Number	Section	Title	Proposal	Explanation
1	3.1.2	The Rule of Law	We propose to further strengthen the current rule of law monitoring and enforcement mechanisms to ratchet up the performance of all Member States on issues related to rule of law, government effectiveness and protection of property rights.	Deficiencies in these factors negatively impact all agents in the entrepreneurial ecosystem and induce people to conduct activities and keep their capital in the shadow economy. Even the poorest EU member countries are higher medium-income countries, and neither the VoC literature nor arguments à la Rodrik (2008) provide any support for the view that these countries can compensate for these deficiencies through other institutional measures.
2	3.1.3	Patents and Intellectual Property	To promote the use of knowledge, one could think about the right to infringe upon patents that are not actually commercialized.	Of course, the European union is party to international treaties, such as the WTO TRIPS Agreement, that sets minimum requirements to IPR. We do not propose the European Union violate or disregard these treaties, but encourage the Union to use its influence in the governing bodies to get them reformed to accommodate our proposals. These limitations of patent rights would still fall well within the institutional structure in place, but would significantly reduce the risk entrepreneurs face of being sued for infringements on patents they did not even know existed (Jaffe and Lerner 2004, 2011).
3	3.1.3	Patents and Intellectual Property	We propose to advocate the possibility to limit the breadth, width and span of patent protection to cover working prototypes and market ready innovations only for a short period of time.	Of course, the European union is party to international treaties, such as the WTO TRIPS Agreement, that sets minimum requirements to IPR. We do not propose the European Union violate or disregard these treaties, but encourage the Union to use its influence in the governing bodies to get them reformed to accommodate our proposals. These limitations of patent rights would still fall well within the institutional structure in place, but would significantly reduce the risk entrepreneurs face of being sued for infringements on patents they did not even know existed (Jaffe and Lerner 2004, 2011).
4	3.1.3	Patents and Intellectual Property	We propose to explore the possibility to require patent applicants to set the price for the licence ex ante instead of allowing them to negotiate the terms of a licence contract ex post when the potential for commercial application is known.	With patent registration and holding fees depending on this pre-set licence fee, inventors can charge a fair reward to recover the costs of generating knowledge, while innovators need not worry about unexpected claims on their profits. After paying a fair price for the invention, the residual rents to innovation then accrue to the entrepreneur for coming up with a commercial application of the idea. Eliminating the uncertainty for entrepreneurs considering a venture that uses protected knowledge, was generally perceived as useful.
5	3.1.3	Patents and Intellectual Property	Support experiments and pilots currently developed with open source patent registration.	The functions of patenting can perhaps be fulfilled more efficiently in other ways and certainly do not require allowing inventors to monopolize and thereby limit the profitable use of the knowledge they have generated. But given the legal complexities and institutional complementarities we propose a cautious approach of experiments that retain the system's benefits while increasing the free flow of knowledge. Boettinger and Burke (2004) for example proposed open source patents to retain the functions of knowledge repository and verification, while improving the access to knowledge also for commercial use.
6	3.2.2	Taxation in General	In general, we propose tax rates should be low, transparent, simple and neutral and the effective tax rates remain close to statutory rates.	Our contention is that the tax system should strive for as much simplicity as possible rather than addressing shortcomings by granting exceptions and tax breaks for specific ownership types or industries. Tax breaks are often instituted for good reasons, and they may very well appear justified when analysed in isolation. However, they create complexities with numerous drawbacks. First, they are vulnerable to tax-driven business models that are legal but not in line with the spirit of the concession in question.
7	3.2.3	Taxation of Labour Income	It is preferred to reduce high tax burdens on labour over making subsidies, pension rights and social benefits more conditional on employment status.	We propose countries with high marginal labour tax rates rather not follow the Swedish model, but reduce their marginal labour tax rates where possible, because conditionality always benefits well-defined, existing forms of employment and tries to solve the problems of high taxation by introducing a new set of problems and layers of complexity.
8	3.2.4	Taxation of Corporate Income	The Union should strive to reduce and ideally remove the discrepancies in member countries between statutory and effective corporate income tax rates, which may result from tax-reducing depreciation rules, inventory valuation rules or other more ad hoc country- or industry-specific tax reductions.	Their removal would create transparency and contribute to levelling the playing field for all firms regardless of their size, age, industry or nationality. Competition among member states is good, but it should be competition on corporate tax rates and not on complex, opaque fiscal deals and schemes. Moreover, when it comes to corporate taxation, member states should treat all firms equally.
