

# Capitals as bad equilibria

Ådne Meling 

Department of Planning, Administration and Social Science, Volda University College, Norway

## Correspondence

Ådne Meling, Department of Planning, Administration and Social Science, Volda University College, Norway.

Email: [adne.meling@hivolda.no](mailto:adne.meling@hivolda.no)

## Abstract

Throughout the recent pandemic, governments used digital video technologies to facilitate social distancing during political meetings. In addition to enabling social distancing, a theoretical advantage of virtual political governance is that it has the potential to mitigate the hierarchical administrative relationship between capitals and regions and the differences in real estate prices and wealth that often follows from such hierarchical structures. However, hardly any governments are currently planning a long-term transition to work-from-home digital governance. On the contrary, several countries are doubling down on the centralization model of government by building new capitals in new locations. This article proposes that in a time of digital alternatives, physically centralized “capitals” could be considered examples of bad equilibrium.

## INTRODUCTION

In 2024, Indonesia is set to inaugurate its new capital city on the island of Borneo. The project is grandiose, not only in terms of public investment but also in terms of its symbolism. The name of the new capital, *Nusantara*, is symbolic in that it can mean almost anything. Evers (2016) explains that *nusantara* is derived from *nusa*, which means “island,” and *antara*, which means “in between” or “including” (p. 4). The name has not only been used by hundreds of companies (p. 9), but also taken abstract and absurd forms, thus further demonstrating its symbolic power:

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The term also appears in many strange combinations, such as a treasure of gold and precious stones that Sukarno and the World Bank secured from the heritage of the kings and sultans of the Nusantara. In some cases the word has evolved into a virtual Asian fantasy land, as with the proclamation of a Nusantara Empire (Kekaisaran Nusantara) with Gadjah Mada as ruler, Joko Widodo as prime minister, Angela Merkel as minister of foreign affairs and, among others, Bupati Bastian Schweinsteiger (football hero of Bayern München and Manchester United) as court official. (Evers, 2016, p. 10)

In other words, among the thousands of islands in Indonesia, *Nusantara* is a fantasy land that could be anything, anywhere, to anybody.

The Indonesian government has good reasons for moving the capital, for example, Jakarta's enormous logistic and environmental problems (Bunnell et al., 2022; Colven, 2020) and its social inequalities (Janssen et al., 2022). Moreover, the Indonesian example is far from unique and can be regarded as simply another example of a “trophy city” (Pojani, 2021).

For the present article, however, *Nusantara* is a particularly thought-provoking case. Not only can we reasonably expect that the city will be filled with monumental “non-places” (Benko, 1997) that are likely to alienate citizens and visitors. *Nusantara* adds to the global array of Utopias *after* a pandemic that forced the acceleration of the worldwide adoption of digital video communication technologies (Abdou, 2021). In fact, as noted by Bunnell et al. (2022, p. 1087), the pandemic, which broke out the same year that the decision to build *Nusantara* was made, disrupted the development of *Nusantara*. Simultaneously, legislative assemblies around the globe were undergoing “zoomification” (Rother, 2022), that is, they were organizing parliamentary sessions in digital work-from-home scenarios. For lack of an acknowledged term, we could perhaps call this *e-parliamentarism*. In contrast with *e-governance*, which is a concept that primarily focuses on how governments communicate digitally with stakeholders (Dawes, 2008; Rossel & Finger, 2007), the term *e-parliamentarism* is used in this article to denote that legislative assemblies and their bureaucracies handle their *internal* operations digitally. During the pandemic, digital video technologies demonstrated that they could facilitate, as Rother (2022, p. 25) puts it, “less resource-intensive and more inclusive forms of participation”.

Despite the developments in digital video technologies, the *Nusantara* project is continuing as planned. A pertinent question is why post-pandemic governments are not cancelling this sort of grandiose project and instead embracing virtual models of work. Given that digital video technologies have proven themselves effective in facilitating political meetings, why is *e-parliamentarism* not becoming the standard political solution to the logistic problems of the sort that Jakarta is experiencing?

