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The start-up state: Governing urbanized capitalism

This paper assesses through a comparative lens the mutating role of the state in today's flourishing of technology hubs in major cities and metropolitan areas across the globe. Conventional wisdom associates the contemporary phenomenon of high-tech urbanism with minimum state intervention. In public as well as in scholarly debates, technology-intensive urban economies are customarily portrayed as a phenomenon whose formative creativity and ethos stems from an essentially post-political nature. As these economies emerge thanks to the cooperative dynamism of urban societies, political governments are considered merely as coordinators of inter-actor relationships, particularly as managers or orchestrators of innovative 'business ecosystems' and 'platforms'. We, in turn, suggest that today's emergence of technology-based economies in a selected circle of major cities and metropolitan areas is an inherently political phenomenon, as it is closely linked to what we call the strategic urbanization of the state. Looking at the trajectories of Finland and Italy during the post-recession decade of the 2010s, we disclose the state-driven selective mobilization of urban economies as a response to the low-growth present of national political economies. In doing so, we argue that the entrepreneurialization of selected urban locations cannot be understood without considering the qualitatively transformed roles of the local and national states. The coming together of entrepreneurialist and urbanizing state strategies disclose a shift towards a start-up state whose distinctive features differ qualitatively from those of both the investment-oriented late-Keynesian entrepreneurial state and the decentralized local economic governance envisaged by today's city-innovation theorists.

Introduction

The crisis of economic and political rationality that has followed in the wake of the recession of 2008 has led a growing number of pundits, scholars and political actors to invoke a return to the nation-state in response to the failures of market-led globalization. At the same time, other commentators

1
2
3 have reacted to the new scenario by advocating a more decidedly decentralized, post-political
4 management of local economies. As post-recession capitalist economies have come to be dominated
5 by a new generation of high-tech corporations and start-ups that have increasingly urbanized
6 capitalism, scholarly and public debates have particularly concentrated on the management of this
7 novel configuration of global capitalism. Two approaches have particularly emerged: a neo-
8 Keynesian proposal for a 'neo-entrepreneurial state', drawing on the lessons of the past decades of
9 state-driven innovation policies, and a neo-Jacobsian perspective (inspired by the work of urbanist
10 Jane Jacobs) on self-organized economic governance reflecting the endogenous potential of urban
11 ecosystems.

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24 On the one hand, the scholars and pundits who have embraced a neo-Keynesian position
25 reassert a more proactive role for the state in the economy through an expansionary fiscal policy
26 entailing greater investment in technology and infrastructure. In particular, Mariana Mazzucato
27 (2013) has distinguished herself within public debates by putting forward the influential notion of the
28 'entrepreneurial state', which emphasizes the vital contribution that public policy made with
29 technology investment since the late 1980s in highly innovative regions and sectors such as Silicon
30 Valley and the biotechnology industry in the United States. Through this concept, Mazzucato
31 challenges dominant political narratives on the advent of a knowledge-intensive "economy of
32 innovations". In such a dominant view, "business is accepted as the innovative force, while the State
33 is cast as the inertial one – necessary for the 'basics', but too large and heavy to be the dynamic
34 engine" (Ibid.: 1).

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Mazzucato (2013) demonstrates that the entrepreneurial state is a key player in the value
creation mechanism; it creates value in the economy rather than merely interferes firms in their
attempts to generate value. Put briefly, the entrepreneurial state creates economic value through
government interventions. In addition, the entrepreneurial state has not only acted as a direct value
creator, but also played a key role as an investor. Mazzucato (2013) highlights that the state has
funded both basic and applied research that have contributed enormously to bringing about some of

1
2
3 the well-known knowledge-intensive commercialized products ranging from smartphones to
4
5 pharmaceutical products. Indeed, the state has not only taken the role of an investor, but it has also
6
7 taken the role of a high-risk-taking venture capitalist: the state has played a greater role than the
8
9 private venture capital funds in investing in vulnerable early-stage firms – many of which fail and
10
11 disappear (Ibid. 47–49).
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14 In parallel with Mazzucato's (2013) neo-Keynesian perspective, there is a growing body of
15
16 neo-Jacobsian scholarship that emphasizes the endogenous dynamics of urban environments, leading
17
18 the city to act as an 'innovation machine' (Florida et. al. 2017), thanks to the unique condensation of
19
20 human and creative capital in the economically thriving urban agglomerations and metropolitan areas
21
22 (Florida, 2012; Glaeser, 2011; Moretti, 2013). Influential urban economists such as Edward Glaeser,
23
24 Richard Florida and Enrico Moretti who have become popular amongst policy makers and the mass
25
26 media – for this reason labelled as 'celebrity urbanologists' by their critics (Peck, 2016; McNeill,
27
28 2017) – have thus highlighted the intrinsic virtues of urbanism in contemporary knowledge-intensive
29
30 societies. Despite the internal differences of their arguments, a common trait in today's "Western
31
32 urbanology" (Rossi, 2019) is the idea – derived from Jane Jacobs (1969) – of scope and diversity as
33
34 the main explanation for today's urban flourishing of technology-intensive capitalism.
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40 Contrary to Mazzucato (2013) and the other advocates of a neo-Keynesian entrepreneurial
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42 state, the abovementioned Western urbanologists question the value of direct government
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44 intervention. In their view, the renewed urban centrality in public policy has to be taken as an
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46 opportunity for empowering local leadership and treating local economic governance in a truly
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48 systemic, decentralised manner, offering at the same time fiscal incentives capable of turning what
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50 Florida terms "the clustering force" of today's urbanism into an advantage for all (Florida, 2017). In
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52 this perspective, the city is understood as a complex ecosystem composed of a variety of economic
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54 activities and market platforms. Governing this complexity, therefore, is conceived primarily as 'a
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56 management problem', involving the selection of "the appropriate organizational structure for
57
58 tackling the issues at hand" (Visnjic et al., 2016).
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3 In this paper, we argue that actually existing high-tech start-up economies depart from both
4 the statist, neo-Keynesian and the neo-Jacobsian, post-political models of economic governance. We
5 go on to argue that, beyond any normative model, a start-up economy becomes constituted through
6 the intersection of socio-spatially and historically situated entrepreneurializing, urbanizing and
7 technologizing imaginaries, practices and strategies. In our perspective, the start-up economy is not
8 a clearly delineated hegemonic project in Gramscian terms (Jessop, 1990). We rather conceptualize
9 it as an ideologically intricate neoliberal project, namely a historically contingent process in post-
10 recession “cognitive capitalism” (Moulier Boutang, 2011) that brings together people, government,
11 firms, technologies, organizations and governmental technologies in the name of economic growth,
12 development and national success.
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26 Through developing the concept of the start-up state, we seek to shed new light on how the
27 contemporary process of knowledge-based economization takes hybrid forms, going beyond the
28 government-governance binary. In particular, our research exposes how the emergence of the start-
29 up economy can be conceptualized as a form of strategic urbanization of the state (hereafter referring
30 to the so-called nation-state), in which the state seeks to capitalize on the endogenous entrepreneurial
31 capacity of urban environments. While start-up economies are ubiquitously spread across the globe
32 (in both the Southern and Northern hemispheres), the strategic urbanization of the state appears to be
33 a geographically selective as well as variegated process that requires attention to the specificities of
34 the socio-spatial and historical contexts.
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46 We seek to shed new light on the rise of a political-cultural-economic formation that we term
47 the start-up state through analysis of the recent developments in Finland and Italy. These states were
48 hard-hit by the recession of the late 2000s and the early 2010s. Whereas the analysis on Finland
49 demonstrates the coming together of entrepreneurialization and urbanization in state strategies, the
50 Italian case highlights more explicitly the state-orchestrated production of urban champions as
51 innovation hubs, particularly that of Milan.
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3 Our paper proceeds through four sections. In section two, we discuss the ways in which the
4 role of the state has been overshadowed in the scholarly debates on start-up economy. Drawing on
5 our empirical research, section three comparatively examines how the state has had a constitutive role
6 in the production of start-up economic forms in Finland and Italy. In the final section of the paper,
7 we bring together various dimensions of the start-up state.
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17 **Debunking the state in urban-centred imaginaries of the start-up economy**