9	3.2.4	Taxation of Corporate Income	We propose a complete tax exemption for start-ups up to their 3rd year.	Instead of trying to channel funds to the right entrepreneurial ventures, one then simply allows the market to allocate these funds. Those ventures that turn a profit can reinvest these funds, whereas those ventures that fail to break even, will vanish. This is not to say that personal incomes earned from start-ups should be tax exempt (see below), as this may cause unproductive tax arbitrage and promote solo-self-employment (Liebregts, 2016).
10	3.2.5	Taxation of Dividends and Capital Gains	Complexities should be removed when possible. Instead, countries should aim for dividend and capital gains tax rates with few exceptions and few (opaque) concessionary schemes.	Here, the Eastern European countries, such as Poland and Estonia, have exemplary models in which the tax rates are at reasonable levels and the effective tax rate is largely independent of other circumstances. Arguably, the reason for this clarity is that the design of these systems date back no further than 1989. A radical redesign from the ground up is probably not feasible in older member states, but they should nevertheless strive for similar improvements to simplicity and transparency.

Number	Section	Title	Proposal	Explanation
11	3.2.6	Taxation of Private Wealth	We therefore propose to increase the wealth available for informal entrepreneurial finance by reducing taxes on private wealth, private wealth transfers and inheritance.	Kotha and George (2012) show that entrepreneurs distribute ownership rights to informal investors and their investments early in the start-up process, suggesting triple-F financiers are not mere charities. And Burke et al. (2014) show that the supply of triple-F informal entrepreneurial finance typically follows demand closely and that amounts invested are typically in the same order of magnitude as those committed by angel investors discussed below (in the 0000s). That is, entrepreneurs mobilize significant funds from their personal networks and these funds help them develop their venture in its earliest stages. It is possible that more supply of informal finance would thus enable or even cause more entrepreneurial venturing.
12	3.2.7	Tax Neutral Treatment of Equity and Debt	A quick win would be to make equity investments in start-ups entirely tax exempt. A more involved proposal is to start a program to achieve tax neutrality between debt and equity finance. And one step beyond achieving tax neutrality would be to make equity investments preferred. And one step beyond achieving tax neutrality would be to make equity investments preferred.	Making equity investments in start-ups tax exempt is not a radical idea as the tax liability on returns on equity investments in start-ups are low or absent in most European member states already. It would simply help entrepreneurs finding investors if this was made explicit. Neutrality between debt and equity is much more involved. Currently, debt is cheap. It is subsidized because interest payments are deductible as operating costs while dividends are considered income and taxed at relatively high rates. Moreover, strong legal creditor protection reduces risks for creditors that would otherwise justify a higher risk premium on debt finance. These fiscal and institutional arrangements bias the supply of finance towards the debt channel, in which innovative entrepreneurs face strong disadvantages. Debt finance channels society's available savings into reproduction of the existing capital stock, whereas only equity type investments finance innovation and progress beyond the status quo (Polzin et al. 2017).
13	3.2.8	Taxation of Stock Options	We should lower the tax on capital gains specifically on stock options and underlying stock in start-ups. Moreover, these should only be taxed when exercised and/or sold, so when gains are realised.	In ideal circumstances, stock options provide incentives that closely mimic direct ownership, but their productivity greatly depends on the tax code. If gains on stock options are taxed as wage income, some of the incentive effect is lost—particularly if the gains are subject to (uncapped) social security contributions and the marginal tax rate on wage income is high. The situation changes dramatically if an employee with stock options can defer the tax liability until the options are exercised and the stocks are eventually sold. The effectiveness of these stock options is further reinforced if the employee suffers no tax consequences from the granting or exercise of the option, and if the employee is taxed at a low capital gains rate when the acquired stock is sold (Gilson and Schizer 2003).
