

Book review

Heike Mayer, Fritz Sager, David Kaufmann and Martin Warland: *The political economy of capital cities.* Regional Studies Association. London/New York: Routledge (2018). 182 pp.

Reviewed by: **Ulrike Gerhard**, Heidelberg,
e-mail: u.gerhard@uni-heidelberg.de

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Finally, a book again! Not just a short condensed journal article that summarizes the main findings, sets them in a proper theoretical framework and leads to further research questions to go. But a whole book on four (secondary) capital cities from an economic geography perspective, combined with the view of a political scientist. After finishing reading it I got the feeling that I really know the cities now: I learned a great deal about their specific economic structure, I heard people talking, felt the atmosphere and thus got an inside perspective regarding their economic system and the respective regional innovation system (RIS) peculiar to them.

This, of course, is not due to it simply being a book. It is an excellently written result of a well-structured and sound empirical analysis of four purposely selected cities from a comparative perspective. The aim of the book was to study the economic and political dynamics of secondary capital cities (SCC), i.e. capitals that are not the economic centers of their countries. This special situation, according to the authors, creates specific challenges to their economies, especially regarding their striving for developing regional innovative systems (RIS). The four authors, two economic geographers and two political scientists, argue that “traditional” capital city research conceptualizes capital cities mostly as objects of the nation state and thus neglects the economic dynamics and potentials of them. Capital cities, however, can develop a highly specific economy that might benefit from close interactions between government agencies and the firms that do business with these agencies, a form of contracting referred to as public procurement (p. 1). Thus, they are influenced by the political city status, but this does not hinder innovation and economic progress. On the contrary: They can – if supported by appropriate locational strategies – develop a dynamic, knowledge-based economy attracting certain sectors and fields. The authors use an actor-centered approach in order to analyze the specific economies in these cities and then apply it to the economic development as well as locational policy strategies. With such a research

design they combine an economic geography perspective – the regional innovation system framework – with a political science perspective that analyses the locational policy framework to understand what kinds of strategies SCCs formulate to develop their RIS and to position themselves in international urban competition.

The book is particularly well organized, clear in argument and careful in layout and presentation of the empirical work. After introducing the research design and the selection criteria for choosing four capital cities that are not the prime economic centers of their countries (these are Ottawa, Washington, D.C., The Hague, and Bern), the authors develop the theoretical framework to study their unique economies. They apply a sophisticated interdisciplinary approach by reviewing the concept of RIS, adapt it to the context of capital cities, and then turn to locational policy strategies that address different issues as well as target groups, such as firms and political entities, at various levels. They find that the federal procurement sector does function as a driver of innovative knowledge dynamics as long as the RIS does not run into system failures at different stages of the development. The failures analyzed in the empirical part of the book are organizational thinness, fragmentation, and lock-in effects. Locational policies such as innovation policies, coordination, attracting money, and asking for money, however, when directed appropriately to the specific regional innovation system, can help to steer the innovation effect.

Chapter 3 “sets the scene” by presenting the four capital city regions and their special knowledge-based capital city economy. The reader is provided with an excellent overview of the general knowledge infrastructure and the specific situations in the cities. While all cities rank high in the knowledge-intensive business service (KIBS, their percentage is much higher than in the related primary economic city in the country), each of them has developed a distinct knowledge profile due to local and regional politics as well as the historical development of becoming a capital city. Washington, D.C., for example, is particularly strong in computer system design and related services (following NAICS classification); so is Ottawa. The Hague, in contrast has highest employment shares in legal and accounting activities, while in Bern architectural and engineering activities and technical testing and analysis is especially pronounced (pp. 62–66). While the relative importance of the KIBS sector in capital cities is due to the political status of capital cities (they never developed a strong manufacturing base and national government agencies increasingly rely on knowledge inputs from KIBS

firms), the specific knowledge profile is interesting to relate to their specific locational strategies and the stimulation of the private market through public procurement: The National Research Council by the Canadian government has helped to establish a technology cluster in Ottawa (the so-called “Silicon Valley North”), a total of 103 federal laboratories especially in the health as well as the defense sector serve as drivers of innovative R & D projects in D.C., The Hague as an “International City of Peace and Justice” has developed an innovative and emerging cybersecurity sector, while Bern is concentrating on medical technology, energy, and cleantech sectors due to a promising triple helix organization (pp. 148–150).

These findings are supported by chapter 4 on the specificities of the public procurement sector typical for capital cities. By bridging the public-private sector gap it becomes plainly obvious that even secondary capital cities are much more than state sponsored government towns. The aforementioned failures of RIS are thoroughly addressed by using interview transcripts with a whole array of experts in the city. The line of argument consistently switches between the four cities and thus provides an excellent insight into their particularities. How these specific conditions and developments are tackled by the different locational policies is the focus of chapter 5. Here, specific action fields such as cluster policies, image building, attracting firms and public funds are presented. To find out why these locational policies are formulated by the different cities, three lines of inquiry are applied, namely the development of the RIS, three institutional factors, and regional urban politics. This systematic step helps to link the theoretical framework of RIS to specific locational policy strategies (p. 133 ff.). It also presents the reader with a sound impression about the results of the study in the four cities and its relevance for urban studies as well as economic geography, which would have been a perfect conclusion.

However, the authors finish this valuable book with a conclusion in the form of ten recommendations for practitioners. They argue that the “well-being and prosperity of SCCs are first and foremost a practical endeavor; only in second place are they an academic interest in their own right” (p. 156). Why do they say that? I feel that the authors somehow discredit their own empirical and scientific work. They have taken the reader through 150 pages of worthy theoretical frameworks, a detailed study of the economic system of the cities and some in-depth interviews with several relevant representatives – and this should first and foremost be a practical endeavor? Well, I think this is an important contribution on capital city research, and thus to urban studies (as they state elsewhere), furthermore it offers interesting and deep insights into the economic geography of these cities. Thus, it certainly serves an academic interest in its own right. I hardly see practitioners reading this book as intensively as researchers should. Thus, I wholeheartedly disagree with this last statement and find this format of conclusion rather disappointing.

Last but not least, throughout the whole reading of the book, I struggled with the term “secondary capital cities”. Doesn’t that wording suggest that these cities are secondary in their capital function, not their economic function? Certainly, the authors want to analyze capital cities that are secondary in the economic national urban system. The term, however, seems to be misleading. “The political economy of capital cities” is what the book is called and what it stands for. I hope this kind of study will guide us to more research that bridges the gap between economic and urban studies, and thus contributes to more intra- and interdisciplinary studies on cities. Thus, the book is a profound study that helps us to understand urban development in the mainly Western and/or capitalist world.