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Entrepreneurial Ecosystem Policy in Korea, Japan, China, the United Kingdom, the United States, France and Germany, 2024

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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 courts, and the development banks Bpifrance, British Business Bank, 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 2024 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 investors choose the firms that public money followed, made venture law permanent, cut bookkeeping duties or opened routes for foreign founders; the worst raised or would raise the cost of a first hire, cut innovation and research appropriations or left reforms as bills and declarations. Governments changed in the United Kingdom, Japan and France, Germany's coalition ended and Korea's President was impeached, and much of the year's policy was pending at its end.

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Entrepreneurial Ecosystem Policy in Korea, Japan, China, the United Kingdom, the United States, France and Germany, 2024

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Entrepreneurial Ecosystem Policy in Korea, Japan, China, the United Kingdom, the United States, France and Germany, 2024

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 British Business Bank, the US investment company and state venture programmes and France's Tibi initiative, the designs followed the evidence; Korea's Startup Korea Fund placed first losses on the state, and Germany allocated the last of its Future Fund with none of the new modules started by August. Institutional and pension money for venture capital was sought mostly in plans and declarations. Talent policy diverged: Korea introduced a special visa for foreign founders, Germany an Opportunity Card and Japan a stock option pool, while the United Kingdom raised the Skilled Worker salary threshold from GBP 26,200 to GBP 38,700. Korea, Japan, China and France acted on failure, though Japan's act was not in force and China and France had a draft and a working group; the United Kingdom, the United States and Germany took no measure aimed at the failure of founders. Culture was the thinnest domain. France cancelled EUR 10 billion of commitment authorisations and entered 2025 without a budget, Korea's start-up support for 2025 fell by 11.3 % as loans were cut, and Germany's budget for 2025 was still pending in mid-December. Governments changed in the United Kingdom, Japan and France, Germany's Bundestag was dissolved and Korea's President was impeached, and performance was reported as outputs, not effects. The period covered is January to December 2024.

Keywords

venture capital, fund of funds, loan guarantees, investor tax relief, personal guarantees, re-challenge, start-up visas, stock options, bureaucracy relief, late payment, public procurement

JEL Classification

L26, L53, G24, H25, O38, M13

1 INTRODUCTION

Key findings

- Finance was the centre of policy, and culture remained the thinnest domain: governments gave awards, held weeks and made statements, and few measures touched the stigma of failure.
- Public money worked best where private managers chose the firms. Korea's Fund of Funds and TIPS, the British Business Bank, the US investment company and state venture programmes and France's Tibi initiative followed that design; Korea's Startup Korea Fund placed first losses on the state, China extended state guidance of venture funds, and Germany allocated the last EUR 1.75 billion of its Future Fund with none of its new modules started by August.
- Institutional and pension money for venture capital was sought mostly in plans and declarations: Korea's plan for banks and retirement pensions, the British Growth Partnership and pension consolidation in the United Kingdom, and Germany's non-binding WIN initiative. France's Tibi initiative, with EUR 7 billion committed by 35 investors, was the exception.
- Talent policy diverged. Korea introduced a special visa for foreign founders, Germany an Opportunity Card for job search and Japan a stock option pool for young firms; the United Kingdom raised the Skilled Worker salary threshold from GBP 26,200 to GBP 38,700, and the US parole route for foreign founders drew 112 applications in six years.
- Korea financed second attempts by failed founders, Japan limited personal guarantees in an act not yet in force, China drafted credit repair and France set up a working group on failure; the United Kingdom, the United States and Germany took no measure aimed at the failure of founders, although the SBA opened its loans to people with criminal records.
- Fiscal pressure cut support. France cancelled EUR 10 billion of commitment authorisations and entered 2025 without a budget; for 2025, Korea's start-up support fell by 11.3 % as loans were cut, Japan's draft SME budget was flat, and Germany's budget was pending in mid-December.
- Governments changed in the United Kingdom in July and in Japan in October, France appointed a new prime minister three times, Germany's coalition ended and its Bundestag was dissolved, and Korea's President and Prime Minister were impeached after martial law. Many reforms were bills or plans at the end of the year, and performance was reported as outputs, not effects.

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; Spigel, 2017; Stam, 2015). 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 2024?
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), business failure (Armour & Cumming, 2008; Lee, Peng, & Barney, 2007), immigrant talent (Hunt, 2011) and public procurement (Edler & Georghiou, 2007).

Section 2 reviews the key policies of 2024 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 2024: cabinet plans and economic measures, acts of the legislature and bills, budgets and budget requests, rules and decrees in official journals, court orders, reports and answers of governments to their parliaments, and the press releases of ministries, agencies and public development banks – Bpifrance, the British Business Bank, 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				
Venture Act made permanent	MSS	2 January 2024 Press releases	January–July 2024	Expiry deleted; in force from 10 July; performance-conditioned stock.
Integrated notices of start-up support	MSS	4 January 2024 Press releases	January–December 2024	KRW 3.7121 trillion for 2024; KRW 3.2940 trillion for 2025, with fewer loans.
Fund of Funds call for 2024	MSS	5 February 2024 Press releases	February–September 2024	Whole budget of KRW 910 billion offered; 43 funds formed in five months.
SME graduation grace period	MSS	13 February 2024 Press release	February–August 2024	Grace period for firms outgrowing SME limits from three to five years.

Subject	Issuing bodies	Date and type	Period covered	Description
Public purchasing from SMEs	MSS	23 April 2024 Press releases	2023–August 2024	KRW 127.3 trillion bought from SMEs; 8 % quota for start-ups; innovative products.
Startup Korea Fund	MSS	24 April 2024 Press releases	April–September 2024	KRW 2 trillion over four years; first losses borne by the government.
Tax law revision	MOEF	25 July 2024 Proposal, release	July–December 2024	Start-up reduction and option exemption extended; cut near the capital.
Plan for an advanced venture investment market	MSS	2 October 2024 Plan, press release	2024	Bank risk weights, new institutional investors, pensions, exit funds.
Startup Korea Special Visa	MSS; Ministry of Justice	6 November 2024 Press releases	July–November 2024	Visa on a private committee’s review; centre for foreign founders.
Re-challenge, honours, week	MSS	19 November 2024 Press releases	January–December 2024	Prizes and state honours; up to KRW 100 million for re-founders.
Martial law and impeachment votes	MOEF	4 December 2024 Press releases	December 2024	Markets after martial law; instructions after the votes of 14 and 27 December.
Multiple-voting share tax deferral	MSS	27 December 2024 Press release	December 2024	Tax on shares contributed for multiple-voting shares deferred from 2025.
Japan				
Survey on starting a business	Japan Finance Corporation	18 January 2024 Survey release	November 2023	Interest in founding; 32.1 % held back by the risk of failure.
Start-up Support Plazas and loans	Japan Finance Corporation	1 April 2024 Press release	February–April 2024	Advice in four cities; start-up loan limit to rise to JPY 72 million.
Financial Instruments Act amended	National Diet	22 May 2024 Act	May–December 2024	Lighter rules for dealing in unlisted shares; in force within a year.
Industrial Competitiveness Act amended	National Diet	7 June 2024 Act	June–December 2024	Stock option pool for companies less than 15 years old.
Business-based Financing Act	National Diet	14 June 2024 Act	June–December 2024	Enterprise-value security; limits on personal guarantees.
Grand Design and Action Plan 2024	Cabinet Secretariat	21 June 2024 Cabinet decision	2024	Start-up plan, stock option limits, Growth Market review.
Policy speech of the Prime Minister	Prime Minister	4 October 2024 Speech	October 2024	Start-up hub pledge; Ishiba Cabinet launched on 1 October.
Start-up ecosystem hub cities	Cabinet Office	October 2024 Briefing material	2020–2024	Assessment of the eight hub cities and points for a next phase.
Comprehensive economic measures	Government of Japan	22 November 2024 Cabinet decision	November–December 2024	Angel tax, private placements, foreign founders, pending bills.

Subject	Issuing bodies	Date and type	Period covered	Description
Tax reform outline	Government of Japan	27 December 2024 Cabinet decision	December 2024	Angel tax refund; higher reduced tax rate for high-income SMEs.
Draft budget for fiscal year 2025	Ministry of Finance of Japan	December 2024 Budget materials	2024	Flat SME budget; METI budget and research support for SMEs cut.
China				
Government work report	State Council	5 March 2024 Work report	2024	Targets, deficit, special bonds, private economy, entrepreneurial spirit.
Capital market opinions	State Council	4 April 2024 Opinions	April–December 2024	Higher listing standards, routine delisting, mergers, venture exits.
Students' innovation competition	MOE	28 April 2024 Notice, report	April–October 2024	Theme "I dare to venture, I can create"; 5.14 million projects.
Graduate employment and entrepreneurship	MOHRSS; MOE; MOF	17 May 2024 Joint notice	May–December 2024	Hiring subsidy, start-up services and subsidy, internships.
Fair competition review	State Council	6 June 2024 Regulations	August–December 2024	Review of all measures; bans on local protection and selective aid.
Awards for "little giant" SMEs	MOF; MIIT	14 June 2024 Fiscal notice	June–December 2024	Over 1,000 firms in the first batch; transfers at CNY 6 million a firm.
Venture capital measures	State Council General Office	15 June 2024 Policy measures	June–September 2024	Guidance funds, failure tolerance, insurers, exits; no fund sizes.
STAR Market measures	CSRC	19 June 2024 Measures	June–December 2024	Listing of loss-making hard-technology firms; exits for venture funds.
Registered-capital rules	State Council	1 July 2024 Regulations	July–December 2024	Capital paid in within five years; removal of defunct firms.
Sci-tech special guarantee plan	MOF; MOST; MIIT; NFRA	24 July 2024 Joint notice	July–December 2024	Guarantee fund's risk share up to 40 %; CNY 30 million per firm.
Opinions on mergers and acquisitions	CSRC	24 September 2024 Opinions	September–December 2024	Loss-making targets, acquisitions by private funds, lock-ups.
Draft Private Economy Promotion Law	MOJ; NDRC	10 October 2024 Draft law	October–November 2024	Equal status, prompt payment, credit repair; comments to 8 November.
United Kingdom				
Finance Act 2024	Parliament	22 February 2024 Act	February–December 2024	EIS and VCT relief extended by 10 years; growth-market stamp duty.
Spring Budget 2024	HM Treasury	6 March 2024 Budget report	2024	Year of the SME, VAT threshold, loan guarantees, PISCES consultation.

