Chapter 7 - Towards a New Era of Strategic Government

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Abstract
For the last two decades of the twentieth-century New Public Management dominated political theory and practice. It involved the incorporation of the market model into the public sector itself and the re-orientation of and reduction in the role of the State in the economy. Departments became agencies, statutory authorities were corporatised and many privatised. Public servants became public sector managers responsible for delivering on agreed performance targets in their agencies, most notably efficiency targets. The level playing field replaced state intervention as markets rather than governments determined resource allocation.

In recent years, however, we have seen a new tendency emerge – Strategic Government. It involves the outlining of a vision, the setting of objectives and targets in consultation with the public, the development of strategies to achieve the objectives, and the formation of collaborative arrangements within government and between the government and private and community sectors to carry out these strategies. It is often linked to a new concern for and belief in the sustainability principle and its triple bottom line of economic, social and environmental objectives.

Strategic Management has emerged from the contradictions within New Public Management – between efficiency and effectiveness and between individual choice and public provision. Democratic pressure has not just pushed for a more holistic resolution of these contradictions but also for new powers and interventions to deal with complex problems associated with poverty and social exclusion, to tackle the new policy agendas in health, education, community safety and welfare, and to respond to the threats posed by terrorism and global warming.

Increased relationship complexity associated with Strategic Government requires new capabilities for public servants and moving beyond the simplicities associated with the ‘Let the Managers Manage’ depiction of public accountability and ministerial responsibility.
Threats to institutional autonomy and individual freedom, created by aspects of Strategic Government, require an increased concern for and institutionalisation of the principle of subsidiarity and new human rights protections in our laws, as has been done in the ACT and Victoria.

Introduction

I am delighted to be contributing to the Australian and New Zealand School of Government’s ANU Lecture Program.

The creation of ANZSOG and indeed the Graduate School of Government at the University of Sydney where I teach is an indication that public administration is returning to its rightful place as an essential element in the study of government and politics.

Politics is not just about theory and policy it is also about administration and implementation. Systems have to be administered and policies implemented.

The way this has been, could be and ought to be done is a matter that warrants serious theoretical and practical investigation.

The study of public administration has broadened its horizons as governments have come to expect their heads of department not just to administer but to manage change and create value. This has paved the way for new terminology, in this case ‘public management’.

For those who practise public management the emergence of Graduate Schools of Government has been timely. They have complemented the wonderful work of our institutes of public administration and the innovative thinking associated with our schools of public policy today. To be involved in the public sector is to be at the cutting edge of some of the most creative thinking associated with political and social inquiry. If you want a demonstration of this, look up the website of the Strategy Unit in the UK Cabinet office.¹

We are interested in systems and outcomes, processes and outputs, and strategies and operations.

The long-standing debate about ends and means has been given new meaning as we explore the relationships involved more intensively.

That public servants themselves have been given the opportunity to reflect on these matters through their participation in graduate programs augurs well for the future.

Of course I come to these discussions after 20 years as an elected representative in a State Parliament, three years of which were as a minister and five years as a premier.
Public servants were always there – informing and advising, helping and counselling, worrying and warning, planning and arranging, and occasionally (and I emphasise occasionally), scheming and obstructing.

Without them the system simply couldn’t work. They are part of an equation that involves both the political and the administrative arms of government. Neither can be properly understood without the other. It is all about relationships. As indeed is politics in general: government and people, public and private, commonwealth and state, state and local, executive, legislature and judiciary, cabinet and caucus, etc.

Many factors can influence the way these relationships develop from straightforward events to longer-term tendencies associated with social, economic, environmental or technological changes. I say ‘influence’ because in the end politicians have to interpret and respond to these events and tendencies. The way they do – and how successful they are – is a major factor in determining the type of public management we have.

When we reflect on this we should always remind ourselves of the words of John Maynard Keynes:

The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influence, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back.\(^2\)

**New Public Management**

Tonight I want to reflect on the changes that have occurred over those 20 years. For a large part of that time there was a governing paradigm which we now call the New Public Management. For a couple of years in Carmen Lawrence’s government I was it – Minister Assisting the Treasurer and Minister for Microeconomic Reform. I recall representing the Premier at one of the crucial meetings that established the national competition reform agenda for the 1990’s.

This was also the time when I had my first of many debates with my media advisers about how to describe and advocate.