14	3.3.2	Private Wealth	Our proposal is that in regions where family ties are strong, there should be institutional arrangements that would promote lending from private funds especially from the family to ventures.	In FIRES-Deliverable 2.2 (Dilli and Westerhuis 2018) it was shown that these cross-national differences in family financing are result of the differences in extent to which individuals feel socially obliged towards their family members, shaped by the strength of family ties. These family ties are result of the historical family arrangements. As a result, the share of family financing is expected to be much higher in regions where traditionally the family group has priority over the individual (strong family ties), common in the Eastern European and the Mediterranean countries context compared to the North Western European countries where the individual and individual values have priority over family (weak family ties).
15	3.3.3	Institutional Investors	Allow more wealth to accumulate/remain in private hands and make it (fiscally) attractive to invest such wealth in entrepreneurial ventures.	Wealth-constrained would-be entrepreneurs are unable to credibly signal their project's worth to outside investors by means of making sizeable equity infusions of their own. More private as opposed to institutionalized wealth would lessen the inherent problem caused by such asymmetric information, and, if needed, enable entrepreneurs to fully finance their ventures until organic growth based on retained earnings is possible.
16	3.3.3	Institutional Investors	On an experimental basis, we propose that pension funds and other institutional investors be allowed to invest more in equity in general and in venture capital specifically.	New legislation in the US in 1979 allowed pension funds to invest in high-risk securities that were issued by small or new companies and VC funds (Misher 1984; Fenn et al. 1995) and Europe could consider similar steps. As the risk profile of entrepreneurial ventures is different from the risk profile such investors are used to handle, however, allowing institutional investors to engage in VC funds needs to be done carefully and on small scales before any significant reforms can be implemented.
17	3.3.4	Banking	To effectively enable institutional investors to channel responsible shares of their portfolios into portfolios of new ventures, it may be useful to build funds-of-funds(-of-funds) to achieve the required scale and diversification.	The challenge is therefore not only to allow these funds to engage in more risky asset classes, but to help them write the contracts and draft up the incentive schemes that will push the actual (delegated) decision makers to channel more funds towards entrepreneurial ventures. As asset management is expensive and characterised by strong economies of scale, there is a natural tendency for asset managers to invest in large tickets and marketable assets.
18	3.3.4	Banking	In the system of bank loan guarantees for start-ups, ensure that (appropriately anonimized) credit decision information is made available publicly.	Such public guarantees can be motivated from the fact that entrepreneurial venturing creates knowledge spillovers and positive externalities that banks and entrepreneurs do not consider in their private decisions. This information, however, should then be disclosed (for example via the proposed Entrepreneurship Observatories in Proposal 45 below).

Number	Section	Title	Proposal	Explanation
19		Banking	Increase the mandatory equity ratio in banking gradually to 10-15% to have more skin in the game and allow banks to take on more risk responsibly in their lending portfolios.	Given that European banks operated profitably at much higher equity ratios in the past whereas non-European banks continue to do so, this proposal only requires a sound implementation and transition strategy. Gradually building up the equity buffer while at the same time accumulating more publicly guaranteed SME-loans in the portfolio is a balanced approach. Higher required equity buffers will increase the price of credit and some might argue that this will reduce credit and investment in the aggregate. We feel, however, that such price increases will only drive out the marginal investment projects and most of these are currently found in the secondary, speculative investments that Bezemer (2014) deems unproductive.
20	3.3.4	Banking	A long run transition to a system of full reserve banking (Friedman 1962) could be considered as it will force commercial banks to return to their traditional intermediation role. A more modern way to achieve the same result is to introduce central bank digital currency to replace the claim on commercial banks as medium of exchange.	For the long run one might consider reforming the current monetary system, that has commercial, private banks issue debt obligations serving as the public medium of exchange. By clearly separating public from private functions, we believe banks can take a bigger role in financing new ventures and SMEs, as they have in the past. By requiring more own equity in banking and investing, we can responsibly allow traditional financial intermediaries to take on more risk and uncertainty, without having to fear they will offload such risks onto tax payers in case things turn bad.
21	3.3.5	Angel and Venture Capital	Stop promoting VC capital with public funding directly. Instead focus on developing private competencies in the field.	This proposal, among other things, puts into question the approach suggested under the Juncker plan as in European Commission (2017). The problem of VC is not in the supply of finance. Rather, the business model of carefully selecting and coaching ventures resists efficient scaling. To avoid problems of moral hazard, a substantial degree of skin-in-the-game is required and too much public money chasing too few viable projects may result in expensive mistakes.