Subject	Issuing bodies	Date and type	Period covered	Description
Immigration rules HC 590	Home Office	14 March 2024 Memorandum	April–December 2024	Skilled Worker salary threshold up to GBP 38,700.
King's Awards for Enterprise	DBT	6 May 2024 Press release	May 2024	In all, 257 awards to 252 businesses.
Ministerial appointments	Prime Minister's Office	5 July 2024 Press release	July 2024	Ministers of the new government appointed on 5 July.
Insolvency Service annual report	Insolvency Service	22 July 2024 Annual report	2023–2024	Debt relief orders eased; enforcement against directors.
British Business Bank annual report	British Business Bank	25 July 2024 Annual report	2023–2024	Record commitments of GBP 2.3 billion; Growth Guarantee Scheme.
Procurement Act start delayed	Cabinet Office	12 September 2024 Statement, SI	September 2024	Commencement moved from 28 October 2024 to 24 February 2025.
Late-payment package	DBT	19 September 2024 Release, research	January–September 2024	Consultation on new laws; Fair Payment Code; payment research.
Next Steps to Make Work Pay	DBT	10 October 2024 Policy paper	September–October 2024	Employment Rights Bill; five strands of the plan for small businesses.
Autumn Budget 2024	HM Treasury	30 October 2024 Budget report	2024	Employer contributions, capital gains tax, spin-outs, procurement test.
Mansion House speech	Chancellor of the Exchequer	14 November 2024 Speech	November 2024	Pension consolidation and the British Growth Partnership.
PISCES consultation response	HM Treasury	14 November 2024 Response	March–November 2024	Sandbox for trading private shares; draft regulations.
United States				
Beneficial ownership reporting	FinCEN; federal courts	1 January 2024 Release, orders	January–December 2024	Reporting from 1 January; court orders of 3 and 23 December.
Regional Innovation Engines	NSF	29 January 2024 News release	January 2024	First 10 engines; up to USD 160 million each over 10 years.
H.R. 7024	US House	31 January 2024 Bill	January–August 2024	Research expensing, reporting threshold; stalled in the Senate.
SBA budget request	SBA	11 March 2024 Budget request	2024	Cuts to development centres within a flat account.
National Small Business Week	President	26 April 2024 Proclamation	April–May 2024	A “historic small business boom” of 17 million applications.
Federal procurement scorecard	SBA	29 April 2024 News release	2022–2024	Small businesses won 28.4 % of contract dollars; new entrants.
Criminal-history restrictions removed	SBA	30 April 2024 Final rule	May–December 2024	Loan, surety and disaster programmes opened from 30 May.

Subject	Issuing bodies	Date and type	Period covered	Description
Non-compete clause rule	FTC; federal court	7 May 2024 Final rule, order	May–December 2024	Ban on new non-competes from 4 September; set aside before it took effect.
International Entrepreneur Program	USCIS	25 July 2024 Final rule	October–December 2024	Thresholds raised; 112 applications in six fiscal years.
SBA capital report	SBA	24 October 2024 Report	2023–2024	A total of 103,000 financings; record investment company applications.
State Small Business Credit Initiative	Treasury	25 November 2024 Press release	2022–2024	USD 3.1 billion of new financing; venture programmes.
H-1B modernisation rule	USCIS	18 December 2024 Final rule	December 2024	Owners may hold H-1B status; from 17 January 2025.
France				
Cancellation of appropriations	Prime Minister	21 February 2024 Decree	February–December 2024	EUR 10 billion of commitment authorisations cancelled.
Working group on failure and rebound	MEFIDS; DGE	23 April 2024 Press release	April–October 2024	Proposals to destigmatise failure due in October.
Tibi initiative	MEFIDS	6 May 2024 Press release	2023–May 2024	Commitments of EUR 7 billion by 35 investors; 92 approved funds.
French Tech Next40/120	Mission French Tech	22 May 2024 Press kit	May 2024	A cohort of 120 firms; a year of dedicated support.
I choose French Tech	Mission French Tech	23 May 2024 Press kit	2023–2024	Orders from start-ups measured; public commitment up 18 %.
Act No. 2024-537 on business financing	Parliament	13 June 2024 Act	June–December 2024	Multiple-voting shares at listing; capital raising; meetings.
Young innovative companies	DGFIP	3 July 2024 Tax guidance	January–December 2024	Profit-tax exemption closed to new firms; new category.
Bpifrance, first half of 2024	Bpifrance	2 October 2024 Press release	January–June 2024	Innovation finance down 44 %; venture investment up 7 %.
Bill on simplifying economic life	Senate	22 October 2024 Bill	April–December 2024	High Council for simplification with an SME test; not enacted.
Report on doctorates in business	Ministry of Higher Education and Research	5 November 2024 Press release	November 2024	Only 11 % of researchers in firms hold a doctorate.
End-of-management finance act	Parliament	6 December 2024 Act	2024	Deficit of 6.1 % of GDP; further cancellations.
Special law	Parliament	20 December 2024 Act	December 2024	Existing taxes collected without a budget for 2025.

Subject	Issuing bodies	Date and type	Period covered	Description
Changes of government	President of the Republic	23 December 2024 Decrees	January–December 2024	Prime Ministers of 9 January, 5 September and 13 December.
Germany				
Growth Opportunities Act	Bundestag; Bundesrat	27 March 2024 Act	March–December 2024	Bookkeeping thresholds, research allowance, e-invoicing.
Opportunity Card	BMAS	31 May 2024 Press releases	June–November 2024	Points-based job search from 1 June; work visas in the first year.
KfW Start-up Monitor	KfW	17 June 2024 Press release	2023	Start-up planning at a low; reservations about self-employment.
Future Fund	Federal Government	13 August 2024 Answer	2023–August 2024	EUR 1.75 billion allocated; no new module started by August.
Draft federal budget for 2025	Federal Government	16 August 2024 Budget bill	2024	Start-up title of EUR 176.0 million; start-up culture line.
WIN initiative	Federal Government; KfW	17 September 2024 Declaration	September 2024	Non-binding contributions; planned tax, pension, listing rules.
Start-up Strategy progress report	Federal Government	23 September 2024 Report	2023–2024	Most measures implemented (81 %); Start-up Factories; hubs.
Fourth Bureaucracy Relief Act	Bundestag; Bundesrat	23 October 2024 Act	May–December 2024	Retention periods cut and contract terms in text form from 2025.
Annual Tax Act 2024	Bundestag; Bundesrat	2 December 2024 Act	January–December 2024	Employee shares in groups; small-business VAT exemption.
Confidence vote and dissolution	Bundestag; President	16 December 2024 Records, orders	November–December 2024	Confidence refused on 16 December; dissolution on 27 December.
Procurement transformation bill	Federal Government	20 December 2024 Bill	November–December 2024	Young firms in tenders; direct awards to start-ups planned.

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: BMAS, Federal Ministry of Labour and Social Affairs; CSRC, China Securities Regulatory Commission; DBT, Department for Business and Trade; DGE, Directorate-General for Enterprise; DGFIP, Directorate General of Public Finances; EIS, Enterprise Investment Scheme; EXIST, Business Start-ups from Science (federal programme); FinCEN, Financial Crimes Enforcement Network; FTC, Federal Trade Commission; GDP, gross domestic product; IPO, initial public offering; M&A, mergers and acquisitions; MEFIDS, Ministry of the Economy, Finance and Industrial and Digital Sovereignty; METI, Ministry of Economy, Trade and Industry; MIIT, Ministry of Industry and Information Technology; MOE, Ministry of Education; MOEF, Ministry of Economy and Finance; MOF, Ministry of Finance; MOHRSS, Ministry of Human Resources and Social Security; MOJ, Ministry of Justice (China); MOST, Ministry of Science and Technology; MSS, Ministry of SMEs and Startups; NDRC, National Development and Reform Commission; NFRA, National Financial Regulatory Administration; NSF, National Science Foundation; PISCES, Private Intermittent Securities and Capital Exchange System; R&D, research and development; SBA, U.S. Small Business Administration; SI, statutory instrument; SME, small and medium-sized enterprise; STAR Market, Science and Technology Innovation Board of the Shanghai Stock Exchange; TIPS, Tech Incubator Program for Startup; UK, United Kingdom; US (U.S.), United States; USCIS, U.S. Citizenship and Immigration Services; VAT, value added tax; VCT, venture capital trust; WIN, Growth and Innovation Capital for Germany.

2 REVIEW OF ENTREPRENEURIAL ECOSYSTEM POLICIES

This section reviews the key policies of 2024 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 the permanence of venture law, bookkeeping and reporting, late payment and the personal cost of failure; several measures were not yet in force.

2.1.1 KOREA: THE PERMANENT VENTURE ACT AND THE SME GRACE PERIOD

An amendment approved by the Cabinet on 2 January 2024 made the Act on Special Measures for the Promotion of Venture Businesses, a temporary law of 1997 extended only twice, permanent and renamed it the Special Act on the Promotion of Venture Businesses (the Venture Act), with effect from 10 July (MSS, 2 January 2024, p. 1, and decree release, p. 2). An amendment of the Framework Act on SMEs, approved on 13 February for promulgation on 20 February and effect six months later, lengthened from three to five years, once per firm, the grace period in which a firm that outgrows the SME limits keeps SME support (MSS, 13 February 2024, p. 1). The tax law passed by the National Assembly on 10 December (MOEF, 25 July 2024, release of 10 December) deferred the tax on founders who contribute shares in kind for multiple-voting shares, for contributions from 1 January 2025 (MSS, 27 December 2024, pp. 1-2), and extended by three years the tax reduction for start-up SMEs and the exemption of up to KRW 200 million a year for venture stock options, but cut the reduction for start-ups in the capital region outside its congested zone from 50 % to 25 % (MOEF, 25 July 2024, proposal, pp. 13, 27).

