1. Introduction: the competitiveness challenge for Secondary Capital Cities

The indispensable necessity of complete authority at the seat of government, carries its own evidence with it. It is a power exercised by every legislature of the Union, I might say of the world, by virtue of its general supremacy. [. . .] This consideration has the more weight as the gradual accumulation of public improvements at the stationary residence of the Government [. . .]. The extent of this federal district is sufficiently circumscribed to satisfy every jealousy of opposite nature.

_The Federalist Papers_, no. 43 (Hamilton et al. 1982, p. 218)

Secondary Capital Cities (SCCs) – defined as capitals that are not the primary economic city of their nation states – are torn between conflicting priorities: serving the nation state as a whole and serving their local residents (Rowat 1968; 1973; Harris 1995). The intellectual justification for this specific role of SCCs is provided by the political theorist and fourth President of the United States (US), James Madison in _The Federalist Papers_, no. 43 (Hamilton et al. 1982), in which he argues that the US capital should be independent from state or commercial interests. As a consequence, many SCCs are seen as objects of the nation state and are reduced to their role as government cities. SCCs were initially chosen as capitals in order to exert a balance between different regions or cities within a nation state, to avoid the concentration of economic and political power and to serve as independent and alternative sites to traditional commercial centers (Gottmann 1977; Harris 1995; Slack and Chattopadhyay 2009; Nagel 2013b; Mayer et al. 2016; 2018). In other cases, formerly colonized nations sought to break with their colonial ties by building new capital cities as a symbol of their independence (Moser 2010; Rossman 2017). Building on these ideas, SCCs were established with the intention that they should refrain from developing into economic powerhouses and concentrate on their role as the political center of the nation, which shapes the political and cultural identity of a nation.

However, the political and symbolic centrality of capital cities in the national urban system has been contested by economic globalization.
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The decline of the nation state, the rise of transnational institutions, the ascendance of global cities and the increasing concentration of the knowledge economy in a few dominant metropolitan centers challenge the traditionally important role of SCCs. Thus, the traditional view of SCCs as the hosts of national organizations and fixed in the shadow of the nation state may no longer be relevant. Economic globalization pressures SCCs to leave their dependence on the nation state and to enter a globalized and increasingly knowledge-intense interurban competition. As a consequence, SCCs must search for new ways to position themselves in interurban competition through the formulation of locational policies (Mayer et al. 2016; 2018).

Globalization theories argue that SCCs have lost their importance because global cities are much more critical to the functioning of the global economy given that they constitute nodal points in the world city network because they coordinate and control capital flows (Friedmann 1986; Sassen 1991; Scott 2001). Compared to global cities, SCCs are nationally orientated and do not exhibit a coherent integration into the world city network (Taylor and Derudder 2014). Similarly, rescaling theories suggest that along with the up-scaling and down-scaling of state functions in global capitalism, SCCs must arrange themselves in the periphery of the global economy (Swyngedouw 1997; Brenner 1999; 2004). Thus, the competitiveness challenge sketched in this book is that SCCs must enter globalized interurban competition without possessing a competitive political economy. SCCs certainly possess a distinctive political economy; however, it is configured differently than the political economies of global economic powerhouses such as New York, London, or Tokyo, or overachievers such as the Silicon Valley, Amsterdam, or Singapore:

Though all cities experience the interaction – both cooperative and conflicting – of government and private interests, nowhere do these interests intersect with such power as in a capital: the government-market interactions are more complicated in a capital, and the national government has greater influence over the local economy, labor markets, and land markets. This creates a distinctive political economy of capital cities. (Campbell 2000, p. 10)

SCCs may make use of this distinctive political economy to compete in globalized interurban competition. The strong influence of the national government shapes local economic interactions and urban governance arrangements, as well as local policies, in distinctive ways. Thus, only in SCCs is it possible to observe the effects of the capital city function on local policy-making and local politics. In primary capital cities, the capital city function would be much harder to detect or distinguish because primary capitals often incorporate international economic functions that
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go beyond those associated with a capital city (Zimmermann 2010, p. 764). In this book, I study SCCs in Organisation for Economic Co-operation and Development (OECD) countries to find out how they build on their capital city function in order to compete and maintain their place in interurban competition. This book analyses the cases of Bern, Ottawa, The Hague,1 and Washington, DC in depth.