22	3.3.5	Angel and Venture Capital	Reduce barriers to the sale, acquisition and IPO of VC-funded start-ups.	A cleverer option to ensure that incentives to invest are stronger while possibilities to offload risks onto taxpayers and financiers are kept small, is to reduce capital gains taxation for venture capital equity investments (but NOT for private equity used for leveraged buy-outs, speculation and mergers and acquisition) as was discussed above. Or improve the opportunities to exit. In that way, VC investments are not subsidized directly but become more interesting as there are more options for a quick exit.
23	3.3.6	Alternative Finance and Disintermediation	We propose to implement a light-touch regulatory regime for equity crowd funding.	Light touch regulation has been successful in Britain (Vulkan et al. 2016, Hornuf and Schwienbacher 2017, Estrin 2018) and could work well in all European Member States. This is not controversial as the European Commission and most of the member states have already expressed their intentions to do so.
24	3.3.6	Alternative Finance and Disintermediation	Build a harmonized regulatory framework for peer-to-peer lending throughout the Union.	Peer-to-peer lending proved an important buffer for the impact of the financial crisis in countries where such parallel systems of corporate credit existed or emerged (Mills and McCarthy 2014). Moreover, such systems benefit SMEs and start-ups more than they do large, established corporates as they are better at handling smaller tickets efficiently and handle the opacity and information asymmetry that hinders SMEs in more traditional finance channels.
25	3.3.6	Alternative Finance and Disintermediation	The European Investment Bank, as part of its efforts to allocate the Juncker-fund, could experiment with a euro denominated European crowdfunding platform and match successful campaigns with public funds.	That is, public institutions, instead of picking winners, could have the crowd decide where a significant part of e.g. the Juncker-fund should be allocated. Currently the initiatives to set up and manage crowd funding platforms are left to “the market”. These platforms, however, are almost natural monopolies and one might argue the platforms have the potential to develop into vital public infrastructures for exchanging information and finding investment opportunities.
26	3.4.1	The Organisation of Labour Markets and Social Insurance Systems	We propose below to make important social insurance benefits “portable”—e.g., by decoupling health insurance—between jobs and between regular employment and self-employment.	Public income insurance systems in combination with strict labour security legislation tend to penalize individuals who assume entrepreneurial risk (Ilmakunnas and Kanniainen 2001). This is because these systems confer a relative advantage on employees with many social security benefits—such as disability, sickness, unemployment and pension benefits—being explicitly linked to formal employment. These benefits further increase the opportunity cost of leaving a tenured position as an employee and thus reduce the incentives for entrepreneurship (Audretsch et al. 2002).
27	3.4.2	Inclusive Entrepreneurship	Further develop entrepreneurship programs targeting groups that are disadvantaged in formal employment, such as youths, women, ethnic minorities and low skilled individuals and/or promote entrepreneurial activity that explicitly aims to have such groups participate and contribute to society.	Entrepreneurship is perceived to be inherently more inclusive than employment (Glazer and Moynihan 1970), but the evidence shows (Fairlie 2006, Dilli and Westerhuis 2017) that income and participation gaps largely extend to business ownership and income. To enable disadvantaged groups to engage with the opportunities the Entrepreneurial Society offers, some special attention and support, as already offered in the latest Horizon 2020 program, is justified.

Number	Section	Title	Proposal	Explanation
28	3.4.2	Employment Protection Legislation	CMEs can provide a model for MMEs, which show more similarities to CMEs in many respects than LMEs.	Less regulation on permanent employment is likely to be linked with high-growth aspirations among entrepreneurs particularly in the Mediterranean Market Eeconomies (MMEs) whereas no change is observed in the other institutional constellations. Given that Coordinated Market Economies (CMEs) are shown to perform rather well in innovative entrepreneurial activity, while being characterized by moderately liberal labor market institutions, centralized wage setting institutions and high levels of social security. We therefore conclude that a policy of radical liberalisation following the Liberal Market Economies (LMEs) model is perhaps not the only way.
