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Governments of the Republic of Korea, Japan, the People's Republic of China, the United Kingdom, the United States, France and Germany, with their legislatures, and the public development banks Bpifrance, Japan Finance Corporation and KfW

Summary: This report reviews the entrepreneurial ecosystem policy that the governments of Korea, Japan, China, the United Kingdom, the United States, France and Germany set out from January to December 2023 in six domains — regulation and law, finance, culture, support, human capital and markets — and analyses it in its context, against theory and in practice. Finance was the centre of policy and culture the thinnest domain. The best measures let private managers choose the firms that public money followed, gave founders shares with extra votes, removed personal guarantees or opened routes for foreign founders; the weakest were statements and awards, cuts to advice, deferred tax cuts and reforms left as bills or plans. China's premiership passed from Li Keqiang to Li Qiang, Germany's budget for 2024 was not adopted, and the United States ran on continuing resolutions.

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Entrepreneurial Ecosystem Policy in Korea, Japan, China, the United Kingdom, the United States, France and Germany, 2023

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Entrepreneurial Ecosystem Policy in Korea, Japan, China, the United Kingdom, the United States, France and Germany, 2023

Abstract

This report reviews and analyses the entrepreneurial ecosystem policy of the governments of the Republic of Korea, Japan, the People's Republic of China, the United Kingdom, the United States, France and Germany in their plans, laws, budgets and announcements. The policies are reviewed in six domains — regulation and law, finance, culture, support, human capital and markets — and analysed in their context, against theories of entrepreneurial ecosystems, entrepreneurial finance, business failure and policy design, and in practice. Finance was the centre of policy. Where public money followed private choices, as in Korea's Fund of Funds and TIPS, the US SBIC rule, France's Tibi initiative and Germany's Future Fund modules, the designs followed the evidence; Korea's Startup Korea Fund remained a budget line, and Germany's line for innovative start-ups fell in a draft budget that was not adopted. Korea and Germany brought multiple-voting shares into force, and Japan enacted a tax exemption for gains reinvested in start-ups. Talent policy diverged: Germany enacted a founder permit from 2024 and Japan let private bodies confirm start-up visas, while the British route for founders needs endorsement at every stage and the US rule for founders on H-1B visas remained a proposal. Japan, China and Korea acted on the personal cost of failure, through guarantees without personal guarantees, credit repair and a restart plan; in the United Kingdom, the United States and Germany culture was addressed by a speech and awards, a proclamation and an aim. Culture was the thinnest domain. China's premiership passed from Li Keqiang to Li Qiang, Germany's budget for 2024 was not adopted after a ruling of its Constitutional Court, the United States ran on continuing resolutions, and many reforms were bills or plans at the end of the year; performance was reported as outputs, not effects. The period covered is January to December 2023.

Keywords

venture capital, fund of funds, multiple-voting shares, investor tax relief, personal guarantees, credit repair, start-up visas, stock options, employee shares, bureaucracy relief, public procurement

JEL Classification

L26, L53, G24, H25, O38, M13

Entrepreneurship Policy Research Division, Institute for Entrepreneurial Ecosystem Development (IFEED).

1 INTRODUCTION

Key findings

- Finance was the centre of policy, and culture remained the thinnest domain: governments appointed ambassadors, gave awards, proclaimed a month and stated aims, and few measures touched attitudes to failure.
- Public money worked best where private managers chose the firms. Korea's Fund of Funds and TIPS, the US SBIC rule, France's Tibi initiative, with nearly EUR 7 billion from 28 investors, and Germany's Future Fund modules followed that design; Korea's Startup Korea Fund remained a line in a budget proposal, and Germany's draft line for innovative start-ups fell from EUR 176.9 million to EUR 170.9 million.
- Control rights and investor reliefs advanced. Multiple-voting shares took effect for founders of Korean venture firms on 17 November and for German stock corporations on 15 December; Japan exempted gains reinvested in start-ups up to JPY 2 billion and the United Kingdom raised its seed-investment limits, while the British extension of EIS and VCT relief, Japan's wider angel deduction and Germany's Growth Opportunities bill remained announcements or bills.
- Talent policy diverged. Germany enacted a founder residence permit and an opportunity card from 2024, and Japan let private bodies confirm start-up visas and lengthened stock-option periods to 15 years; the United Kingdom replaced its Innovator and Start-up routes with one that needs endorsement at every stage, the US rule for owners on H-1B visas remained a proposal, and Korea's founder visas were plans.
- Japan, China and Korea acted on the personal cost of failure: Japan's guarantee without a personal guarantee made 1,129 approvals, China's credit repair took effect on 1 May and Korea announced a restart plan on 19 December. In the United Kingdom, the United States and Germany culture was addressed by a speech and awards, a proclamation and an aim.
- Fiscal and political pressure shaped the year. China's premiership passed from Li Keqiang to Li Qiang; Germany's budget for 2024 was not adopted after the Federal Constitutional Court's ruling of 15 November; the United States ran on continuing resolutions; France adopted its budget under Article 49(3) of its Constitution and deferred the abolition of a business levy; and Korea proposed its lowest growth of spending since 2005.
- Many reforms were bills, plans or acts not yet in force at the end of the year, and performance was reported as outputs, not effects: venture investment in Korea was 25 % lower in nine months despite a third-quarter rise, start-ups in Germany fell by 9 % in 2022, and fewer small firms won US prime contracts.

The entrepreneurial ecosystem approach holds that productive entrepreneurship depends on many conditions at once — policy, finance, culture, supports, human capital and markets — and that governments go wrong when they act on only one or two of them or try to emulate Silicon Valley (Isenberg, 2010, 2011). The approach has since been developed into models in which the

conditions are interdependent and in which the weakest condition limits the performance of the system (Ács, Autio, & Szerb, 2014; Stam, 2015), and in which the relationships among cultural, social and material attributes reproduce the ecosystem (Spigel, 2017). This report applies it to Korea, Japan, China, the United Kingdom, the United States, France and Germany in one year. It asks three questions:

1. What policies did each of these governments set out in each domain of the entrepreneurial ecosystem in 2023?
2. How did the policies arise and how were they justified, how far were they valid in theory, and what had they achieved in practice by the end of the year?
3. What were their limitations, and what follows for policy?

The report draws on the policy studies and entrepreneurship literature where it bears on a policy — on problem definition and representation (Bacchi, 2009; Rochefort & Cobb, 1993), entrepreneurial ecosystems (Brown & Mason, 2017; Stam, 2015), government venture capital and loan guarantees (Brander, Du, & Hellmann, 2015; Lerner, 2009; Riding, Madill, & Haines, 2007), investor taxation (Denes, Howell, Mezzanotti, Wang, & Xu, 2023; Edwards & Todtenhaupt, 2020), entry regulation and non-compete clauses (Klapper, Laeven, & Rajan, 2006; Starr, Balasubramanian, & Sakakibara, 2018), business failure (Lee, Peng, & Barney, 2007; Lee, Yamakawa, Peng, & Barney, 2011), immigrant talent (Hunt, 2011; Kerr & Kerr, 2020) and public procurement (Edler & Georghiou, 2007).

Section 2 reviews the key policies of 2023 in six domains and assesses each country's policies in each domain. Section 3 analyses the policies in their context, against theory and in practice. Section 4 sets out the debates and contested points they raised and their theoretical limitations, and Section 5 their implications for policy.

The report rests on the plans, laws, budgets, reports and announcements in which these governments set out their entrepreneurial ecosystem policy in 2023: cabinet plans and economic measures, acts of the legislature and bills, budgets and budget requests, rules and decrees in official journals, statistics, and the press releases of ministries, agencies and public development banks — Bpifrance, Japan Finance Corporation and KfW — acting for the state.

Table 1 lists the sources by country. Quotations from sources that are not in English are IFEED's translations.

Table 1: Government plans, laws, reports and announcements reviewed

Subject	Issuing bodies	Date and type	Period covered	Description
Korea				
Fund of Funds second call	MSS	7 March 2023 Press release	March 2023	KRW 684.5 billion offered to form KRW 1.4 trillion of funds.
Public purchasing from SMEs	MSS	18 April 2023 Press release	2022–April 2023	KRW 118.9 trillion bought in 2022; 8 % quota for start-ups.
Plan for venture and start-up funding	MSS; FSC	20 April 2023 Plan, release	April 2023	KRW 10.5 trillion of support; sunset clause to be abolished.
Multiple-voting shares	MSS	27 April 2023 Press releases	April–November 2023	Up to 10 votes a share for founders; in force 17 November.
Global innovation zones	MSS	8 May 2023 Plan, release	May–December 2023	Negative-list zones; four candidate regions on 28 December.
Venture Business Act	National Assembly	16 May 2023 Act	January–December 2023	Multiple-voting shares, stock options; sunset clause kept.
Technology special listing	FSC	27 July 2023 Plan, release	July 2023	Single evaluation for strategic technologies; underwriter duties.
Ministry budget for 2024	MSS	29 August 2023 Press releases	August–December 2023	TIPS raised in the proposal; super-gap programme cut.
Government budget for 2024	MOEF	29 August 2023 Budget, release	August–December 2023	Spending up 2.8 %; research cut; Startup Korea Fund line.
Startup Korea strategy	MSS	30 August 2023 Strategy	August 2023	Overseas support, Startup Korea Fund, founder visas, listing.
Venture investment statistics	MSS	9 November 2023 Press release	January–September 2023	KRW 7.7 trillion in nine months, 25 % below 2022; third quarter up 24 %.
Private fund of funds	MSS	20 November 2023 Press release	March–November 2023	KRW 100 billion from one financial group; law from 19 October.
Restart support plan	MSS	19 December 2023 Plan, release	December 2023	Credit records blinded; restart fund to KRW 100 billion.
Start-up enterprise survey	MSS	28 December 2023 Press release	2021	Fear of failure the second barrier, named by 37.9 %.
Japan				
Survey on starting a business	Japan Finance Corporation	12 January 2023 Survey release	November 2022	Interest in founding; lack of own funds 51.1 %.
Act No. 3 of 2023	National Diet	31 March 2023 Act	April–December 2023	Start-up reinvestment exemption; 15-year stock options.
Entrepreneurship education	MEXT	May 2023 Feature	January–June 2023	Ambassadors; programmes for upper-secondary students.
Grand Design and Action Plan 2023	Cabinet Secretariat	16 June 2023 Cabinet decision	2023	Investment target, procurement target, restructuring bill.
Act No. 61 of 2023	National Diet	16 June 2023 Act	June–December 2023	Insurance for loans without guarantors; date by Cabinet Order.
Progress of the five-year plan	METI	2 August 2023 Meeting paper	March–August 2023	Guarantee without personal guarantee; start-up visa.