I had been on talkback radio and was asked: ‘What do you mean by microeconomic reform?’

True to my early education in economics I replied: ‘The use of competition to guarantee an efficient allocation of resources throughout society.’
When I came out of the studio I knew I was in the bad books. My media adviser put it bluntly: ‘The punters would not have the remotest idea of what you meant. Economic theory is one thing, clarity and simplicity another.’

‘Okay,’ I responded, ‘how would this go: Making sure the production of goods and services follows consumer demand, and only the best and most efficient in the private and public sectors survive.’

‘That’s worse,’ he said. ‘Not only is it too long, it doesn’t speak to the day-to-day needs of the punters.’

Feeling challenged but not beaten I made another attempt: ‘Reducing waste and increasing productivity in both the public and private sectors.’

Sensing a breakthrough was close, my word doctor urged me to go further: ‘You’re getting closer, but I am still not clear on what it means for the family budget.’

‘Lower taxes and lower prices!’ I exclaimed in a Eureka moment.

‘Now you’re talking the language of the people’, he concluded, smiling in the knowledge that mediaspeak had recorded another win in the real culture wars.

What governments took on board were not just new methodologies but a new way of thinking about the role of the public sector itself.

Let me try to define these changes by referring to some of the terminology that was used.

The public service became the public sector as the emphasis shifted from the advisory to the service delivery functions of government.

Senior public servants became public sector managers whose accountability to the government of the day was clearly demonstrated in Public Sector Management Acts that had replaced the long-standing Public Service Acts.

Ministerial responsibility was effectively re-interpreted within the broader context of public sector management generally. Public servants were given more independence and therefore more responsibility. It was a case of ‘letting the managers manage.’

Services to the government of the day and to the community became outputs whose efficiency and effectiveness could be measured.

Concepts like benchmarking, comparability, contestability, choice and competition became part of the public sector vocabulary as did ‘the level playing field’.

Citizens and subjects became customers and clients. Government departments became agencies. A range of statutory authorities became government trading enterprises (or GTE’s).
Corporatisation and privatisation became public sector policy options for GTE’s and corporate-style management was introduced for departments. In some jurisdictions a range of government agencies were transformed into self-governing trusts.

The changes that resulted have been comprehensive and far-reaching in their impact.

Many GTE’s have been disaggregated, corporatised and made subject to competition. Many too have been privatised by both commonwealth and state governments.

New independent regulators have replaced ministers as arbitrators of price and access to infrastructure.

Performance management and external auditing are now fully institutionalised as is accrual accounting.

The strict separation of public and private has been broken down by de-regulation, outsourcing and a range of public-private partnerships across a range of activities.

Contract management, previously the preserve of the infrastructure arms of government, has become central to the work of many public sector agencies. Jeff Kennett’s Victoria was actually described as ‘The Contract State’. 3

Given that these were policies that undermined established patterns of power and influence their acceptance and implementation required strength of purpose. Increasingly governments came to seek advice from outside the traditional channels. Consultants were engaged not just as advisers, but to assist in implementation. The size, status and power of Departments of Prime Minister and Cabinet and Premier and Cabinet increased significantly. Top-down change was deemed necessary if public services were to be liberated from the straitjacket of bureaucracy and citizens from limitations placed on their ability to choose.

By the end of the century the reach of this new form of politics and public management had spread into what had been the Soviet Empire and was exerting influence in Japan, Korea, India and China. In as much as globalisation had its theory this was it – a new terminology and a new political economy and public administration for a new era. It descended into pure hubris with the declaration that history had come to an end. 4

But, of course, history did not come to an end. As Hegel observed of the relationship between knowledge and events: ‘the Owl of Minerva only takes flight at dusk, after the changes have occurred. We only know of the full implications of a major change at the very point that something new is taking shape’. 5
Strategic government

In my view we are seeing something new emerge in the public domain. It is a form of public management that is a response not just to terrorism and global warming but also to the contradictions that exist within the practice of New Public Management. This new form of Strategic Government has become the paradigm of choice for governments representing the traditions of both left and right but it suits the instincts of the former more than the latter, particularly when linked to a commitment to the principles of sustainability associated with the economic, social and environmental triple bottom line.

But this is to move ahead of myself. Some definition and description is required.

If we turn to political terminology again, subtle but important shifts can be discerned.