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19 Knowledge-based economization refers to a historically contingent geopolitical process that produces
20 territories of wealth, power and belonging (Moisio, 2018b). Specific political forces seek to build an
21 economic form based on innovations, selective state spaces, and particular segments of the populace
22 (Jessop, 1990). This process is strategic in a dual sense. First, it is strategic in the sense of facilitating
23 the circulation and accumulation of capital in the contemporary historical conjuncture through the
24 creation of spaces that allow the generation of surpluses and extraction of value. Knowledge-based
25 economization hence produces cycles of territorial transformation that inescapably involve crucial
26 issues such as the relationships between states and cities.
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37 Second, the process of knowledge-based economization is strategic in the sense of producing
38 competitive forms of life that can be harnessed both to the circulation and accumulation of capital,
39 and to the maintenance of the territorial state. In sum, knowledge-based economization is both
40 spatializing and subjectivating: it brings together governing space and populace.
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47 It has become all too evident that urban space acts a magnet for venture-capital flows (Florida
48 and King, 2018) thanks to its functioning as an 'ecosystem' that brings together knowledge, creativity
49 and a variety of communities of practice (Rossi and Di Bella, 2017). Urban environments thus enable
50 the individual to leverage her human capital as an 'entrepreneur of herself'. As the widespread usage
51 of the term ecosystem signals, the process of knowledge-based economization has shifted
52 qualitatively over the past decades, in both economic and spatial terms. It emerged in the form of
53 Keynesian technopolization in the late 1980s (Castells and Hall, 1994), and manifested itself in
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3 imaginaries and practices that were increasingly predicated on the idea of the ‘smart city’ from the
4
5 late 1990s onwards (Mahizhnan, 1999).
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8 In today’s economic development imaginaries, as well as in business consultancy and policy-
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10 making more broadly, entire cities take the form of state-orchestrated platforms for experimental
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12 governance and creative business activity. The increasingly intimate connection between the urban,
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14 the capitalist extraction of value, and entrepreneurial forms of life is certainly a defining feature of
15
16 the latest round of knowledge-based economization. The capability of the new start-up entrepreneurs
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18 to commodify digital formats and contents – a kind of copyright economy based on the Internet – as
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20 successful businesses, and the associated shift from ‘mere technology’ to ‘content’ is thus almost
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22 invariably associated with the urban. In such a view, the new, economically profitable ideas arise
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24 from a cooperative and culturally and socially rich urban fabric. In these urbanophile imaginaries,
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26 lively urban environments are said to contribute fundamentally to the production of a new generation
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28 of innovative entrepreneurs, essential to the operation of the knowledge-intensive form of capitalism
29
30 (cf. Scott, 2014). The capitalist extraction of value from urban environments, therefore, entails a
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32 relentless invention of entrepreneurial forms of life drawing on daily practices of cooperation in the
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34 metropolis understood as a “social factory” (Negri, 2018). This dynamic represents a remarkable shift
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36 from both the Fordist and immediately post-Fordist management of urban economies, when the
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38 capitalist valorization of urban settings targeted conditions of obsolescence and devalued property in
39
40 the built environment (Weber, 2002). In those contexts, state intervention was intended to provide
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42 assistance to private investors through urban-renewal programmes as well as, more recently, through
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44 fiscal enclaves such as Business Improvement Districts and special economic zones. Those fiscal
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46 expansionary policies (relying either on public expenditure or tax cuts) allowed the state to impose
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48 its sovereign prerogatives through situational procedures and norms granting entrepreneurial freedom
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50 to foreign and domestic investors (Ong, 2006).
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58 While those interventions were and still are illustrative of the neoliberal recourse to exception
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60 as a fundamental principle of sovereign rule, start-up economies are customarily constructed upon

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3 the normalcy of city life. In these economies, the urban is addressed not as an empty space to be re-
4 colonized by rapacious investors, but as a socially rich and economically productive space within
5 which the potential of life can be harnessed to economic purposes. As production is seen to take place
6 in social relationships within the context of knowledge-intensive capitalism, the generation of
7 relational subjectivity becomes vital, not just the possession of knowledge per se (Read, 2009). Here,
8 the urban marks a social space in which skilled start-up entrepreneurs become involved in
9 collaborative activities related to co-creation, co-option and enriching interaction, to name but a few,
10 and produce economic value both through and in these interactions.
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21 The real, dense entrepreneurial city “is made of flesh, not concrete” (Glaeser, cit. in Smith,
22 2012), as one “celebrity urbanologists” (Peck, 2016) revealingly puts it. In such an economic
23 imaginary, “urban density provides the clearest path from poverty to prosperity” (Glaeser, 2012: 1).
24 The dense urban spaces are desirable, for they enable face-to-face interaction of people who cherish
25 the sociability of a city and love new ideas that have economic potential. According to Glaeser (cit.
26 in Jenkins, 2015), “what globalization and new technologies do is radically increase the returns to
27 being smart. We are a social species that gets smarter by being around other smart people, and that’s
28 why cities thrive”.
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40 Start-up economic imaginaries are predicated on a seamless connection between work in
41 urban space and outside-work urban life, thus making the border between working time and
42 nonworking time largely obsolete. Its protagonists are aspiring happy-city entrepreneurs who mix
43 ideas of common good, collaboration and sharing with value creation (Glaeser, 2011; Cohen and
44 Muñoz, 2016). In this capacity, the imaginaries of the start-up economy bring together and meld the
45 risk-taking economic subject with an urban communitarian figure who is inspired by an ethos of
46 ‘sharing’.
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56 With regard to generating value, the start-up economy blurs the boundaries between the
57 workplace and the place of living, and produces a particular segment of the population as the
58 economic-political ideal. More importantly, their capacities and ethics are articulated as if the start-
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3 up subjects resided in the affective micro-fabrics of the urban. In other words, the urban is understood
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5 as if it brought them pleasure both at work and outside of it – reconnecting the spheres of production,
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7 social reproduction and leisure. In the imaginaries of the start-up economy, the constitution and
8
9 maintenance of labour power is thus ultimately an urban affair.
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12 The conceivably flexible subjects of such economization are the office in itself. The urban
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14 fabric, in turn, is understood by the start-up economy boosters in particular as providing the necessary
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16 backdrop to re-work the ways in which the start-up populace understand their role as ‘constant
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18 innovators’ for whom the boundary between work and non-work is becoming increasingly uncertain.
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20 It is for this reason that intensive urban space, in all its qualitative aspects, appears in the imaginaries
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22 of the start-up economy as a crucial constitutive element.
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26 The abovementioned start-up imaginaries, premised on ideas of urban density and social
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28 cooperation in ‘happy cities’ (Montgomery, 2013), operate in tandem with an imaginary that contrasts
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30 with dysfunctional statist nationalism, purportedly rigid party politics, clientelism, and seemingly
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32 functional and de-statist cities (see e.g. Barber, 2013). In so doing, the latter imaginary combines
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34 economic productivity with the idea of a new de-statist urban age.
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38 In the start-up economy imaginaries, the urban appears as a vast open-plan office, a truly post-
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40 political laboratory for social interaction, a community-making platform, or a test-bed in which the
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42 creativity of entrepreneurs is not restrained by old capitalists and state bureaucracy. The urban is thus
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44 built into the start-up economic imaginaries with a strong libertarian tone, but the appeal of the start-
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46 up city across political parties stems also from its seemingly apolitical and de-statist nature. In the
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48 academic literature, too, the start-up economy is often articulated as if it were less statist than the late-
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50 Keynesian forms of knowledge-based economization. In such a view, the technopoles of the 1980s
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52 and the 1990s are ‘more’ state-orchestrated or statist in nature than the recent start-up urban
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54 economies (Bunnell, 2002).
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58 It does not come as a revelation, therefore, that the conventional wisdom tends to portray start-
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60 up economies in the technology sector as distinctively urban-centred phenomena. So far, academic