This was a mixed policy. The permanent act, the grace period, the extensions and the deferral were good: public programmes fail when they are too short-lived to change decisions (Lerner, 2009), and these measures lengthen the horizon of support, soften the cliff at which growing firms lose it and remove a tax on an unrealised gain. The cut near the capital was poor: it withdrew relief from start-ups for a regional aim rather than an entrepreneurial one.

2.1.2 JAPAN: THE BUSINESS-BASED FINANCING ACT

The Act on the Promotion of Business-based Financing (Act No. 52 of 2024), promulgated on 14 June to move lending away from real estate and personal guarantees, will create a security over the whole of a company's assets and bar a creditor who holds it from enforcing personal guarantees, except where the debtor misreported its business, with effect by Cabinet Order within two years and six months (National Diet of Japan, 14 June 2024, Arts. 1, 7(1), 12(1), (4), suppl. Art. 1). The economic measures of 22 November undertook to submit "promptly" a bill letting a majority of creditors restructure financial debts out of court (Government of Japan, 22 November 2024, p. 12).

This was a mixed policy. It has been argued that a lower personal cost of failure encourages entrepreneurs to take on risky but promising ventures (Lee et al., 2007), and limits on guarantees lower that cost; but the Act was not yet in force, and the restructuring bill was a commitment.

2.1.3 CHINA: FAIR COMPETITION REVIEW AND REGISTERED-CAPITAL RULES

The Fair Competition Review Regulations (State Council Decree No. 783), in force from 1 August 2024, require every measure that concerns business activity to pass a fair competition review by the body that drafts it. Measures may not set discriminatory conditions for entry and exit, exclude firms from other localities from local procurement or give particular firms selective subsidies without a basis in law, although measures that promote technological progress may be exempted (State Council of the People's Republic of China, 6 June 2024, Arts. 2, 8–10, 12, 27). Decree No. 784 of 1 July on registered capital requires older companies to cut their capital contribution periods to five years and lets registries remove companies that have not deregistered within three years of losing their licence (State Council of the People's Republic of China, 1 July 2024, Arts. 2, 8).

This was a mixed policy. The fair competition rules were good: costly entry regulation hampers the entry of new firms (Klapper, Laeven, & Rajan, 2006), and bans on local protection and selective aid remove barriers to newcomers. The capital rules were mixed: they clean the register, but bring forward payments for owners who subscribed more capital than they paid in.

2.1.4 UNITED KINGDOM: THE LATE-PAYMENT PACKAGE AND THE VAT THRESHOLD

The Spring Budget raised the VAT registration threshold from GBP 85,000 to GBP 90,000 from 1 April 2024 (HM Treasury, 6 March 2024, paras. 4.21, 5.101). The Department for Business and Trade announced on 19 September a consultation on “tough new laws” against late payment, legislation “in the coming weeks” on payment reporting by large businesses, and a Fair Payment Code (DBT, 19 September 2024, press release). Its research found that only 31 % of businesses knew of the existing payment-reporting rules and that 49 % of small businesses were paid later than agreed terms (DBT, 19 September 2024, research, pp. 7, 11). The Autumn Budget announced that from 1 October 2025 bidders for large government contracts that do not pay their suppliers within an average of 45 days will be excluded (HM Treasury, 30 October 2024, para. 3.60).

This was a mixed policy. The higher VAT threshold lifted a duty from small firms. Trade credit should flow from firms with easier access to finance to those with less (Petersen & Rajan, 1997); late payment reversed that flow, disclosure had not corrected it, and rules for large buyers were still to be consulted on.

2.1.5 UNITED STATES: THE NON-COMPETE RULE AND OWNERSHIP REPORTING

The Federal Trade Commission published on 7 May 2024 a rule banning new non-compete clauses with any worker from 4 September and making existing ones unenforceable except for senior executives, and estimated that it would raise the rate of new firm formation by 2.7 % (FTC, 7 May 2024, pp. 38342–38343, 38433); a federal court set it aside on 20 August (FTC, 7 May 2024, order of 20 August, p. 27). From 1 January the Financial Crimes Enforcement Network (FinCEN) required reporting companies to disclose their beneficial owners (FinCEN, 1 January 2024, news release); a

court enjoined the duty nationwide on 3 December, an appeals court stayed the injunction on 23 December, and the duty remained contested in the courts at the end of the year (FinCEN, 1 January 2024, orders of 3 and 23 December). H.R. 7024, which would have restored the immediate expensing of research costs, passed the House on 31 January but stalled in the Senate on 1 August (U.S. House of Representatives, 31 January 2024, sec. 201, and bill status).

This was a mixed policy. The non-compete rule targeted a barrier to new firms but never took effect, ownership reporting added a duty, if a simple one, that the courts were contesting, and the tax relief for research-intensive young firms stalled in the Senate.

2.1.6 FRANCE: THE SIMPLIFICATION BILL AND ACT NO. 2024-537

The Senate adopted the bill on simplifying economic life at first reading on 22 October 2024; its Article 27 would create a High Council for simplification whose opinions must include an “SME test” of the impact of new rules on small and medium-sized enterprises (Senate of France, 22 October 2024, p. 1, Art. 27), but the bill was not enacted in 2024. Act No. 2024-537 of 13 June lets the general meeting delegate to the board the choice of named subscribers within 30 % of the capital a year and allows general meetings by telecommunication and board decisions by written consultation (Parliament of France, 13 June 2024, Arts. 9, 18).

This was a mixed policy. The company-law provisions lower the cost of raising capital and of running a company’s governance, but the SME test remained in a bill adopted by one chamber.

2.1.7 GERMANY: THE GROWTH OPPORTUNITIES AND BUREAUCRACY RELIEF ACTS

The Growth Opportunities Act, in force from 28 March 2024, raised the bookkeeping thresholds from EUR 600,000 to EUR 800,000 of turnover and from EUR 60,000 to EUR 80,000 of profit, but made electronic invoicing between firms compulsory from 1 January 2025 (German Bundestag, 27 March 2024, pp. 18, 29, 35). The Fourth Bureaucracy Relief Act of 23 October cut the retention period for accounting vouchers from 10 to eight years and allowed employment terms in text form, mostly from 1 January 2025, the first day of the quarter after promulgation (German Bundestag, 23 October 2024, Act, pp. 1, 3, 22, 34), with relief estimated at EUR 944.4 million a year (German Bundestag, 23 October 2024, bill, p. 3). The Annual Tax Act 2024 set the small-business VAT exemption at turnover of up to EUR 25,000 in the previous year and EUR 100,000 in the current year, from 2025 (German Bundestag, 2 December 2024, p. 44).

This was a mixed policy. Bureaucratic hurdles were the second most cited reservation about self-employment in Germany, named by 69 % of adults surveyed (KfW, 17 June 2024, press release); the acts cut, or from 2025 will cut, compliance costs for small and new firms, but compulsory e-invoicing from 2025 will add a new one.

2.2 FINANCE: GRANTS, FUNDING AND FINANCIAL INFRASTRUCTURE

Finance was the centre of policy: public money went to or alongside private fund managers, and institutional or pension money was sought for venture funds.

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

The Fund of Funds opened its first call on 5 February to place its whole budget for 2024, KRW 910 billion, in venture funds of KRW 1.7 trillion; the 43 funds selected were formed within five months with KRW 908.2 billion, 16 % above target (MSS, 5 February 2024, call, p. 1, and release of 2 September, p. 1). The Startup Korea Fund, launched on 24 April, is to raise at least KRW 2 trillion over four years from large firms, financial institutions and the government, which bears first losses and puts in about 30 % of each fund against about 60 % in the usual programmes; its first call selected 20 funds of at least KRW 837.6 billion (MSS, 24 April 2024, launch, p. 1, and release of 19 September, p. 2). The plan of 2 October found that investment in start-ups up to three years old fell by 31 % in the first half of 2024 and proposed lower risk weights for banks' investments in policy venture funds and talks on investment by retirement pensions (MSS, 2 October 2024, plan, pp. 2, 4).

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 places first losses on the state, and investment in the youngest firms fell.

2.2.2 JAPAN: JAPAN FINANCE CORPORATION LOANS AND ANGEL RELIEF

Japan Finance Corporation, the state's policy bank, raised from 16 February 2024 its loans to growth start-ups from JPY 1.44 billion to JPY 2.0 billion and was to raise from 1 April its loans without collateral or guarantor for founders from JPY 30 million to JPY 72 million, dropping the requirement of own funds (Japan Finance Corporation, 1 April 2024, pp. 1, 3). The economic measures of 22 November proposed extending the tax exemption for angel investors' reinvested gains (Government of Japan, 22 November 2024, p. 40), and the tax reform outline of 27 December a refund of income tax for investors in new small companies who cannot use their deduction in full (Government of Japan, 27 December 2024, pp. 4-5); neither was legislated in 2024.

This was a mixed policy. The loans were good: they address the obstacle that people interested in founding a business named most often, a lack of own funds, cited by 48.8 % (Japan Finance Corporation Research Institute, 18 January 2024, p. 1). The investor relief remained a proposal, and the evidence is a caution: tax credits for angel investors in US states raised angel investment but had no significant effect on entrepreneurial activity (Denes et al., 2023).