Concepts like ‘strategic planning’, ‘joined-up government’, ‘collaboration’, ‘partnerships’, ‘sustainability’, ‘progress indicators’ have been superimposed onto those associated with the New Public Management.

The idea of comprehensive social change is back on the agenda. However, rather than just defining this change in terms of the values and institutions said to be fundamental to human welfare, governments are increasingly describing change with reference to economic, social, environmental and governance indicators, such as levels of employment, standards of health and education, biodiversity, air quality and degrees of citizenship. The argument is simple: if there is such a thing as ‘the good society’ then surely it will display these features.

In some cases – most notably in Tasmania under the leadership of the late Jim Bacon – the community has been consulted about these objectives and what would measure their achievement. This has given renewed currency to the concepts of ‘citizenship’ and ‘political engagement’.

What is also encouraging about the development is its problem solving approach to public policy and administration. Achieving targets requires focus, co-operation across government, and collaboration with the community. It is all about results rather than just inputs and outputs and the results being referred to are ‘whole-of-society’ results.

Public management is being localised (‘place management’) and personalised (‘case management’) as it is recognised that both locational and individual factors are at work in issues like poverty and social exclusion. It is not just a case of taking services to people but of involving people themselves in problem-solving and capacity-building. People are seen, then, not just as citizens and subjects, customers and clients, but as ‘co-producers’ in the new rights and responsibilities mix of modern politics.
Nor are these ideas only relevant to areas like welfare and health we also see them at work in transport, crime prevention, water and energy policy. The view that ‘the personal is the political’ is now established wisdom in respect of meaningful social change and the conservation of scarce resources.

All in all what we see is a more comprehensive definition of the objectives of public policy and management, the setting of society-wide targets, the involvement of the people in the setting of these targets and the implementation of policy, and more co-operation and co-ordination across government and with the private sector and community.

None of this represents a radical overturning of the changes of the last decades of the twentieth-century. Rather, it is a response to the contradictions created by that new contract/managerial state and a recognition of its limitations in the face of new issues and challenges.

**Efficiency or effectiveness?**

There was always a tension at the heart of New Public Management practice. Whilst it spoke of the three Es of public administration – economy, efficiency and effectiveness – the position and importance of the last objective – effectiveness – was always somewhat problematical. Here we can see the tension between public and private values fully exposed. Was the aim of the exercise to lift the productivity of the public sector or was it to create public value? Was it to serve the interests of citizens as taxpayers or the interests of citizens as clients, customers, or residents? Was it about public good or private choice?

In this battle of ideas and interests ‘efficiency’ was a winner. It was straightforward – the number of inputs required for a product or service. It was associated with an economic theory of resource allocation via markets. Different jurisdictions could be compared and benchmarks established.

Public sector agencies could be compared with their private sector equivalents and put to the test through outsourcing. Governments saw themselves as corporations looking to maximise the efficiency of their operations in the interests of their owners – the taxpayers.

In many cases this led governments – both federal and state - to conclude that some of their operations should be restructured and sold off to the private sector. In this respect, Australia was no different from many other jurisdiction.

This is not to say that New Public Management did not produce some very innovative and useful methodologies for determining public sector effectiveness, including citizens’ charters, the use of consultation techniques, satisfaction surveys and, of course, room for direct choice by the individual. The problem was that the whole notion of effectiveness was framed narrowly around the
work of the agencies themselves and not on the overall performance of the public sector and the society it served.

Of course some government agencies are like businesses and governments need to be businesslike but governments are not businesses. The sum total of individual interests expressed through the market can never produce the public interest except via the logic of utopia. Considerations related to the long-term as well as the short-term, minorities as well as majorities, social relationships as well as efficiency and environmental amenity as well as economic well-being all need to be taken into account.

For centre-left parties the concept of sustainability became a powerful organizing principle and methodology for policy analysis. Economic strength, social relationships and environmental amenity all became important. Rather than see government as organised to deliver each separately, it was redefined to become a means by which each was tackled together in the search for balanced and therefore sustainable outcomes. Indeed to treat them separately ignored the obvious tensions that existed between them.

Even conservatives came to see the narrowness of the market morality and New Public Management agenda. This was reflected in their rediscovery of ‘values’ related to family, community and nation. The State had a role to play to protect and promote these values in the market-place of modern ideas.