Subject	Issuing bodies	Date and type	Period covered	Description
Support package for SMEs	FSA	1 September 2023 Request, statistics	April–September 2023	Loans without management guarantees 46.7 % of new loans.
Comprehensive economic measures	Government of Japan	2 November 2023 Cabinet decision	November–December 2023	Guarantee scheme brought forward; negotiated contracts.
Tax reform outline	Government of Japan	22 December 2023 Cabinet decision	December 2023	Higher stock-option caps; wider angel deduction.
Start-up support measures	Cabinet Secretariat	26 December 2023 Meeting materials	January–December 2023	Guarantee results, campus budget, visa, procurement.
Draft budget for fiscal year 2024	Ministry of Finance	December 2023 Budget materials	December 2023	SME budget down 0.6 %; support projects cut.
China				
Measures for SMEs	MIIT	11 January 2023 Notice	January–December 2023	SRDI targets; over 40 % of public works for SMEs.
Credit repair	NDRC	13 January 2023 Rule	May–December 2023	Penalty records shortened; early removal; no fees.
IPO registration	CSRC	17 February 2023 Rule	February–December 2023	One rule for all boards; disclosure at its core.
Government work report	State Council	5 March 2023 Work report	2023	Targets, deficit, private firms, SRDI count.
Youth employment plan	MOHRSS	30 March 2023 Notice	March–December 2023	Entrepreneurship training, mentors, incubation.
Private investment funds	State Council	3 July 2023 Regulation	September–December 2023	Venture capital fund defined; lighter supervision.
Opinions on the private economy	CPC Central Committee; State Council	14 July 2023 Opinions	July–December 2023	Entry barriers barred; tolerance of failure.
Press conference on the private economy	State Council Information Office	20 July 2023 Transcript	January–June 2023	SME credit, SRDI firms, listings, service bodies.
Venture and angel tax conditions	MOF; STA	1 August 2023 Announcement	August–December 2023	Size limits for start-up technology firms kept.
Sail plan for SRDI SMEs	MOHRSS; MIIT	14 September 2023 Notice	September–December 2023	Incubation, guaranteed loans, training, internships.
SME public service system	MIIT	10 November 2023 Guidance	November–December 2023	One national network; stations; four databases.
Company Law revision	NPC Standing Committee	29 December 2023 Law	December 2023	Capital paid within five years; simple exit; from July 2024.
United Kingdom				
Bloomberg speech	HM Treasury	27 January 2023 Speech	January 2023	Enterprise culture, capital for scale-ups.
Immigration rules HC 1160	Home Office	9 March 2023 Memorandum	April–December 2023	Innovator Founder route; Start-up route closed.
King's Awards for Enterprise	DBT	21 April 2023 Press release	April 2023	First awards, to 148 businesses.

Subject	Issuing bodies	Date and type	Period covered	Description
Smarter regulation	DBT	May 2023 Policy paper	May 2023	Working-time relief; non-compete limit intended.
Retained EU Law (Revocation and Reform) Act 2023	Parliament	29 June 2023 Act	June–December 2023	Listed EU-derived law revoked; impact target to go.
Mansion House speech	HM Treasury	10 July 2023 Speech	July 2023	Pension compact; trading venue for private companies.
Finance (No. 2) Act 2023	Parliament	11 July 2023 Act	April–December 2023	Seed scheme limits raised; full expensing.
Local Enterprise Partnerships	DLUHC; DBT	4 August 2023 Guidance	June–December 2023	Core funding ended; Growth Hub criteria.
Business population estimates	DBT	5 October 2023 Statistics	2022–2023	Employing businesses down 3,000 in a year.
Economic Crime and Corporate Transparency Act 2023	Parliament	26 October 2023 Act, SI	October–December 2023	Identity checks; first commencement regulations.
Procurement Act 2023	Cabinet Office	27 October 2023 Release, Act	October–December 2023	SME duties, 30-day payment, pipelines; not in force.
Autumn Statement 2023	HM Treasury	22 November 2023 Fiscal statement	November 2023	EIS and VCT extension and permanent expensing announced.
University spin-outs response	DSIT	November 2023 Response	November 2023	GBP 20 million proof-of-concept fund.
United States				
Non-compete clause rule	FTC	19 January 2023 Proposed rule	January–December 2023	Ban proposed; effect on new business formation.
Affiliation and lending rule	SBA	10 April 2023 Final rule	May–December 2023	Affiliation by ownership only; from 11 May.
Regional Innovation Engines	NSF	11 May 2023 News release	May 2023	Development awards to 44 teams.
Premerger notification rule	FTC	29 June 2023 Proposed rule	June–December 2023	About 12 to 222 more hours per filing.
SBIC rule	SBA	17 July 2023 Release, rule	August–December 2023	Accrual Debenture; Reinvestor funds; fees eased.
Appropriations bills	US House; US Senate	17 July 2023 Bills	July–December 2023	Development centres kept at USD 140 million.
Federal procurement scorecard	SBA	18 July 2023 News release	October 2021–September 2022	Small firms won 26.5 % of contract dollars.
Export grants	SBA	5 September 2023 News release	September 2023	USD 20 million to 49 state trade agencies.
Continuing appropriations	US Congress	30 September 2023 Acts	October–December 2023	Funding at 2023 rates into 2024.
H-1B modernisation proposal	USCIS	23 October 2023 Proposed rule	October–December 2023	H-1B status for owners of petitioning firms.

Subject	Issuing bodies	Date and type	Period covered	Description
National Entrepreneurship Month	President	31 October 2023 Proclamation	November 2023	A record 10.5 million applications stated.
Beneficial ownership reporting	FinCEN	30 November 2023 Final rule	November–December 2023	Reporting from 1 January 2024; 90 days for new firms.
State credit initiative report	Treasury	18 December 2023 Report	September 2022–September 2023	USD 854 million deployed in loan and equity programmes.
Business formation statistics	Census Bureau	18 December 2023 Statistical release	November 2023	Applications and projected employer firms.
SBA budget request	SBA	2023 Budget request	2023	Request below the 2023 level; cuts to advice.
Research cost amortisation	Internal Revenue Service	2023 Notice	September–December 2023	Five-year amortisation of research costs.
France				
One-stop shop for formalities	MEFIDS	16 February 2023 Press releases	January–December 2023	Malfunctions; alternative channels; simplification.
French Tech Next40/120	Mission French Tech	19 February 2023 Press kit	February 2023	Most selective cohort; threshold doubled.
French Tech emerging innovators	MEFIDS	19 April 2023 Release, press kit	April–June 2023	Tailored support; 125 laureates in June.
Choose France summit	Presidency	15 May 2023 Press kit	May 2023	Tax environment presented to investors.
Tibi initiative, second phase	MEFIDS	14 June 2023 Press releases	2020–June 2023	Nearly EUR 7 billion from 28 investors.
I choose French Tech	Mission French Tech	16 June 2023 Presentation kit	2021–June 2023	State purchases from innovative SMEs to 4 %.
Draft finance bill for 2024	MEFIDS	27 September 2023 Press kit, release	September–December 2023	Savings from ending crisis measures.
Bpifrance, first half of 2023	Bpifrance	29 September 2023 Press release	January–June 2023	Investments down 28 %; honour loans; creation networks.
Late-payment fines	DGCCRF	9 November 2023 Press release	January–June 2023	EUR 30 million of fines for 224 firms.
Value-Sharing Act	Parliament	29 November 2023 Act	November–December 2023	Free-share ceilings raised; deferral repealed.
Finance Act for 2024	Parliament	29 December 2023 Act	December 2023	Investor reductions raised; levy abolition deferred; offers of young firms.
Germany				
KfW Start-up Monitor	KfW	31 May 2023 Report	2022	Start-ups down 9 % in 2022; bureaucracy named by 45 %.
Skilled Immigration Act	Bundestag; Bundesrat	18 August 2023 Act	August–December 2023	Blue Card; founder permit and card from 2024.
Draft federal budget for 2024	Federal Government	18 August 2023 Budget bill	2023	EUR 170.9 million for innovative start-ups, less than in 2023.

Subject	Issuing bodies	Date and type	Period covered	Description
10-point plan	Federal Government	29 August 2023 Programme paper	August 2023	Founder-country aim; capital market access.
Bureaucracy relief key points	Federal Ministry of Justice	30 August 2023 Release, key points	January–August 2023	Retention periods from 10 to eight years.
Start-up Strategy progress report	Federal Government	22 September 2023 Report	July 2022–September 2023	Future Fund modules; EXIST; Start-up Factories.
Growth Opportunities bill	Federal Government	2 October 2023 Bill	October–December 2023	Higher bookkeeping thresholds; tax relief.
Bundesrat session of 24 November	Bundesrat	24 November 2023 Record	November 2023	Mediation Committee called on the bill.
Future Financing Act	Bundestag; Bundesrat	14 December 2023 Act	December 2023	Multiple-voting shares; listing shells; employee shares.
Supplementary budget for 2023	Bundestag	15 December 2023 Reports	November–December 2023	Court ruling; 2024 budget not adopted.
SPRIND Freedom Act	Bundestag; Bundesrat	29 December 2023 Act	December 2023	Equity, loans and budget flexibility for SPRIND.

Source: The plans, laws, reports and announcements listed. Periods covered and descriptions: IFEED.

Note: Where a source has several parts, citations name the part (for example, plan or press release) before the page. Abbreviations: CP, Command Paper; CPC, Communist Party of China; CSRC, China Securities Regulatory Commission; DBT, Department for Business and Trade; DGCCRF, Directorate General for Competition Policy, Consumer Affairs and Fraud Control; DLUHC, Department for Levelling Up, Housing and Communities; DSIT, Department for Science, Innovation and Technology; EIS, Enterprise Investment Scheme; EU, European Union; EXIST, Business Start-ups from Science (federal programme); FinCEN, Financial Crimes Enforcement Network; FSA, Financial Services Agency; FSC, Financial Services Commission; FTC, Federal Trade Commission; HC, House of Commons paper; INVEST, grant for venture capital (federal programme); IPO, initial public offering; LEP, Local Enterprise Partnership; MEFIDS, Ministry of the Economy, Finance and Industrial and Digital Sovereignty; METI, Ministry of Economy, Trade and Industry; MEXT, Ministry of Education, Culture, Sports, Science and Technology; MIIT, Ministry of Industry and Information Technology; MOEF, Ministry of Economy and Finance; MOF, Ministry of Finance (China); MOHRSS, Ministry of Human Resources and Social Security; MSS, Ministry of SMEs and Startups; NDRC, National Development and Reform Commission; NPC, National People's Congress; NSF, National Science Foundation; R&D, research and development; SBA, U.S. Small Business Administration; SBIC, Small Business Investment Company; SI, statutory instrument; SME, small and medium-sized enterprise; SPRIND, Federal Agency for Disruptive Innovation; SRDI, specialised, refined, distinctive and innovative; STA, State Taxation Administration; TIPS, Tech Incubator Program for Startup; UK, United Kingdom; US (U.S.), United States; USCIS, U.S. Citizenship and Immigration Services; VCT, venture capital trust.