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3 scholarship – albeit still scarce and embryonic on this topic – has substantially seconded this idea
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5 (Florida and Mellander, 2016; Florida and King, 2018), while critical scholars have only expressed
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7 reservations about the overlooked role of public policy (McNeill, 2016; Rossi and Di Bella, 2017).
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9 Overall, existing scholarship has left issues such as state regulative practices, state restructuring, state
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11 bureaucracy and policy-making largely unexplored, providing an understanding of the urban as an
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13 entity somehow spontaneously generating high-tech entrepreneurship and economic value. City-
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15 centric conceptions of the start-up economy have emerged in conjunction with a rapidly expanding
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17 knowledge industry, which tailors all sorts of start-up city rankings, mappings and indices. These
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19 rankings produce cities discursively as actually existing start-up ‘ecosystems’ and economic
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21 territories that are involved in a purportedly fierce global inter-spatial competition (Moisio, 2018b).
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27 As we have noted above, the constitutive ideas of start-up economy are often comprehended
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29 as arising from a cooperative and culturally and socially rich urban fabric rather than from the
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31 governmental processes of the territorial state. However, as Dierwechter (2018) has argued, the role
32
33 of the state in politically reconstructing an ideal of the good society has returned to prominence in the
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35 seemingly post-political contemporary context, characterized by the ‘animating fantasies’ (Dean,
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37 2009) of smartness, creativity, ecosystemic innovation and competitiveness. In a similar vein, we
38
39 believe that it is analytically problematic to conceptualize the start-up economy as a merely post-
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41 national, de-statist, city-centric and firm-based economic world. Certainly, the late-Keynesian
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43 economic interventions of the state differ from the recent economic interventions of the state. Neither
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45 do we deny the role of cities as “self-promoting islands of entrepreneurship” (Amin and Malmberg,
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47 1992: 413) or as effective “ecosystems” within which firms with a “symbolic knowledge base”
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49 (Asheim et al., 2007) are nurtured and developed. However, we make an analytic distinction between
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51 1) the urban as a geographical source of economic-value creation, providing fertile ground for start-
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53 up economies and other innovative activities; and 2) the new socio-spatial dialectic – what we
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55 characterize as the cross-fertilization between the state-orchestrated entrepreneurialization of the
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3 urban and the urbanization of the nation-state – behind today’s urban centrality in the global economy,
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5 or what we call “urbanized capitalism”.

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8 In the ensuing pages, we seek to demonstrate that the state occupies a crucial role in
9
10 developing cities as selective spaces of start-up entrepreneurialism. We suggest, rather, that the
11
12 constitution of the start-up economy signals a state-driven mobilization of the urban, and the
13
14 introjection of the urban imaginary into state apparatuses at the same time. Drawing on a wide range
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16 of empirical sources, including official documentation, newspaper articles, long-term observation and
17
18 in-depth interviews with qualified informants, the next section of this article will offer illustration of
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20 the EU politico-economic context through a comparative analysis of the distinctive role played by
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22 national governments in the invention of urbanized start-up economies in Finland and Italy.
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28 **The state-driven mobilization of the urban: lessons from Finland and Italy**

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30 In both the Finnish and Italian contexts, the idea of start-up economies as engines of national
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32 innovation strategies has gained currency during the post-recession years of the early 2010s, in times
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34 characterized by the harsh realities of fiscal austerity as well as by a spasmodic search for novel
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36 growth- and future-oriented rationales. The societal imaginaries of this state-driven project, therefore,
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38 have emanated from an effort to re-construct, nurture, facilitate, govern and expand the start-up
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40 economy as a kind of national strategy for rescue and rebirth in the years that have followed the ‘great
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42 recession’ of the late 2000s and the early 2010s. Despite their obvious differences (starting with
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44 demographic size, Italy being more than ten times bigger), Finland and Italy experienced the ‘great
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46 recession’ in strikingly similar ways, as the economic slowdown of the late 2000s impacted their
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48 national political economies heavily after years of relatively steady growth. Moreover, both countries
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50 had experienced in severe ways the economic recession of the early 1990s (a recession that hit a
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52 limited number of countries in Europe) and both countries had entered the Eurozone in the mid-1990s
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54 after painful economic adjustments.
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3 In 2009, after about 15 years of almost constant growth and relative optimism, the economies
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5 in these two countries took an exceptional tumble, as GDP growth rates decreased by 8,3% in Finland
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7 and 5,5% in Italy. Over these same years, these economies witnessed a precipitous decline of the ICT
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9 sector, particularly of the so-called ‘new media’ industries that had emerged during the first Internet
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11 era in the second half of the 1990s. In previous years, within literature dealing with information
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13 technology, Finland was made famous as the so-called ‘Finnish model’, combining technology-led
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15 economic development with the preservation of a robust welfare state, which complemented more
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17 established models in this sector such as those of Singapore and Silicon Valley (Castells and
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19 Himanen, 2002; Dahlman et al., 2006). For its part, within debates over post-Fordist economies, Italy
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21 had long been associated (particularly from the mid-1980s onwards) with endogenous economic
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23 development, known as the ‘Third Italy’ model (Storper, 1997). The crisis that became evident in
24
25 2008 shattered previous illusions that these countries had successfully managed to set aside their
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27 long-term structural weaknesses.
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33 As a consequence, since 2010, national governments in both countries have committed to an
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35 economic policy aiming to bring together fiscal austerity and the pursuit of GDP growth. In Italy, in
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37 2011 a technocratic government led by a former EU commissioner and professional economist, Mario
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39 Monti, replaced the Berlusconi cabinet without elections, with the explicit mandate of undertaking
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41 the ‘structural reforms’ requested by the EU. The philosophy of the Monti government centred on the
42
43 notion of ‘expansionary austerity’, an idea that became dominant within mainstream economic
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45 thinking in the European Union during the post-recession phase of the early 2010s; an apparent
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47 oxymoron postulating growth effects deriving from systematic budget cutbacks (Blyth, 2013).
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51 As its reputation became closely associated with the public spending cutbacks and the
52
53 unpopular pension reform contained in the so-called ‘Rescue Italy Decree’ (or *Decreto Salva Italia*),
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55 the technocratic government started to pursue an explicitly pro-growth agenda based on the
56
57 catchwords of technological innovation and global competitiveness. The approval of the so-called
58
59 ‘Growth 2.0 Decree’ was the culmination of this pro-growth strategy. The provision of financial
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3 incentives for innovative start-ups – and their legal recognition – was central in this strategy, along
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5 with the simplification of bureaucratic procedures for setting up a new enterprise. The vision behind
6
7 the ‘Growth 2.0 Decree’ was outlined in a report published by a task force of the Ministry for
8
9 Economic Development entitled in an evocative manner “Restart, Italia!” (Ministero dello Sviluppo
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11 Economico, 2012). A specific section was dedicated to the geographical dissemination of business-
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13 incubation initiatives, identifying so-called ‘startup-friendly territories’ capable of giving rise to
14
15 ‘innovation-oriented ecosystems’. According to the report, the combination of competition with
16
17 collaboration is key to the pursuit of this goal: “we build on the assumption that the winners of
18
19 interspatial competition[s] are those that are able to organize collaborative relations locally” (Ibid.:
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21 121).

