1985: SIGN OF THE TIMES

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1. Executive summary

The European Council meeting in Milan at the end of June 1985 can be better understood by examining the perspectives of the then Italian political leadership on Italy's global standing and its role within the emerging European Union, as well as the European leadership's vision of Europe's present and future identity.

Prime Minister Bettino Craxi, a socialist leader, used this opportunity to articulate his views on Italy's global role and its place within the European Community (EC). He advocated for strengthening Europe as a political entity, rather than merely an economic partnership. Craxi's outlook aligned with that of the governing coalition's "Atlanticist" vision, which emphasized cohesion among European countries and the United States through NATO treaties.

At the time, Italy was enjoying economic prosperity. Its GDP per capita was similar to that of the United Kingdom and just slightly below that of France and Germany. The country had successfully reduced inflation from a peak of 21% in 1980 to just over 4% by the mid-1980s. The trade deficit was diminishing, thanks to the success of "Made in Italy" products from industrial districts. While public debt was rising, it remained manageable and had not yet reached the alarming levels seen in the early 1990s. Italy's reputation had dramatically improved, both globally and among European partners.

The meeting was characterized by tension, primarily due to resistance from some members, notably the United Kingdom, which had historically opposed transforming the trading area into a more integrated political and economic union. For that to occur, an Intergovernmental Conference (IGC) was necessary.

Even if the European Council was not required to achieve full unanimity in its decisions according to the provisions of the Rome Treaties, consensus had so far been the rule. However, in order to break the deadlock and proceed with organizing an IGC, the Italian Presidency took the unusual (and unexpected) step of proposing, for the first time, a majority vote on the matter. The ability to leverage a majority vote under Article 236 of the Rome Treaty facilitated progress, despite the frustration of a characteristically Euro-skeptical Margaret Thatcher about holding an IGC. This was a fundamental move towards the Single European Act and, ultimately, the new European Treaties signed years later in Maastricht in 1992. The IGC would indeed take place on September 9, 1985, with the support of seven of the ten member states.

2. A sunny weekend in Milan

During the last weekend of June 1985, leaders of the ten member states of the European Economic Community convened in Milan, at the beautiful – and in some way evocative – location of the Castello Sforzesco, where Leonardo da Vinci, one of the most “trans-European” geniuses, had worked for over two decades.

The event had a rather “obvious” superficial *raison d’être*: to celebrate the end of Italy’s six-month rotating presidency, which had begun on January 1, 1985, after Ireland's. But it soon became a significant event, marking the first step of a structural transformation that had a permanent effect on the nature and organization of the Community itself.

For two sunny days, the symbolic Castello hosted not only the EC leaders but also (in the role of "observers") the prime ministers of two countries that were within a few months of joining the union – Spain and Portugal. Incidentally, this was another symbolic event within a symbolic event. Mario Soares and Felipe Gonzales, who were both of a socialist cultural and political inclination, represented two countries that would soon join the European Community just one decade after the end of two oppressive dictatorial regimes that had kept these Iberian countries outside the circle of European democracies. After several years of negotiation, the Treaties granting the Community access to Lisbon and Madrid had been signed a couple of weeks beforehand, on June 12. This was also a momentous event, which effectively emphasized the centripetal role of the EC, as not only a community of economic interests but also a supranational area. The dominant – and only accepted – political "regime" was liberal democracy. Moreover, it was a prerequisite for joining the club.

In terms of political orientation (and aside from the internal affairs of each participant) the European Council that gathered in Milan mirrored a community distinguished by a strong liberal and slightly progressive stance. This was embodied in the Christian Democrat governments of the Netherlands, Belgium and Germany, and in the socialist-liberal coalitions in place in France, Italy, Greece and Luxembourg (not to mention Spain and Portugal). Only two, Denmark and the United Kingdom, had a clear conservative attitude.

3. A changing vision of Europe

What happened at the European Council meeting in Milan during that weekend in June can be better understood by examining, among other things, the outlook of the Italian political leadership on Italy's global standing and its role within the Community (and the envisaged European Union). Also critical was the concept of Europe's present and future identity shared by the vast majority of the European leaders (and their foreign ministers) present at the meeting. As other contributions will analyze in more depth, the Milanese Council was about to take place with a series of issues to be debated – some more problematic than others. But the climate was described by members of the Community as characterized by an "atmosphere of trust" (Calamia 2012, p. 353).

Among the issues on the table, one was particularly "disruptive": the Report of the Dooge Committee instituted by the European Council at Fontainebleau in February 1984. In effect, it laid the basis for convening an IGC with the aim of revising the European Treaties of 1957, paving the way for the Single Act and, finally, for the European Union. A second dossier was to be discussed, of significant historical relevance: the "Delors Report," a European Commission White Paper that aimed at establishing the progressive elimination of residual trade barriers within the union by 1992.