2 REVIEW OF ENTREPRENEURIAL ECOSYSTEM POLICIES

This section reviews the key policies of 2023 in six domains, adapted from Isenberg's domains of the entrepreneurial ecosystem (Isenberg, 2011): regulation and law; finance, in grants, funding and financial infrastructure; culture; institutional support; human capital, in education and training and in labour; and markets, in market and industry support, initial public offerings (IPO) and exit.

2.1 REGULATION AND LAW

Regulation turned on share classes, company registers and burden relief.

2.1.1 KOREA: MULTIPLE-VOTING SHARES AND GLOBAL INNOVATION ZONES

An amendment of the Act on Special Measures for the Promotion of Venture Businesses (the Venture Business Act), passed on 27 April 2023, lets unlisted venture firms issue to their founders shares with up to 10 votes (MSS, 27 April 2023, release of 27 April, p. 1). Promulgated on 16 May as Act No. 19416, it took effect on 17 November; the shares require outside investment of at least KRW 10 billion in total and KRW 5 billion in the latest round (MSS, 27 April 2023, release of 13 November, p. 4). The plan of 20 April announced the abolition of the Act's sunset clause (MSS & FSC, 20 April 2023, p. 5), but the Act in force at the end of the year still carried it (National Assembly of Korea, 16 May 2023, addenda, Art. 2). The plan of 8 May for global innovation zones under a negative-list rule foresaw two or three pilot zones in 2023 (MSS, 8 May 2023, plan, p. 2); on 28 December four candidate regions were named, pending a committee decision (MSS, 8 May 2023, release of 28 December, pp. 1–2).

This was a mixed policy. The new shares let founders raise outside equity without losing control. But it has been argued that public programmes fail when they are too short-lived to change decisions (Lerner, 2009), and the sunset clause stayed; the innovation zones had not been designated by the end of the year.

2.1.2 JAPAN: ACT NO. 61 AND THE ENTERPRISE-VALUE SECURITY RIGHT

Act No. 61 of 2023, promulgated on 16 June, lets SME credit insurance cover guarantees that require no guarantor where the borrower gives the lender its balance sheet and income statement; it takes effect on a date set by Cabinet Order within one year (National Diet of Japan, 16 June 2023, Art. 1, and suppl. Art. 1). The Financial Services Agency (FSA) reported that loans not relying on management guarantees rose to 46.7 % of private institutions' new loans in April to September 2023, from 33.8 % a year earlier (FSA, 1 September 2023, release of 26 December). A security right over a whole business was to be submitted as a bill in 2024 (Cabinet Secretariat, 26 December 2023, overview slide), and a bill letting a majority of creditors reduce financial debts was promised "early" (Cabinet Secretariat, 16 June 2023, p. 51).

This was a mixed policy. It has been argued that a lower personal cost of failure encourages risky entry (Lee et al., 2007), and the Act and the falling reliance on guarantees lower that cost. But the reforms of security and restructuring, which would reach beyond guarantees, were plans.

2.1.3 CHINA: THE REVISED COMPANY LAW AND THE BAN ON ENTRY BARRIERS

The Standing Committee of the National People's Congress (NPC) adopted on 29 December 2023 a revised Company Law that will take effect on 1 July 2024. It will require shareholders of limited liability companies to pay in subscribed capital within five years and will let companies without outstanding debts deregister by a simplified procedure after 20 days' public notice (Standing Committee of the National People's Congress, 29 December 2023, Arts. 47, 240). The opinions of the CPC Central Committee and the State Council on the private economy, of 14 July, forbid barriers to entry such as record-filing or branch-office requirements, and call for a revision of the Enterprise Bankruptcy Law (CPC Central Committee & State Council, 14 July 2023, Section II, arts. (1), (4)).

This was a mixed policy. Costly entry regulation hampers the entry of new firms (Klapper et al., 2006), and the ban on barriers and the simplified exit lower such costs. But the capital rule will bring forward payments for owners who subscribed more than they paid in, and bankruptcy reform remained a call.

2.1.4 UNITED KINGDOM: THE ECONOMIC CRIME AND RETAINED EU LAW ACTS

The Economic Crime and Corporate Transparency Act 2023, which received Royal Assent on 26 October, will require a statement at incorporation that each director's identity is verified (Parliament of the United Kingdom, 26 October 2023, s. 4); this and other provisions come into force by regulations, and the first commencement regulations, of 13 November, did not include it (Parliament of the United Kingdom, 26 October 2023, s. 219, and SI 2023/1206, regs. 2–3). The Retained EU Law (Revocation and Reform) Act 2023 of 29 June revokes the EU-derived legislation listed in its schedule at the end of 2023 and provides for the abolition of the business impact target (Parliament of the United Kingdom, 29 June 2023, ss. 1, 18). In May the DBT proposed simpler working-time record-keeping and set out an intention to limit non-compete clauses to three months "when Parliamentary time allows" (DBT, May 2023, pp. 14–15).

This was a mixed policy. Identity checks protect the register, and the record-keeping relief would reach every employer. But the abolition of the business impact target removes a statutory target on the burden of regulation, and the limit on non-competes, whose stronger enforcement is associated with fewer spinouts within an industry (Starr et al., 2018), remained an intention.

2.1.5 UNITED STATES: THE AFFILIATION RULE AND OWNERSHIP REPORTING

A rule of the U.S. Small Business Administration (SBA), effective from 11 May 2023, reduced the affiliation test of its business loan programmes to ownership, removing affiliation through management and control and through franchise or licence agreements (SBA, 10 April 2023, pp. 21074–21075). The reporting of beneficial owners to the Financial Crimes Enforcement Network (FinCEN) will start on 1 January 2024; a rule of 30 November gave entities created in 2024 90 days instead of 30 to file, and FinCEN estimated about 32.6 million reporting companies in the first year (FinCEN, 30 November 2023, pp. 83499, 83503). The Federal Trade Commission (FTC) proposed on 19 January to ban non-compete clauses, finding that "the weight of the evidence"

indicates that they likely have a negative impact on new business formation (FTC, 19 January 2023, pp. 3482, 3491); the rule remained a proposal.

This was a mixed policy. The affiliation rule widened access to guaranteed loans by a simpler test. But ownership reporting will add a duty to millions of companies from 2024, and the ban on non-competes, whose enforcement goes with fewer spinouts (Starr et al., 2018), was not adopted.

2.1.6 FRANCE: THE ONE-STOP SHOP AND THE SIMPLIFICATION CONSULTATION

The one-stop shop for business formalities opened on 1 January 2023; creations ran normally, but changes and closures malfunctioned and were given alternative routes (MEFIDS, 16 February 2023, release of 16 February); all formalities were to be on it from 30 June, with the other channels kept until 31 December (MEFIDS, 16 February 2023, release of 20 June). A consultation on simplification launched on 15 and 16 November was to lead to measures in 2024 (MEFIDS, 16 February 2023, release of 16 November). In the first half of the year the Directorate General for Competition Policy, Consumer Affairs and Fraud Control (DGCCRF) launched or completed procedures with EUR 30 million of fines against 224 firms for late payment (DGCCRF, 9 November 2023, press release).

This was a mixed policy. Trade credit should flow from firms with easier access to finance to those with less (Petersen & Rajan, 1997), and published fines enforce the terms on which it flows. But changes and closures could not all be made on the single portal until the middle of the year, and simplification was a consultation at the end of the year.

2.1.7 GERMANY: FUTURE FINANCING ACT AND GROWTH OPPORTUNITIES BILL

The Future Financing Act, promulgated on 14 December 2023 and in force in most parts the next day, lets stock corporations issue registered shares with up to 10 votes, which in listed companies lapse on transfer and at the latest 10 years after listing unless extended by a three-quarters majority (German Bundestag, 14 December 2023, p. 14). The Growth Opportunities bill would raise the bookkeeping thresholds from EUR 600,000 to EUR 800,000 of turnover and from EUR 60,000 to EUR 80,000 of profit (Federal Government of Germany, 2 October 2023, p. 45), but on 24 November the Bundesrat called the Mediation Committee (Bundesrat, 24 November 2023, p. 367). The key points of 30 August for a fourth Bureaucracy Relief Act would cut the retention period for accounting vouchers from 10 to eight years (Federal Ministry of Justice, 30 August 2023, press release).

This was a mixed policy. The new shares let founders raise equity while keeping control. But bureaucracy has for years been among the obstacles most often named by founders, by 45 % in 2022 (KfW, 31 May 2023, p. 10), and the relief they would feel most directly was a bill and a set of key points at the end of the year.

2.2 FINANCE: GRANTS, FUNDING AND FINANCIAL INFRASTRUCTURE

Finance was the largest domain, with public money placed alongside private managers.

2.2.1 KOREA: THE FUND OF FUNDS CALLS AND THE STARTUP KOREA FUND

In its second call of 2023 the Fund of Funds offered KRW 684.5 billion to form about KRW 1.4 trillion of venture funds (MSS, 7 March 2023, p. 1), and the first private fund of funds was launched on 20 November under an amendment in force from 19 October (MSS, 20 November 2023, pp. 1–2). The Startup Korea Fund, of at least KRW 2 trillion over four years from the financial sector, successful venture firms, large firms, pension funds and the Fund of Funds (MSS, 30 August 2023, plan, p. 25), was a KRW 150 billion line in the budget proposal of 29 August (MOEF, 29 August 2023, proposal material, p. 30). Venture investment in the first three quarters, at KRW 7.7 trillion, was 25 % below 2022, though the third quarter was 24 % above a year earlier (MSS, 9 November 2023, p. 1).

This was a mixed policy. The Fund of Funds commits public money to funds whose private managers choose the firms, and public money that invests alongside private investors is associated with more investment and more successful exits (Brander et al., 2015). But the Startup Korea Fund was only a line in a budget proposal.