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26 Following the general elections of 2013, a new government led by Matteo Renzi – a young
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28 politician drawing inspiration from Tony Blair and his post-ideological ‘Third Way’ project –
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30 continued to emphasize support for digital innovation and start-ups as a key pro-growth policy
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32 balancing the austerity measures persistently requested by the European Commission. Renzi’s first
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34 public appearance as head of the Italian government was at H-Farm, a start-up accelerator in Treviso,
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36 in the Veneto region, a fast-growing economy in Northeast Italy (and historically a key manufacturing
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38 centre in the ‘Third Italy’). In March 2015, Renzi’s government approved the ‘Investment Compact’,
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40 a law that extended the ‘start-up model’ of business management to all innovative small firms.
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45 However, Renzi’s subsequent designation of Milan as a ‘model city’ for the entire national
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47 political economy was even more significant (especially at the level of public discourse) than
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49 nationwide industrial policies. In 2015, Milan hosted the Expo fair titled “Feeding the Planet, Energy
50
51 for Life”, which celebrated the potential for economic growth offered by the combination of food,
52
53 health, technology and culture. The Expo proved to be a highly successful event that reasserted
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55 Milan’s international reputation as a city “exciting to inhabit, a place to consume as well as produce,
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57 and that is another road to urban success” (Glaeser, 2011, 238). In a speech given in September 2016,
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59 during a ceremony in which the national government announced a special funding scheme for Milan’s
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3 urban innovation projects, Renzi stated: “Milan has to take Italy’s hands and show the way forward
4 out of a challenging situation affecting our country at the economic level” (Mancini, 2016; author’s
5 translation).
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10 The Finnish experience with the politics of austerity and related structural reforms resonates
11 with the Italian case. In Finland, an almost naturalized set of economic-political arguments has
12 resulted from the struggle over dominant knowledge-formations of national economy since the deep
13 recession in the early 1990s. The recession in the early 1990s created a space for structural reforms
14 that were predicated on variants of the New Public Management, slowing down public spending,
15 irrespective of the economic situation (Ahlqvist and Moisiö, 2014). These reforms continued
16 throughout the 1990s with ‘rainbow governments’ that brought together the political left and right.
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26 The global financial meltdown of 2008, coupled with the gradually worsening domestic
27 economic situation from 2009 onwards in particular, has generated fertile ground for the expansion
28 of austerity measures in Finland. The result of the crisis talk and many forms of prescriptive crisis
29 analysis was that austerity measures were increasingly presented as a kind of unavoidable standard
30 practice of the Western state (Moisiö and Paasi, 2013). Austerity measures have been gradually put
31 in place by technocratic governments as if they represented morally high-profile politics “of getting
32 difficult things done”. Indeed, campaigns for the national elections both in 2011 and especially in
33 2015 were dominated by reasoning which reverberates with the central tenets of austerity-driven
34 policy ‘reforms’. The negotiations to establish a new conservative center-right government for the
35 years 2015-2019 were based on a wide-ranging consensus among the three parties that formed the
36 cabinet on the elementary need to kickstart growth by cutting public spending, tackling price
37 competitiveness and public-sector deficiencies by freezing wages, launching new entrepreneurial
38 agendas and introducing policy experimentation. These negotiations were based on an idea that the
39 difficulties faced by the Finnish national economy are not only based on business cycles but are
40 deeply structural in nature, touching on productivity and innovativeness in both private and public
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3 sectors. Moreover, the lack of small and middle-size companies capable of attracting foreign capital
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5 was recognized as one of the key “national problems”.
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8 Like Italy, the consecutive two governments elected during the post-2008 recession years have
9
10 placed high hopes on innovation-based policies of growth in kick-starting the national economy. This
11
12 is not surprising given that since the 1990s the gradual neoliberalization of Finland has been
13
14 characteristically a technocratic process whereby technological knowledge, and the whole techno-
15
16 industrial complex, has assumed a pivotal role (Ahqvist and Moisio, 2014). Indeed, the government
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18 programmes of 2011 and 2015 are premised on the idea of constructing a new state that would
19
20 embrace technology-intensive development and productivity across different social spheres. In 2011,
21
22 the Prime Minister Jyrki Katainen’s programme (centre-right National Coalition Party and the Social
23
24 Democratic Party as the leading groupings) depended on the idea of building a link between
25
26 entrepreneurship, education and innovation. The latter, a highly technocratic government consisting
27
28 of the centre-right Centre Party, the National Coalition and the national revanchist Finns Party, made
29
30 a pervasive connection between the culture of entrepreneurship, national innovation capacity, policy
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32 experimentation and education as central means to foster national competitiveness and economic
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34 growth. The following quotes from the government programmes and implementation plans in 2011
35
36 and 2015 reveal a great deal of the dominant political rationality during the post-2008 recession years
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38 in Finland:
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47 Links between education and the working life, and employee and entrepreneurship
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49 education providing information about the rights and obligations of citizens, employees
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51 and entrepreneurs will be enhanced at all levels of education ... Efforts will be made to
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53 increase interest in and preparedness for entrepreneurship by means of training at various
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55 levels of education. (Programme of the Jyrki Katainen Government of Finland 2011: 65)
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3 Expertise is not being converted into innovations, innovations are not commercialized. We
4 are losing our expertise-based competitive edge. We must set people's resources free to
5 engage in creative activity, entrepreneurship and the creation of wellbeing. Finland must
6 become a society founded on know-how, entrepreneurship, equality and caring.
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12 (Programme of the Juha Sipilä Government of Finland 2015: 8)
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17 Experimentation will aim at innovative solutions, improvements in services, the promotion
18 of individual initiative and entrepreneurship... (Programme of the Juha Sipilä Government
19 of Finland 2015: 28)
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26 The entrepreneurial language that is customarily associated with start-up economies is highly
27 visible in the latest government programmes. The programme of the Juha Sipilä's "austerity
28 government" (2015-2019) explicitly articulates that in order to "enhance the funding, equity capital
29 and risk-taking capacity of businesses, the government will implement measures that will impact the
30 needs of start-ups, fast-growth companies, and change-of generation businesses" (Ibid.: 10). In sum,
31 in the formulations of the latest government programmes and their implementation plans, the start-up
32 economy (understood in a broad sense) emerges as a political-economic strategy of the state, as well
33 as a broad cultural political agenda to bring about societal change within and beyond the state
34 apparatus.
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46 The last two elected governments in Finland have built a peculiar link between the future of
47 the nation-state, education, entrepreneurialism, experimentation, (selective) internationalization and
48 innovation. Despite the less visible spatial privileging compared with the case of Milan in Italy
49 (analysed in the following section of this paper), urbanization of state strategies during the years of
50 austerity has been pervasive in Finland. These programmes indeed disclose how regional policies
51 have been increasingly structured around local/regional competences, entrepreneurialism, and
52 technological know-how and predicated on discourses of economic competitiveness since the 1990s.
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3 For nearly two decades, Finnish innovation policies have privileged major university cities as key
4 nodes of state competitiveness. Even though cities are mentioned only in passing, the strategies of
5 the two latest governments in Finland continue to produce major cities and city-regions (as has been
6 the case in Katainen's government, elected in 2011) as key strategic spaces in the face of global
7 interspatial competition. From the perspective of spatial anchoring of state strategies, it is similarly
8 notable that the latest government seeks to promote a change in the role of cities (and other
9 municipalities) in the future, "from an arranger of services to increasingly a promoter of vitality,
10 entrepreneurship and employment in its area" (Programme of the Juha Sipilä Government of Finland
11 2015: 32).

