Steel Community (ECSC), examining the extent to which the community matched up with theoretical expectations and to answer the question of what role the ECSC played in the political economy of the steel industry in Europe. While Haas himself rejected his neofunctionalist theory in the 1970s, we might still expect that neofunctionalism would work best with respect to the ECSC, since it was based on this institution that the theory was constructed. The issues the ECSC had to deal with were largely technical (though still quite political) and the powers of the High Authority/Commission were perhaps the most extensive with respect to steel compared to any other area. In studying this case, it is immediately clear that the “problem” the ECSC was created to solve (market abuse in a context of scarcity) never materialized. Thus the question becomes how was this institutional apparatus used over time as the plight of the steel industry ebbed and flowed.

In a separate project, I will be using steel as the principle case to investigate when and how legal rules are used, and how international political negotiations change when international courts are created (and thus how international politics changes when international rules become enforceable). Studying the international political economy of steel will allow me to analyze both the construction of international legal rules and the enforcement of them as the larger context changes. David Steinberg has been researching European steel for me, and we will write this chapter together.

## ***The Chapter’s argument in brief***

We are still researching the steel story, and have not yet brought it into the present, but it is clear that the steel story fits with an historical institutionalist understanding of the world. The way to understand the dynamics within the common European enterprise in coal and steel is to understand how the political and economic context of the steel industry was itself changing over time.

## **The changing economic problem context of the steel industry drives whether and how the ECSC is relevant**

One factor shaping how the ECSC worked in practice was the changing “problems” steel was facing. The ECSC had one set of tools to use- mainly controlling supply, demand, and prices. These tools were not always right for national industrial issues. As the nature of the “problem” facing the industry changed, the solution adopted changed. When the definition of the “problems” national industries faced converged, the ECSC was a good mechanism to address the common “problem” (though the ECSC sometimes needed new tools for the task). When the “problems” were not the same, the ECSC was basically ignored as countries adopted whatever

solution they saw fit, regardless of if the solution violated ECSC rules. As far as I can tell now, the High Authority (HA) rarely used its powers to punish ECSC violations, in large part because everyone was cheating, and no one really cared so long as cheating did not create negative externalities for them. Since the larger “problem context” of the industry emerged from technological and international changes, it is hard to say that the industry or government responses would have been all that different if there had not been an ECSC.

### **Founding period up to 1958: Finding a Raison d’Etre**

**A concern over scarcity turns into a concern over modernization & growth of the industry in the context of a seller’s market.**

When the ECSC was founded, the concern was how to ensure adequate supply of steel needed for reconstruction; how France, Italy, and the Benelux countries could avoid being economically wiped out by more competitive German production; and how to ensure that Germany did not again use its industry as the motor for war. In practice, these concerns proved to be short lived since scarcity never reached crisis proportions. National supplies were adequate, and when better iron ore could actually be imported, Germany’s comparative advantage by virtue of its Ruhr coal mines was no longer a factor. Because there was no European wide common problem, each country focused on helping its own industry develop—ignoring ECSC rules on subsidies and differential prices. National approaches to industrial planning shaped what each country did—France Planned, Germany used a “managed market” approach, Italy dumped steel into its state holding companies and found a way to live with having little coal—it focused on scrap productions and developed the minimill technology.

### **1958-1974 Bust to Boom**

**Managing modernization & consolidation in the context of a seller’s market.**

The 1958 recession was felt by all countries, and the HA asked for the declaration of a “manifest crisis.” Such a declaration would have allowed the ECSC to activate its extensive powers to develop production quotas. France, Italy & Germany voted against empowering the HA to act. De Gaulle opposed supranational solutions and wanted different plans for each country “because of their different economic cycles.” Germany did not want a move towards a centrally controlled economy. Benelux & Italy had different views on the quota system. My sense is that each country faced its own separate modernization and consolidation issues, and each country had their own approach to how to deal with these issues. Each country seems happy to let national governments deal with modernization & consolidation, even if government intervention violated the ECSC. In the 1960s, the HA adopted individualized programs for specific problems in the countries that wanted help (Benelux which had voted for an integrated approach wanted ECSC help to restructure, and the HA provided support.) With no political support for an integrated European strategy, the HA mainly tried to avoid violating ECSC treaty in its projects while it allowed each country to violate ECSC rules so long as no negative externalities were created for other countries. This period also marked the rise of foreign competition (due to declining transportation rates and the rise of new production technologies) and the emergence of the mini-mill technology. Europe adopted a common approach to international competition—protection. Europe & the US negotiated VERs with Japan, allowing countries to buy what they needed but not compete on price with foreign imports. Minimill technology required low levels of investment, creating a fairly cheap modernization strategy that could for a time co-exist with the

larger integrated steel production techniques. This period ended with a boom phase (1968-1974)-rising prices, rising consumption, extensive expansion plans and bright horizons for the industry.