2.2.2 JAPAN: THE REINVESTMENT EXEMPTION AND THE START-UP GUARANTEE

Act No. 3 of 2023, in force from 1 April, exempts gains on shares, up to JPY 2 billion, when they are put into founding or investing in a new start-up (National Diet of Japan, 31 March 2023, bill record, item 2, and Art. 10). The Start-up Creation Promotion Guarantee, a credit guarantee without a personal guarantee for founders and firms under five years old, approved 1,129 guarantees worth JPY 11.9 billion from 15 March to 15 December (Cabinet Secretariat, 26 December 2023, METI deck, slide 22). The tax outline of 22 December would extend the angel deduction to stock acquisition rights (Government of Japan, 22 December 2023, pp. 8–9), and the draft budget would cut funding related to credit guarantees in line with lending (Ministry of Finance of Japan, December 2023, p. 3).

This was a good policy. A larger exclusion of capital gains on start-up stock raised the funding of eligible firms (Edwards & Todtenhaupt, 2020), and the reinvestment exemption uses the same lever. The guarantee removes the personal guarantee, which about 80 % of the people interested in founding who hesitate over the cost of failure named as the cause (METI, 2 August 2023, p. 14), and most guaranteed loans in Canada were found to be incremental (Riding et al., 2007); the government reported volume, not incrementality.

2.2.3 CHINA: DECREE NO. 762 AND THE TAX CONDITIONS FOR INVESTORS

State Council Decree No. 762 on private investment funds, signed on 3 July and in force from 1 September, defines venture capital funds and provides for differentiated supervision, with simpler filing and fewer inspections for compliant funds (State Council of the People's Republic of China, 3 July 2023, preamble, Arts. 35–37). On 1 August the Ministry of Finance and the State Taxation Administration kept the size limits under which venture capital firms and angel investors receive tax relief for investing in start-up technology firms: up to 300 employees and CNY 50 million each of assets and annual sales (MOF & STA, 1 August 2023, paras. 1–3). The Ministry of Industry and Information Technology (MIIT) reported inclusive loans to micro and small firms of

CNY 27.7 trillion at the end of June and 31 sub-funds of the state SME development fund raising nearly CNY 90 billion (State Council Information Office, 20 July 2023, MIIT replies).

This was a mixed policy. The decree supervises venture capital funds more lightly than other private funds, and the tax conditions give investors a stable test. But credit was reported by volume, and the effect of the state sub-funds on private investment was not shown; public funds can crowd out private capital (Cumming & MacIntosh, 2006).

2.2.4 UNITED KINGDOM: SEED RELIEF AND THE EIS AND VCT EXTENSION

The Finance (No. 2) Act 2023 of 11 July raised the limits of the Seed Enterprise Investment Scheme for shares issued from 6 April 2023 — the investor limit from GBP 100,000 to GBP 200,000 and the company's lifetime limit from GBP 150,000 to GBP 250,000 — and introduced full expensing of plant and machinery for three years (Parliament of the United Kingdom, 11 July 2023, ss. 7, 15). The Autumn Statement of 22 November announced that full expensing would be made permanent, that relief under the Enterprise Investment Scheme (EIS) and for venture capital trusts (VCT) would be extended by 10 years, and that the reliefs for research and development (R&D) would be merged from April 2024 (HM Treasury, 22 November 2023, p. 53, and paras. 4.20, 5.76). At Mansion House on 10 July nine large pension schemes signed a compact that commits them to the objective of allocating at least 5 % of their default funds to unlisted equities by the end of the decade (HM Treasury, 10 July 2023, speech).

This was a mixed policy. The enacted seed limits widen relief for investors in the smallest firms. But the longer EIS and VCT relief, permanent expensing and the merged R&D relief awaited a bill at the end of the year, and the pension compact set an objective, not an allocation.

2.2.5 UNITED STATES: THE SBIC RULE AND THE STATE CREDIT INITIATIVE

An SBA rule effective from 17 August introduced an Accrual Debenture for long-term equity funds and Reinvestor Small Business Investment Companies (SBIC), which are funds of funds, and modified licensing fees to ease entry for new applicants (SBA, 17 July 2023, release of 17 July, and rule, pp. 45982, 45984). Under the State Small Business Credit Initiative, 54 jurisdictions had deployed USD 854 million in loan and equity programmes by 30 September (U.S. Department of the Treasury, 18 December 2023, p. 1). Interim guidance of the Internal Revenue Service confirmed that research costs must be amortised over five years, or 15 years for foreign research (Internal Revenue Service, 2023, p. 5).

This was a mixed policy. The SBIC rule puts public leverage behind privately managed funds, the design the evidence favours (Brander et al., 2015), and the state programmes had begun to deploy federal money. But the amortisation of research costs defers the deduction that research-intensive young firms most need.

2.2.6 FRANCE: THE TIBI INITIATIVE AND THE FINANCE ACT FOR 2024

On 26 June the state signed with 28 institutional investors the second phase of the Tibi initiative: nearly EUR 7 billion over four years from 2023 for funds labelled by it; the EUR 6 billion of the first

phase had been met (MEFIDS, 14 June 2023, releases of 14 and 26 June). The Finance Act for 2024 of 29 December will set the income-tax reduction for subscriptions to young innovative companies at 30 %, against 18 % in general, and at 50 % where research is at least 30 % of their charges, for five years from 1 January 2024 (Parliament of France, 29 December 2023, Art. 48). It cut the rates of the contribution on firms' value added in three annual steps from 2024 but deferred its abolition by three years (Parliament of France, 29 December 2023, Art. 79), after the government had presented to investors in May its definitive abolition in 2023 and 2024 (Presidency of the French Republic, 15 May 2023, p. 19).

This was a mixed policy. The Tibi initiative was good: it draws institutional money into privately managed funds, and venture capital has been found to spur patenting far more than corporate research (Kortum & Lerner, 2000). The higher reductions will take effect in 2024, although tax credits for angel investors have raised angel investment without a significant effect on entrepreneurial activity (Denes et al., 2023). The deferral of the levy's abolition was poor: it withdrew a cut presented to investors as definitive.

2.2.7 GERMANY: THE FUTURE FUND MODULES, INVEST AND THE DRAFT BUDGET

The Future Fund added modules in 2023: the DeepTech & Climate Fund and the European Tech Champions Initiative began in February, the latter with about EUR 3.75 billion pledged, EUR 1 billion of it from Germany (Federal Government of Germany, 22 September 2023, pp. 6–7). INVEST, the grant for business angels, was extended in February for four years and raised from 20 % to 25 % of the investment, with the minimum cut from EUR 25,000 to EUR 10,000, and the fourth High-Tech Gründerfonds, a fund of nearly EUR 500 million for technology firms up to three years old, about a third of it private, was launched (Federal Government of Germany, 22 September 2023, p. 7). The draft budget for 2024 put EUR 170.9 million into innovative start-ups, against EUR 176.9 million in 2023 (Federal Government of Germany, 18 August 2023, ch. 0902, title 686 07); after the Federal Constitutional Court's ruling of 15 November the budget committee ended its clearing session without a decision, and the budget remained a draft at the end of the year (German Bundestag, 15 December 2023, report of 17 November and article of 15 December).

This was a mixed policy. The fund modules and the High-Tech Gründerfonds invest through or alongside private investors, as the evidence favours (Brander et al., 2015), and INVEST lowers the cost of a first outside investor, although angel tax credits have raised angel investment without a significant effect on entrepreneurial activity (Denes et al., 2023). But the draft budget lowered the line that funds EXIST and INVEST, and it was not adopted in 2023.

2.3 CULTURE

Culture remained the thinnest domain.

2.3.1 KOREA: THE RESTART SUPPORT PLAN

The plan of 19 December to revitalise restart support would blind negative credit information for restarters who pass an integrity evaluation, raise the restart fund from KRW 75 billion to KRW 100

billion and let property exempt from seizure in bankruptcy follow inflation (MSS, 19 December 2023, pp. 2–4). The ministry's survey found the fear of failure the second barrier to starting a business, named by 37.9 % (MSS, 28 December 2023, p. 3).

This was a mixed policy. Bankruptcy laws friendly to entrepreneurs go with higher entry across countries (Lee et al., 2011), and the plan aims at the records and debts that follow a failed founder. But it came in the last fortnight of the year, and its legal changes were still to be made.

2.3.2 JAPAN: EDUCATION AMBASSADORS AND J-STARTUP IMPACT

In January 2023 the education minister appointed 10 ambassadors to promote entrepreneurship education for upper-secondary students (MEXT, May 2023, p. 3), and in October METI selected 30 impact start-ups for J-Startup Impact, with benefits in public procurement (Cabinet Secretariat, 26 December 2023, METI deck, slide 29). The research institute of Japan Finance Corporation found a lack of own funds, named by 51.1 %, the most common reason why people interested in founding had not started (Japan Finance Corporation Research Institute, 12 January 2023, main finding 4).

This was a poor policy. Tolerance of risk and failure belongs to the culture of an entrepreneurial ecosystem (Isenberg, 2011); the government addressed attitudes with ambassadors and a selection of firms, and its answer to the fear of failure lay in finance (Section 2.2.2).

2.3.3 CHINA: CREDIT REPAIR UNDER NDRC ORDER NO. 58

Order No. 58 of the National Development and Reform Commission (NDRC), in force from 1 May 2023 as trial measures, lets firms repair their credit records: most administrative penalties are published for three months to three years, and a firm that has fulfilled the penalty, made a credit commitment and served the minimum period may ask for removal; no fee may be charged (NDRC, 13 January 2023, Arts. 2, 15, 18, 21, 28, 32). The opinions on the private economy call for a climate that "encourages innovation and tolerates failure" and for understanding of private business people whose lawful business fails (CPC Central Committee & State Council, 14 July 2023, Section VII, art. (27)).

This was a mixed policy. Credit repair limits how long a penalty follows a firm, and it has been argued that stigma can blunt the effect of rules friendly to entrepreneurs (Lee et al., 2007). But the call for tolerance of failure was a statement, and the bankruptcy law was still to be revised (Section 2.1.3).

2.3.4 UNITED KINGDOM: THE KING'S AWARDS AND THE ENTERPRISE SPEECH

In his speech of 27 January the Chancellor called for "an enterprise culture built on low taxes, reward for risk, access to capital and smarter regulation", recalling that in setting up on his own he had learned to "work through failures" (HM Treasury, 27 January 2023, speech). On 21 April the first King's Awards for Enterprise went to 148 businesses (DBT, 21 April 2023, press release).

This was a poor policy. Tolerance of failure belongs to the culture of an entrepreneurial ecosystem (Isenberg, 2011); the government named an enterprise culture as its aim but answered it with a speech and awards.