However, while the Delors Report was fully approved by the Council in Milan, the contents of the Dooge Report were the hottest talking point. It was clear to everybody what it represented: not simply a bureaucratic streamlining of the Rome Treaties that had created the European Economic Community nearly three decades earlier, but a landmark that was about to lay the basis for transforming an area of pure economic cooperation into something else – a new institutional project. It signified the much more ambitious identity of a supranational political entity: the European Union.

The Dooge Report was put on the table of the beautiful room Sala delle Asse, originally frescoed by Leonardo da Vinci with the purpose of providing Ludovico Il Moro, a Milanese duke, with an elegant space for receiving foreign diplomats and ambassadors. Da Vinci had decorated the Sala with a forest of mulberry trees that simultaneously represented the region's main source of income (the silk produced by the worms eating the leaves of the trees) and the nickname of the lord ("*moro*" was the local term for the mulberry tree). Yet it also represented the openness Lombardy to the outside world: a forest, but accessible and travelled.

Notwithstanding the beauty of the location, the Dooge Report promised to spark a fire in that wood, given the intrinsic opposition of some members to an evolutionary path towards a political union. Luckily, however, the fire was promptly managed by two exceptional firemen: Craxi and his foreign minister, the experienced Christian Democrat Giulio Andreotti. Still, to fully understand how things unfolded, it's worth examining more closely the perspectives and goals of the Italian political leadership entrusted with the presidency of that European Council.

4. An Italian opportunity

What took place on the second day of the meeting at the Castello Sforzesco, has to be framed, as noted earlier, in the context of the Italian political leadership's view of the country, and of its standing globally and within Europe. There were at least three relevant factors driving Italian action at that Council.

The first, though not necessarily in order of importance, was the firm "Atlanticist" vision of the Italian governing coalition. The Milan European Council took place during the first coalition government headed by a socialist leader, formed by five parties (the Socialist Party, the Christian Democrats, the Liberal Party, the Republican Party and the Social Democrats). Despite the wide political spectrum of the government, the coalition proved to be very stable, lasting for nearly three years – a remarkable achievement in the history of the Italian Republican phase. Regardless of the differences among governing parties, what they had in common was the idea of strengthening Europe as a political entity aspiring to be more than a mere economic partnership of convenience, in close collaboration with the United States within the framework of the North Atlantic alliance.

Transforming the identity of Europe from a series of fundamentally commercial treaties, which largely dealt with the common agricultural policy until the 1980s, into a stronger, unitary political identity was considered an essential step to strengthening the alliance itself. This was the case even during a phase in which the Cold War was quickly losing stream, particularly after the March 1985 election of Mikhail Gorbachev as General Secretary of the Communist Party of the Soviet Union.

Second, the position of the Italian governing coalition was heavily influenced by the attitude towards Europe of its leader, Bettino Craxi. As the recognized leader of the Italian Socialist Party since 1976, but also as the (long-serving) vice-president of the Socialist International Union, he had in mind a clear concept of European identity that differed sharply from prevailing ideas of the 1960s and 1970s. Those decades had been characterized by the absence of a real geopolitical identity and by an evident economic subalternity to the United States, including in the sphere of foreign affairs (Varsori 2023).

The Europe that the socialist leader had in mind – and had frequently emphasized since the beginning of his political career and even when he was charged with forming his first government as prime minister in 1983 – involved real political integration, with coordination among member states' monetary, fiscal, economic and foreign policies and open to enlargement to new members. Last but not least, it would be able to play a hegemonic, stabilizing role on the international stage (Pasquinucci 2024: 74), particularly in the southern Mediterranean (Ceraso 2022). This vision was surely, in Craxi's mind, close to becoming a reality when he welcomed the members of the European Council in Milan – most of whom largely shared his view of a Europe that was "socialist and social democratic" (Pasquinucci 2022; 2024: 71). Of course, as the Italian prime minister, Italy was to play a major role in this process of "transformation" of Europe. Indeed, during the 1980s, the country was enjoying a radical transformation of its international image and standing.

A third factor playing an instrumental role in Milan's events was the fact that Craxi not only supported a less bureaucratic and "nationalist" vision of the European Community but also led a country that, since the beginning of the decade, had been enjoying a revitalized image on the international stage. This is a particularly relevant, albeit often overlooked, aspect of the whole story. In the mid-1980s, at the core of the EC's engine was undisputed joint leadership by an axis formed by France and Germany. This was cemented by the close relationship between the two countries' respective leaders, Françoise Mitterrand and Helmut Kohl. They shared, sometimes with alternate levels of enthusiasm and commitment, the idea of moving a step forward in strengthening European identity. They envisaged increasing the level of European integration in terms of trade as well as promoting better financial and monetary coordination, while progressively removing physical and legal barriers within the Community's borders.