29	3.4.3	Employment Protection Legislation	Allow for more flexibility in working hours.	Entrepreneurship requires flexibility and employing workers becomes a serious liability to small, young firms when this labour cannot be employed flexibly to match sometimes volatile demand. There are probably employees who have a high tolerance for such fluctuations, so matches can be found, but currently regulated working hours prevent such matches from occurring and some flexibility would be beneficial.
30	3.4.3	Employment Protection Legislation	Relax the stringency of employment protection legislation for permanent contracts.	A competently implemented liberalisation will reduce job security but increase employment security for workers, as labour demand will increase and more opportunities will be created in the labour market. That said, the impact and strictness of employment protection legislation depends on a complex combination of components, such as grounds for individual dismissal, redundancy procedures, mandated periods of advanced notice, severance payments, special requirements for collective dismissals, rules favouring disadvantaged groups, and so forth. For liberalisation to have the desired results, countries must develop carefully tailored strategies to avoid jeopardizing the process, ideally by considering and possibly emulating the paths already taken by similar countries.
31	3.4.3	Employment Protection Legislation	Establish or strengthen training programs to prepare workers for new occupations	Archanskaia et al. (2017) show that countries with a low rate of substitution between inputs in routine production, will not be able to gain a comparative advantage in high-value products that are intensive in non-routine tasks. As a result, they will end up specializing more and more in routine-intensive products and experience lower wage growth. Geurts and Van Biesebroeck (2016) further show that the pattern of firm-growth in Belgium indicates that young firms under-adjust to good news. As a result, many promising firms scale up too slowly and they might miss out on opportunities in a fast-paced global market.
32	3.4.4	Confidentiality Agreements and Other Barriers to Mobility	To promote the mobility of people and their knowledge across firms, we propose to lift the legal enforceability of confidentiality agreements between employers and their employees.	Of course, there can be justified instances in which confidentiality is needed to protect the legitimate interests and privacy of customers, but confidentiality agreements and especially non-compete clauses are more often used to prevent knowledge from flowing freely between firms and sectors.
33	3.4.4	Confidentiality Agreements and Other Barriers to Mobility	Consider experimenting with measures such as a guaranteed return to a job after time spent with a start-up and/or a publicly funded “venture creation leave” for people engaged in a firm start up.	It was generally agreed that a policy to promote mobility would involve both pull (eliminating barriers) and push (encouraging mobility) instruments. However, the desirable mobility and flexibility in the labour market can only be achieved when a basic level of income and job security is ensured for those involved. People will not take the risks associated with working as or for a young start-up when necessities of modern life are not met and reasonably secure.
34	3.4.5	Social Insurance Systems	Guarantee equal access to welfare state arrangements for all, regardless of tenure in a specific job or labour market status, to make all potential employers compete on a level playing field.	An Entrepreneurial Society will see more people active in the labour market as self-employed or freelance worker or working in inherently risky ventures and SMEs with corresponding intervals of being between jobs. It is evident that these people face income and health risks that they cannot (self-)insure, as much as anyone else. Therefore, in a modernized labour market, these citizens should be given access to collective arrangements on an actuarially fair basis.
35	3.4.5	Social Insurance Systems	Embracing the principles of flexicurity, we propose to carefully consider the impacts of reforms on young SMEs and not force them to take on high risks and burdens.	The general guiding principles the European Commission have formulated do not include structural and careful attention to what such reforms would mean for start-ups and young SMEs. While the specifics can and will vary country by country, we can infer that an important component of a policy that makes society more innovative and entrepreneurial involves making the individual’s social insurances as portable as possible when changing jobs and moving between salaried employment and self-employment.
36	3.4.5	Social Insurance Systems	To ensure full portability of social security entitlements and put an unconditional floor in the social security system Member States could experiment variations on basic income or negative income tax systems.	Putting a floor in the income distribution for all will affect formal employment more than it does entrepreneurship. And as an unconditional basic income reduces income volatility and risks that especially more marginal entrepreneurs face, the predicted effect on entrepreneurial activity would be positive (Nooteboom 1987).
37	3.4.5	Social Insurance Systems	Mandatory universal insurance for healthcare costs, old age and disability are necessary, given that adverse selection and behavioural biases are likely to cause underinsurance in these areas when such insurance is made voluntary.	Making such insurance mandatory prevents adverse selection problems, whereas making them universal prevents unproductive compartmentalisation in the labour market and ensures full portability of entitlements.