### **1974-1978 Temporary Set Back or The End of the Glory Days?**

#### **Problem is world wide and European overcapacity**

The international Steel industry faced a world wide decline triggered by two global changes: the rising price of energy decreased world consumption of steel since those using steel started to find substitutes because transporting steel became very expensive; developing countries developed their own steel industries. Both factors combined to produce excess capacity of steel. Europe and the US first tried to set prices to avoid firms overproducing. EUROFER was created as a European level industry bargaining partner so that the EU could work with national industries to set prices. To create a real power for EUROFER, the HA agreed to distribute production quotas through EUROFER. When industry ignored government mandated prices and quotas, it was clear that a new strategy would be needed. The solution of price controls was tried by the US & Europe. Since there was consensus behind this approach, no one really blamed the ECSC for its failure. At the same time, as reality set in that the steel market would never recover to pre-1974 consumption levels (let alone consumption growth), it became clear that downsizing was the only viable strategy for the industry.

### **1978 –1986 Putting to Rest the integrated steel albatross.**

By 1978 it was clear that steel consumption would not recover, and that price controls were not an antidote. Each country needed to close its large integrated steel production, cut capacity, and find new ways to compete when minimills are able to crop up and serve local markets. With a common (and expensive) problem, European countries agreed to an ECSC solution. A “manifest crisis” was declared and the Commission was given extensive powers to help national industries close production facilities. As long as consolidation was occurring, countries could protect from foreign competition. By the end of this period, Europe is united against foreign competition and the real venue for action is the WTO and the international level.

### **1986- Staying internationally competitive, and the ECSC fades away.**

Up until the 1974 crisis, Europe largely consumed what it produced and bought whatever else it needed from the international market. According to Europeans, because they always had an eye on international competition they never got into the political hole American steel came to face. During its consolidation period, what remained of European steel modernized and developed international comparative advantages in the minimill and high end production (we are not clear on this yet). As the GATT progressively eliminated tariffs and quotas as tools of protection, both the US and Europe turned to safeguard measures. My interview sources say that safeguard rules were largely created for steel, and over a quarter of safeguard cases involve steel. I’m not clear on how Europe pursued its safeguard strategy, but I don’t think this has much to do with the ECSC story. The EU by this time had very clear authority over competition policy and safeguard policy was set through international negotiation. Steel became one of the ‘normal industries’ regulated within Commission competences. So I think our story largely ends when the consolidation is over (which ended in the 1990s after new member Spain consolidated its industry). By the time the ECSC was eliminated, it was largely irrelevant. It had mainly become

a bank, with funds used to build EU offices. Neither the countries involved, industry, or EU political bodies mourned its passing as its function had long been absorbed by other institutions (mainly competition policy and trade policy).

### ***The ECSC's symbolic resonance changes during this period too.***

Milward has written on the incredible symbolic importance embedded in the ECSC. He reminds us that France occupied the Ruhr in the interwar years out of security concerns, and that France was greatly concerned with Germany regaining sovereignty over its engine of war. Once iron ore could be imported, this calculation changed. It turns out that German iron ore is not as good as other country's for steel production. Even German industry moved to the coast so that it could import iron ore (I believe the ECSC might have helped with this move in the 1950s).

When the ECSC was founded, it was to be a first step towards a larger project of integration. It is not too much to say that the ECSC carried the symbolic and theoretical weight of the entire integration project in the 1950s. Haas' *"Uniting of Europe"* and Scheingold's *"The Rule of Law in European Integration"* were based on the Coal and Steel project.

The declining political importance of German steel combined with launching of the common market project (1958) and the adoption of a common external tariff (1968) led to the eclipse of the ECSC's political and symbolic importance. To some extent, the 1978 declaration of a "manifest crisis" in the industry (and thus the activation of the ECSC's extraordinary powers) coincided with the drive to "relaunch" Europe. My guess is that careful process tracing will reveal that the "relaunching" of Europe had little impact on the relaunching of the ECSC and visa versa—they were separate events. My guess is also that the relaunching of the ECSC was actually helped by the fact that the Paris treaty was expiring in 2002. The activation of Article 58 was sold to industry as their last chance to get with the program. They would get one last dose of huge government intervention, and after that governments would let the market inflict its costs on the industry. This promise was especially credible given that the ECSC would expire in the very foreseeable future, and given the lack of a compelling reason to continue its existence, it would not be extended.