1.1 THEORETICAL FOUNDATIONS AND RESEARCH QUESTIONS

Against the backdrop of the competitiveness challenge for SCCs and their specific political economy, this book studies their locational policy endeavors. Locational policies aim to enhance the economic competitiveness of localities by identifying, developing, and exploiting the place-specific assets that are considered to be most competitive. Locational politics and specific locational policies have been studied in a variety of cities or regions (Brenner 1999; Jessop and Sum 2000; Savitch and Kantor 2002; van der Heiden 2010; Kaufmann and Arnold 2017). What is missing so far is a framework that allows for the systematical assessment of the variety of formulated locational policies. The Locational Policies Framework proposed in this book fills this gap. The policy endeavors of SCCs to participate in interurban competition have not yet been systematically scrutinized. Thus, this book contributes to the conceptual understanding of locational policy formulation and it gathers empirical accounts of locational policies from a type of city that is ‘off the map’ in urban studies.

The analytical framework of this book is embedded in the neo-institutional literature (for example, Hall and Taylor 1996; Scharpf 1997) and is more specifically guided by the Varieties of Capitalism (VoC) theory (Hall and Soskice 2001). This theoretical lens enables us to theorize local governments as actors that formulate locational policies based on political and economic institutions. Locational policies are dependent on a variety of ‘institutional and/or territorial structures as well as on broader economic, political and sociocultural factors’ (Jessop and Sum 2000, p. 2291). This book reveals how institutional factors influence the locational policies formulated in different SCCs and, thus, takes a stance against deterministic perspectives of studying city strategies in a globalized world. VoC suggests that the political economy of a place is formed by an entanglement of economic and political institutions (Hall and Soskice 2001). This political economy can explain the differences in the formulated policies and strategies of localities. The economic institutions of SCCs are examined using the Regional Innovation System (RIS) concept (Cooke 2001; Doloreux
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and Parto 2005; Asheim et al. 2011), which stems from the economic geography literature. The political institutions of SCCs are analysed by using the Multilevel Governance (MLG) concept that has emerged from political science literature (for example, Hooghe and Marks 2003; adapted to urban politics, see Horak and Young 2012; Kübler and Pagano 2012). In line with neo-institutional theories, I assume that these two explanatory factors constrain or enable the formulation of different types of locational policies. I furthermore introduce the concept of ‘structuring’ into a neo-institutional analytical framework. ‘Structuring,’ in the context of this book, describes how local decision-makers may draft locational policies that aim at the very structures that simultaneously enable or restrict them (Abrams 1982; Giddens 1984; Imbroscio 1999).

The book is guided by three research questions:

- **What kind of locational policies are being formulated in SCCs?** To capture the wide range of possible locational policies, I develop a Locational Policies Framework that features six categories of locational policies. I examine the concrete manifestations of locational policies for all six categories.

- **Which factors explain the formulation of locational policies in SCCs?** I assume that the RIS and the MLG setting constrain or enable the formulation of locational policies in specific ways.

- **Which actors formulate locational policies in urban governance arrangements of SCCs?** The interplay between local public and local private actors in urban governance arrangements is of particular interest. I assume that the political economy of SCCs produces a specific actor configuration that engages in the formulation of locational policies.

The analytical framework in this book is a fruitful contribution to the urban studies literature. The analytical framework incorporates several aspects that are outlined in the debate by Ward et al. (2011) as productive and relevant for contemporary urban studies. These include: the interdisciplinary research characteristic, the incorporation of a variety of actors into the analysis, the comparative case study design, and the simultaneity of structure and agency. Furthermore, the analytical framework of locational policies developed in this book allows for the study of a variety of policies that cities, beyond only SCCs, can formulate to sustain and perform in interurban competition. This framework may be of use to scholars interested in the study of urban strategies devised to face interurban competition.