2.3.5 UNITED STATES: THE NATIONAL ENTREPRENEURSHIP MONTH

The President proclaimed November 2023 National Entrepreneurship Month and stated that his first two years in office had seen "a record 10.5 million new business applications" (President of the United States, 31 October 2023, pp. 75461–75462). The Census Bureau counted 464,838 business applications in November 2023 and projected that 29,649 would become firms with payroll within four quarters (U.S. Census Bureau, 18 December 2023, pp. 1–2).

This was a poor policy. The proclamation counted applications, not employers, and it has been argued that encouraging more people to start firms is not by itself good public policy (Shane, 2009); it came with no measure on attitudes or on the cost of failure.

2.3.6 FRANCE: BPIFRANCE'S BUSINESS-CREATION PROGRAMMES

In the first half of 2023 Bpifrance disbursed more than 9,000 honour loans worth EUR 50 million, and its Entrepreneurship for All tour in priority urban neighbourhoods drew nearly 5,500 participants (Bpifrance, 29 September 2023, pp. 1, 12).

This was a mixed policy. The programmes bring finance and advice to would-be founders, including in priority neighbourhoods. But no measure addressed the stigma of failure, and the results were counted in participants.

2.3.7 GERMANY: THE FOUNDER-COUNTRY AIM AND THE CULTURE BUDGET LINE

The government's 10-point plan of 29 August stated that through the Future Financing Act "Germany should become a founder country" (Federal Government of Germany, 29 August 2023, p. 3). The draft budget for 2024 put EUR 5.15 million into strengthening founding culture and succession and support for people interested in founding (Federal Government of Germany, 18 August 2023, ch. 0902, title 686 07, expl. 4). KfW's Start-up Monitor found 550,000 start-ups in 2022, 9 % fewer than in 2021, and that about one third of founders end their start-up within three years, only a small fraction of them through insolvency (KfW, 31 May 2023, pp. 3, 9).

This was a poor policy. Tolerance of risk is part of the culture of an entrepreneurial ecosystem (Isenberg, 2011), and the government's own development bank measured falling activity; the federal response was an aim and a line of EUR 5.15 million in a budget not adopted in 2023.

2.4 SUPPORT: INSTITUTIONAL SUPPORT

Support turned on overseas reach, hubs, the selection of firms and cuts to local advice.

2.4.1 KOREA: THE STARTUP KOREA STRATEGY AND TIPS

The Startup Korea strategy of 30 August set out to globalise start-ups through a legal basis for supporting firms founded abroad by Koreans, a Global Start-up Centre and regional start-up clusters (MSS, 30 August 2023, plan, pp. V, X). The ministry's budget proposal raised TIPS (Tech Incubator Program for Startup), which supports start-ups that private investors have selected and invested in first, from KRW 110.1 billion to KRW 130.4 billion, and cut the super-gap start-up programme by 3.8 % to KRW 103.1 billion (MSS, 29 August 2023, proposal, p. 3); the National Assembly passed the ministry's budget for 2024 at KRW 14.9497 trillion on 21 December (MSS, 29 August 2023, release of 21 December, p. 1).

This was a mixed policy. TIPS lets private investors choose the firms that public money follows, as the evidence favours (Brander et al., 2015). But the strategy's overseas measures were plans at the end of the year.

2.4.2 JAPAN: THE GLOBAL STARTUP CAMPUS AND SME ADVICE

The Cabinet Secretariat reported JPY 58.1 billion in the first supplementary budget for fiscal year 2023 for the Global Startup Campus planned in central Tokyo: JPY 1.1 billion for the design of its flagship site and JPY 57.0 billion for inviting researchers, joint research and support for start-ups (Cabinet Secretariat, 26 December 2023, campus slides, p. 3). The draft budget for fiscal year 2024 would raise the operating grant of the Organization for Small and Medium Enterprises and Regional Innovation, which funds its advice, from JPY 18.4 billion to JPY 22.0 billion, and cut the project supporting the revitalisation and succession of SMEs from JPY 15.7 billion to JPY 14.6 billion, after JPY 5.2 billion for it in the supplementary budget for fiscal year 2023 (Ministry of Finance of Japan, December 2023, p. 3).

This was a mixed policy. The draft would add to general advice for SMEs, and advice for firms in difficulty and in succession was topped up in the supplementary budget. But the campus is a large hub designed by the state and not yet built, whereas it has been argued that ecosystems grow organically rather than by design (Isenberg, 2010).

2.4.3 CHINA: THE SRDI LADDER AND THE SME PUBLIC SERVICE NETWORK

Measures issued on 11 January by MIIT for the State Council's leading group on SMEs set targets for the end of 2023 of at least 150,000 innovative SMEs, 80,000 specialised, refined, distinctive and innovative (SRDI) SMEs at provincial level and 10,000 national "little giants" (MIIT, 11 January 2023, measure 8). Its guidance of 10 November provides for a national network of SME public services, with stations in parks and clusters (MIIT, 10 November 2023, Part II); MIIT reported more than 7 million firms served by service bodies of all kinds in the first half (State Council Information Office, 20 July 2023, MIIT replies).

This was a mixed policy. The service network brings advice within reach of every SME. But the ladder chooses firms by a state designation of status, whereas it has been argued that high-growth firms are too varied to be identified in advance (Mason & Brown, 2013).

2.4.4 UNITED KINGDOM: LOCAL ENTERPRISE PARTNERSHIPS AND SPIN-OUTS

Guidance of 4 August confirmed that core funding of Local Enterprise Partnerships would cease and that local authorities are to take on their functions; Growth Hubs, which give business advice, are to receive core funding from April 2024 only if they meet new criteria (DLUHC & DBT, 4 August 2023, paras. 3, 10, 27). The Autumn Statement then committed funding for Growth Hubs for the next financial year (HM Treasury, 22 November 2023, para. 5.147). The response of November to the review of university spin-outs accepted all its recommendations and announced a new GBP 20 million cross-disciplinary proof-of-concept research programme (DSIT, November 2023, p. 5).

This was a mixed policy. Early-stage grants can raise the chance that young firms later obtain venture capital (Howell, 2017), and proof-of-concept money suits that stage. But the end of core funding left local authorities to take over the partnerships' functions, and the Growth Hubs were funded a year at a time.

2.4.5 UNITED STATES: THE NSF ENGINES AND THE REQUEST FOR ADVICE

On 11 May the National Science Foundation (NSF) made its first Regional Innovation Engines awards to 44 teams of universities, businesses and other organisations, each with up to USD 1 million for two years towards full Engines of up to USD 160 million (NSF, 11 May 2023, news release). The SBA's request for fiscal year 2024 would cut the Small Business Development Centers from USD 140.0 million to USD 121.0 million and its volunteer mentoring network from USD 17.0 million to USD 10.2 million (SBA, 2023, p. 18); the House and Senate committee bills kept the centres at USD 140 million, and neither was enacted in 2023 (U.S. House of Representatives & U.S. Senate, 17 July 2023, House bill, p. 127, and Senate bill, p. 107).

This was a mixed policy. The Engines awards fund the connections among organisations in a region, as ecosystem research recommends (Brown & Mason, 2017). The requested cuts to advice were poor, although the committees of Congress did not follow them.

2.4.6 FRANCE: THE EMERGING-INNOVATORS PROGRAMME AND THE NEXT40/120

Launched on 19 April, the French Tech programme for emerging innovators offers tailored support from state services to firms with at least EUR 5 million in three years from funds raised, private debt and turnover; on 14 June it chose 125 laureates from more than 840 applications (MEFIDS, 19 April 2023, release of 19 April, p. 2, and laureates kit, p. 3). The 2023 cohort of the Next40/120 was the most selective since the programme began in 2019, with the threshold for the fundraising strand of the 120 doubled to EUR 40 million (Mission French Tech, 19 February 2023, pp. 4, 8, 9).

This was a mixed policy. The programmes give firms a single route through the services of the state. But they concentrate support on firms that have already raised funds or reached scale, whereas it has been argued that policy should support the conditions for growth rather than select firms (Mason & Brown, 2013).

2.4.7 GERMANY: EXIST, THE START-UP FACTORIES AND THE SPRIND ACT

EXIST, the federal programme for start-ups from science, relaunched its founder grants in April with incentives for diverse teams (Federal Government of Germany, 22 September 2023, p. 12), and the competition for five to 10 Start-up Factories linked to universities, to be funded for five years and run as public-private partnerships, began its first phase (Federal Government of Germany, 22 September 2023, p. 14). The SPRIND Freedom Act, in force from 30 December, lets the Federal Agency for Disruptive Innovation (SPRIND) take stakes in and lend to private firms, manage up to 30 % of its funds outside the annual budget cycle and acquire stakes of up to 25 % without federal consent (German Bundestag, 29 December 2023, §§ 1, 3, 4).

This was a good policy. The Start-up Factories are to be chosen by competition and built with private partners, which suits the case that policy should strengthen regional conditions for high-growth firms (Stam, 2015), and the SPRIND Act gives an innovation agency room to back what works.

2.5 HUMAN CAPITAL: EDUCATION AND TRAINING, AND LABOUR

Policy on people turned on founder visas and on equity for employees.

2.5.1 KOREA: STOCK OPTIONS FOR EXPERTS AND THE FOUNDER VISA PLANS

An amendment of the Venture Business Act promulgated on 3 January, with effect six months later, rewrote its article on stock options: venture firms may grant them to experts they need, up to 10 % of issued shares, and to staff at an exercise price below market value but not below par (National Assembly of Korea, 16 May 2023, Art. 16-3, and addenda of Act No. 19178). The Startup Korea strategy announced a start-up visa granted on technology and business merit and easier employment visas, after a test of skills, for occupations such as software developers (MSS, 30 August 2023, plan, p. VI).

This was a mixed policy. The option rules let cash-poor firms pay key people in equity. Immigrants are more likely than natives with similar education to start companies (Hunt, 2011), but the founder visas were announcements at the end of the year.

2.5.2 JAPAN: LONGER STOCK-OPTION PERIODS AND THE START-UP VISA

Act No. 3 of 2023 lengthened from 10 to 15 years, from April, the exercise period of tax-qualified stock options granted by companies less than five years old (National Diet of Japan, 31 March 2023, Art. 10). The Cabinet Secretariat reported that the start-up visa scheme, widened so that private bodies certified by the state can confirm applications, began operating in October (Cabinet Secretariat, 26 December 2023, overview slide; METI, 2 August 2023, p. 7). The tax outline of 22 December would double the annual cap on tax-qualified options to JPY 24 million for companies under five years old and triple it to JPY 36 million for older unlisted ones (Government of Japan, 22 December 2023, pp. 6–7).

This was a good policy. Longer exercise periods let young firms pay early employees in equity, and private confirmation widens a narrow route for foreign founders; the higher caps remained a proposal.