Strategic planning in government has brought all of these issues to the surface for proper investigation and resolution. Indeed I would argue that a new sense of purpose has been injected into public sector politics and management as common purposes are clarified and tests of and strategies for achievement are developed in consultation with the public.

What is different about this version of planning is that it is not just about command and control. Issues related to individual motivation and community endeavour as seen as just as important as legislation, regulation and public provision. Consider, for example the deeper understanding we now have of the complexities of tackling social exclusion, poverty and long-term unemployment. These complexities – and those related to the search for the triple-bottom line generally – are brought to the surface not as ‘determining structures’ but as ‘problems to be tackled’.

New Public Management was always going to have some difficulty with complex issues such as poverty, long-term unemployment and social exclusion. Its vision of functionally separate and independently managed units of government delivering standardised services to customers or clients worked well for the ‘average’ citizen. When it came to the differences associated with a multicultural society, the history associated with indigenous disadvantage, the psychology
associated with poverty and the culture associated with long-term unemployment, it was bereft of solutions.

Thus commenced a range of initiatives in the way public services are delivered such as partnerships with community and business, localised and individualised management and co-production. These initiatives were designed to fill in the gaps between the silos and re-establish the all-important enabling functions of government.

**Citizens or consumers?**

The truth is there is a range of contradictions in respect of the way we participate in society – as voters or consumers. In the former we decide as members of a community deliberating on the range and limits of collective provision. In the latter we make decisions for ourselves and our families: which gas company? Which school? What form of health insurance?

There is a tension here that was not fully appreciated as the move to market solutions took hold. The point of public policy was defined as liberating the individual from the straightjacket of collective discipline except in the most basic areas of government provision such as national security, community safety and commercial regulation. Just as the adherents of this approach to government were uncomfortable in the face of politics with all its complexity, confusion, and compromise, so too were the public uncomfortable with the limitations the market model placed on the meaning of public purpose and participation.

By the early years of the twenty-first century both major parties in Australia were being urged by their supporters to ask harder questions about these matters, particularly privatisation. Even the open investment policies of the nation were put to the test when Shell made its unsuccessful bid to takeover Woodside Petroleum.

As a wider range of policies re-emerged as matters for public debate a level of choice returned with the Australian Labor Party (ALP) generally opposed to privatisation (if not to competition) and the Liberal Party generally but not always in favour of privatisation. The role played by State Labor Governments in facilitating this broader debate about ‘ends’ and ‘means’ was particularly important.

It has been the State Governments who have pioneered a strategic approach to government in Australia. All of the States have a strategic plan or are, in the case of New South Wales, in the process of developing one: Victoria’s *Growing Victoria Together*, Queensland’s *Smart State Strategy*, Western Australia’s *Better Planning: Better Services and State Sustainability Strategy*, South Australia’s *Strategic Plan*, Tasmania’s *Tasmania Together 2020*, and New South Wales’ *A New Direction for the Future*. 
They all involve developing major themes for government, priority setting around sustainability–type objectives, the setting of targets or strategic outcomes, the involvement of the people and the monitoring of performance. Under the umbrella of such planning some major structural changes have been implemented and new means of public engagement introduced not just around particular policy issues like water, but also through Regional Cabinets and Regional Parliaments.7

**A new policy agenda**

The move to strategic planning, joined up government and public–private collaboration was not just a response to the contradictions of New Public Management. Yes it did provide for more legitimacy in an age of distrust. Yes it did provide for a sense of purpose within government. Yes it did provide for a more sophisticated debate about the ends and means of contemporary government. Yes it did allow for a more pragmatic mix of public and private endeavour. It did represent the working through of a series of problems that had developed with the implementation of New Public Management.

However, what is as important as these factors is the emergence of new issues on the political agenda that require strong and more strategic government.

In the first place there have been important changes in priority for the big three areas of state government service provision – health, education and community safety. In health it has become clear that policy needs to move beyond the treatment of illness to the prevention of illness. In education the community requires a range of outcomes to be realised as well as the teaching of a particular curriculum. In matters relating to policing there has been recognition of the need not just to fight crime but also to deal with the causes of crime.

At the federal level there has also been a recognition of the need to move beyond income support in welfare to capacity-building and personal responsibility. Issues seen as welfare issues have become employment and training issues just as those traditionally seen as economic (such as human capital) have become personal, social and cultural issues as well.