SCCs are an understudied category of cities. SCCs have not been
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objects of scholarly attention due to the ‘casualty both to fashionable enthusiasm for “global cities” against national centers, and to a shift of interest toward less formal and monolithic kinds of institutions than those which were the staple of political capitals during the last century’ (Gordon 2003, p. 3). Research about high profile cities, such as global or world cities (for example, Sassen 1991), global city-regions (for example, Scott 2001), metropolitan regions (for example, Hall and Pain 2006), and megaregions (Florida et al. 2008) has dominated urban studies since the collapse of the Soviet Union and the rise of globalization. SCCs simply lack the intensity of international connectivity to the global scale of capital accumulation. As a consequence, the category of SCCs is reduced to its secondary economic importance and remains rather understudied. In that regard, SCCs face the same fate as smaller cities that do not receive much scholarly attention and are analysed using theories that have been developed by studying high profile cities (Robinson 2002; Bell and Jayne 2006; Kaufmann and Arnold 2017). This is unsatisfactory given that ‘the urban’ is far away from being a homogenous category (Magnusson 2011; Brenner and Schmid 2014).

1.2 WHAT IS KNOWN ABOUT SECONDARY CAPITAL CITIES?

The word ‘capital’ itself is based on the ‘Latin word caput meaning head and denotes a certain primacy status associated with the very idea of a capital’ (Gilliland 2013, p. 25). Gottman and Harper (1990, p. 63) describe capital cities as the

seat of power and a place of decision-making processes that affect the lives and future of the nation ruled, and that may influence trends and events beyond its borders. Capitals differ from other cities: the capital function secures strong and lasting centrality; it calls for a special hosting environment to provide what is required for the safe and efficient performance of the functions of government and decision-making characteristics of the place.

While Gottman and Harper (1990) establish the unique characteristics of a capital city in comparison to other cities in the national urban system, they do not categorize different types of capital cities. Hall (2006) offers the most famous categorization of capital cities. He distinguishes between seven types that are not mutually exclusive:

1. Multifunction capitals (for example, London, Paris, Madrid, Stockholm, Tokyo)
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2. Global capitals, as a special case of the first type (for example, London, Tokyo)
3. Political capitals (for example, The Hague, Washington, DC, Ottawa, Canberra, Brasilia)
4. Former capitals (for example, St. Petersburg, Philadelphia, Rio de Janeiro)
5. Ex-imperial capitals (for example, London, Madrid, Lisbon, Vienna)
6. Provincial capitals (for example, Milan, Stuttgart, Toronto)
7. Super capitals which are centers of international organizations (for example, Brussels, Geneva, Nairobi)

Another capital city categorization, by Campbell (2000), incorporates additional characteristics, such as the size of the city, the structure of the national government, and the date of the capital's establishment. Among others, he distinguishes between ‘the capital as dominant economic city in the nation’ (such as Montevideo, Paris, London, Copenhagen) and ‘the capital as secondary city’ (such as Ottawa, Bonn, Canberra, Ankara), which is defined by its economic status and relative position within the respective nation’s urban system (ibid., p. 4). Similarly, Zimmermann (2010, pp. 761–2) distinguishes between two types of capital cities that ‘may or may not be the major economic agglomeration.’

Thus, capital city categorizations mostly differentiate between the political and economic role that a capital city can exert. While the political role is attached to the capital city status ‘there is no rule that a political capital automatically attracts concomitant economic functions’ (Hall 2006, p. 10). Based on these categorizations, the difference between economic and political status is a crucial element in the definition of an SCC. In line with Mayer et al. (2016; 2018), in this book an SCC is defined as the capital city of a nation where at least one city within the respective nation is economically more important to the nation than the capital city.