2.2.3 CHINA: VENTURE CAPITAL MEASURES AND THE SPECIAL GUARANTEE PLAN

The measures on venture capital issued by the General Office of the State Council on 15 June 2024 strengthen three national government funds investing through a "fund of funds + participation + direct investment" approach, call for tolerance of error in their evaluation and for evaluating state-owned venture capital firms over the whole life of a fund, and encourage insurers to invest, but set no fund sizes (General Office of the State Council, 15 June 2024, measures, Parts II-III). The special guarantee plan, issued on 24 July, raises the risk borne by the National Financing Guarantee Fund from 20 % to up to 40 %, with banks bearing at least 20 %, and the ceiling per firm from CNY 10 million to CNY 30 million (MOF, MOST, MIIT, & NFRA, 24 July 2024, annex, Part II).

This was a mixed policy. The guarantee plan was good: in Canada most guaranteed loans were found to be incremental (Riding et al., 2007), and the plan keeps a share of the risk with the lending banks. The venture capital measures were mixed: state-owned investors of unstated scale choose funds and firms, whereas public money does better alongside private investors than alone (Brander et al., 2015) and can crowd out private funds (Cumming & MacIntosh, 2006).

2.2.4 UNITED KINGDOM: BRITISH BUSINESS BANK, EIS AND VCT RELIEF

The British Business Bank made record commitments of GBP 2.3 billion in the year to March 2024, and its Growth Guarantee Scheme, with a 70 % government guarantee on loans to SMEs of up to GBP 2 million, took effect on 1 July (British Business Bank, 25 July 2024, pp. 10–11, 32–33; HM Treasury, 6 March 2024, para. 5.99). The Finance Act 2024 extended relief under the Enterprise Investment Scheme (EIS) and for venture capital trusts (VCT) by 10 years, from 3 September (Parliament of the United Kingdom, 22 February 2024, s. 11, and SI 2024/897). The new government confirmed more than GBP 1 billion for the bank over two years (HM Treasury, 30 October 2024, para. 4.86); at Mansion House the Chancellor announced a pathfinder British Growth Partnership to draw institutional money into venture funds and the pooling of local government pension assets (Chancellor of the Exchequer, 14 November 2024). The Autumn Budget also announced higher capital gains tax rates of 18 % and 24 % and a rise in the rate of Business Asset Disposal Relief to 14 % from April 2025, to be legislated (HM Treasury, 30 October 2024, paras. 5.65–5.66).

This was a mixed policy. The bank invests through private managers and lenders, as the evidence favours (Brander et al., 2015), and the 10-year extension of EIS and VCT relief gives investors stability. But a larger exclusion of capital gains on start-up stock raised start-up funding (Edwards & Todtenhaupt, 2020); the announced rises move the other way for founders who sell.

2.2.5 UNITED STATES: SBA FINANCE AND STATE VENTURE PROGRAMMES

In fiscal year 2024 the SBA supported 103,000 financings, the most since 2008, including 70,200 loans of USD 31.1 billion under its 7(a) programme, and its investment company programme received a record 127 licence applications (SBA, 24 October 2024, pp. 1–3, 8–9). The Treasury reported that the State Small Business Credit Initiative had spent nearly USD 750 million by the end of 2023 and supported USD 3.1 billion of new financing, and that its venture programmes had invested USD 211 million, matched by private money, for USD 1.2 billion of financing to over 600 companies (U.S. Department of the Treasury, 25 November 2024, press release).

This was a good policy. The investment company and state venture programmes put public money behind privately managed funds and alongside private investors, as the evidence favours (Brander et al., 2015), and guarantees can reach firms that banks would refuse (Riding et al., 2007), although the SBA reported volume, not incrementality.

2.2.6 FRANCE: THE TIBI INITIATIVE AND CANCELLED APPROPRIATIONS

By May 2024, 35 institutional investors had committed EUR 7 billion under the Tibi initiative's second phase, and its 92 approved funds managed EUR 35 billion (MEFIDS, 6 May 2024, pp. 1–2). Bpifrance's venture investment rose by 7 % to EUR 354 million in the first half, but its innovation

finance fell by 44 %, mainly in large projects of the French investment plan, and its loans to innovative firms by 30 %, while innovation aid was almost unchanged (Bpifrance, 2 October 2024, pp. 3, 6). The profit-tax exemption for young innovative companies was closed to firms created after 2023, beside a new category of young growth companies (DGFIP, 3 July 2024, paras. 1–2). A decree of 21 February cancelled EUR 10 billion of commitment authorisations, including EUR 176.4 million for the development of enterprises (Prime Minister of France, 21 February 2024, Art. 1 and annex); the act of 6 December reopened EUR 211.1 million for that programme but cancelled EUR 1,304.6 million of payment appropriations for the French investment plan (Parliament of France, 6 December 2024, statement B).

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, in evidence drawn from the opening of US pension money to venture funds (Kortum & Lerner, 2000). The cancellations were poor, removing money for innovation in a year in which Bpifrance's loans to innovative firms fell.

2.2.7 GERMANY: THE FUTURE FUND AND THE WIN INITIATIVE

In February 2024 the government allocated the last EUR 1.75 billion of the Future Fund – EUR 850 million for co-investment by KfW Capital on equal terms with private venture funds, up to EUR 500 million for exit financing through the European Investment Bank group and EUR 200 million each for a second growth fund and impact funds – but none of these modules had started by August, and the Fund's guarantee framework of EUR 8.5 billion was not to be extended (Federal Government of Germany, 13 August 2024, pp. 5, 7, 9); a module of EUR 660 million for growth rounds of firms backed by the federal seed fund had started in June (Federal Government of Germany, 23 September 2024, p. 9). In the WIN initiative (Growth and Innovation Capital for Germany) of 17 September, companies, KfW and the government declared contributions to growth capital that were expressly non-binding, with planned measures such as a higher risk-capital quota for small insurers and pension funds, from 35 % to 40 % (Federal Government of Germany & KfW, 17 September 2024, pp. 8, 11).

This was a mixed policy. The co-investment module follows the design that the evidence favours (Brander et al., 2015), but the Fund allocated money in February with none of its new modules started by August, and the WIN initiative bound no one.

2.3 CULTURE

Culture remained the thinnest domain, and its few substantial measures concerned failure.

2.3.1 KOREA: THE RE-CHALLENGE SUCCESS PACKAGE AND STATE HONOURS

The Re-challenge Success Package, called on 31 January 2024, offered about 282 founders starting again after a failure up to KRW 100 million each and admitted founders in default if they had a debt-adjustment agreement with the Credit Counseling and Recovery Service (MSS, 19 November 2024, re-challenge call, p. 2); the re-start loan fund rose from KRW 75 billion to KRW 100

billion (MSS, 4 January 2024, 2024 notice, p. 2). Global Entrepreneurship Week was to draw about 700 participants and award 45 prizes, and 37 state honours were awarded on 11 December (MSS, 19 November 2024, week release, pp. 1, 4, and honours release, p. 1).

This was a mixed policy. The re-challenge measures were good: bankruptcy laws friendly to entrepreneurs go with higher entry across countries (Lee, Yamakawa, Peng, & Barney, 2011), and the package finances a second attempt even for founders in default. The week and the honours were mixed: they measure only participation, and it has been argued that encouraging more people to start firms is not by itself good policy (Shane, 2009).

2.3.2 JAPAN: THE START-UP HUB PLEDGE AND THE SURVEY OF FOUNDING

The Ishiba Cabinet, launched on 1 October 2024, pledged to “realise the largest start-up hub in Asia” (Prime Minister of Japan, 4 October 2024, cabinet list, and speech, part 4). The policy bank’s research institute found that 52.0 % of the people interested in starting a business wanted to do so, but that 32.1 % of those who had not started named the risk of failure, second only to a lack of own funds (Japan Finance Corporation Research Institute, 18 January 2024, p. 1). The review of the hub cities proposed entrepreneurship education “from children to adults” for its next phase (Cabinet Office of Japan, October 2024, p. 12).

This was a poor policy. Tolerance of failure belongs to the culture of an entrepreneurial ecosystem (Isenberg, 2011); the policy bank measured the fear of failure, but the government addressed attitudes only with a pledge and a proposal, and its limits on guarantees were not yet in force.

2.3.3 CHINA: CREDIT REPAIR AND THE STUDENTS’ INNOVATION COMPETITION

The government work report of 5 March 2024 called for promoting “the excellent entrepreneurial spirit” (State Council of the People’s Republic of China, 5 March 2024, Part III(4)). The draft Private Economy Promotion Law of 10 October would have the state foster a climate that “respects entrepreneurs” and let firms that have corrected dishonest conduct apply for credit repair, after which sanctions are lifted (MOJ & NDRC, 10 October 2024, draft, Arts. 8, 53); it was not enacted in 2024. The Ministry of Education’s China International College Students’ Innovation Competition ran under the theme “I dare to venture, I can create”, and 5.14 million projects from 5,406 schools registered (MOE, 28 April 2024, notice, Part I, and report of 16 October).

This was a mixed policy. Credit repair touches the lasting cost of failure, and it has been argued that stigma can blunt the effect of rules friendly to entrepreneurs (Lee et al., 2007); but it remained a draft. The competition reached millions of students, but its effect was not measured.

2.3.4 UNITED KINGDOM: THE YEAR OF THE SME AND THE KING’S AWARDS

The Spring Budget branded 2024 “the year of the SME” (HM Treasury, 6 March 2024, para. 4.19). On 6 May, 252 businesses received 257 King’s Awards for Enterprise (DBT, 6 May 2024, press release), and the Autumn Budget stated a commitment to “a positive environment for entrepreneurship”, with no programme named (HM Treasury, 30 October 2024, para. 2.49). The one change touching the cost of failure, easier debt relief orders with a debt ceiling raised from GBP 30,000 to

GBP 50,000, was presented as help for people in financial distress, not for entrepreneurs (Insolvency Service, 22 July 2024, p. 13).