Traditional models of service delivery – the provision of hospital care and medicine, the unexamined teaching of curriculum, the policing of the streets, and the welfare safety net – are simply insufficient if we are to deal with these broader issues. They are particularly inadequate if we are serious about creating a better way of life generally and for all, no matter what their background or circumstances.

No wonder then that joined-up government, early intervention strategies, public-community partnerships, place and case management and concepts of co-production, personal responsibility, and community policing have all emerged
as major influences on public sector policy and management and the education and training programs associated with them.

**Global warming and terrorism**

In the second place we have seen the new issues of global warming and terrorism having a significant impact on government priorities and their delivery.

Global warming is an issue that requires strategic planning not just within nations but between nations. It is a truly global matter. Not only that, but it requires integration across the traditional boundaries that have separated environmental and economic considerations. It also means integrating longer-term concerns into policy-making today. It challenges not just our mainstream technologies but our culture of consumption.

Because of its importance it has become the policy province for political leaders with central agency involvement in priority setting, policy-making and co-ordination across government.

Strategic planning is also required to deal with the reality and potentiality of natural disasters associated with global warming. Coordination across all government agencies with an interest in crisis management has become a necessity – and is recognised as a contemporary budget and administrative priority.

The same goes for counter-terrorism initiatives within government. Like global warming terrorism has helped facilitate a comeback by state power and government initiative. Attention can be drawn to a number of themes.

Firstly, with respect to the co-ordination of government agencies on everything from surveillance through to incident management, there are not many parts of government that have not been mobilised in the planning process and all levels of government have been affected – local, state and federal.

Secondly, legislation restricting rights and freedoms and extending police powers ‘in the public interest’ has become commonplace.

Thirdly, matters relating to religion and political difference have become more controversial as governments look to define the contours of citizenship and better integrate minorities into the mainstream. From being a regulator and a facilitator the State is also drifting into the role of ‘educator’.

In many ways the terminology of a ‘War on Terror’ tells us a good deal about the increased role of the state as the important separations of political and military and politics and policing are blurred. Governments say that they must plan to avoid terrorism and deal with the eventuality should it occur. Laissez-faire is no longer an option.
The re-birth of the state

Planning, then, is on the march as governments define their objectives on the basis of the triple bottom line and the new threats posed by global warming and terrorism. In working to achieve these objectives a renewed emphasis on the role of the state, increased co-ordination across government and partnerships with the community have become part and parcel of public management.

The belief that public concerns could be contracted out or left to the market for resolution by way of ‘the cunning of reason’ has experienced a significant defeat at the hands of democratic logic and the needs produced by contemporary history. Governments are simply not in a position to deflect responsibility when it comes to matters of life and death and matters about which the public wants real rather than rhetorical solutions.

There are, of course, different versions of strategic government depending upon the political colours of the parties involved. For conservatives, planning with respect to the new terrorism is given priority. For centre-left governments, planning to cover the field of economic, social and environmental concerns is given equal weight. For left-liberals, the planning involved in countering terrorism is seen as counter-productive and authoritarian beyond the limits of acceptability. It is the case, however, that all have moved beyond the era of New Public Management. The State is no longer being hollowed out. It is being given a new sense of purpose and a new content with the wider planning, co-ordinating and facilitating roles being developed.

It is not, however, like the State of old. At the very heart of the politics of Strategic Government is a recognition of complexity, the inevitable clash of values, and the importance of civil society. There is an understanding that not all knowledge lies within government and that engaging the public is not an optional extra but an essential ingredient of good government.

The overarching theme is one of government alongside the community working with it to solve problems. This means more collaboration between levels of government, within governments themselves and between governments and their communities. An enormous range of relationships are formed, within which there are complicated patterns of accountability.

Accountability and strategic government

The fact that the different levels and functions of government are now overlapping raises important questions for our democracy.

What does it mean for democratic accountability?
What does it mean for ministerial responsibility?
What does it mean for public service practice?
One of the essential features of a good system of democracy is proper balance between the centre and the regions and the localities. As governments join forces to solve problems there is a risk of too much centralisation and standardisation. This can undermine more localised accountabilities, reduce meaningful choice in elections, and stifle innovation in policy and practice.

In Australia the link that is often drawn between national development, nationalism and Commonwealth power makes this an ever present threat to good government.