2.5.3 CHINA: THE YOUTH EMPLOYMENT PLAN AND THE SAIL PLAN

The MOHRSS plan of 30 March for graduates and other young people offers entrepreneurship training, mentors and salons, and asks localities to improve incubation platforms (MOHRSS, 30 March 2023, Part II, action (3)). The Sail plan of 14 September, with MIIT, gives founders of innovative SMEs priority incubation, stage-based training and faster guaranteed loans, and provides for training of digital-technology engineers and internships at SRDI SMEs (MOHRSS & MIIT, 14 September 2023, Part II, measures (1), (3), (5)).

This was a mixed policy. The plans tie training to incubation and finance, but they address youth employment more than entrepreneurship, and an evaluation of a leading entrepreneurship programme for students found a negative effect on the intention to become an entrepreneur (Oosterbeek, van Praag, & Ijsselstein, 2010).

2.5.4 UNITED KINGDOM: THE INNOVATOR FOUNDER AND START-UP ROUTES

The changes to the immigration rules laid on 9 March (HC 1160) replaced the Innovator route with an Innovator Founder route, without the GBP 50,000 minimum funds requirement, and closed the Start-up route to new applicants except on endorsements issued before 13 April, as no longer needed without that requirement (Home Office, 9 March 2023, memorandum, paras. 7.6–7.8); each stage of the new route, up to settlement, needs an endorsement (Home Office, 9 March 2023, guidance, p. 5). DSIT committed UK Research and Innovation to offer entrepreneurship training to all doctoral students it funds (DSIT, November 2023, p. 5).

This was a mixed policy. Immigrants are more likely than natives with similar education to start companies (Hunt, 2011), and dropping the funds rule removed a barrier for founders without capital. But endorsement at every stage, up to settlement, keeps founders dependent on endorsing bodies.

2.5.5 UNITED STATES: THE PROPOSED H-1B RULE FOR OWNERS

U.S. Citizenship and Immigration Services (USCIS), noting that "there are limited pathways for entrepreneurs to come to the United States", proposed on 23 October to let owners of a controlling interest in the petitioning firm hold H-1B status; the rule was not final at the end of the year (USCIS, 23 October 2023, pp. 72870, 72905). The SBA requested USD 4.5 million for entrepreneurship education, against USD 3.0 million for 2023 (SBA, 2023, p. 18).

This was a poor policy. Immigrants create about a quarter of new US firms (Kerr & Kerr, 2020), and the proposal would open a route for founders who are also their firm's first specialist; but it was a proposal, and the education line a request.

2.5.6 FRANCE: THE VALUE-SHARING ACT OF 29 NOVEMBER 2023

The Value-Sharing Act (Act No. 2023-1107) raised the ceilings on free shares from 10 % to 15 % of capital and from 15 % to 20 %, and let unlisted shares be granted to the top officers of related companies (Parliament of France, 29 November 2023, Art. 17); it created a three-year plan that pays employees a bonus linked to the rise in the company's value (Parliament of France, 29 November 2023, Art. 10). It also repealed the rule that let a firm crossing the threshold for compulsory profit-sharing defer the obligation (Parliament of France, 29 November 2023, Art. 7).

This was a mixed policy. Higher ceilings on free shares let firms pay staff in equity, and the value-sharing plan ties a bonus to the firm's growth in value. The repeal of the deferral was poor: it brings forward a cost for growing firms when they cross a threshold.

2.5.7 GERMANY: EMPLOYEE SHARES AND THE SKILLED IMMIGRATION ACT

From 1 January 2024 the Future Financing Act will raise the tax-free allowance for employee shares from EUR 1,440 to EUR 2,000 a year and extend deferred taxation to firms up to 20 years old within twice the EU SME limits (four times on staff), for up to 15 years (German Bundestag, 14 December 2023, pp. 20–21, 38). The Skilled Immigration Act, promulgated on 18 August, widened the EU Blue Card from 18 November and will give from 1 March 2024 a residence permit of up to 18 months to skilled workers holding a grant from a German business organisation or public body to prepare a founding, and from 1 June 2024 an opportunity card for job search (German Bundestag, 18 August 2023, Arts. 1–3, 12).

This was a good policy. The founder permit and the opportunity card open routes for foreign founders and first employees, and wider deferral lets growing firms pay staff in shares without a tax on income not yet received; most of it will take effect in 2024.

2.6 MARKET: MARKET AND INDUSTRY SUPPORT, IPO AND EXIT

Markets turned on public purchasing, listing rules and routes to exit.

2.6.1 KOREA: PUBLIC PURCHASING AND THE TECHNOLOGY LISTING REFORM

Public bodies bought KRW 118.9 trillion of SME products in 2022; the law requires them to buy at least 8 % of their purchases from start-ups, but the release gave no figure for start-ups (MSS, 18 April 2023, p. 1). On 27 July the Financial Services Commission (FSC) announced 14 tasks for listing technology firms, including a single technology evaluation for firms in strategic technologies worth at least KRW 100 billion, and a six-month put-back option on the lead underwriter's later listings if a firm so listed becomes distressed within two years (FSC, 27 July 2023, pp. 2, 4).

This was a mixed policy. It has been argued that public procurement can create early markets for innovative firms (Edler & Georghiou, 2007), but a quota that is not reported cannot be judged. The listing reform pairs easier entry with accountability for underwriters, as IPOs on second markets have performed far worse in the long run (Vismara, Paleari, & Ritter, 2012); but it was a set of announced tasks.

2.6.2 JAPAN: OPEN-INNOVATION TAX RELIEF AND UNLISTED SHARES

Act No. 3 of 2023 widened the tax relief for investing in start-ups to purchases of existing shares that give more than half of the votes, with ceilings of JPY 5 billion for new shares and JPY 20 billion for other shares (National Diet of Japan, 31 March 2023, Art. 10). Since July 2023 proprietary trading systems may handle unlisted shares for professional investors (Cabinet Secretariat, 26 December 2023, overview slide). Contracts with SMEs less than 10 years old were 1.11 % of government contracts in fiscal year 2022, against a target of at least 3 % (Cabinet Secretariat, 26 December 2023, METI deck, slide 27), and the economic measures of 2 November undertook to allow negotiated contracts with J-Startup firms within fiscal year 2023 (Government of Japan, 2 November 2023, p. 38).

This was a mixed policy. The tax relief makes it cheaper for established firms to buy start-ups, and trading in unlisted shares gives early investors liquidity short of listing. But procurement, which it has been argued can create early markets for innovative firms (Edler & Georghiou, 2007), reached 1.11 % against a target of 3 %, and negotiated contracts were an undertaking.

2.6.3 CHINA: CSRC ORDER NO. 205 AND THE SME SHARE OF PUBLIC WORKS

Order No. 205 of the China Securities Regulatory Commission (CSRC), of 17 February, set one registration-based rule, with disclosure at its core, for initial public offerings on all boards of the Shanghai and Shenzhen exchanges; issuers without profits must disclose the causes and effects, and firms with special voting rights the arrangement (CSRC, 17 February 2023, Arts. 5, 41, 43, 51, 71). MIIT reported 1,446 SRDI SMEs listed on the A-share market by the end of June (State Council Information Office, 20 July 2023, MIIT replies), and its January measures kept the share of government-procured construction works reserved for SMEs at over 40 % (MIIT, 11 January 2023, measure 4).

This was a mixed policy. The set-aside keeps public works open to SMEs, and listing gives venture investors an exit. But a rule that rests on disclosure, now on all boards, leaves investors to judge issuers that have yet to make a profit, and IPOs on lightly regulated second markets have performed far worse in the long run (Vismara et al., 2012).

2.6.4 UNITED KINGDOM: THE PROCUREMENT ACT AND THE TRADING VENUE

The Procurement Act 2023, which received Royal Assent on 26 October, requires authorities to have regard to the barriers that SMEs face, implies 30-day payment terms into public contracts and requires large buyers to publish pipelines (Cabinet Office, 27 October 2023, Act, ss. 12, 68, 86, 93); the Cabinet Office expected it to come into force in October 2024 (Cabinet Office, 27 October 2023, press release). The Autumn Statement announced that from April 2024 bidders for large central government contracts must show average payment within 55 days (HM Treasury, 22 November 2023, para. 4.56), and at Mansion House the Chancellor announced an "intermittent trading venue" for the shares of private companies, to be running before the end of 2024 (HM Treasury, 10 July 2023, speech).

This was a mixed policy. Trade credit should flow from firms with easier access to finance to those with less (Petersen & Rajan, 1997), and public payment terms serve that end. But the payment test and the trading venue were announcements.

2.6.5 UNITED STATES: PROCUREMENT SCORECARD AND PREMERGER PROPOSAL

In fiscal year 2022 small businesses received 26.5 % of federal contract dollars, USD 162.9 billion, against a goal of 23 %, but the number of small businesses receiving prime contracts continued a decline spanning a decade; the administration released guidance on new entrants to federal contracting, with a Supplier Base Dashboard to track each agency's mix of new, recent and established vendors (SBA, 18 July 2023, news release). The SBA gave USD 20 million of export grants to 49 state and territory trade agencies on 5 September (SBA, 5 September 2023, news release), and the FTC proposed on 29 June a premerger notification rule estimated to add 12 to 222 hours per filing (FTC, 29 June 2023, pp. 42178, 42208).

This was a mixed policy. The government published its goal, met it and began to track new entrants, and export grants went to state agencies that fund small exporters. But fewer small firms won prime contracts, and the premerger proposal would raise the cost of acquisitions large enough to need a filing.

2.6.6 FRANCE: I CHOOSE FRENCH TECH AND YOUNG COMPANIES' OFFERS

Under the I choose French Tech plan of 16 June the State Purchasing Directorate undertook to raise the share of state purchases from innovative SMEs from 2.4 % in 2021 to 4 %, about EUR 1 billion (Mission French Tech, 16 June 2023, pp. 7, 16). The Finance Act for 2024 extends young-company status to firms whose research is 5 % to 15 % of their charges and that meet performance indicators, and deems all works, supplies and services offered by young innovative companies to be innovative under the Public Procurement Code (Parliament of France, 29 December 2023, Art. 44), so that buyers can award them innovative contracts below EUR 100,000 without competition (Mission French Tech, 16 June 2023, p. 17).

This was a good policy. France measured its baseline, set a target and enacted a route that lets buyers contract with young innovative companies directly, the use of procurement to create early markets that has been argued for (Edler & Georghiou, 2007).