This was a mixed policy. The label, awards and statement were poor: they do not change the conditions in which people decide to found a firm. The easier debt relief orders were good: more forgiving personal bankruptcy law is associated with more self-employment (Armour & Cumming, 2008), though the change was not designed for founders.

2.3.5 UNITED STATES: THE SBA CRIMINAL JUSTICE RULE

An SBA rule effective from 30 May 2024 removed criminal-history restrictions from its loan, surety bond and disaster programmes after the agency found no evidence that such loans perform worse; it kept the bar on businesses with a prior default that caused a loss to the federal government (SBA, 30 April 2024, pp. 34094–34096). The President’s proclamation of National Small Business Week spoke of a “historic small business boom” of 17 million new business applications (President of the United States, 26 April 2024, p. 34945).

This was a mixed policy. The criminal justice rule was good: policy designs construct groups as deserving or undeserving of support (Schneider & Ingram, 1993), and the rule stopped excluding people who had served sentences. The proclamation was poor: it counted applications, not firms.

2.3.6 FRANCE: THE WORKING GROUP ON ENTREPRENEURIAL FAILURE AND REBOUND

On 23 April 2024 the minister for SMEs launched a working group to propose how to destigmatise entrepreneurial failure and help entrepreneurs in difficulty rebound, saying failure “must now be seen as a possible stage of the journey”; its proposals were due in October, and the state also funds the Rebound Portal, a network of six associations for heads of small firms in difficulty (MEFIDS & DGE, 23 April 2024, pp. 1–2). The proposals had not been published by the end of the year.

This was a mixed policy. It aimed at the right target, the stigma of failure, which it has been argued can blunt a lenient bankruptcy law (Lee et al., 2007), and the state funds support for firms in difficulty; but by the end of the year it was a working group, not a change in law or practice.

2.3.7 GERMANY: THE BUDGET LINE FOR START-UP CULTURE

In the government’s draft budget for 2025 of 16 August 2024, the title for innovative start-ups fell slightly to EUR 176.006 million; of it, EUR 107.918 million went to EXIST, the programme for start-ups from science, and EUR 3.728 million, about 2 %, to start-up culture, succession and support for people interested in founding (Federal Government of Germany, 16 August 2024, pp. 50–51). KfW’s Start-up Monitor found that the share of people actively planning a start-up had fallen from 4.5 % to 3.6 % and that only 24 % would prefer self-employment to employment (KfW, 17 June 2024, press release). The budget was still to be passed in mid-December (German Bundestag, 16 December 2024, record 20/206, p. 26655).

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 attitudes at a low; the federal response was a budget line of EUR 3.7 million in a budget still pending in mid-December.

2.4 SUPPORT: INSTITUTIONAL SUPPORT

Support turned on hubs, accelerators and programmes run by many bodies.

2.4.1 KOREA: TIPS AND THE INTEGRATED NOTICE OF START-UP SUPPORT

The integrated notice for 2024 listed 397 start-up support programmes run by 99 bodies, with KRW 3.7121 trillion, 1.4 % more than in 2023 and 55.3 % of it in loans and guarantees. The largest increase, KRW 93.3 billion to KRW 471.5 billion, went to TIPS (Tech Incubator Program for Startup), in which private operators choose start-ups and the government adds research and commercialisation funds (MSS, 4 January 2024, 2024 notice, pp. 1–2, 4). The notice for 2025, of 30 December, listed 429 programmes from 101 bodies but KRW 3.2940 trillion, 11.3 % less; loans fell from KRW 2.0546 trillion to KRW 1.5552 trillion, while central support other than loans rose slightly (MSS, 4 January 2024, release of 30 December, pp. 1–2).

This was a mixed policy. TIPS was good: it lets private investors choose the firms that public money follows, as the evidence on government venture capital favours (Brander et al., 2015). The wider notice was mixed: some 400 programmes from about 100 bodies are the fragmented, transactional support that ecosystem research criticises (Brown & Mason, 2017).

2.4.2 JAPAN: THE HUB CITIES AND THE STARTUP SUPPORT PLAZAS

The Cabinet Office reviewed the eight hub cities selected in July 2020, whose performance indicators end in March 2025, and found the targets for creating start-ups largely met but no start-ups that grow globally and earn well, and weak links with overseas ecosystems (Cabinet Office of Japan, October 2024, pp. 2, 11–12). From 1 April 2024 Japan Finance Corporation opened Startup Support Plazas in four cities to advise seed and early-stage start-ups on finance (Japan Finance Corporation, 1 April 2024, p. 1), and the economic measures of November undertook to set up an operating body for a Global Startup Campus (Government of Japan, 22 November 2024, p. 40).

This was a mixed policy. The review tested the hubs against outcomes and found that designation had produced counts but not global firms; it has been argued that ecosystems grow organically rather than by design (Isenberg, 2010).

2.4.3 CHINA: FISCAL AWARDS FOR “LITTLE GIANT” SMES

The Ministry of Finance and the Ministry of Industry and Information Technology announced on 14 June 2024 fiscal awards for “little giant” firms, specialised and innovative SMEs: more than 1,000 firms in the first batch, with transfers to provinces computed at CNY 6 million per firm over three years, half paid at the start and the rest after a performance evaluation, and at least 95 % to be paid directly to the firms. Only unlisted firms with valid status and investment plans of more than

CNY 20 million may apply, and provinces are to build support systems including incubation and finance (MOF & MIIT, 14 June 2024, Parts I–IV).

This was a mixed policy. Paying half against results is sound. But the firms are chosen by a state designation of status, and it has been argued that high-growth firms are too varied to be picked in advance, so that policy should support the conditions for growth (Mason & Brown, 2013).

2.4.4 UNITED KINGDOM: GROWTH HUBS AND PROOF-OF-CONCEPT FUNDING

The Autumn Budget funded the Growth Hubs in England and Help to Grow: Management for the following financial year and promised a Small Business Strategy in 2025 (HM Treasury, 30 October 2024, paras. 3.62, 5.164); in September the Department for Business and Trade had described its plan for small businesses as business rates, late payment, exports, access to finance and high streets (DBT, 10 October 2024, release of 11 September). After consulting in March on a GBP 20 million proof-of-concept fund for university spin-outs (HM Treasury, 6 March 2024, para. 4.17), the government committed at least GBP 40 million over five years for proof-of-concept funding (HM Treasury, 30 October 2024, para. 3.72).

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 advice was funded a year at a time, and the plan for small businesses named no measure for starting a firm.

2.4.5 UNITED STATES: THE NSF REGIONAL INNOVATION ENGINES

On 29 January 2024 the National Science Foundation established its first 10 Regional Innovation Engines, each with up to USD 15 million for two years and up to USD 160 million over 10 years if it meets its milestones, with nearly 30 incubators and investors among their partners (NSF, 29 January 2024, news release, and fact sheet, p. 2). The SBA's budget request for fiscal year 2025, not enacted by the end of the year, kept its entrepreneurial development account flat at USD 320 million but would cut the Small Business Development Centers from USD 140 million to USD 121 million and its volunteer mentoring network from USD 17 million to USD 10.2 million to fund new lines (SBA, 11 March 2024, p. 24).

This was a mixed policy. The Engines were good: they fund the connections among universities, firms, incubators and investors in a region over a decade, as ecosystem research recommends (Brown & Mason, 2017). The requested cuts to the advice available to every founder were poor.

2.4.6 FRANCE: MISSION FRENCH TECH AND THE FRENCH TECH NEXT40/120

Mission French Tech selected on 22 May 2024 the fifth cohort of the French Tech Next40/120, 120 firms chosen half on revenue and half on funds raised, each receiving a year of dedicated support (Mission French Tech, 22 May 2024, pp. 5, 7). Bpifrance launched a programme for entrepreneurship in priority urban neighbourhoods and reported that it and its partners had supported about 40,000 people in creating firms in the first half (Bpifrance, 2 October 2024, p. 1).

This was a mixed policy. The neighbourhood programme widens support at the base, but the main programme concentrates on firms that are already large, whereas it has been argued that policy should support the conditions for growth rather than select firms (Mason & Brown, 2013).

2.4.7 GERMANY: THE START-UP FACTORIES AND THE DIGITAL HUB INITIATIVE

In the competition for Start-up Factories an expert jury chose 15 of 26 applications from more than 100 universities and institutes; each received up to EUR 150,000 from July 2024 for a concept, and between five and 10 factories are to be funded with public money matched by private money, but the EXIST strand that funds start-up culture at universities was to end with 2024. The Digital Hub Initiative grew by 10 hubs to 25 (Federal Government of Germany, 23 September 2024, pp. 22, 33).

This was a mixed policy. The Start-up Factories were good: they are chosen by competition, built around strong universities and required to draw private money, which suits the case that policy should strengthen the regional conditions and connections from which high-growth firms emerge (Stam, 2015). The end of the university culture strand without a decided successor was poor.

2.5 HUMAN CAPITAL: EDUCATION AND TRAINING, AND LABOUR

Policy on people diverged more than in any other domain.

2.5.1 KOREA: THE STARTUP KOREA SPECIAL VISA

The Startup Korea Special Visa, introduced by the Ministry of SMEs and Startups and the Ministry of Justice on 6 November 2024, minimises quantitative requirements: a private committee of investors and foreign experts assesses applicants' businesses, the ministry recommends founders, and the Ministry of Justice issues the visas; a Global Startup Center for foreign founders had opened on 31 July (MSS, 6 November 2024, visa release, p. 1, and release of 31 July, p. 1). The Venture Act, in force from 10 July, gave unlisted venture firms a legal basis for performance-conditioned stock and let researchers of all universities and institutes take leave to found or work at a venture firm (MSS, 2 January 2024, p. 2, and decree release, p. 2).

This was a good policy. Immigrants are more likely than natives with similar education to start companies (Hunt, 2011), and a visa decided by investors rather than on points lowers the barrier for founders; stock that vests on performance lets cash-poor firms pay key staff in equity.