Steel lost its mystic national security role as well. By the late 1980s, steel had become a simple commodity. It was easily produced around the world, and no longer the hallmark of an "advanced industrial economy." With multiple supply sources, no country really had to fear being starved of steel. Indeed the real economic concern was overcapacity, not strategic starving. New composite materials made steel less central to the production chain, or to security. Minimill technology made steel far more adaptable- plants could be set up with minimal investment, moved around to where they were needed, and adjusted for new production needs. Europe was strong in minimill technology, and thus had an international comparative advantage (minimills developed in N. Italy) The industry still talks about its strategic importance for political purposes, but the reality is that no country must be seriously concerned that a lack of steel will compromise its security or economy.

### ***Integration theory and the ECSC***

There is a theoretical story to tell about how wrong Schumann and Haas were in their predictions for the ECSC. The ECSC was a perfect case for functional integration—it was important, issues

were technical, and the High Authority had real powers. The venue of politics, and political loyalties, never shifted because firms quickly learned that they should look to their governments rather than Brussels for help. Governments mainly used the ECSC if they wanted to and the HA largely implemented the decisions and programs made by states. Even EUROFER, with resources, was also easily circumvented because governments would be the carrier of their firm's interests instead. Thus rather than becoming a political player, EUROFER quickly became a think-tank when Italian and UK industries refused to participate in EUROFER and their governments allowed them to do so. By the time ECSC disappeared, the WTO level was where the action was, so it was not missed.

Not only does the ECSC turn out not to be what Haas predicted, it seems singularly out of sync with Haas' theoretical developments. The year after *The Uniting of Europe* (Haas 1958) France, Germany and Italy reject the HA's efforts to declare a "manifest crisis." Their refusal is like Goldthorpe's book where he talks about embourgeoisement in a town, and the next year his poster-child town explodes in class conflict. The year after Haas touts the ECSC, old European politics prove him wrong in his case of choice. Then again, just about a year after Haas declares that integration theory cannot deal with "turbulent fields," (Haas 1975), turbulence in the steel industry leads to a common European strategy *finally* being adopted.

The reason why Haas' test case didn't work as it was supposed to—I think—is that market factors took away the need for an ECSC. The ECSC's political irrelevance made the ECSC a perfect area for neofunctionalism—supranational institutions and supranational law could be built under the political radar of states who were focused elsewhere. An interesting counterfactual is what would have happened had steel remained important and scarcity were a significant problem, or had France, Germany and Italy agreed to declare a manifest crisis in 1958? Instead, by the time the HA's extensive powers were operationalized, it was clearly for a one time event and the use of these powers no longer was of importance for the larger European project.

Steel fits the story of Moravcsik in that preference convergence drives common efforts (Moravcsik 1991). I don't think I want to pick a fight with Andy- but the one difference between the ECSC story and his preference convergence is that by the 1980s government preferences are driving the process and government preferences are not derivative of industry preferences. European governments are simply tired of bailing out steel while firms cheat on their price control policies. Firms become policy takers. National governments basically delegate to the ECSC to be the bad guy. I presume that national governments have a big say in which industries get shut down, as well as the retraining programs etc, but I imagine that there is elite consensus on the need to stop continually bailing out the steel sector.

An area where this story may not play out concerns the construction of safeguard rules. I think this is outside of the purview of this chapter, but the supranational European layer may help us understand some WTO rules and WTO politics.

I'll end here- what follows is a timeline construction of our findings up to now- all very tentative.