## REGIONAL ALIENATION

The alienating force of capitals can be divided into at least two dimensions. First, there is the alienation that stems from the two-tier system of cities found in many countries, where there is the capital on the one hand and the other cities on the other. This is an old civilizational pattern. As pointed out by Hoyt:

When ancient empires extended their sway over rival territories as in the case of ancient Persia and Rome, they increased the tributary area of the capital city and enabled it to become a great metropolis. (Hoyt, 1941, p. 844)

In modern-day capitals, the hierarchical relationship between the capital and the rest of the country's cities remains conceptually the same. Life in modern capitals offers the prospect of climbing the career ladder and the potential of benefitting from the increases in real estate prices typically recorded in capital cities. Inhabitants can also expect infrastructure and services to be of a higher quality in the capital than other places, because the best physicians and teachers want to live in the capital, too.

In Camus' *The Stranger*, such hierarchical structures are used as a motif that is intended to cause astonishment in the reader when the author outlines the main character's indifference toward the possibility of being appointed to a company position in Paris. After the suggestion from his boss, the main character reacts in a way that must seem absurd to many French readers:

I said yes but that really it was all the same to me. Then he asked me if I wasn't interested in a change of life. I said that people never change their lives, that in any case one life was as good as another and that I wasn't dissatisfied with mine here at all. He looked upset and told me that I never gave him a straight answer, that I had no ambition, and that that was disastrous in business. (Camus, 1989, p. 41)

One of the premises underpinning this quote is that Paris, the capital of France, is not merely where the uppermost echelons of in public administration are located; in France, Paris signifies the pinnacle of success for all aspects of life, regardless of whether you are a professor, a corporate climber, a physician, a lawyer or an artist. Paris is of course not representative of all capitals; moreover, capitals do not always dominate a country's economic life (Kaufmann, 2020; Kaufmann & Sager, 2019). But the decision to locate a country's public administration in a city is a formalized act of hierarchical organization, not only of ministries and national assemblies, but of society as a whole. In the eyes of the boss in *The Stranger*, then, Paris is the very epitome of success. When the boss offers the main character to live the dream of Paris, and the offer is met with a shrug, this is absurd from the perspective of the boss and intended to be symptomatic of the main character's insolence.

This first form of alienation from capitals is what we might regard as power imbalance alienation (Goodhart, 2017). Typically, one region of a country attracts the most highly qualified people. Capital areas not only attract the brightest minds; they are also prioritized when it comes to public investment in infrastructure. For example, given the public funds that will be poured into *Nusantara*, it seems improbable that other regions will be able to compete for talents and businesses. Families that have invested their personal geographical identities in the capital region for generations will benefit from this boosting of their "home" region, which has now been promoted to "capital" region. In contrast, the regional identity of individuals from peripheral areas is likely to weaken over time because their areas may well become hinterlands dominated in administrative terms by the capital. For those to whom their regional identities are dear, this effect not only represents a humiliating economic-geographical injustice but also a loss of meaning in their overall lives. We can expect enormous long-term differences in rent levels between *Nusantara* on the one hand, and the dominated regions on the other. Also, as pointed out by Vik et al. (2022), the alienation of the dominated regions can generate a political landscape with a high degree of conflict and tension.

## ALIENATION IN THE CAPITAL

There is also another form of alienation represented by the physical centralization model of government, namely the alienation felt by those individuals and families who take the economic-geographical elevator from the periphery to the capital. A future rural Indonesian

family of a talent who gets a job in a ministry in *Nusantara* may well celebrate this as a form of social upward mobility for the family as a whole. Not only will a position in the *Nusantara* government financially enable a successful civil servant to afford to buy a home in the capital; he will likely also benefit from the long-term increase in real estate that is probably going to dwarf any property appreciation in non-capital Indonesian areas. The capital accumulation from the rise in real estate value in the capital region could mean that his children will also be able to afford living in *Nusantara*. It should also be added that successful professionals in the capital are likely to have higher cognitive abilities than average (Keuschnigg et al., 2019), and that cognitive ability is a highly inheritable trait. Thus, *Nusantara* professionals may over time come to form a new capital caste financially capable of buying homes in the capital. This new caste may transmit capital and cognitive ability from one generation to the next, and their former home regions, administratively dominated by *Nusantara*, will likely face a future as economic and cognitive backwaters.

Now, will the social ascent of these successful individuals fill this new *Nusantara* caste with a sense of meaning? To buy a home in *Nusantara* and benefit from disproportionate increases in real estate prices in the capital may well be viewed as success. But a pertinent question is which price the individual pays in terms of geographic-existential alienation.