2.5.2 JAPAN: THE STOCK OPTION POOL AND FOREIGN FOUNDERS

Act No. 45 of 2024, promulgated on 7 June, created a stock option pool: for companies less than 15 years old and confirmed by the ministers, the shareholders' meeting may delegate more of the terms and timing of option grants to the board, with effect by Cabinet Order within three months, that is by early September (National Diet of Japan, 7 June 2024, Art. 1, new Art. 21-19, suppl. Art. 1). The Grand Design reported that the annual limit for tax-qualified stock options had been raised to as much as JPY 36 million (Cabinet Secretariat, 21 June 2024, p. 18), and the economic measures of November undertook to roll out nationwide within 2024 a programme under which a local

government can vouch for a foreign founder who will meet the requirements of the Business Manager status within six months (Government of Japan, 22 November 2024, p. 15).

This was a good policy. Option pools and a higher limit let young firms pay early employees in equity without a shareholders' meeting for each grant; the vouching programme for foreign founders was still a promise.

2.5.3 CHINA: THE NOTICE ON COLLEGE GRADUATES' ENTREPRENEURSHIP

A notice of the Ministry of Human Resources and Social Security, the Ministry of Education and the Ministry of Finance of 17 May 2024, for a year with more than 11.7 million college graduates (State Council of the People's Republic of China, 5 March 2024, Part III(10)), offers firms up to CNY 1,500 for each young unemployed person hired, asks provinces to build start-up services with a one-off subsidy for graduate start-ups, and sets a target of one million internships a year (MOHRSS, MOE, & MOF, 17 May 2024, items 1, 5, 8); the Ministry of Education's competition is to bring entrepreneurship education to every level (MOE, 28 April 2024, notice, Part II).

This was a mixed policy. Hiring and internship subsidies address youth unemployment more than entrepreneurship, and the notice states no amount for the start-up subsidy. Scale is not effect: an evaluation of a leading entrepreneurship programme for college students found no significant effect on self-assessed entrepreneurial skills and a negative effect on the intention to become an entrepreneur (Oosterbeek, van Praag, & Ijsselstein, 2010).

2.5.4 UNITED KINGDOM: THE SKILLED WORKER SALARY THRESHOLD

From 4 April 2024 the Skilled Worker salary threshold rose from GBP 26,200 to GBP 38,700, to encourage businesses to invest in the resident workforce, while discounts for new entrants were kept; the routes for founders were not changed (Home Office, 14 March 2024, paras. 4.1, 5.1–5.2, 5.6). The new government's Employment Rights Bill, introduced on 10 October, would give protection from unfair dismissal from the first day of employment (DBT, 10 October 2024, paper, paras. 9–10, 28), and the Autumn Budget announced a rise in employer National Insurance contributions from 13.8 % to 15 % from April 2025, with a higher allowance for small employers (HM Treasury, 30 October 2024, para. 5.48).

This was a poor policy. Immigrants who first enter as students or temporary workers outperform natives in patenting (Hunt, 2011), and a threshold at the median wage prices many of a young firm's first skilled hires who are not new entrants out of the route. Day-one dismissal rights and higher employer contributions would add to the cost and risk of a first hire.

2.5.5 UNITED STATES: THE H-1B RULE AND FOUNDER PAROLE

A rule published on 18 December 2024, to take effect on 17 January 2025, will let owners of a petitioning firm hold H-1B status, limiting the initial petition and first extension to 18 months each where the owner controls the firm (USCIS, 18 December 2024, pp. 103056–103057). From 1 October 2024 the International Entrepreneur Program, which allows parole for founders of start-ups with potential for rapid growth, requires at least USD 311,071 from qualified investors or USD 124,429 in

government awards, and only 112 applications were filed in fiscal years 2018 to 2023 (USCIS, 25 July 2024, pp. 60299–60300).

This was a mixed policy. Immigrants create about a quarter of new US firms (Kerr & Kerr, 2020), and the H-1B rule opens a door for founders who are also their firm's first specialist; but the founder parole programme is too little used to matter, and its thresholds rose with inflation.

2.5.6 FRANCE: THE DOCTORATE REPORT AND RESEARCH CANCELLATIONS

A report handed to the ministers for research and for industry on 5 November 2024 found that only 11 % of researchers in firms held a doctorate, against 56 % who were engineers, and the ministers retained its proposal of a national platform for the employment of doctorate holders (Ministry of Higher Education and Research, 5 November 2024, pp. 1–2). The decree of 21 February cancelled EUR 904.2 million of appropriations for research and higher education and EUR 1.1 billion for work and employment (Prime Minister of France, 21 February 2024, annex), and the act of 6 December cancelled a further EUR 317.6 million of payment appropriations for research and higher education, while opening EUR 102.5 million (Parliament of France, 6 December 2024, statement B).

This was a poor policy. The diagnosis was right, but the response was a recommendation, while the appropriations for research, the source of skills for research-based start-ups, were cut twice.

2.5.7 GERMANY: THE OPPORTUNITY CARD AND EMPLOYEE SHARES

From 1 June 2024 nationals of countries outside the European Union can apply for the Opportunity Card, a points-based permit to search for work for one year, extendable to two; the government reported about 200,000 work visas in the first year of the reformed law, more than 10 % above the year before (BMAS, 31 May 2024, press release, and joint release of 17 November), and called the card of particular benefit to start-ups (Federal Government of Germany, 23 September 2024, p. 13). The Annual Tax Act 2024 extended the deferred taxation of employee shares to firms in groups, provided the group stays within the size thresholds and none of its firms is more than 20 years old, with effect from 1 January 2024 (German Bundestag, 2 December 2024, pp. 3, 63).

This was a good policy. The Opportunity Card lets skilled foreigners seek work, including in young firms, without a job offer, and the clause eases employee shares in growing start-ups.

2.6 MARKET: MARKET AND INDUSTRY SUPPORT, IPO AND EXIT

Markets turned on purchasing from young firms, routes to exit and listing standards.

2.6.1 KOREA: PUBLIC PURCHASING AND THE INTERMEDIATE EXIT MARKET

Public bodies, 854 in all, bought KRW 127.3 trillion of SME products in 2023, a record since the scheme began in 2006; the law requires them to buy at least 8 % of their total purchases from start-ups, but no figure for start-ups was reported (MSS, 23 April 2024, purchasing release, p. 1). Products designated as innovative can be bought by negotiated contract without a value limit for three years, and 59 were designated in the first half of 2024 (MSS, 23 April 2024, release of 5

August, p. 2). The plan of 2 October proposed for 2025 a global secondary fund, a fund for mergers and acquisitions (M&A) in business succession, an M&A centre and relaxation of the rule forcing a venture fund to sell when a large firm buys its portfolio firm (MSS, 2 October 2024, plan, p. 5), but the tax law of 10 December ended the credit for mergers with technology-innovative SMEs for low use (MOEF, 25 July 2024, proposal, pp. 28, 35, and release of 10 December).

This was a mixed policy. It has been argued that public procurement can create early markets for innovative firms (Edler & Georghiou, 2007), as the innovative-product route does; but an unreported quota cannot be judged, the exit measures were proposals, and a merger credit ended.

2.6.2 JAPAN: ACT NO. 32 OF 2024 ON TRADING UNLISTED SHARES

Act No. 32 of 2024, promulgated on 22 May, will exempt brokers dealing only in unlisted securities for professional investors from capital-adequacy rules and let small trading systems for unlisted shares operate on registration; it will take effect by Cabinet Order within one year (National Diet of Japan, 22 May 2024, bill digest, Parts 1, 3). The economic measures of November undertook to ease private placements to professional investors, a “Japanese Rule 506”, and to help start-ups into public procurement (Government of Japan, 22 November 2024, pp. 40–41), and the Grand Design planned a review of the listing-maintenance standards of the Tokyo Stock Exchange’s Growth Market (Cabinet Secretariat, 21 June 2024, p. 17).

This was a mixed policy. Trading in unlisted shares gives early investors and employees liquidity short of listing, and the review addresses a known weakness: the long-run performance of IPOs on Europe’s second markets has been dramatically worse than on main markets (Vismara, Paleari, & Ritter, 2012). But the Act was not yet in force, and the other measures were undertakings.

2.6.3 CHINA: THE STAR MARKET MEASURES AND THE M&A OPINIONS

The State Council’s capital market opinions of 4 April 2024 called for higher listing standards on the main board and ChiNext and routine delisting (State Council of the People’s Republic of China, 4 April 2024, Parts II, IV). The CSRC’s eight measures of 19 June for the STAR Market support the listing of high-quality loss-making technology firms and refine the rule that ties the lock-up of venture funds’ shares to their investment period (CSRC, 19 June 2024, measures 1, 7), and its opinions of 24 September on M&A support purchases of loss-making assets and acquisitions by private funds and provide for payment in instalments (CSRC, 24 September 2024, pp. 1–3).

This was a mixed policy. Mergers and secondary routes give venture funds exits beyond listing, but admitting loss-making firms to the STAR Market repeats the lighter rules of second markets, on which the long-run performance of IPOs has been poor (Vismara et al., 2012).

2.6.4 UNITED KINGDOM: PISCES AND THE PROCUREMENT ACT 2023

The Spring Budget opened a consultation on the Private Intermittent Securities and Capital Exchange System (PISCES), a market for intermittent trading in private companies’ shares (HM Treasury, 6 March 2024, para. 4.27). The new government’s response of 14 November planned it as a five-year sandbox open to institutional, employee and sophisticated investors, with legislation

by May 2025, missing the commitment of 2023 to establish it by the end of 2024 (HM Treasury, 14 November 2024, response, pp. 8–9, 37, and consultation, para. 1.7). The Finance Act 2024 widened the stamp duty exemption for growth markets (Parliament of the United Kingdom, 22 February 2024, s. 19), but the Cabinet Office delayed the Procurement Act 2023 from 28 October 2024 to 24 February 2025 (Cabinet Office, 12 September 2024, statement and SI 2024/959).