Historical Period	“Problem Definition”- Context	Notional ECSC	Links to theoretical arguments
<p><b>Founding</b> (1947-1951)</p> <ul style="list-style-type: none"> <li>• 5/1950 Schumann Declaration</li> <li>• 1952 ECSC Treaty comes into force</li> <li>•</li> </ul>	<p><i>Problem is scarcity. Concern is that scarcity leads to abuses.</i></p> <p>Schumann’s concern was Germany gaining sovereignty over its C&amp;S industry. There were security concerns, reconstruction concerns re: access to steel, and competition concerns. ECSC was linked to broader integration goals- reorienting relationships in Europe, launching a larger integration project. ECSC tools were designed to deal with scarcity.</p>	<ul style="list-style-type: none"> <li>• Prohibit state aids</li> <li>• Equalized pricing for internal and external consumption (coal rates, transport etc)</li> <li>• Prevent cartels</li> <li>• Supranational regulatory agency- High Authority</li> <li>• Democratic basis- wasn’t there a council of parliamentarians?</li> <li>• HA has extensive powers to regulate supply and distribution of limited supplies should they occur.</li> </ul>	<p>Many of the challenges were technical- production levels, setting freight levels. High Authority on paper had lots of power- but it was never used.</p>
<p><b>First years-</b> (1952-1957)</p> <ul style="list-style-type: none"> <li>• 1953-1958 Stated Transition period</li> <li>• 1954- plans for EDC &amp; EPC collapse</li> <li>• 1957- Treaty of Rome</li> </ul>	<p><i>Sellers market. Problem is staying modern to be competitive.</i></p> <p>Each country was trying to reconstruct &amp; create a competitive C&amp;S industry. Shortages of Coal were of early concern, since shipping made imports of foreign coal expensive. But when shipping prices fall, coal becomes abundant. There is no “crisis” in this period. Steel output is growing as industry is rebuilt &amp; expanded.</p> <p>German industry quickly rebounds &amp; each country is able to produce &amp; consume what it makes, buying any extra imports as needed. Each country approached reconstruction on their own terms. France invested in cutting edge technology, even if the technology did not prove its worth. Germany segmented its market to make it profitable for all firms. Italy developed early minimill technology. There are lots of violations of formal rules of ECSC, but no one seems to mind because everything produced it sold and supply is abundant.</p>	<ul style="list-style-type: none"> <li>• deconcentration of German industry and anti-cartel stance abandoned (in general, beyond Steel as well)</li> <li>• ECSC allows continual subsidies under claim that they are being “reduced”</li> <li>• Price ceilings abolished (my sense is they aren’t needed as supply is ample)</li> <li>• Regional markets are created- so the market is basically segmented in violation of ECSC</li> <li>• France at least has discriminatory pricing- basically market is nationally segmented</li> </ul>	<p>This is the period Haas is studying. Question is if he is mistaking a lack of conflict for functioning integration. As far as I can tell, national economies are operating fine. Germany is rebounding with little need for government intervention. Italy is replacing obsolete plants, consuming what it makes, and using exemptions to build its industry probably as it would have if ECSC never existed. France has steel as part of its modernization plan. There is heavy state guidance and a domestic price policy that violates ECSC.</p> <p>ECSC Articles 58 &amp; 59 are never needed, and the HA doesn’t enforce the market rules on nations or firms. This block of time ends with a crisis in the industry. Ironically, 1 year after the Uniting of Europe is published, France, Germany and Italy block efforts to finally activate ECSC to deal with industry problems.</p> <p><i>Need to check out Scheingold volume for this period</i></p>