2.6.7 GERMANY: THE LISTING SHELL AND THE PROCUREMENT PACKAGE

The Future Financing Act creates a listing shell company that must complete its acquisition within 24 to 36 months of listing, extendable to at most 48 months (German Bundestag, 14 December 2023, p. 11). The package to transform procurement law was to be drafted in the autumn to take better account of young firms; the government's own index found that start-ups had won public contracts only to a very small extent (Federal Government of Germany, 22 September 2023, p. 16).

This was a mixed policy. The listing shell and the multiple-voting shares are in force and widen the routes to a public market. But procurement, which it has been argued can create early markets for innovative firms (Edler & Georghiou, 2007), was left to a package still being drafted.

3 ANALYSIS OF THE POLICIES

3.1 CONTEXTUAL ANALYSIS: ORIGINS, BACKGROUND AND RATIONALE OF THE POLICIES

Policy in 2023 was made under a change of premier in China and under fiscal pressure. China's government work report of 5 March was presented by Premier Li Keqiang (State Council of the People's Republic of China, 5 March 2023, heading), and State Council Decree No. 762 of 3 July was signed by Premier Li Qiang (State Council of the People's Republic of China, 3 July 2023, signature). In Germany the Federal Constitutional Court ruled on 15 November on the supplementary budget of 2021, the budget committee ended its clearing session on the budget for 2024 without a decision, and the Bundestag adopted a supplementary budget for 2023 (German Bundestag, 15 December 2023, report of 17 November and article of 15 December). The US federal government ran on continuing resolutions at the rates of 2023 (U.S. Congress, 30 September 2023, sec. 101, and Public Law 118-22), and France adopted its budget for 2024 under Article 49(3) of its Constitution, which the Constitutional Council found in order (MEFIDS, 27 September 2023, release of 28 December, p. 1).

Korea's budget proposal raised total spending by 2.8 %, the lowest growth since 2005 (MOEF, 29 August 2023, proposal material, p. 5), and the budget passed on 21 December cut research and development from KRW 31.1 trillion to KRW 26.5 trillion (MOEF, 29 August 2023, release of 21 December, p. 5). Japan's draft general account for fiscal year 2024, at JPY 112.07 trillion, was 2.0 % below the initial budget of 2023, and its SME budget fell by 0.6 % to JPY 169.3 billion, after JPY 565.1 billion for SMEs in the supplementary budget for fiscal year 2023 (Ministry of Finance of Japan, December 2023, general account table, and p. 3). France's draft budget planned savings of EUR 16 billion (MEFIDS, 27 September 2023, press kit, p. 2), while China planned a deficit ratio of 3 % (State Council of the People's Republic of China, 5 March 2023, Part II).

Each government represented the problem of entrepreneurship in its own way, and the representation shaped the solutions it chose (Bacchi, 2009; Rochefort & Cobb, 1993). Table 2 sets out what each government represented the problem to be, what the representation presupposed and what it left unsaid.

Despite these differences, the governments converged on a common rationale: that the shortfall lay in finance, and that public money placed with private managers, and reliefs for investors, would close it. Entrepreneurship policy has been urged to show such market failures rather than assume them (Acs, Åstebro, Audretsch, & Robinson, 2016). Similar instruments also appeared in different countries, as accounts of policy transfer would lead one to expect (Dolowitz & Marsh, 2000): multiple-voting shares took effect in Korea and Germany within a month, trading in unlisted shares opened in Japan and was announced in the United Kingdom, and Japan, the United Kingdom and, from 2024, Germany each changed a route for foreign founders.

Table 2: How the governments represented the problem

Country	Problem represented	Presupposition	Left unsaid
Korea	Start-ups that must go global, with venture investment in retreat (MSS, 30 August 2023)	Overseas links, public funds and visas will produce global firms	The sunset clause kept; no start-up figure for the purchasing quota
Japan	Too little start-up investment, and lending that rests on personal guarantees (Cabinet Secretariat, 16 June 2023)	Targets, guarantees and tax relief will multiply start-ups	Contracts with young SMEs at 1.11 % against 3 %
China	Weak confidence of private firms and barriers to their entry (CPC Central Committee & State Council, 14 July 2023)	Equal treatment and designated SRDI firms will revive investment	The effect of state funds; bankruptcy law unrevised
United Kingdom	An enterprise culture to be built on low taxes, risk and capital (HM Treasury, 27 January 2023, speech)	Pension money and tax relief are the binding constraints	Employing businesses 3,000 fewer; LEP core funding ended
United States	A boom in business applications to sustain with capital and contracts (President of the United States, 31 October 2023)	Applications measure entrepreneurship	Fewer small prime contractors; requested cuts to advice
France	Technology firms short of capital and burdened by formalities (MEFIDS, 14 June 2023)	Institutional money and selected champions build a sector	A deferred tax cut; Bpifrance investments down 28 %
Germany	A founder country held back by capital-market law (Federal Government of Germany, 29 August 2023)	Capital-market law and fund modules will make a founder country	Start-ups 9 % fewer in 2022; no budget for 2024

Source: IFEED analysis after Rochefort and Cobb (1993) and Bacchi (2009) of the sources cited.

3.2 THEORETICAL ANALYSIS: THEORETICAL VALIDITY AND RELEVANCE

Ecosystem theory sets the first test. It treats productive entrepreneurship as the output of interdependent conditions and holds that the weakest of them limits the system (Ács et al., 2014; Stam, 2015); policy should therefore attend to the connections between actors, not only to transactions with individual firms (Brown & Mason, 2017). The policies of 2023 met this test in places, such as Germany's planned Start-up Factories and the US Regional Innovation Engines, but failed it in the aggregate: finance dominated, and culture, one of the attributes whose relationships reproduce an ecosystem (Spigel, 2017), received ambassadors, awards and statements.

On finance, public money that invests alongside private investors is associated with more investment and more successful exits (Brander et al., 2015), while public funds can crowd out private capital (Cumming & MacIntosh, 2006) and public programmes fail when they are too large or too short-lived (Lerner, 2009). Korea's Fund of Funds and TIPS, the US SBIC rule, France's Tibi initiative and Germany's Future Fund modules pass this test; the effect of China's state SME fund on private investment was not shown. A larger exclusion of capital gains on start-up stock raised the funding of eligible firms (Edwards & Todtenhaupt, 2020), which supports Japan's reinvestment exemption and the British seed limits, while tax credits for angel investors raised angel investment

without a significant effect on entrepreneurial activity (Denes et al., 2023), a caution for France's higher reductions, Germany's INVEST and Japan's proposed angel deduction.

The same tests apply in the other domains (Table 3). The case that a lower cost of failure encourages risky entry (Lee et al., 2007), and the evidence that bankruptcy laws friendly to entrepreneurs go with higher entry (Lee et al., 2011), support Japan's guarantees, China's credit repair and Korea's restart plan. The evidence on entry regulation (Klapper et al., 2006) supports China's ban on entry barriers, and the evidence that enforceable non-competes mean fewer, though stronger, spinouts (Starr et al., 2018) weighs against leaving the British and US limits as an intention and a proposal. The evidence that immigrants are more likely than similarly educated natives to start companies (Hunt, 2011) supports Germany's founder permit and the British removal of the funds requirement.

Table 3: Theoretical validity of the main policies

Theory	Claim	Policies consistent with it	Policies in tension with it
Entrepreneurial ecosystems (Brown & Mason, 2017; Stam, 2015)	The weakest condition binds; relational policy	Start-up Factories competition (Germany); Regional Innovation Engines (United States)	SRDI ladder (China); Global Startup Campus (Japan)
Government venture capital (Brander et al., 2015; Cumming & MacIntosh, 2006; Kortum & Lerner, 2000; Lerner, 2009)	Public money works best alongside private investors and when stable	Fund of Funds and TIPS (Korea); SBIC rule (United States); Tibi (France); Future Fund (Germany)	Startup Korea Fund a budget line (Korea); state SME fund (China)
Guarantees and failure (Lee et al., 2007; Lee et al., 2011; Riding et al., 2007)	Guaranteed credit can be incremental; a lower cost of failure goes with more entry	Guarantees (Japan); credit repair (China); restart plan (Korea)	Speech and awards (United Kingdom); proclamation (United States); aim (Germany)
Investor taxation (Denes et al., 2023; Edwards & Todtenhaupt, 2020)	Relief on start-up gains raises funding; angel credits do not raise entrepreneurial activity	Reinvestment exemption (Japan); seed limits (United Kingdom)	Angel reductions (France); INVEST (Germany); angel deduction (Japan)
Entry regulation and non-competes (Klapper et al., 2006; Starr et al., 2018)	Costly entry deters entry; enforceable non-competes reduce spinouts	Ban on entry barriers (China); affiliation rule (United States)	Non-compete limits proposed or intended (United States, United Kingdom)
Immigrant talent (Hunt, 2011; Kerr & Kerr, 2020)	Immigrants start companies out of proportion to their numbers	Founder permit (Germany); private visa confirmation (Japan); funds rule dropped (United Kingdom)	H-1B rule proposed (United States); founder visas planned (Korea)
Demand, payment and markets (Edler & Georghiou, 2007; Petersen & Rajan, 1997; Vismara et al., 2012)	Procurement can create markets; trade credit should flow to firms that lack it; second markets underperform	I choose French Tech and late-payment fines (France); underwriter put-back (Korea)	Start-up quota not reported (Korea); 1.11 % against 3 % (Japan); disclosure-based listing on all boards (China)

Source: IFEED assessment of the policies reviewed in Section 2, against the sources named in the first column.

3.3 PRACTICAL ANALYSIS: PERFORMANCE, CONTRIBUTION AND IMPACT

By the end of 2023 much of the year's policy had not yet reached firms (Table 4): the measures in force were concentrated in law, tax and finance, and many reforms were bills, plans or acts not yet in force. Where governments reported performance, they reported outputs: 1,129 Japanese guarantees without a personal guarantee (Cabinet Secretariat, 26 December 2023, METI deck, slide 22), USD 854 million deployed by 54 US jurisdictions (U.S. Department of the Treasury, 18 December 2023, p. 1), more than 9,000 Bpifrance honour loans in a half-year (Bpifrance, 29 September 2023, p. 12), more than 7 million Chinese firms served by service bodies in the first half (State Council Information Office, 20 July 2023, MIIT replies) and more than 40 % of the measures of Germany's Start-up Strategy implemented (Federal Government of Germany, 22 September 2023, p. 4). The figures that cut against the governments' narratives came from the governments themselves: Korean venture investment in the first three quarters was 25 % below 2022, despite a third-quarter rise (MSS, 9 November 2023, p. 1); contracts with Japanese SMEs under 10 years old were 1.11 % of government contracts against a target of 3 % (Cabinet Secretariat, 26 December 2023, METI deck, slide 27); start-ups in Germany fell by 9 % in 2022 (KfW, 31 May 2023, p. 3); the number of small US prime contractors continued a decline spanning a decade (SBA, 18 July 2023, news release), and of 464,838 US business applications in November, 29,649 were projected to become employers (U.S. Census Bureau, 18 December 2023, pp. 1–2); Bpifrance's investments fell by 28 % in the half-year, mostly in mid-sized and large companies (Bpifrance, 29 September 2023, p. 5); and British employing businesses fell by 3,000 between 2022 and 2023 while non-employing ones rose by 49,000 (DBT, 5 October 2023, statistical release).