This was a mixed policy. A private market can give investors and staff an exit before listing; but PISCES missed its first date, and the Procurement Act was delayed.

2.6.5 UNITED STATES: THE SMALL BUSINESS PROCUREMENT SCORECARD

In fiscal year 2023 small businesses received 28.4 % of federal contract dollars, USD 178.6 billion, against a statutory goal of 23 %, although women-owned firms fell short of their 5 % goal. In January 2024 the Office of Federal Procurement Policy directed agencies to design contracts with multiple awards with small businesses in mind, and the SBA issued guidance with a dashboard of new and established suppliers (SBA, 29 April 2024, news release).

This was a good policy. Public procurement, it has been argued, can create early markets for innovative firms (Edler & Georghiou, 2007); the government published and met its overall goal, and the dashboard tracks new entrants, though start-up purchases were not reported.

2.6.6 FRANCE: I CHOOSE FRENCH TECH AND MULTIPLE-VOTING SHARES

A year after its launch, I choose French Tech, which aims to double purchases from start-ups, reported a baseline of EUR 6 billion of orders in 2022 and a rise of 18 % in public-sector commitments to EUR 1.75 billion, while large private groups bought 2.4 % of their purchases from start-ups, against 2.3 % a year earlier (Mission French Tech, 23 May 2024, p. 10). Act No. 2024-537 allows companies listing for the first time to create shares with multiple votes for named persons, for at most 10 years, renewable once for five, and opens the SME share savings plan to firms valued below EUR 2 billion (Parliament of France, 13 June 2024, Arts. 1, 5).

This was a good policy. France measured its baseline and public orders from start-ups rose, though private buyers barely moved; multiple-voting shares let founders list and keep control.

2.6.7 GERMANY: THE PROCUREMENT BILL AND EXIT FINANCING

The procurement transformation bill, sent to the Bundesrat on 28 November 2024, aims to strengthen “significantly” the participation of young and innovative firms; direct awards of innovative services of up to EUR 100,000 to start-ups were planned in separate rules below the European Union thresholds (Federal Government of Germany, 20 December 2024, pp. 2, 7, 36). The bill was pending when the Bundestag was dissolved on 27 December (German Bundestag, 16 December 2024, order of 27 December). The EUR 500 million for exit financing had no concrete results or timetable in August (Federal Government of Germany, 13 August 2024, p. 5).

This was a poor policy. Procurement, it has been argued, can create early markets for innovative firms (Edler & Georghiou, 2007), and the bill’s aim is right, but none of the measures reached firms.

3 ANALYSIS OF THE POLICIES

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

Policy in 2024 was made through changes of government and political crises. The United Kingdom changed government on 5 July (Prime Minister's Office, 5 July 2024, press release), and Japan's Ishiba Cabinet took office on 1 October, before a general election on 27 October (Prime Minister of Japan, 4 October 2024, cabinet list, and election results). In France Gabriel Attal was appointed Prime Minister on 9 January, the National Assembly was dissolved on 9 June, and Michel Barnier and François Bayrou were appointed on 5 September and 13 December (President of the French Republic, 23 December 2024, decrees of 9 January, 9 June, 5 September and 13 December). In Germany the Chancellor sought the dismissal of the Finance Minister in November and lost a vote of confidence on 16 December, and the Bundestag was dissolved on 27 December (German Bundestag, 16 December 2024, record 20/205, and orders of 27 December). In Korea martial law was declared on the night of 3 December and lifted by the next morning, and the National Assembly voted to impeach the President on 14 December and the Prime Minister on 27 December (MOEF, 4 December 2024, release, and instructions of 14 and 27 December). China and the United States kept their governments through the year. Much of the year's policy was therefore announced late or left pending.

The fiscal setting tightened. France cancelled EUR 10 billion of commitment authorisations in February (Prime Minister of France, 21 February 2024, Art. 1), expected a deficit of 6.1 % of GDP for 2024 (Parliament of France, 6 December 2024, preliminary article) and entered 2025 under a special law that authorised only the collection of existing taxes (Parliament of France, 20 December 2024, Art. 1). Germany's budget for 2025 was still to be passed in mid-December (German Bundestag, 16 December 2024, record 20/206, p. 26655). Korea's start-up support for 2025 fell by 11.3 %, because loans were cut by KRW 499.4 billion while other support rose (MSS, 4 January 2024, release of 30 December, pp. 1–2), and Japan's draft SME budget for fiscal year 2025 rose by JPY 0.1 billion to JPY 169.5 billion while the general account of the Ministry of Economy, Trade and Industry fell by 2.2 % (Ministry of Finance of Japan, December 2024, METI summary, p. 1, and METI digest, p. 3). China, by contrast, planned a deficit of 3 % of GDP, CNY 4.06 trillion, and began issuing ultra-long special treasury bonds, CNY 1 trillion in 2024 (State Council of the People's Republic of China, 5 March 2024, 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.

Table 2: How the governments represented the problem

Country	Problem represented	Presupposition	Left unsaid
Korea	A venture investment market short of private, foreign and early-stage money (MSS, 2 October 2024)	Public funds, bank and pension money and first-loss cover can fill the gap	Why early-stage investment fell; support spread over some 400 programmes
Japan	Start-ups that do not grow globally, and lending that rests on personal guarantees (Cabinet Office of Japan, October 2024)	Hubs, policy loans and legal reform will produce growth firms	How far investment stood from the 10-fold target; fear of failure
China	Local protection, weak private confidence and capital that misses technology firms (State Council of the People's Republic of China, 6 June 2024)	Fair competition rules and state-guided capital can steer investment	The effect of state-led funds on private investors
United Kingdom	An “incubator economy” rather than a scale-up economy (British Business Bank, 25 July 2024, p. 4)	Pension money and capital markets are the binding constraint	Costs that tax and employment changes would add for small employers
United States	A “historic small business boom” to sustain with credit and contracts (President of the United States, 26 April 2024)	Access to capital and federal markets drives small business	The low use of founder parole; requested cuts to advice
France	Technology firms short of late-stage capital, and the stigma of failure (MEFIDS & DGE, 23 April 2024)	Institutional money and champions build a technology sector	Cuts to innovation and research appropriations
Germany	Bureaucracy and a shortage of growth capital (Federal Government of Germany, 23 September 2024)	Less red tape and public money that mobilises private capital will suffice	Weak attitudes to self-employment; fear of financial risk

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

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 institutional money drawn into venture funds, 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): markets for trading unlisted shares were prepared in the United Kingdom and Japan, and France allowed multiple-voting shares at a first listing, while Korea, where such shares convert on listing (MSS, 27 December 2024, p. 2), deferred the tax on acquiring them.

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 2024 met this test in places, such as Germany's 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 awards, weeks and statements.

On finance, the theory of government venture capital supports some designs and not others. Public money that invests alongside private investors is associated with more investment and more successful exits, while public money that invests alone does worse (Brander et al., 2015); public funds can also 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 British Business Bank, the US investment companies and France's Tibi initiative pass this test; Korea's first-loss cover and China's state-guided funds pass it only in part. Investor taxation has uneven support: a larger exclusion of capital gains on start-up stock raised the funding of eligible firms (Edwards & Todtenhaupt, 2020), which weighs against the British rises in the tax on founders' gains, while tax credits for angel investors raised angel investment without significantly changing entrepreneurial activity (Denes et al., 2023), a caution for Japan's proposed relief.

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 (Armour & Cumming, 2008; Lee et al., 2011), support Korea's re-challenge package and Japan's limits on personal guarantees and expose the absence of any measure aimed at the failure of founders in the United Kingdom, the United States and Germany. The evidence that immigrants are more likely than similarly educated natives to start companies (Hunt, 2011), and create about a quarter of new US firms (Kerr & Kerr, 2020), supports Korea's special visa and Germany's Opportunity Card and contradicts the British salary threshold.

Table 3: Theoretical validity of the main policies

Theory	Claim	Policies consistent with it	Policies in tension with it
Entrepreneurial ecosystems (Ács et al., 2014; Brown & Mason, 2017; Stam, 2015)	Outputs depend on interdependent conditions; the weakest binds; relational policy	Start-up Factories (Germany); Regional Innovation Engines (United States)	Some 400 programmes from about 100 bodies (Korea); designated hub cities (Japan)
Government venture capital and guarantees (Brander et al., 2015; Cumming & MacIntosh, 2006; Lerner, 2009; Riding et al., 2007)	Public money works best alongside private investors and at moderate scale; most guaranteed loans are incremental	Fund of Funds and TIPS (Korea); British Business Bank; investment companies (United States); Tibi (France); guarantee plan (China)	First-loss cover (Korea); state-guided funds (China); Future Fund modules not started by August (Germany)
Investor taxation (Denes et al., 2023; Edwards & Todtenhaupt, 2020)	Relief on start-up gains raises funding; angel credits raise investment but not entrepreneurial activity	EIS and VCT extension (United Kingdom); deferral for multiple-voting shares (Korea)	Capital gains rises (United Kingdom); proposed angel relief (Japan)
Early-stage grants (Howell, 2017)	Early grants raise later venture capital, patents and revenue	Proof-of-concept funding (United Kingdom); EXIST founder grants (Germany)	Research appropriations cancelled (France)
Business failure (Armour & Cumming, 2008; Lee et al., 2007; Lee et al., 2011)	A lower cost of failure goes with more entry	Re-challenge package (Korea); limits on personal guarantees (Japan); credit repair draft (China)	No measure aimed at the failure of founders (United Kingdom, United States, Germany); working group only (France)

Theory	Claim	Policies consistent with it	Policies in tension with it
Immigrant talent (Hunt, 2011; Kerr & Kerr, 2020)	Immigrants start companies and innovate out of proportion to their numbers	Special visa (Korea); Opportunity Card (Germany); H-1B owners (United States)	Skilled Worker threshold (United Kingdom); little-used founder parole (United States)
Demand and payment (Edler & Georgiou, 2007; Petersen & Rajan, 1997)	Procurement can create markets for innovation; trade credit should flow to firms that lack finance	Procurement scorecard (United States); I choose French Tech (France)	Start-up quota not reported (Korea); procurement bill pending (Germany); late-payment laws only promised (United Kingdom)
Second markets (Vismara et al., 2012)	IPOs on second markets perform worse in the long run	Growth Market review (Japan); higher main-board standards (China)	Loss-making listings on the STAR Market (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 2024 much of the year's policy had not yet reached firms (Table 4). The measures in force were concentrated in law, tax and finance; many of the reforms of the year were bills, plans or acts not yet in force.