Number	Section	Title	Proposal	Explanation
38	3.5.1	Regulation of Goods and Services Markets	Allow experiments with private actors providing public services in the context of "embedded markets" and learn from these experiments.	We should create what Kay (2004) calls "embedded markets" in which governments participate without controlling, financial incentives exist but do not dominate, pluralist structures can evolve based on experimentation, and social norms continue to play a key role in maintaining compliance with a system that inspires pride in the inhabitants. Of course, this necessitates that the agents involved "take upon themselves a wider set of responsibilities" (Kay 2004, p. 344).
39	3.5.2	Product Market Regulation	Continue to harmonize and liberalise product and services markets in the Union.	Product market reform was a prime ingredient of the European integration effort; having similar product market regulations in all EU countries is considered necessary by European policymakers to fulfil the vision of transforming the European Union into one single market.
40	3.5.2	Product Market Regulation	Excessive barriers to new business formation and new entry should be lifted where possible.	This, however, seems to be part and parcel of the EU policy agenda already. Our consortium supports that effort with the caveat that well justified barriers to entry are useful to keep unproductive or even destructive ventures out (Stenholm et al. 2013; Darnihamedani et al. 2018). It should be easy for challengers to enter (and exit) but these challengers should be serious.
41	3.5.3	Regulation of (Public) Services	We propose responsible deregulation of (public) services as it promises to open entirely new arenas for private innovation and entrepreneurial venturing.	To tap the potential and handle the challenge of this combination of public financing and private production, novel institutional arrangements and experimentation are necessary to address the challenging fact that consumers do not pay producers directly. Manipulation and a wasteful use of resources are more likely to occur when the state acts as intermediary for an anonymous and absent third party (the taxpayers) and finances transactions between the producer and the consumer even if there is freedom of choice and competition.
42	3.5.4	Digitalisation	Invest in an excellent, open access digital infrastructure for European citizens and businesses.	To allow entrepreneurs to act on the opportunities and protect European citizens from the risks involved in digitalisation, it is important to embrace these trends. No regret policy proposals to do so are to provide an excellent ICT-infrastructure in Europe that allows entrepreneurs to quickly scale their innovative ideas to the EU and global level. The same infrastructure can also integrate more European citizens in the common market and facilitate information exchange.
43	3.5.4	Digitalisation	We propose to develop open standards and open regulation for the many digital platforms that emerge to facilitate peer-to-peer and business-to-business trade, services and finance.	It is important to carefully consider the position of workers and customers in these platforms. Frenken et al. (2017) for example voice concerns about the quality of work and the potential that digital platforms may undermine social security. These developments necessitate a careful modernisation of labour market protection and social security systems in line with proposals in sections 3.4 and adequate investment in human capital in line with proposals in section 3.8, to ensure digitalisation contributes to inclusive growth.
44	3.6.2	Bankruptcy Law	Insolvency regulation should protect inherently healthy and promising ventures and allow for a quick and ex ante transparent liquidation of those that are not.	It should not be too easy to file for bankruptcy. That would give the firm too much bargaining power in such negotiations. If writing off debt and starting anew is too convenient a resort for failing entrepreneurs, it may encourage exploitation and destructive entrepreneurship, harming creditors and the rest of society (OECD 1998; Audretsch et al. 2002). That, in turn, will limit their willingness to finance, supply or work for legitimate start-ups. On the other hand, a person who goes bankrupt because of a failed venture should not be stigmatized and forever haunted by debt and ostracized from future entrepreneurship.
45	3.6.3	Knowledge Diffusion after Failure	We propose to set up publicly funded "entrepreneurial knowledge observatories" where knowledge accumulated in the entrepreneurial process is collected, curated and freely diffused.	Our consortium agreed that a lot of useful knowledge, perhaps of a more applied and tacit nature, is generated in the entrepreneurial process, particularly when ventures fail. That knowledge is lost when entrepreneurs do not share their experiences. However, as that is not their core business and private incentives are absent, it makes sense to publicly fund the collection, curation and diffusion of that knowledge.