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Sipilä's current government uses the language of "ecosystems" rather than cities in
spatializing innovation based on economic growth. Indeed, the new "Ecosystem forum model" (The
Implementation Plan of the Government of Finland 2018: 47) is a telling example of how economic
growth at the scale of the state is firmly rooted in urban anchor institutions. This increasingly
pervasive urban anchoring of the Finnish state hence occurs in and through economic strategies that
highlight the role played by leading universities, as well as research and innovation centres – "expert
environments", as Katainen's government (2011: 50) would have it – in the production of the state as
a space of wealth, power and belonging.

The statist processes of the start-up economy

In the ensuing pages, we seek to demonstrate how the state lays the foundations for start-up economic
development in various ways, ranging from developing systems of education and regulating state
borders, as in the Finnish case, to the cooptation of local elites and powerful media outlets into state-
driven urban innovation projects, as the Italian case will document. Politicians and business people
talk about the free entrepreneurial culture and the emergence of start-up cities, but neither exists
without the state. We also reconsider the role of the state in the production of the entrepreneurial and
urban nature of the start-up economy in which the creation of value and wealth tends toward

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3 “biopolitical production” (Hardt and Negri, 2000: xiii). As affectively intense labour settings, urban
4 societies constitute fertile ground for the biopolitical reconfiguration of knowledge-intensive
5 capitalisms. We suggest that the state occupies a constitutive role in the link between the “urban
6 ground” and entrepreneurial subjectivation.
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12 Both in Finland and Italy, imaginaries of the start-up economy have emerged in the context
13 of austerity politics, which has contributed discursively to the constitution of such an economy as an
14 issue of “national economy”. In terms of its actual economic volume, however, the start-up economy
15 has remained minuscule. In 2017, the whole start-up sector attracted 350 million euros in investments
16 in Finland, out of which only 200 million euros were FDI. In Italy the figure was much lower with
17 only 136.6 million euros invested, with a significant portion (about 1/7) of ‘innovative’ start-ups
18 being located in Milan’s metro area. Even in more dynamic Finland, the start-up sector accounts for
19 approximately 2-3 percent of the country’s revenue. Irrespective of its modest size as an actually
20 existing economy, the start-up economy represents a form of knowledge-based economization
21 predicated upon two key ideas: extracting value through the invention of an entrepreneurial populace
22 and highlighting the urban anchorage of the national economy.
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37 In Finland, the start-up economy has been promoted by non-state actors such as the
38 *Confederation of Finnish Industries (EK)*, *The Federation of Finnish Enterprises*, *Aalto University*,
39 *The Central Organization of Finnish Trade Unions (SAK)*, and the largest cities. These actors
40 constantly seek to mobilize state power to back up and contribute to the emergence of such economy.
41 Moreover, the processes and strategies of the start-up economy include the activities of small political
42 groups and lobbying by business associations, business firms, international organizations and
43 consultant companies who seek to influence the investment decisions and legislative proposals of
44 political actors. As a result, many of the key imaginaries of the start-up economy are currently
45 consolidating and institutionalizing in practices ranging from spatial planning to immigration
46 policies. In this capacity, the imaginaries of the start-up economy penetrate and articulate with or
47 shape other commonsense understandings in society (cf. Mitchell et al., 2003).
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3 The Finnish government constantly launches policies of digitization and internationalization
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5 to respond to the purported needs of the start-up economy. In 2018 alone, the government has
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7 launched several major projects to bring about start-up economies in the largest cities. Through the
8
9 “innovation voucher experiment”, the government has sought to “activate a new target group in
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11 innovation activities, particularly start-up companies and SMEs” (Government of Finland
12
13 Implementation Plan 2018: 26). As part of this endeavor, it has issued selective residence permit
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15 policies in order to attract high-skilled entrepreneurs from abroad. The Juha Sipilä government has
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17 mobilized the publicly funded organization *Business Finland* to evaluate whether a person who
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19 applies for a residence permit fulfills the criteria for a “growth-oriented entrepreneur”. Moreover, the
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21 government has tailored a project called *Talent Boost* in which it operates together with the biggest
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23 Finnish cities to launch “attractiveness programmes” with the goal of attracting new entrepreneurs
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25 and coders to move to Finland (Gustafsson, 2018). These projects have been introduced
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27 concomitantly with c. 40 million euros’ worth of investment in coder education in Finland. It is
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29 notable that both the figure of “coder” and successful businesses in the field of gaming industry have
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31 a deep urban connotation in Finland.
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37 In the Finnish context, start-up entrepreneurs are offered particular autonomy, but this
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39 autonomy remains firmly bound to the nation-state as a territorial economic unit. It is indeed
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41 important to recognize the highly positive and vibrant public images of the start-up economy (and
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43 related technologies) that are partly, but importantly, produced and maintained by state agencies, and
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45 effectively circulated through media. For instance, the contemporary content is characterized by
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47 constant celebration of the super-star entrepreneurs of digital economy (in the context of gaming
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49 firms in particular). In the media, these entrepreneurs appear as both globally recognized creative
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51 subjects and responsible individuals (and even model taxpayers) who extend and diversify the
52
53 economic base of the “nation”. This “culture of start-up heroes” is one of many aspects in the
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55 consolidation and institutionalization of the start-up economy in state-centred processes at time of
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57 national revival across the world.
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3 In the Finnish context, the expansion of the start-up economy is understood by state agencies
4 and policy-makers as having the potential to generate a larger cultural change within the nation-state.
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6 Indeed, creative start-up entrepreneurs are often portrayed as if they understand themselves as
7
8 workers and business subjects in a new manner. The ways in which the start-up subjects relate
9
10 themselves to work and leisure, for instance, have been debated countless times in national politics
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12 and media. The start-up economy thus involves peculiar imaginaries related to new national-
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14 economic subject positions, firms that operate with a purpose beyond profit-making, and de-gendered
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16 knowledge-intensive forms of capitalism in which women would play an increasingly important role
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18 (see e.g. Tolvanen and Pulkkinen, 2018).
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24 What we witness in the Finnish context is an attempt to extend the conceived capacities and
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26 orientations of “autonomous start-up entrepreneurs”, and the conceived ways in which they live at
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28 work and how they live outside of it, to a wider societal fabric through educational system ranging
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30 from elementary schools to institutions of higher education. This attempt thus reveals a political will
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32 to expand the “class of professionals” as a national survival strategy. In other words, “game-based
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34 learning” or courses on entrepreneurialism in elementary schools should not be considered merely
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36 technical exercises but rather constitutive elements of the start-up economy. Such educational
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38 practices are thus not reflections of the already existing start-up economy; rather, as a form of
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40 knowledge-based economization, the start-up economy is constantly being constituted in such
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42 practices. In the context of the start-up economy, the technology of subjectivation is associated with
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44 the reconstitution of citizen-subjects as human capital and the calculable resources recruited by the
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46 state for its operations. In this form of knowledge-based economization, subjectivation refers to the
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48 process through which individuals are objectified through educational practices into specific types of
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50 economic and political subjects whose characteristics are consistent with contemporary modes of
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52 accumulation. Indeed, when asked about the contribution of the state to the emergence of start-up
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54 economy in the city of Helsinki, the chief executive of the Ministry of Education responded how
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3 Innovations do not rise from administrators and political systems... But the state needs to
4
5 develop entrepreneurialism. The state needs to educate young children to become start-up
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7 entrepreneurs, and our political system plays a key role in the economy of innovations. How to
8
9 educate “new people” is a key question in the context of public power. The politicians did not
10
11 create the Slush event, but through empowering young people... by de-regulating, the state
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13 actually in one way or another created Slush and the emerging start-up scene in Helsinki. In
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15 fact, it is the role of public power and policy-making to destroy barriers so that the new economy
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17 can develop. In the end, we develop start-up companies for the purposes of large firms which
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19 operate in export sector. This is the way to secure tax revenue, and the conditions of decent life
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21 in Finland. (Lehikoinen, 2018)
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28 This quote above discloses the operation of the state, which involves public investment in order to
29
30 bring about technological innovation and change. But more importantly, it involves deep subject-
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32 related processes that seek to bring about cultural change. In other words, the government seeks to
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34 put “the social terrain to work” (Hardt and Negri, 2017: 112), and in so doing to interweave the
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36 capitalist mode of production with urban forms of life. In so doing, the start-up state not only becomes
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38 a key actor in transforming the commonwealth of urban societies into private property, but also a
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40 state that builds and operationalizes a link between the urban, profit, the scale of the individual body
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42 and citizenship. It does not come as a revelation, therefore, that the production of autonomous start-
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44 up entrepreneurs has become firmly entrenched in the national school curricula of Finland.
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49 To illustrate, this process of co-production has been visible in the context of the recent
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51 Helsinki city strategy and branding work, which has brought together imaginaries of the city as a
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53 digital, economic and social platform, a sort of interactive test-bed, an enabler for urban experiments
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55 that also contribute to the growth of the national economy (The City of Helsinki, 2016). These
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57 imaginaries have materialized in urban space in various ways, ranging from the development of a
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59 start-up “ecosystem” in an old hospital area in the CBD of Helsinki to the strengthening of the image
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3 of the city as a vibrant place of grass-root happenings. It is important to notice that such local
4 experiments are loudly encouraged within the programme of the contemporary centre-left
5 government enthusiastically with the term “ecosystem” (Programme of the Finnish Government,
6 2019). In a similar vein with Adkins and Ylöstalo (2018: 160), we hence argue that the Finnish state
7 has promoted urban experimentation in order to foster “innovative solutions, improvements in
8 services, the promotion of individual initiative and entrepreneurship, and the strengthening of
9 regional and local decision-making and cooperation”.