SCCs exist on every continent: Africa (for example, Pretoria, Abuja), Asia (for example, Jerusalem, Karachi), Oceania (for example, Wellington, Canberra), Europe (for example, Berlin, The Hague), North America (for example, Washington, DC, Ottawa), and South America (for example, Brasilia, Sucre). The global system of capital cities is dynamic. Relocating a capital city is a normal process in the political life of empires, kingdoms, and nations with regard to time and space (Rossmann 2017). New capital cities have been established from scratch, and capital cities have been relocated to economically secondary cities. For example, the Brazilian capital was relocated from Rio de Janeiro to Brasilia in 1960. Brasilia was built from scratch to serve as the new federal capital and was expected to herald a new era of development, peace, and prosperity for Brazil (Madaleno...
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1996, p. 273). Abuja, the new capital city of Nigeria, was also a planned project and it became the capital city in 1991 (Elaigwu 2009; Abubakar 2014). The new administrative capital of Putrajaya is expected to function as a symbol for the ambitious Malaysian modernization agenda (Moser 2010). Other examples include the establishment of Naypyidaw as the new capital of Myanmar in 2006 and the establishment of Sejong City as the new administrative capital of South Korea in 2012. In Egypt, a project for an as-yet-unnamed new capital city just outside Cairo is under discussion. In fact, around 40 percent of all nation states have discussed relocating their capital city (Rossmann 2017). Former colonized nations in particular wish to break with their colonial ties by building a new capital city as a symbol of their independence (Moser 2010, p. 285).

Ten of the 34 OECD countries have an SCC (see Table 1.1). Whereas Ankara, Bern, Canberra, Ottawa, The Hague, Washington, DC, and Wellington are classic examples of SCCs, Berlin, Jerusalem, and Rome differ because, while they are secondary cities due to their economic performance, they are the primary historical, symbolical, and cultural cities of their nations.

Table 1.1 illustrates the economic differences between SCCs and primary cities in OECD countries. Of the ten OECD countries with SCCs, limited or no data is available for Switzerland, Australia, or Israel. Despite the lack of OECD data for some cities in Switzerland, Australia, and Israel, alternative indicators paint a picture of the economic superiority of their primary cities. In Australia, the Greater Sydney Area is an economic powerhouse with a labor force of 2.189 million people and a total employee income of 134 million Australian dollars (AUD). The Australian Capital Territory is ten times smaller with a labor force of 202,877 people and a total employee income of 13 million AUD (Australian Bureau of Statistics 2016). In Israel, 11 percent of all employees work in Jerusalem, whereas 16 percent of all employees work in Tel Aviv (Choshen and Korach 2010, pp. 38–40). In Switzerland, 297,320 people are employed in the agglomeration of Bern, whereas the agglomeration of Zürich employs 889,307 people (Swiss Federal Statistical Office 2015c).

Scholars often connect the rationale for establishing a new SCC, or awarding capital city status to a secondary city, to a federalist state organization. Elazar (1987, p. 75) argues that ‘true federal systems do not have capitals, they have seats of government.’ Such considerations lead to the often-repeated assumption that SCCs are more likely to be found in federal states. This assumption suggests that the choice of capital city location was often a compromise meant to balance power relationships and to separate economic and political power, or an attempt to create an independent, alternative site to traditional commercial centers (Gottmann...
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Table 1.1 Comparison of SCCs and primary cities in OECD countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Capital city</th>
<th>Metropolitan region GDP USD</th>
<th>Primary city</th>
<th>Metropolitan region GDP USD</th>
<th>% of national GDP</th>
<th>% of national GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>Canberra</td>
<td>n/a</td>
<td>Sydney</td>
<td>199 970</td>
<td>20.10%</td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>Ottawa</td>
<td>56 323</td>
<td>Toronto</td>
<td>271 449</td>
<td>18.99%</td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>Berlin</td>
<td>165 376</td>
<td>Munich</td>
<td>184 701</td>
<td>5.49%</td>
<td></td>
</tr>
<tr>
<td>Israel</td>
<td>Jerusalem</td>
<td>n/a</td>
<td>Tel Aviv</td>
<td>n/a</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>Rome</td>
<td>189 919</td>
<td>Milan</td>
<td>234 523</td>
<td>11.65%</td>
<td></td>
</tr>
<tr>
<td>The Netherlands</td>
<td>The Hague</td>
<td>39 517</td>
<td>Amsterdam</td>
<td>121 289</td>
<td>16.31%</td>
<td></td>
</tr>
<tr>
<td>New Zealand</td>
<td>Wellington</td>
<td>15 423</td>
<td>Auckland</td>
<td>39 792</td>
<td>13.51%</td>
<td></td>
</tr>
<tr>
<td>Switzerland</td>
<td>Bern</td>
<td>n/a</td>
<td>Zürich</td>
<td>77 011</td>
<td>18.63%</td>
<td></td>
</tr>
<tr>
<td>Turkey</td>
<td>Ankara</td>
<td>74 936</td>
<td>Istanbul</td>
<td>243 277</td>
<td>8.52%</td>
<td>27.65%</td>
</tr>
<tr>
<td>United States</td>
<td>Washington, DC</td>
<td>442 758</td>
<td>New York</td>
<td>1 215 233</td>
<td>2.86%</td>
<td>7.86%</td>
</tr>
</tbody>
</table>