46	3.7.2	Knowledge Generation	Reform the European Blue Card system to include also non-employees and people lacking high formal educational credentials provided they have a plan to support themselves.	Consequently, the Blue Card system is not geared towards attracting talent and knowledge, but to attracting formally educated, high paid employees. These groups overlap, but certainly not perfectly. Moreover, the required involvement of an employer in the complex application procedures implies the system is currently useful for and used by Europe's large corporates with sophisticated HR-departments.
47	3.7.2	Knowledge Generation	Abolish nationality, residence and affiliation restrictions and quota in eligibility criteria on basic research grants.	All researchers from the EU should be eligible for funding by all research funding agencies active in the Union. Knowledge is blind to nationality and so should science. Only then can we create a truly European knowledge space and match the density and mass that our global competitors have achieved.
48	3.7.2	Knowledge Generation	Both the EU and its member states should create healthy, well-funded, academic institutions that allow Europe's best and brightest to pursue their research interests.	In the literature, there is also broad consensus that basic research is a pure public good (REFS). It therefore makes perfect sense to channel more of the EU budgets to an activity that provides such evident positive spillovers throughout the Union.
49	3.7.3	R&D	We propose to limit R&D subsidies and tax breaks to "new to the market" activities.	The reasoning behind that proposal is that only "new to the market" R&D generates the positive external effects that justify public support. New to the market should here be understood as new to the global markets and therefore truly innovative.

Number	Section	Title	Proposal	Explanation
50	3.7.4	Knowledge Diffusion and Commercialisation	We propose to expand the funding for Europe's SBIR-programs and reform public procurement rules in that direction.	The public sector can then effectively and efficiently infuse public funds into entrepreneurial venturing without facing the information asymmetries that prevent direct support measures by simply acting as a (launching) customer. If public agencies articulate what they need and how much they are willing to pay for that, entrepreneurs can engage that challenge.
51	3.7.4	Knowledge Diffusion and Commercialisation	Support international partnerships for innovation on specific innovation challenges.	Such collaborations of course risk the spilling over of publicly funded knowledge to third countries and/or private parties that might be perceived to free ride on public efforts. One should realise, however, that even highly profitable private companies that use publicly funded R&D in their products (Mazzucato 2015), create an enormous surplus of economic well-being that they rarely fully appropriate through perfect price discrimination.
52	3.7.4	Knowledge Diffusion and Commercialisation	We propose experimenting with a (publicly funded) entrepreneurial leave of absence for R&D workers.	The idea behind that proposal is that a lot of R&D results currently are shelved at incumbent firms because they do not fit these firms' strategies and interests of the moment or outright go against their short-term interests. Instituting the right to an entrepreneurial leave of absence could then promote more spin-out entrepreneurship that may lead to new industries and activities.
53	3.7.4	Knowledge Diffusion and Commercialisation	We propose to strengthen and facilitate the tradition in many European countries of harbouring innovations, even of a radical kind, inside large firms through intrapreneurship.	Our consortium agrees that perhaps intrapreneurship, entrepreneurial venturing in the relative security of a formal employment relationship, is more complementary to the European model of the welfare state (REFS). Promoting intrapreneurship is then probably a more efficient way to push Europe in the direction of a more Entrepreneurial Society.
54	3.7.5	Regional and Industrial Policy	Liberalise, where possible, spatial planning regulations to allow endogenous clustering of business activity and avoid planning clusters.	For example, well-functioning real estate markets, where prices reflect scarcity and preferences, are necessary conditions for continued growth in dense areas (Glaeser 2008, 2011), as is an adequate infrastructure that allows smooth transportation and commuting. Europe's often stringent spatial planning regulations can be both a barrier to organic cluster formation, but is also often needed to be able to develop adequate physical infrastructures.
55	3.8.2	Creativity in primary and secondary education	Push for reforms in primary and secondary education that promote creativity, a willingness to experiment, a tolerance of failure and out-of-the-box thinking.	More appreciation for creativity (and therefore tolerance of deviant behaviour) will probably shift the balance from business oriented to more creative entrepreneurship. Evidence from field experiments (Weitzel et al. 2010; Urbig et al. 2012) and in the FIRES-project (Lauritzen et al. 2017) suggest that creative entrepreneurs are more socially oriented than strictly business-oriented entrepreneurs. Promoting creativity in primary and secondary education, to the extent possible, is therefore a long-term strategy to promote productive entrepreneurship that will create innovative, sustainable and inclusive growth (Stam et al. 2012).