<p><b>Stagnant 1960s</b> (1958-1969)</p> <ul style="list-style-type: none"> <li>• 1958 Common market launched</li> <li>• 1959 HA asks for the declaration of a “manifest crisis” in steel- F, G &amp; I refuse</li> <li>• 1963 French veto of UK membership</li> <li>• Mid 1960s- freight rates for inputs &amp; final product are falling.</li> <li>• 1965- Merger treaty &amp; Luxembourg compromise</li> <li>• 1967 French veto of UK membership</li> <li>• 1968 common external tariff negotiated</li> <li>• 1968- Student and Labor movements in Europe force reorientation of governments towards social issues.</li> </ul>	<p><i>International competition starts to emerge as an issue:</i> Freight rates on seas start to fall, so foreign competition in steel begins. 1958 -European steel market enters recession. There is excess supply, declining profits, and falling steel stock prices. With input prices falling, foreign competition emerges (mid 1960s). Concern with iron ore supply leads to development of ample foreign production &amp; shipping of iron ore. This makes locating steel production at the coast attractive. There is a consumption shift towards lighter steel products.</p> <p>End of this period sees the first VERs negotiated for Steel sector.</p>	<p>David notes ECSC inaction- but how were national industries moved to the coast?</p> <p><i>Italy-</i> state involved with industry through large state holding companies. Towards end of 1960s, industry invests in minimill technology. <i>France-</i>industry is modernizing, but it is less competitive than G or I. Government is helping less competitive national firms but requiring consolidation &amp; rationalization. Firms are merging and unions are demanding adjustment support. <i>Germany-</i> industry is doing ok. “organized market” production, pricing &amp; consumption (basically national price segmentation). 1967 Krupp gets in trouble and government bails them out.</p>	<p>The situation of national industries is different, and each country seems to be dealing with their own set of issues. HA recommends an integrated approach by declaring a “manifest crisis”- but France, Italy &amp; Germany vote against it. De Gaulle opposed supranational solutions and wanted different plans for each country “because of their different economic cycles.” Germany did not want a move towards a centrally controlled economy. Benelux &amp; Italy had different views on quota system. Each country seems happy to let their government deal with the problems, even if government intervention violates the ECSC. HA adopts individualized programs for specific problems in the countries that want help (Benelux which had voted for an integrated approach), mainly trying to avoid violating ECSC treaty in its projects.</p> <p>Integration project as a whole now is focused on common market- ECSC doesn’t have to carry the load of the integration project. In 1968, ECSC is formally subsumed into common market structure, so it ceases to exist as a separate entity (though Commission powers in C&amp;S remain exceptional).</p>
<p><b>Crisis of the 1970s</b> (1974-1978)</p> <ul style="list-style-type: none"> <li>• Late 1960s, minimill technology starts to take off. Minimills cream profits from integrated large industries</li> <li>• Technological developments lead developing countries</li> </ul>	<p><i>Enter period of oversupply:</i></p> <p><i>Boom:</i> Late 1960s through early 1970s is a period of great economic expansion- with new projection processes (minimills) and new technologies. Prices are high, and consumption is high. Industry is bullish on its future, and governments are helping industry expand.</p> <p><i>Bust:</i> 1974, Steel industry enters huge recession. At first recession is considered temporary (oil shock driven), but then</p>	<p><i>Minimum prices set at ECSC level-</i> each country has an oversupply problem.</p> <ul style="list-style-type: none"> <li>• To avoid oversupply, ECSC sets minimum prices. But firms repeatedly cheat. They sell below price, deliver “late” and pay a penalty</li> <li>• ECSC level also negotiates protection from imports- VERs, follows US in adopting Trigger</li> </ul>	<p>Finally there is a convergence of national problems—all European countries face oversupply, all want to guarantee minimum prices, and US is doing the same so there is a precedent for European protection. This period sees a revival of ECSC efforts, but now the problem context is totally different. ECSC creates EUROFER so as to have a European counterpart to negotiate with. But EUROFER succeeds no better at controlling cheating firms. EUROFER becomes mainly a think-tank for</p>

<p>to create national steel industries with export capabilities. Overseas production becomes part of world oversupply problem.</p> <ul style="list-style-type: none"> <li>• Oil crisis of 1974</li> <li>• Major union organization &amp; striking</li> <li>• 1976 Simmonet Plan</li> <li>• 1976- Eurofer- confederation of national industries- is founded to set price controls</li> <li>• 1977-78 Davignon Plan 1</li> <li>• 1979-1980 Davignon Plan 2</li> </ul>	<p>countries start to recognize that steel consumption levels will never rebound. A problem of oversupply becomes evident. Enter- period of industrial retraction. Governments try to control prices and facilitate consolidation, but efforts fail to resolve “crisis”.</p>	<p>price mechanisms.</p> <ul style="list-style-type: none"> <li>• Countries try to urge consolidation, closing inefficient production, removing production capacity. Governments are as ineffective as ECSC in stopping firm cheating through lower prices.</li> </ul> <p>I need more detail on Simmonet &amp; Davignon plans- what did they call for, what new powers were created? I could use an article on history of EUROFER</p>	<p>steel- writing reports, providing EU wide statistics, bringing together firms to talk about international strategies. EUROFER should be compared to Haas’ vision of supranational interest organization. This is a “turbulent time” yet counter to Haas arguments of turbulence, because each country has a common problem, it brings states back to the ECSC for a common solution. The Simmonet and Davignon plans ultimately fail, but national strategies would work no better so there does not appear to be an outcry against the ECSC.</p> <p>Ironically, this is the time that Haas is writing about “turbulent fields” and how they undermine integration. Meanwhile, for the first time Europe is taking an integrated approach to its steel problems.</p>
<p><b>1978-1986- Major effort to deal with the problem of steel</b></p> <ul style="list-style-type: none"> <li>• End of “integrated steel production”- it has become a white elephant.</li> <li>• There is a full blown global steel economy and Europe needs to find its place in this world economy. Europe’s comparative advantage will be not to have integrated production but instead produce high skill high end steel products.</li> <li>• Europe needs a</li> </ul>	<p><i>Problem: Oversupply- need to restructure industry.</i></p> <p>Controlling market prices failed as a political strategy to deal with the crises in the steel industry. It is clear that industries need major scaling back and that integrated steel production is never going to be competitive again. Governments are tired of bailing out national industry- they want a permanent solution. It is convenient that the ECSC is about to end- MSs can use ECSC for major restructuring, and then eliminate the whole entity so that it is clear that this is a one time intervention. The intervention is holistic- production facilities close, workers are retrained, local economies are reoriented.</p> <p>Davignon (trade minister) works in WTO to address world oversupply problem</p>	<p>1978 ECSC activates Article 58 which allows it to regulate national and firm level production. This is the first time any of the HA’s extraordinary powers are activated. The activation must have required states to recognize a “manifest crisis”- a step they refused in 1959.</p> <p>ECSC also uses Article 95 to restructure, merge and cut capacity.</p> <p>Look for articles that compare 1959 to now, explaining why states allowed for a “manifest crisis”</p>	<p>This is a period of a hard industrial reorganization. Blaming Europe for the pain is convenient. Meanwhile, governments are resolute in their restructuring plans- they have learned that anything less than restructuring will lead to constant demands for national bailouts.</p> <p>This is also a time of the relaunching of Europe, spurred on by concerns about international competition. Thus activating a European strategy to reorganized the steel industry fits with the overall project of the “relaunching” of Europe.</p>