Note: I used the nominal Gross Domestic Product (GDP) because it best displays the economic power and size of a metropolitan region.

Source: OECD for the GDP of metropolitan regions in Australia, Canada, Germany, Italy, The Netherlands, Switzerland, and the United States. Data from 2012 in millions USD. OECD for the GDP regional database TL3 regions for New Zealand and Turkey. Data from 2012 in millions USD. Turkey data from 2008.


However, out of the ten OECD countries that have an SCC, only five are federations. Consequently, five OECD countries have an SCC but are not organized as a federation (Israel, Jerusalem; Italy, Rome; New Zealand, Wellington; The Netherlands, The Hague; Turkey, Ankara). Furthermore, four federal states that are members of the OECD (Belgium, Brussels; Spain, Madrid; Mexico, Mexico City; Austria, Vienna) have a primary city as their capital. Idiosyncratic reasons explain the establishment of SCCs
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in the five non-federal OECD countries. Jerusalem was selected as the primary city of the new nation of Israel because of its symbolism. However, it declined economically despite rapid geographic and demographic expansion. This has been a result of pilgrimage, tourism, and government being insufficient economic bases and because of the city’s contested status (Dumper 2005, pp. 217–28). Similarly, Rome was chosen as the capital after the unification of Italy (Risorgimento) as a symbolic gesture in the process of nation-building. At the time, Rome was an antiquated and rather small city controlled by the Pope, and it had no industry and little commerce (Atkinson and Cosgrove 1998, pp. 31). Wellington was made the capital of New Zealand in 1865 because it was feared that the more populated South Island would secede if New Zealand did not choose a more central location for its capital (Levine 2012). The establishment of Ankara as the new Turkish capital in 1923 can be explained as a symbol for Turkish republican modernization and secularism (Batuman 2013). The Hague was chosen as the capital of The Netherlands because it had served as the site of conflict resolution and politics since the Middle Ages (see The Hague case study). OECD countries that have a federalist political setting today, but did not select a secondary city as their capital, were former empires (Belgium, Brussels; Spain, Madrid; Mexico, Mexico City; Austria, Vienna). All in all, there may be some truth in the observation that federations in particular tend to choose secondary cities as their capitals. However, the symbolic charisma of cities also matters in the selection of a capital, especially when they were the capital of a once powerful kingdom or empire.

There is a limited tradition of studying capital cities in political science. Donald Rowat (1968; 1973) set the groundwork by comparing governing arrangements in 17 federal capitals. He focused on the relationship between the national and the local level and the underlying conflict inherent in serving both the interests of the nation as a whole and the interests of local residents. This conflict was later named the ‘classical capital city conflict,’ the ‘challenge of dual democracy,’ or simply the ‘Rowat thesis’ (Harris 1995; Mayer et al. 2018). Building on Rowat’s legacy, Canadian political scientists have become active in discussing questions of governing, planning, and developing capital cities (Taylor et al. 1993; Slack and Chattopadhyay 2009; Chattopadhyay and Paquet 2011). Slack and Chattopadhyay (2009) in particular offer a rigid comparison of the funding mechanisms and governing arrangements of 11 federal capitals.