56	3.8.2	Education in the Entrepreneurial Society	Promote STEM education, specifically for females, early on and then throughout educational careers.	It is also important to note that successful entrepreneurs tend to have advanced technical degrees. This is likely due to the causal effect of human capital but also captures the importance of access to new ideas and to the fact that unusually talented individuals that can complement and form founding teams, are selected into universities. Still, it would be a mistake to put all efforts into promoting STEM-education at the university only. Westerhuis and Dilli (2018) have argued that promoting STEM-topics, specifically among girls, would be a way to promote more ambitious entrepreneurship, but require interventions early in the educational career.
57	3.8.2	Education in the Entrepreneurial Society	To promote the integration of Europe's knowledge base we propose to make English the (mandatory) second language and promote its instruction in primary and secondary education systems throughout the European Union.	We would like to stress, however, that we do not see this as part of building a European identity or culture. Rather, as a tool to enable citizens in the Union, and in particular those that end up in business and/or science, to exchange knowledge efficiently and effectively. Effective communication requires a common language and English qualifies as the Lingua Franca of modern science in most academic disciplines as well as global business.
58	3.8.3	Tertiary Education	Invest in high quality tertiary level technical education by attracting excellent teaching staff and students. Strengthen Europe's tradition of strong vocational training at the tertiary level.	Given the high levels of uncertainty and favourable risk-return profile of business, medical and legal professions, we believe Europe should not opt for the US model of high private (out of pocket) investments and high expected lifetime incomes. For Europe's entrepreneurial society an adequate supply of well-trained technical personnel seems more valuable.
59	3.8.4	Universities	We propose to educate the young and bright minds of Europe how to be more entrepreneurial before they make their career choices.	Recognizing the importance of this European model of knowledge diffusion, European universities can take a larger role in the transition to a more Entrepreneurial Society in Europe. This starts with simple no-regret policies that have been proposed before (i.e. the European Commission's Entrepreneurship 2020 Action Plan).
60	3.8.4	Universities	The link between universities and external stakeholders should be strengthened. Specifically, more research grants could require transdisciplinary approaches to innovation challenges.	To meet this challenge, it must first be recognized that most European university systems are highly centralized; universities tend to be government owned, and the entry of private universities is disallowed or highly restricted (Jongbloed 2010). While it is our position that European countries should not try to mimic the US university system, certain steps could be taken to create more flexibility and responsiveness to societal demand.

Number	Section	Title	Proposal	Explanation
61	3.8.4	Universities	University faculty must be encouraged to stimulate entrepreneurial initiatives while incentives for university spinoffs are increased.	Most US universities have a Technology Transfer Office (TTO), an in-house organization specializing in assisting academic entrepreneurs in commercializing their inventions. However, a TTO could also hinder the commercialization of useful technologies by making the process too bureaucratic and focusing on its own narrowly defined proprietary interests and key performance indicators (Baumol et al. 2007; Kauffman Foundation 2008). Therefore, we propose to promote team start-ups at universities as opposed to trying to sell university knowledge through licence agreements and patents.
62	3.8.4	Universities	Develop mentoring programs by and for elderly employees and entrepreneurs.	FIRES deliverable 5.8 has proposed entrepreneurship campaigns for the elderly as a no-regret option as age should not be considered a barrier to entrepreneurship (Proposal 24). Notably, here we feel it would also be beneficial to develop mentoring programs by and for elderly employees, for whom the transition to a more flexible labour market may be particularly challenging.
63	3.8.5	Lifelong Learning Strategies	If policy makers wish to experiment with guaranteed public sector jobs to earn a minimum income, such experiments should be set up in such a way that the jobs in young, innovative start-ups would easily compete with such guaranteed public sector jobs, both on wage and content.	The basic idea is that the public sector simply absorbs excess labour when activity in the private sector declines and releases it again when the private sector is expanding. Replacing the buffer of unemployed by a buffer of publicly employed labour. In that way, human capital can be maintained while access to the human capital remains guaranteed.