

**For a Smaller but Better Government –  
Government and Marketisation of Public Service Delivery  
in an Age of Transition**

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**Abstract:** In an age of transition of CEE-countries from the communist command economy to a capitalist market (or mixed) economy, the debate on the relation between government and the market goes on but enters a new stage. On the one hand, a strong market needs a strong government. Both go hand in hand. On the other hand, the provision of public services can substantially be improved by making use of so-called 'market devices', either in the private sector but or and even inside the public sector. Some labels of the debate are: 'marketisation' of public services; public services and market mechanisms; competition, contracting and the New Public Management.

In this chapter the new relations between government and the market in an age of transition are analysed. We start the argument with an analysis of bureaucracy as problem of big government. Then, three ways to fight bureaucracy are explored. The debate between reinvented versus rediscovered government is covered next. Subsequently, we discuss some problems for entrepreneurial government. Four market devices for public service delivery are analysed shortly and four fundamental questions are raised. Finally, contingency conditions are discussed. The chapter closes with a short conclusion about the ultimate goal and lessons learned.