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12 The Italian context provides further illustration of the state-orchestrated construction of urban
13 innovation. In a country historically characterized by a highly regionalized pattern of capitalism
14 (Trigilia and Burrioni, 2009), this construction exhibits here an inherent tendency towards
15 ‘geographical privileging’ (Jones, 1997), whereby a few select urban areas and their respective local
16 elites and the media sector are designated to play a pivotal role within economic innovation processes.
17 As we have seen in the previous section, after the successful organization of the World Expo Fair of
18 2015, Milan has started assuming the role of ‘superstar city’ (as cities with soaring house prices are
19 called in mainstream urban economics: Gyourko et al., 2013) in the Italian context, attracting an
20 unprecedented wave of international real estate investment during the 2010s. Capitalizing on this
21 mega-event as well as on the recent designation along with Cortina d’Ampezzo (an elitist ski resort
22 in Northeast Italy) as the host city for the 2026 Winter Olympics, Milan has expanded its reputation
23 beyond its traditional role as a globally enticing place for the fashion industry. As a result, today’s
24 Milan is increasingly identified as a ‘model city’ of economic innovation for the entire national
25 political economy, in contrast to Rome, viewed as a deeply dysfunctional national capital. In its
26 foundational stages, Milan’s guiding role for the Italian economy was officially embraced at the
27 national government level under Matteo Renzi’s leadership and was supported by a broad and loose
28 coalition of Milan-based public and private actors bringing together national and local scales. What
29 distinguishes these actors is a pretension of representing the national level and, at the same time, a
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3 commitment to explicitly lobbying to enhance the city's reputation as a hub for technology and
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5 innovation.
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8 The most significant advocates of Milan's renewed economic centrality include consulting
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10 firms, local universities and research institutes, foundations, as well as a set of influential newspapers
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12 such as the conservative *Corriere della Sera* (the newspaper with the highest circulation in Italy, with
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14 Chicago-school economists as its leading columnists) and the *Sole 24 Ore* (a business newspaper
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16 owned by Confindustria, the main organization representing private employers in Italy). These news
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18 outlets have played a decisive role in propagating the idea of Milan as the city allegedly hosting Italy's
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20 only internationally competitive institutions in the technology-oriented higher education sector. The
21
22 private, elitist Bocconi University (specializing in business and economics and a bastion for
23
24 neoclassical economic thinking) and the Politecnico of Milan, a state-controlled university institute
25
26 of technology, have benefitted most from this relentless media campaign. For instance, the digital
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28 edition of the *Corriere della Sera* has a weekly broadcast entitled 'Merito e Regole' (or Merit and
29
30 Rules), centred on the figure of Roger Abravanel, a business consultant acting as an advocate of
31
32 'meritocracy', whose media interventions regularly present Bocconi and Politecnico (despite his
33
34 conflict of interest, being a member of the advisory board of the latter) as exceptions to the rule of
35
36 systemic dysfunctions and corruption supposedly affecting Italian universities, particularly those in
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38 the South. This view reflects a novel, competitive approach to state funding for public universities
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40 that has been advanced by different national governments (despite their political differences) over the
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42 last decade.
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49 In 2009, at the time of the centre-right government led by (the Milanese) Silvio Berlusconi,
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51 the first competitive funding allocation decided by the newly created National Agency for the
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53 Evaluation of the University System (ANVUR) assigned to the Politecnico of Milan a substantial
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55 increase in public money, while other universities – especially in the South – saw drastic cutbacks.
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57 Apart from some occasional minor corrections, this line of action has persisted over the years. In
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59 2019, under the new 'populist' government in which the (ex-North) League occupies a central
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3 position, the budget law has allowed the Politecnico of Milan to recruit four times more new academic
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5 staff than other major state universities.
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8 Along with its university system (or some parts of it, as Milan's state university has never
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10 benefitted from such a media campaign), both *Corriere della Sera* and *Sole 24* have been in the
11
12 frontline of promoting Milan as the most attractive 'smart city' across the country. *Corriere della*
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14 *Sera* regularly publicizes the rankings measuring 'smartness' published by the Milan-based Forum
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16 PA, an influential consultancy firm specializing in the public administration's ICT-led re-
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18 organization processes, which is owned by *Digital 360*, a for-profit company led by engineering
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20 professors of the Politecnico. Since 2015, the year of the Expo and starting point for the governmental
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22 strategy on Milan as we have seen above, Milan has always ranked first in the Forum PA's 'iCity
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24 Rate', while for the previous three years (the ranking began in 2012) the results were more pluralistic,
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26 placing other cities such as Trento and Bologna in the top position. However, the general public found
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28 the results of the 2018 *Sole 24 Ore*'s ranking on 'quality of living' far more surprising, as Milan
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30 ranked first, based on indicators measuring income per capita and the attractiveness of its housing
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32 market, despite being traditionally known at the national level for its record carbon emissions, due to
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34 a highly congested car traffic.
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40 The creation of MIND, the Milano Innovation District, in a suburban site previously dedicated
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42 to the 2015 Expo fair, is particularly illustrative of the governmental strategy on Milan's national
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44 leadership as a hub for high-tech entrepreneurship and the support received from nationally
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46 influential, Milan-based media outlets. The District aims to generate an 'innovation ecosystem'
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48 centred on Human Technopole (a generously funded research institute in the field of genomics and
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50 big data analysis), a public hospital, the science departments of the University of Milan (being re-
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52 located from Milan's inner-city area as of 2019), and innovative start-ups as well as third-sector
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54 organizations.
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58 The real-estate aspects of the project are dealt with by *Arexpo*, a company owned by a public
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60 partnership comprising Italy's Minister for Economy and Finance, the regional government of