Table 4: Status of the main measures at the end of 2024

Country	In force or launched in 2024	Adopted, in force from 2025	Pending or announced
Korea	Permanent Venture Act; grace period; Fund of Funds; Startup Korea Fund; TIPS; special visa	Tax law: multiple-voting share deferral; start-up relief extended, and cut near the capital; merger credit ended	Investment market plan; 2025 support notice
Japan	Policy-bank loans and plazas; stock option pool	Act No. 32; Business-based Financing Act (date set by Cabinet Order)	Restructuring bill; investor tax relief; foreign founder roll-out
China	Fair competition review; capital rules; guarantee plan; "little giant" awards; STAR and M&A measures	—	Private Economy Promotion Law (draft)
United Kingdom	VAT threshold; Growth Guarantee Scheme; EIS and VCT extension; Skilled Worker threshold	Procurement Act 2023	Late-payment laws; PISCES; Employment Rights Bill; tax rises
United States	SBA and state finance; criminal justice rule; Regional Innovation Engines; ownership reporting (contested)	H-1B rule	H.R. 7024; SBA budget for 2025
France	Act No. 2024-537; young growth companies; Tibi; I choose French Tech; cancellations	—	Simplification bill; failure working group; budget for 2025
Germany	Growth Opportunities Act; Opportunity Card; group clause; Digital Hubs; Start-up Factories	Bureaucracy relief; e-invoicing; VAT exemption	Future Fund modules; WIN; procurement bill; budget for 2025

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

Where governments reported performance, they reported outputs: 103,000 SBA financings (SBA, 24 October 2024, p. 1), 43 Korean venture funds formed in five months (MSS, 5 February 2024, release of 2 September, p. 1) and 81 % of the measures of Germany's Start-up Strategy implemented (Federal Government of Germany, 23 September 2024, p. 5). The figures that cut against the governments' narratives came from the governments themselves: Korean investment in start-ups up to three years old fell by 31 % in the first half of the year, although the market as a whole grew (MSS, 2 October 2024, plan, p. 2); Japan's start-up investment, at JPY 754 billion in 2023, was 13 % below 2021 (Cabinet Secretariat, 21 June 2024, p. 15); the share of Germans actively planning a start-up fell to 3.6 % (KfW, 17 June 2024, press release); only 31 % of British firms surveyed knew of the payment-reporting rules (DBT, 19 September 2024, research, p. 11); Bpifrance's innovation finance fell by 44 % (Bpifrance, 2 October 2024, p. 3); and the US founder parole route drew 112 applications in six years (USCIS, 25 July 2024, p. 60300).

Contribution and impact were rarely shown. Japan's review of its hub cities tested outputs against outcomes; most other measures were reported by money committed, firms supported or targets set. Performance measures serve different purposes – to evaluate, to control, to celebrate or to promote (Behn, 2003) – and those of 2024 served mostly to celebrate and to promote. Yet several designs would allow evaluation: TIPS selects firms by private investment, the Start-up Factories by competition, and China's awards pay half their money against a performance evaluation. Table 5 summarises the assessments of Section 2 by domain and country.

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	Mixed	Mixed	Mixed	Good	Mixed	Mixed
Culture	Mixed	Poor	Mixed	Mixed	Mixed	Mixed	Poor
Support	Mixed	Mixed	Mixed	Mixed	Mixed	Mixed	Mixed
Human Capital	Good	Good	Mixed	Poor	Mixed	Poor	Good
Market	Mixed	Mixed	Mixed	Mixed	Good	Good	Poor

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 2024 raised six points of contention, set out in Table 6. The first two concerned capital: whether public funds will complement or displace private investors, which turns on who selects the firms and who bears the first losses – the state, in Korea’s Startup Korea Fund (MSS, 24 April 2024, launch, p. 1) – and whether savers should bear the risk of drawing bank, pension and insurance money into venture capital, as Korea’s plan, the British Growth Partnership and Germany’s WIN initiative proposed (Chancellor of the Exchequer, 14 November 2024; Federal Government of Germany & KfW, 17 September 2024; MSS, 2 October 2024). Opening pension money to venture capital has preceded booms in venture finance before (Kortum & Lerner, 2000), but it moves risk to savers, and declarations that bind no one move nothing.

The third and fourth concerned people and rules: whether migration control should override the supply of founders and of their first employees, and whether relief from bookkeeping and reporting can coexist with new or proposed duties, such as e-invoicing, ownership reporting and, in a bill, dismissal rights from the first day of employment. The fifth and sixth concerned money and markets: whether higher taxes on founders’ gains and the closing of the young innovative company exemption are compatible with incentives that work only if they are stable over years, and whether easier routes to listing for loss-making firms buy liquidity at the cost of the credibility of the markets that must provide it.

Table 6: Debates and contested points in the policies of 2024

Issue	What the governments set out	Point at issue
Public capital	Fund of Funds and first-loss cover in the Startup Korea Fund (Korea); national guidance funds (China); Future Fund modules (Germany) (Federal Government of Germany, 13 August 2024; General Office of the State Council, 15 June 2024; MSS, 24 April 2024)	Complement or displacement; who selects the firms; who bears the first losses
Institutional and pension money	Bank risk weights and retirement pensions (Korea); British Growth Partnership and pension consolidation (United Kingdom); Tibi (France); insurers’ quotas (Germany) (Chancellor of the Exchequer, 14 November 2024; Federal Government of Germany & KfW, 17 September 2024; MSS, 2 October 2024; MEFIDS, 6 May 2024)	Risk borne by savers; fiduciary duty against policy goals; declarations that bind no one
Talent	Special visa (Korea), Opportunity Card (Germany) and H-1B owners (United States) against a salary threshold of GBP 38,700 (United Kingdom) (BMAS, 31 May 2024; Home Office, 14 March 2024; MSS, 6 November 2024; USCIS, 18 December 2024)	Migration control against the supply of founders and first employees
Burden relief and new duties	Bookkeeping and retention relief with e-invoicing (Germany); ownership reporting, contested in the courts (United States); bill for day-one dismissal rights (United Kingdom) (DBT, 10 October 2024; FinCEN, 1 January 2024; German Bundestag, 27 March 2024, 23 October 2024)	Relief counted against new obligations on small employers

Issue	What the governments set out	Point at issue
Taxing founders' gains	Capital gains and relief rates raised (United Kingdom); exemption for young innovative companies closed (France); deferral for multiple-voting shares (Korea); proposed angel relief (Japan) (DGFIP, 3 July 2024; Government of Japan, 27 December 2024; HM Treasury, 30 October 2024; MSS, 27 December 2024)	Revenue against incentives that work only when stable
Exit and listing	Loss-making listings on the STAR Market (China); PISCES (United Kingdom); trading in unlisted shares (Japan); multiple-voting shares at listing (France); merger credit ended (Korea) (CSRC, 19 June 2024; HM Treasury, 14 November 2024; MOEF, 25 July 2024; National Diet of Japan, 22 May 2024; Parliament of France, 13 June 2024)	Liquidity for investors against the credibility of markets

Source: IFEEED 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, without showing it, that capital was the weakest condition; Germany's own development bank found financial risk and bureaucracy to be the main reservations about self-employment, and start-up plans at a low (KfW, 17 June 2024).

The second is the selection of firms by the state. China's "little giant" awards, France's Next40/120 and Japan's designated hub cities choose firms or places by status or size, 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. Where governments acted, they acted through the finance of a second attempt, the limitation of guarantees in a law not yet in force, or proposals; the United Kingdom, the United States and Germany took no measure aimed at the failure of founders. Bankruptcy laws that are friendly to entrepreneurs go with higher entry (Lee et al., 2011), but stigma can blunt their effect (Lee et al., 2007), and stigma was addressed by a working group and 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 2024 — funds formed, financings counted, measures implemented, prizes awarded — 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 2024 in Korea, the United Kingdom, the United States and France, and should be the rule rather than the exception. Where the state bears first losses, as in Korea, it should cap them and publish the returns; where it guides funds, as in China, it should leave selection to private managers; and Germany should run its co-investment module on the equal terms it has designed.

Second, institutional money should be drawn into venture capital by rules rather than declarations. Changes to bank risk weights, insurers' quotas and the consolidation of pension funds can widen the pool of patient capital, but they move risk to savers, and they should come with disclosure of what is invested and how it performs. France's Tibi initiative shows that commitments can be counted and published.

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. Japan should bring its Business-based Financing Act into force and submit its restructuring bill, China should enact credit repair, France should turn its working group into law, and the United Kingdom, the United States and Germany should begin with measures aimed at founders.

Fourth, the doors for foreign founders and their first employees should be kept open. The United Kingdom should exempt the first skilled hires of young firms from its median-wage threshold or provide a founder route that fits them, and the United States should simplify its parole programme for founders, which almost no one uses. Korea's special visa and Germany's Opportunity Card show that a route can be targeted without opening the whole labour market.

Finally, policy should be stable and evaluated. Appropriations cancelled within the year they were voted, programmes funded a year at a time and reforms left in bills when governments fall 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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