<p>unified international strategy to deal with other country's "unfair trade" practices.</p>			
<p><b>1986s- July 2002</b> July 2002- formal end of the ECSC treaty.</p>	<p>My sense is that the reorganization projects of the 1980s spill over a bit into the 1990s. I know they spill for new members (Spain), but also perhaps for older ones.</p> <p>My guess is that the WTO story has heated up in the late 1980s and early 1990s. Now that the industry is reorganized, emergency protection measures should be eliminated.</p>	<p>ECSC is over. Its funds are merged, and its special powers end. ECSC is subsumed under European competition policy.</p>	

**ECSC**

Article 57

In the sphere of production, the Commission shall give preference to the indirect means of action at its disposal, such as:

- \* cooperation with governments to regularize or influence general consumption, particularly that of the public services;
- \* intervention in regard to prices and commercial policy as provided for in this Treaty.

Article 58

1. In the event of a decline in demand, if the Commission considers that the Community is confronted with a period of manifest crisis and that the means of action provided for in Article 57 are not sufficient to deal with this, it shall, after consulting the Consultative Committee and with the assent of the Council, establish a system of production quotas, accompanied to the necessary extent by the measures provided for in Article 74.

If the Commission fails to act, a Member State may bring the matter before the Council, which may, acting unanimously, require the Commission to establish a system of quotas.

2. The Commission shall, on the basis of studies made jointly with undertakings and associations of undertakings, determine the quotas on an equitable basis, taking account of the principles set out in Articles 2, 3 and 4. It may in particular regulate the level of activity of undertakings by appropriate levies on tonnages exceeding a reference level set by a general decision.

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The funds thus obtained shall be used to support undertakings whose rate of production has fallen below that envisaged, in order, in particular, to maintain employment in these undertakings as far as possible.

3. The system of quotas shall be ended on a proposal made to the Council by the Commission after consulting the Consultative Committee, or by the government of a Member State, unless the Council decides otherwise, acting unanimously if the proposal emanates from the Commission or by a simple majority if the proposal emanates from a government. An announcement on the ending of the quota system shall be made by the Commission.

4. The Commission may impose upon undertakings which do not comply with decisions taken by it under this Article fines not exceeding the value of the tonnages produced in disregard thereof.

*Article 59 creates extraordinary HA powers in the event of a lack of supply- HA can help regulate distribution of limited supply.*

*Haas, Ernst. 1958. The Uniting of Europe. Palo Alto: Stanford University Press.*

*Haas, Ernst. 1975. The Obsolescence of Regional Integration Theory. Berkeley: University of California Press.*

*Moravcsik, Andrew. 1991. Negotiating the Single European Act: national interests and conventional statecraft in the European Community. International organization 45 (1):19.*