In order to respond to this potential threat to institutional autonomy, we would do well to incorporate into our debates and ultimately into our system the principle of subsidiarity. This aims to ensure that decisions are taken as closely as possible to the citizen and that serious questions should be asked as to whether action at higher levels is justified in light of the possibilities available at lower levels of government.\(^8\)

The same principle applies when considering relations between the government and the non-government sectors. Sometimes the pressure of incorporation may come at a price that is too high, as various welfare agencies have determined in relation to the Federal Government’s welfare-to-work policies.

When it comes to ministerial responsibility Strategic Government has brought with it a degree of inevitable confusion. In this case I believe it is a good thing because of the simplicities and impracticalities associated with both the Westminster doctrine and the New Public Management revision of that doctrine.

Whilst it was clear that the Westminster doctrine of ministerial responsibility was clearly deficient in the real world of public management, its reverse, most commonly described as ‘Let The Managers Manage’, had a corresponding political deficiency.

Firstly, its radical separation of ministerial power and public sector management was not feasible in a world of marginal seats, targeted lobbying and media aggression. To put it another way, there is often a tension between policy rationality and the inevitable messiness of democratic politics.

Secondly, its tendency to shift blame from politicians to public servants took some of the sting out of democratic accountability. Indeed there was something implausible about reducing ministerial responsibility to effective communication of government policy and the setting of performance targets for which public servants were held accountable.

The changes that have come with Strategic Government see ministers back into the managerial equation. Indeed in some of the jurisdictions which have developed plans, lead ministers have been created to chair collaborative initiatives and given strategy-setting, negotiating, and monitoring roles. However, public
servants are still very much in the seat of policy delivery and human resource management, for which there will be clear accountabilities but now we see more balance in the relationship itself and in our understanding of responsibility.

This takes me to my third question about public service practice. It is no longer a case of delivering a particular service. It involves a set of relationships and situations of complexity and even ambiguity. New skills related to public engagement and consultation, project management, managing in a society of diversity, working in teams, developing a multi-disciplinary knowledge-base and planning for the future have all become indispensable even though awkwardly placed alongside our current systems of performance management and public accountability.

The bigger question is whether or not the patterns of accountability and public sector capabilities that are developing in this new era of Strategic Government will be enough. Not only is there a risk of too much centralisation in the system of government there is the related risk of too much power going to government generally. New Public Management required governments to perform fewer functions but to be strong in the way it carried out those functions – what Andrew Gamble called in his book with the same title: *The Free Economy and the Strong State*.9

Strategic Government, on the other hand, is requiring governments to do more and in different ways – facilitating, co-ordinating, partnering and enabling. That being said it is still the State we are talking about and you cannot have states without governments and politicians. Note also the new powers being taken on by the State to ‘protect’ and to ‘educate’. These are powers that can be abused in a society of diversity and robust debate. As a community we need to ask whether we have an adequate system of checks and balances to combat abuse?

In the A.C.T. and Victoria they have asked this question and answered it with new human rights protections in their laws.10 This is a sensible course of action in a world where the power and authority of the State is bound to expand.

ENDNOTES

1 See http://www.strategy.gov.uk.
5 In the Preface to his *Philosophy of Right* (1820) Hegel wrote: ‘One more word about giving instruction as to what the world ought to be. Philosophy in any case always comes on the scene too late to give it … When philosophy paints its gray in gray, then has a shape of life grown old. By philosophy’s gray in gray it cannot be rejuvenated but only understood. The owl of Minerva spreads its wings only with the falling of the dusk.’
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8 Subsidiarity was established in EU law by the *Treaty of Maastricht*, signed on 7 February 1992 and entered into force on 1 November 1993. The present formulation is contained in Article 5 of the Treaty Establishing the European Community (consolidated version following the Treaty of Nice, which entered into force on 1 February 2003): ‘The Community shall act within the limits of the powers conferred upon it by this Treaty and of the objectives assigned to it therein. In areas which do not fall within its exclusive competence, the Community shall take action, in accordance with the principle of subsidiarity, only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States and can therefore, by reason of the scale or effects of the proposed action, be better achieved by the Community. Any action by the Community shall not go beyond what is necessary to achieve the objectives of this Treaty.’ See http://en.wikipedia.org/wiki/Subsidiarity.