Contribution and impact were rarely shown. Performance measures serve different purposes — to evaluate, to control, to celebrate or to promote (Behn, 2003) — and those of 2023 served mostly to celebrate and to promote. Yet several designs would allow evaluation: TIPS selects firms by private investment, the Start-up Factories are to be chosen by competition, and Japan measured its purchasing from young SMEs, and France from innovative SMEs, against targets. Table 5 summarises the assessments of Section 2 by domain and country.

Table 4: Status of the main measures at the end of 2023

Country	In force or launched in 2023	Adopted, in force from 2024	Pending or announced
Korea	Multiple-voting shares; stock options for experts; Fund of Funds calls; private fund of funds	Ministry budget for 2024	Sunset abolition; innovation zones; Startup Korea Fund; restart plan; founder visas; listing tasks
Japan	Reinvestment exemption; 15-year stock options; open-innovation relief; guarantee without personal guarantee; unlisted-share trading; private visa confirmation	Act No. 61 (date set by Cabinet Order)	Enterprise-value security right; restructuring bill; tax outline; draft budget
China	Decree No. 762; credit repair; CSRC Order No. 205; tax conditions; SME service guidance; opinions on the private economy	Revised Company Law	Bankruptcy law revision
United Kingdom	Seed scheme limits; full expensing; EU law revocations; Innovator Founder route; Start-up route closed; LEP core funding ended	Procurement Act 2023 (expected October 2024); Economic Crime and Corporate Transparency Act 2023 (date set by regulations)	EIS and VCT extension; permanent expensing; merged R&D relief; non-compete limit; trading venue
United States	Affiliation rule; SBIC rule; state credit programmes; NSF Engines awards; research amortisation guidance	Beneficial ownership reporting	Non-compete ban; premerger rule; H-1B rule; SBA budget for 2024
France	One-stop shop; Tibi second phase; emerging-innovators programme; I choose French Tech; Value-Sharing Act; late-payment fines	Finance Act for 2024	Simplification measures
Germany	Future Financing Act; SPRIND Freedom Act; Blue Card changes; Future Fund modules; INVEST; EXIST; Start-up Factories competition	Employee-share rules; founder permit; opportunity card	Growth Opportunities bill; bureaucracy relief; budget for 2024; procurement package

Source: IFEED compilation from the sources cited in Section 2.

Table 5: Assessment of the policies by domain and country

Domain	Korea	Japan	China	United Kingdom	United States	France	Germany
Regulation and Law	Mixed	Mixed	Mixed	Mixed	Mixed	Mixed	Mixed
Finance	Mixed	Good	Mixed	Mixed	Mixed	Mixed	Mixed
Culture	Mixed	Poor	Mixed	Poor	Poor	Mixed	Poor
Support	Mixed	Mixed	Mixed	Mixed	Mixed	Mixed	Good
Human Capital	Mixed	Good	Mixed	Mixed	Poor	Mixed	Good
Market	Mixed	Mixed	Mixed	Mixed	Mixed	Good	Mixed

Source: IFEED assessment of the policies reviewed in Section 2, on the sources cited there. Where a subsection assessed its policies differently, Mixed is shown.

4 POLICY LIMITATIONS

4.1 POLICY DEBATES, CONTESTED POINTS AND ISSUES

The policies of 2023 raised six points of contention, set out in Table 6. The first two concerned capital and control: whether public funds will complement or displace private investors, which turns on who selects the firms — private managers in Korea's Fund of Funds, France's Tibi initiative and Germany's Future Fund modules, while China reported its state SME fund by sub-funds and money raised (Federal Government of Germany, 22 September 2023; MSS, 7 March 2023; MEFIDS, 14 June 2023; State Council Information Office, 20 July 2023) — and whether shares with extra votes, now allowed in Korea and Germany and disclosed at listing in China, protect founders at the expense of outside shareholders. Opening institutional money to venture capital has preceded booms in venture finance before (Kortum & Lerner, 2000), but the British compact commits pension schemes only to an objective.

The third and fourth concerned failure and people: whether second chances — guarantees without personal guarantees, credit repair, blinded credit records — weaken the protection of creditors, and whether migration control should override the supply of founders and of their first employees. The fifth and sixth concerned rules and money: whether relief from bookkeeping and registration duties can coexist with new duties, such as ownership reporting, identity checks and faster payment of capital, and whether tax incentives that work only if they are stable over years are compatible with deferred cuts, temporary reliefs and sunset clauses.

Table 6: Debates and contested points in the policies of 2023

Issue	What the governments set out	Point at issue
Public capital	Fund of Funds and Startup Korea Fund (Korea); state SME fund (China); Tibi (France); Future Fund modules (Germany) (Federal Government of Germany, 22 September 2023; MSS, 30 August 2023; MEFIDS, 14 June 2023; State Council Information Office, 20 July 2023)	Complement or displacement; who selects the firms
Founders' control	Multiple-voting shares (Korea, Germany); special voting rights disclosed at listing (China) (CSRC, 17 February 2023; German Bundestag, 14 December 2023; National Assembly of Korea, 16 May 2023)	Founder control against the protection of outside shareholders
Cost of failure	Guarantees without personal guarantees (Japan); credit repair (China); restart plan (Korea) (MSS, 19 December 2023; NDRC, 13 January 2023; National Diet of Japan, 16 June 2023)	Second chances against creditor protection
Talent	Innovator Founder route with endorsement at every stage (United Kingdom); founder permit (Germany); H-1B proposal (United States); founder visas planned (Korea) (German Bundestag, 18 August 2023; Home Office, 9 March 2023; MSS, 30 August 2023; USCIS, 23 October 2023)	Migration control against the supply of founders and first employees

Issue	What the governments set out	Point at issue
Burden relief and new duties	Ownership reporting (United States); identity checks (United Kingdom); bookkeeping thresholds (Germany); capital paid within five years (China) (Federal Government of Germany, 2 October 2023; FinCEN, 30 November 2023; Parliament of the United Kingdom, 26 October 2023; Standing Committee of the National People's Congress, 29 December 2023)	Relief counted against new obligations on small firms
Stable incentives	Deferred abolition of a business levy (France); research amortisation (United States); EIS and VCT extension announced (United Kingdom); sunset clause kept (Korea) (HM Treasury, 22 November 2023; Internal Revenue Service, 2023; National Assembly of Korea, 16 May 2023; Parliament of France, 29 December 2023)	Revenue against incentives that work only when stable

Source: IFEED analysis of the sources cited.

4.2 THEORETICAL LIMITATIONS OF THE POLICIES

The first limitation is that the policies treated capital as the binding condition everywhere. Ecosystem theory holds that the weakest condition limits the system (Ács et al., 2014), but the governments assumed more than they showed. Founders' own answers point in more than one direction: Korean founders named funding first, by 71.0 %, but fear of failure second, by 37.9 % (MSS, 28 December 2023, p. 3); would-be founders in Japan named a lack of own funds (Japan Finance Corporation Research Institute, 12 January 2023, main finding 4); and German founders have for years named bureaucracy (KfW, 31 May 2023, p. 10).

The second is the selection of firms by the state. China's SRDI ladder, France's Next40/120 and emerging-innovators programme and Japan's J-Startup Impact choose firms by status, size or past fundraising, but it has been argued that high-growth firms are too varied to be identified in advance (Mason & Brown, 2013), and large public programmes have failed when they could not let markets choose or stop what did not work (Lerner, 2009).

The third is an asymmetry in the treatment of failure. Japan, China and Korea acted on guarantees, credit records and restarts, although Japan's Act No. 61 takes effect on a date set by Cabinet Order and Korea's plan came in the last fortnight of the year; in the United Kingdom, the United States and Germany culture was addressed by a speech and awards, a proclamation and an aim. Bankruptcy laws that are friendly to entrepreneurs go with higher entry (Lee et al., 2011), but it has been argued that stigma can blunt their effect (Lee et al., 2007), and stigma was addressed by statements.

The fourth is the weakness of evaluation. Entrepreneurship policy has long been criticised for subsidising the number of start-ups rather than their quality and for lacking evaluation (Acs et al., 2016; Shane, 2009). The figures of 2023 — applications counted, guarantees approved, funds offered, measures implemented — repeat the counting, and few of the designs came with a plan to measure their effects.

5 POLICY IMPLICATIONS

First, public capital should follow private choices. The designs that the evidence supports — funds of funds that commit to private managers, co-investment alongside funds that have already chosen a firm, grants that follow private investment — were present in 2023 in Korea, the United States, France and Germany, and should be the rule rather than the exception. Korea should launch the Startup Korea Fund on the same terms and publish its returns, China should leave the selection of firms in its state funds to private managers, and Germany should protect its lines for start-ups from the uncertainty of its budget.

Second, reforms should be brought into force. Japan should bring Act No. 61 into force and submit its enterprise-value security and restructuring bills; the United Kingdom should legislate the reliefs it announced and commence the reforms of its company register; Germany should resolve the Growth Opportunities bill and enact its bureaucracy relief; Korea should abolish the Act's sunset clause and designate its innovation zones; and the United States and the United Kingdom should decide on non-compete clauses rather than leave them as a proposal and an intention.

Third, the cost of failure should be lowered where it bites: personal guarantees, the speed and cost of insolvency for small firms, and the credit records that follow a failed founder. China should revise its bankruptcy law, Korea should enact the legal parts of its restart plan, and the United Kingdom, the United States and Germany should begin with measures aimed at founders rather than speeches, proclamations and aims.

Fourth, the doors for foreign founders and their first employees should be kept open. The United Kingdom should provide a route for founders without an endorsement at every stage, the United States should finalise its rule for owners on H-1B visas, and Korea should enact the founder visas it announced. Germany's founder permit and Japan's private confirmation of start-up visas show that a route can be targeted without opening the whole labour market.

Finally, policy should be stable and evaluated. Deferred tax cuts, sunset clauses, reliefs announced but not legislated and budgets left unadopted cannot change decisions that run over years. Purchasing quotas for start-ups should be reported every year, and governments should commit, when they adopt measures that select firms by rules, to evaluating them against what would have happened without them and to publishing the results.

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