These common feelings between the two leaders explain, for instance, how easily Mitterrand convinced the German Chancellor to appoint Jacques Delors as president of the Commission, with the task of drafting a program of integration that would gradually lead to the Maastricht Treaty some years later. Such a goal was endorsed by some of the leaders of the ten countries at that time forming the Community, but not by all of them. Among the leading economies particularly adverse to this idea of progress in the process of political integration was the United Kingdom. Meanwhile, other smaller economies either supported the Franco-German view, or like Greece, basically prioritized their national interests in order to achieve the maximum possible advantages from economic integration.

All the same, since the beginning of the 1980s, Italy's weight and influence within the Community had been rapidly changing. No longer a "Cinderella" (Varsori 2010), Italy was showing signs of vitality, and not just in mere economic terms. The country had almost fully recovered from the stagnation of the 1970s, which had tormented it with stagflation, and above all, with political and social instability. This culminated in years of violent tensions exacerbated by threats from left-wing and right-wing terrorist organizations – the "Anni di Piombo" (or "Years of Lead").

During the 1980s, Italy was a rather different country. It had returned to a level of economic prosperity close to that experienced during the post-war "economic miracle." Its GDP per capita was similar to that of the United Kingdom and just slightly below that of France and Germany. The trade deficit was diminishing, largely thanks to the success of "Made in Italy" products from industrial districts, which had penetrated global markets. Italian capitalism was based on a mix of firms. On the one hand, there were large firms (though relatively small by international standards) that were either privately-owned or state-controlled and sometimes competitive even if plagued by inefficiencies. On the other hand, there was a vast ocean of small and sometimes very small firms. Historically, these firms were clustered in territories that gave rise to models of "dispersed factories", which were able to produce sophisticated goods for households and customers at a reasonable cost, but which were above all highly stylish and appealing to international consumers.

During the 1980s, Italy's "industrial districts" were able to successfully enter the global market and to embody a model of capitalism that effectively integrated manufacturing activity and fostered social cohesion. Stagflation was a distant memory; inflation had passed from a peak of 21% in 1980 to slightly more than 4% by 1985, in a context of declining unemployment. Public debt was higher than in other large European economies and was still growing, even if it was still distant from the psychological threshold of 100% of GDP; that threshold would not be reached until later, at the beginning of the 1990s.

Thus, the country hosting the Council at the end of its presidency term was by then a widely respected, credible and reliable member of the Community. It was (for the moment) economically solid and politically much more stable than it been in the past. It was also thriving, at least in some areas (namely, the north-western regions that had traditionally been the cradle of the country's industrial prosperity. However, thanks to the "light" industrialization model of the industrial districts, the north-eastern and central regions were experiencing economic growth. This contributed to reducing the country's structural economic divide between the north and the south.

5. Conclusions: Breaking the deadlock

Overall, this rapid and successful economic recovery and relative political stability gave Italy a determinant role in supporting the ambition of those pushing for a more politically integrated Europe, which was less focused on managing marginal bureaucratic issues like the omnipresent common agricultural policy. Indeed, the goal was to develop a comprehensive economic and political union that was characterized by more than just undisputed geoeconomic "leadership", and which was ready to assume an active role in international affairs. As analyzed above, the country's political leadership had endorsed this aspiration for many years. The approach to achieving more effective integration implied, by definition, a process of containing the national interests of individual countries in favor of expanding the powers of the European Council, Parliament, and Commission. Ultimately, this would mean increasing the Community's political influence relative to member states.

At the Milan meeting, the diverging views about the future of Europe – its identity as a common trading area or as a more cohesive bloc – were bound to clash strongly, given the fact that the meeting was intended to consider various proposals for the reform of the European institutions.

The review of the European Commission's White Paper (Delors Report) on completion of the internal market went quite well: the ten members endorsed its recommendations without any particular objection. In the end, the White Paper's aim was chiefly to streamline the process of integration and to progressively remove the remaining barriers to the free movement of goods, capital and people.

As might have been expected, the real clash was to take place over another, more substantial structural issue contained in the report of the Dooge Committee. The discussion about institutional reforms and the conversion of the communities that actually formed the EC into a European Union (something much closer to a political entity than to an area of economic cooperation) exacerbated national divergences. In particular, Denmark and the United Kingdom were stubbornly against revising the EC Treaties and strengthening the common institutions.

This was the moment when the Italian Presidency leveraged its political weight and reputation and proposed, based on Article 236 of the Rome Treaty, an IGC to revise the Treaties themselves. The proposal was put to a vote – which was highly exceptional given that while majority voting was envisaged in the Treaties, in effect all the relevant decisions were taken after reaching a consensus. Seven of the ten member states (Belgium, France, Germany, Ireland, Italy, Luxembourg and the Netherlands) voted in favor of the IGC, which was also endorsed by the European Parliament and the Commission.

The IGC took place on September 9, 1985, with the participation of all the member states, including Spain and Portugal, whose accession to the Community was scheduled for January 1, 1986. The conference was instrumental in establishing the Single European Act, which in turn laid the foundation for a deep transformation of the political identity of the European institutions and of the nature of the Community itself, culminating in the Maastricht Treaty of 1992.

6. References

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