Capital city research in Washington, DC mostly focuses on the organizations of the Federal District and the consequences of the District’s restricted local autonomy. Charles Harris (1995), inspired by Rowat, is primarily concerned with the dominance of national interest in local politics,
which overshadows the interests of local citizens. Carol O’Cleireacain’s (1997) research is driven by Washington, DC’s financial problems, and she focuses on taxation and representation issues that could possibly ease some of the Federal District’s structural problems. Based on her work, studies and reports on Washington, DC argue for more fiscal and governing autonomy, as well as financial support for the District’s infrastructure (Boyd and Fauntroy 2002; Wolman et al. 2007; Young 2008).

The European body of capital city literature is even sparser. The political theorist Klaus-Jürgen Nagel (2013b), together with international contributors, study the local autonomy of federal capital cities under the perspective of asymmetric federalism. The relocation of the German capital from Bonn to Berlin triggered academic commentaries about capital cities (Zimmermann 2009; 2010). Motivated by Bern’s moderate economic performance compared to other Swiss cities, scholars from the University of Bern launched an interdisciplinary and comparative research initiative (of which this book is a part) to study the political economy of capital cities from an economic geography and political science perspective (see also Mayer et al. 2013; 2016; 2018; Kaufmann et al. 2016).

This book contributes to capital city research because SCCs have not been studied comparatively, and no study so far has addressed the question of locational policy formulation in SCCs. In fact, the literature so far does not grasp SCCs as economic actors that engage in interurban competition. SCCs are perceived as government cities and are only analysed in relation to the nation state. This shift in focus is topical because, on the one hand, the universe of SCCs is expanding and, on the other hand, economic globalization pushes SCCs to leave their dependence on the nation state and to find new ways to position themselves in globalized interurban competition.

1.3 STRATEGY OF INQUIRY

This book makes use of two inferential strategies. It combines a cross-case analysis with a within-case analysis of causal mechanisms. The backbone of this book consists of 91 semi-structured, in-person interviews with 103 interview partners (see Tables 1.2 and A1.1). The interview partners were carefully selected in order to ensure sufficient variety within the cases and necessary consistency between them. All of the interview partners fall into one of four broad roles: (1) public officials that serve at various levels of government; (2) local and regional economic development agents; (3) business leaders and private interest groups’ representatives; and (4) experts and academics. The interviews were conducted during nine months of field
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1.1 Work in Ottawa, The Hague, and Washington, DC, as well as during the time at my home university in Bern. The interview partners are listed in the Appendix (Table A1.1).

I triangulated the reactive interview data with non-reactive data by analysing secondary sources, such as reports, databases, and statistical information, as well as publicly available primary sources, such as strategic plans (Webb et al. 1999, p. 2; Kapiszewski et al. 2015, p. 158). An in-depth analysis of four cases allows for data triangulation because multiple sources and data types can be analysed to measure the same phenomena for a single unit (Blatter and Haverland 2012, p. 68). The strategy of inquiry in this book is twofold. The first inferential strategy applies a ‘most similar systems’ design in a small-N between-case analysis (Przeworski and Teune 1970). When standing alone, this small-N comparative approach is a rather weak basis for evaluating causal mechanisms. Thus, I juxtapose the cross-case analysis with a within-case analysis that increases the reliability of the inferences (Collier et al. 2010, p. 10). An in-depth discussion of the data and the methodology used can be found in the Appendix.

1.4 MAIN FINDINGS AND OUTLINE OF THE BOOK

The book brings two core types of locational policies agendas to light. The first is geared towards the physical development of the city and the attrac-

Table 1.2 Summary of interviews

<table>
<thead>
<tr>
<th>Type of interviewee</th>
<th>Bern</th>
<th>Ottawa</th>
<th>The Hague</th>
<th>Washington, DC</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public officials</td>
<td>6</td>
<td>5</td>
<td>9</td>
<td>8</td>
<td>28</td>
</tr>
<tr>
<td>(local, sub-national, and national government)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic development agents, Regional coordination agents</td>
<td>3</td>
<td>6</td>
<td>4</td>
<td>4</td>
<td>17</td>
</tr>
<tr>
<td>Business actors, Private interest group representatives</td>
<td>7</td>
<td>6</td>
<td>5</td>
<td>8</td>
<td>26</td>
</tr>
<tr>
<td>Experts, Academics</td>
<td>3</td>
<td>4</td>
<td>6</td>
<td>7</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>19</td>
<td>21</td>
<td>24</td>
<td>27</td>
<td>91</td>
</tr>
</tbody>
</table>
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tion of public funds. It can empirically be found in Ottawa and The Hague. The second locational policies agenda is geared towards maximizing tax revenues, and it is predominant in Bern and Washington, DC. The emergence of these two different locational policies agendas can be explained by four factors, namely, local tax autonomy, the development stage of the RIS, capital city specific constraints, and vertical institutional fragmentation in combination with the degree of local tax autonomy. The degree of local tax autonomy is the best predictor of locational policies as it sets up the structures under which cities can raise funds. Thus, institutions seem to matter when explaining the variance of urban policies.