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3 Lombardy (Milan's region), Milan's municipality, as well as a Foundation specifically dedicated to
4 the transformation of the ex-Expo area. The President of *Arexpo* is Giovanni Azzone, a Politecnico
5 engineering professor (and previously rector of the same university), who has been also a close
6 collaborator of Forum PA's founders. In September 2016, in appointing Azzone as head of a special
7 agency on natural disasters called Casa Italia (which never became fully operative), then prime
8 minister Matteo Renzi lauded Azzone as one of the best professionals in Italy. Since its beginning,
9 however, the post-Expo project has raised several controversies. Human Technopole has been
10 criticized for being a financially onerous initiative that drains money away from public universities
11 and research institutes. Elena Cattaneo, a pharmacologist recently nominated Senator for life in the
12 Italian legislature in recognition of her outstanding scientific achievements, has repeatedly lamented
13 the opacity of the Human Technopole project, in which the Genoa-based Italian Institute of
14 Technology has taken the lead in the absence of any competitive process. In previous years, this
15 generously funded Institute had been in its turn widely criticized by the Italian scientific community
16 due to its top-down nature and lack of accountability. Moreover, the relocation of university
17 departments from central Milan to the suburban MIND district has prompted a reaction from the local
18 community of students and academic staff, who have taken to the street holding rallies and sit-ins.
19 Finally, start-ups are still far from taking hold, as they tend to favour Milan's inner-city areas, recently
20 re-energized by the arrival of leading technology companies such as Google and Amazon, whose new
21 local offices are both located in the bustling Porta Nuova district. Despite widespread skepticism and
22 many uncertainties at the practical level, *Corriere della Sera* and *Sole 24 Ore* are ensuring that the
23 project remains highly visible. In a recently broadcast series (15 October 2018) dedicated to Italy's
24 'Luoghi dell'Innovazione' (or Places of Innovation), *Radio 24* – the *Sole 24 Ore*'s radio channel –
25 portrayed the project as follows:
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58 MIND will be a technological and scientific district and a new residential community; it is
59 perhaps the first explicit attempt to recreate in Italy a context similar to key centres for
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3 technology-intensive innovation at the world level, such as Silicon Valley, the Boston district
4 and Singapore. It is an ambitious project that draws on Milan's main assets – particularly, its
5 prestigious, internationally well-respected universities and the strong business vocation of the
6 surrounding region – with the aim of addressing longstanding demands in this sector, such as
7 the attraction of venture capital, which is at the heart of the Californian model (Radio 24,
8 2018; author's translation).
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19 Despite the small impact of the start-up economy on the MIND innovation district, the 'capital
20 venture' imaginary is aptly mobilized in support of a project that is still in the process of becoming
21 real (as the previously quoted *Radio 24* broadcast briefly admits) and that is contested on different
22 fronts, especially due to its apparently top-down nature. However, Giovanni Azzone firmly objects
23 to this criticism:
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33 We are far from reproducing an Asian model of centralistic developmental state in the field
34 of technological innovation. What we have witnessed and what we have pursued over these
35 two years of institution-building after the Expo is a 'hybrid', bidirectional process involving
36 local actors mobilizing from below that have negotiated their decision-making prerogatives
37 and their actual role within this project with the national government. This latter played a key
38 role in the early, conceptional phase, but it has also learnt from the interaction with Milan's
39 local actors (interview with the author, March 2018).
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51 To recapitulate, what we have learnt from the Finnish and Italian cases is the various ways in
52 which the state can assume a constitutive role in the invention of what is customarily termed as start-
53 up economy. As such, the contemporary form of knowledge-intensive capitalism is dependent on
54 nation-states to protect, support, regulate, and extend its "entrepreneurial" and "innovative"
55 processes. The statist production of the start-up economy thus highlights the ways in which the state
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3 manages and regulates knowledge-intensive capitalism in the interest of “global capital formation”
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5 (Hardt and Negri, 2000), and simultaneously re-territorializes political power.
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8 Furthermore, our analysis of Finland and Italy shows how the start-up economy and the re-
9
10 working of the state are connected. National and local governments not only play a key role in
11
12 generating processes of “start-up urbanism” for inter-city competition purposes (Rossi and Di Bella,
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14 2017), but they are also re-worked in these processes. As part of this re-working the relationship
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16 between the state and the urban become more intensive than in the previous rounds of economic
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18 restructuring; this relocates the urban political forces within the state apparatus and increases their
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20 action space. It is for this reason that the building up of the start-up state is characterized by increasing
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22 critique towards the previous “statist” economic forms and associated investment patterns. The recent
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24 emphasis on the importance of start-ups for national economic success, and the related plans to
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26 include more entrepreneurial content in primary school tuition, for instance, must be understood
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28 against this backdrop. Similarly, in Italy Luigi Di Maio – the leader of the Five Star Movement, the
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30 ‘citizen-led’ party that has taken the lead in the ‘populist’ coalition government formed in June 2018
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32 – has in recent times borrowed the idea of the ‘smart nation’ from Emmanuel Macron and combined
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34 it with anti-establishment rhetoric against labour unions. In Luigi Di Maio’s intentions, the notion of
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36 smart nation implies that the new social power gained by innovative start-ups and online-based
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38 professions will compensate for the inevitable loss of jobs in the conventional economy, serving as a
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40 glue that holds together Italy’s struggling economy (Ciccarelli, 2017).
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49 **Conclusion**