The findings show that cities face similar pressures due to economic globalization. However, their policy responses to cope with these pressures do not converge. Instead, they are diverse because they are mediated by place-based institutional constraints and opportunities. I found that cities can exert agency when they formulate innovation policies to alter economic institutional constraints. Thus, SCCs ‘need not be leaves in the wind’ (Savitch and Kantor 2002, p.346), as they have a variety of locational policy options at hand to assert their position in the globalized interurban competition. Furthermore, politics is a factor in its own right. Urban governance arrangements in SCCs seem to be distinct from those in other types of cities. SCCs are government cities that lack an industrial tradition. In such a context, local governments take a leading role in urban governance arrangements and developers are the only important business actors that engage in the formulation of locational policies.

This book develops practical recommendations for local decision-makers on how to better prepare SCCs to sustain and prosper in interurban competition. SCCs cannot escape their destinies as government cities, but they can formulate a variety of locational policies in order to supplement their capital city function with an economically promising profile. This two-dimensional positioning strategy – as a capital city and as a business city – can be achieved by a careful and strategic crafting of innovation policies. The activation and stimulation of the ‘triple-helix,’ that is, firms, knowledge organizations, and governmental organizations (Etzkowitz and Leydesdorff 1995), is relevant for SCCs because of the strong presence of governmental organizations in SCCs and the knowledge intensity of their economies.

With the above in mind, the book proceeds as follows. Chapter 2 outlines the interdisciplinary framework. By relying on the VoC theory, locational policies are explained through the city’s economic and political institutions. The economic institutions are approached by the RIS concept and the political institutions are captured by the MLG setting. It is assumed that these two explanatory factors constrain or enable the formulation of
different types of locational policies. Agency is incorporated in the analytical framework by capturing the ways in which local decision-makers draft locational policies that aim to overcome the very structures that simultaneously enable or restrict them.

Chapter 3 briefly justifies the selection of Bern, Ottawa, The Hague, and Washington, DC as the cases. Chapters 4 to 7 are in-depth case studies that constitute the heart of this book. All case study chapters follow the same structure. First, city profiles cover historical, geographical, and population characteristics, as well as descriptions of RIS structures and MLG settings. Second, the formulated locational policies are outlined and the motivations behind them are explained. Finally, the manifestations of locational policies are merged to a locational policies agenda that summarizes each case.

Chapter 8 systematically compares the findings of the within-case analyses. The manifestation of each locational policy and the motivation behind their formulation are discussed. Theoretical and practical implications are derived for each locational policy. The conclusion (Chapter 9) summarizes the aim of the book, its contribution to the literature, and its central findings for both theory and practice, and generalizes the findings to other SCCs, as well as to state-anchored secondary cities.

NOTES

1. The Constitution of The Netherlands states that Amsterdam is the capital city. However, the de facto capital city is The Hague since all three branches of the Dutch state, as well as most governmental organizations, are located there. The reasons for this anomaly are discussed in the case study on The Hague.
2. See Rossmann (2017) for a discussion on more capital city typologies.
3. Pretoria is the central part of the Tshwane Metropolitan Municipality. There have been proposals to change the name of Pretoria itself, and therefore of the capital city, to Tshwane. The change of name is under discussion, but it meets resistance from the white population of that city (Steytler 2009, p. 234).
4. I use the Armingeon et al. (2016) dataset to determine whether or not an OECD state is a federation.