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51 We have argued in this paper that the latest phase of knowledge-based economization has become
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53 increasingly salient in the imaginaries of start-up economies, disclosing some of the ways in which
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55 capitalist societies are witnessing an expansion in the processes of entrepreneurialization and
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57 urbanization. In a similar vein with Çalışkan and Callon (2009), we have excavated the state-driven
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59 modalities of such economization by focusing on issues such as urban innovation projects,
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3 educational systems, border policies, and investment schemes in Finland and in Italy and argued that
4 these imaginaries and processes are constitutive of what we have conceptualized as a start-up state.
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6 In our perspective, the state is an active agent in the process of transforming the commonwealth of
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8 the urban experience into private property in the form of technology-intensive start-up economies. It
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10 is also for this reason why we have argued that the entrepreneurial and urban nature of such an
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12 economy is produced in state-driven processes that seek to reinvent the state as a national economic
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14 territory.
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20 Within the EU, the rise of the start-up economy has to be understood against the backdrop
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22 of the post-recession transition of the early 2010s. The start-up economy emerged at a time in which
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24 economic and political elites were struggling to leave behind the spectres of ‘secular stagnation’ and
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26 related anxieties within the middle class that had become generalized with the crisis of the Eurozone
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28 and the subsequent low-growth performances of national economies.
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31 Within the European Union in the 2010s, two characteristics of the start-up state can be
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33 detected. First, in the EU the start-up state has taken form as a byproduct of the age of austerity in the
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35 early 2010s. As a post-crisis phenomenon, the start-up state highlights the economic promise of
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37 bottom-up entrepreneurial processes. It seeks to enforce the culture of innovation,
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39 entrepreneurialization, internationalization, and risk-taking through various policies ranging from
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41 education to borders to urban transformation. Highlighting these policies is relevant and valuable in
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43 the context of austerity politics, as they carry the promise of a relatively small price tag. The rise of
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45 the start-up economy does not signal the return of the late-Keynesian entrepreneurial state. Neither
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47 does it simply denote the process whereby cities functioning as complex and decentred business
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49 ecosystems internalize “entrepreneurial logics” (Peck, 2014: 399; cf. Harvey, 1989). Compared with
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51 the neo-Keynesian entrepreneurial state, the start-up state is more hesitant to act as an investor or
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53 risk-taker. At the same time, it does not limit itself to the merely managerial and coordinating role
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55 envisaged by neo-Jacobsian theorists of self-organized business ecosystems. Instead, the start-up
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57 state works through the material and symbolic construction of visible, highly mediatized projects that
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3 would ideally result in a broad cultural change – entrepreneurialization. It thus operates through
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5 indirect political technologies to generate the framework conditions for the entrepreneurial life, and
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7 for the associated indirect realization of both private investments and economic value. In this
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9 capacity, the start-up state seeks to harness the full potential of human life to the expansion of its
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11 economic base.
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15 Second, the start-up state mobilizes urban imaginaries and governmentalities in particular to
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17 work towards entrepreneurialization of society, and to carry out economic projects, agendas and
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19 planning projects that contribute to the rise of “attractive” start-up economic forms. We therefore
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21 argue that, compared with the entrepreneurial state á la Mazzucato (2013), what we term the ‘start-
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23 up state is more anchored to the urban. At the same time, compared with the neo-managerial model
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25 of innovation ecosystem theorists, the role of the start-up state appears to be also conceptional and
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27 generative, not just coordinative. In other words, the state is not only becoming more experimental in
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29 terms of bringing about a broad cultural change in the name of entrepreneurialization, but also in
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31 terms of generating economic activities that are infused with an urban mentality for the sake of
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33 national economy and competitiveness. We hence underscore that the start-up economy should not
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35 be considered as a non-statist and market-driven economic form, that develops solely from the
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37 bottom-up activities of skilled ‘start-up heroes’, their entrepreneurial mentalities, and the actions of
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39 private venture capitalists, and that is “freed” from the regulatory practices of the state.
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45 To sum up, by generating entrepreneurial and digital capacities and orientations of the
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47 populace through education and other governmental technologies, the state instrumentalizes urban
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49 life in the contemporary capitalist conjuncture in the name of “national interest”. Our analysis of
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51 Finland and Italy demonstrates that by extending the logics, ethics and principles of start-up economy
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53 to the wider national fabric, the start-up state not only valorizes urban environments as interactional
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55 economic contexts, but also re-articulates national welfare and societal expectations of prosperity in
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57 terms of an all-embracing entrepreneurial economy and its associated production of value. Our
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59 perspective thus seeks to amend both neo-Keynesian and neo-Jacobsian interpretations of the
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3 economic governance of technology-based economies: the realities of high-tech start-up economies
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5 show a qualitatively transformed role of the state, one which goes beyond conventional boundaries
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7 of direct intervention versus coordination role that still tends to polarize public and scholarly debates
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9 alike. In this capacity, the historically contingent and geographically variegated trajectories of the
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11 start-up state open up a more hybridized view to the recent development of knowledge-intensive
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13 capitalism.
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17 Finally, the concept of the start-up state opens the way to a socio-spatial critique of urbanized
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19 capitalism. From a critical perspective, the urban space of the start-up economy works as a technology
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21 itself: it is intended to break down the barriers between the domains of work, home and leisure, and
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23 to function as a production site for the new artisans of knowledge-intensive capitalism. It is indeed
24
25 the constant search for value and growth that locates the urban at the core of political strategies
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27 seeking to connect the territorial state to today's capitalist mode of production founded on the
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29 extractive valorization of affects, emotions and subjectivities in the 'platform metropolis' (Rossi,
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31 2019b).
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35 We believe that the persistent imaginary and common sense according to which the start-up
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37 economy is almost exclusively produced in the interaction between private economic actors, start-up
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39 entrepreneurs and entrepreneurial city governance, harmfully de-politicizes societal development and
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41 prevents critical scholars to tailor alternative futures that would re-imagine the role of functions of
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43 start-up economies. The dominant imaginary thus effectively ignores not only the role of the state but
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45 also the role of the "political" in the context of start-up economies. As a result, particular forms of
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47 entrepreneurialism and urbanization are distanced from societal contestation and struggle, and
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49 become treated as if they were neutral labels that express spontaneous endogenous dynamics. Critical
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51 analysis of the start-up state is therefore needed in order to imagine the institutional and policy
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53 changes "required to take us from the insular knowledge economy that we have to the inclusive one
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55 that we need" (Unger, 2019: 2).
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