The psychological ambiguity of success and alienation experienced in the capital has probably been best described in various iconic works of art. Artists flock to the metropolis (Florida, 2004; Mangset, 1998), augmenting the symbolic divide between capitals and regions, but with alienation lurking behind the scenes. Chopin's mazurkas are iconic and bittersweet representations of this form of alienation. As one concert program describes it:

Chopin's frequent salon performances cemented his reputation as a *sui generis* performer and composer and fed the market for his music. His profound gift for and legitimate love of teaching served his ability to make his way among the upper echelons of society and allowed him to mix with government figures, artists and authors, upper middle class, and titled nobility. In Paris, Chopin found recognition as a truly international artist. Still, it would be a mistake to imagine that his success caused him to sever his connection to Polishness. Although his stay in Paris was supposed to be temporary—*en passant par Paris* was the official annotation in his passport—Chopin never returned to Poland, and the distance from his family fostered a sense of nostalgia and alienation. (Bard Music Festival Rediscoveries, 2017, p. 5)

It is also possible to find more literal and recent examples of the alienating downside of the physical centralization model of public administration. Such a literal example was what a Norwegian politician went through after rising politically and becoming a member of Parliament, necessitating his move from Norway's second city of Bergen to Oslo. As he said it in an interview while still in parliament:

I have felt lonely and abandoned in Oslo. I had not expected that it would be this tough. At first, I thought that [being a member of] Parliament would represent an exciting opportunity, but I lived through something close to a depression. It is not easy for a 50-year-old man to admit that he has felt lonely, but that was how it was (...). (Bergens Tidende, 2012)

This is sociopolitical alienation in the literal sense, felt by a member of Parliament representing a district which is ultimately subject to the political dictates of Oslo. It exemplifies the existential price that the success stories from the districts can come to pay in the capital.

## REMOTE WORK AND ALIENATION

The COVID-19 pandemic was an exogenous shock for businesses and public administrations. It forced governments across the globe to allow politicians and civil servants to work from home. Given the popularity of video conferencing platforms such as *Zoom*, some have labeled remote work as “Zoomification” (Rother, 2022). In the private sector, remote work had been the norm in various industries for decades before the pandemic (Shin et al., 2000). Some studies suggest that in addition to making it possible for companies to reduce costs and emissions, working remotely also increases workers' self-reported productivity (Mutiganda et al., 2022). Traditionally, remote workers have performed highly standardized tasks that have not required a significant degree of co-worker interaction. COVID-19 represented a shift in this pattern, in the sense that it forced a trend toward more complex operations, such as political meetings, being performed in virtual work environments.

Notwithstanding this, researchers have, unsurprisingly, identified various forms of alienation linked to remote work (Doberstein & Charbonneau, 2022; Song & Gao, 2020). Most obviously, humans are not evolutionarily adapted to communicating with co-workers on a screen; they have psychosocial needs (Vleeshouwers et al., 2022). Also, the power imbalance between on-site and remote workers can become a potential source of alienation that may emanate from the use of digital video platforms. If an organization has both on-site and remote workers, the latter may be at a disadvantage when it comes to their career development and salary increases (Elsbach & Cable, 2012; Golden & Eddleston, 2020). Thus, to make a long-term *e-parliamentarism* model work, a prerequisite would probably be that *all* politicians and civil servants would have to work remotely, not just some of them. Otherwise, on-site politicians and civil servants would have a significant power advantage over their remote working colleagues. Thus, the alienating effect of remote work would be best addressed through the most radical approach, where legislative assemblies are made entirely virtual, to avoid the uneven relationship one would otherwise assume would develop between the on-site and the remotely working members of legislative assemblies.

The *e-parliament* model could also entail loss of the existence values (Common et al., 1997; Edwards, 1992) of the unifying symbols of a physical “capital.” To return to *Nusantara*, this project is not propelled purely by logistical concerns; the project also has a strong symbolic aspect. While a “fantasy land” physical capital may lead to multidimensional alienation for some citizens, it can also evoke patriotism, pride, and a feeling of belonging among others. From the latter group's point of view, the *e-parliamentarism* model is a dystopia and the most alienating form of political administration.

## DISCUSSION

Neither the physical centralization model nor the digital model are a natural state of affairs. During most of human evolution there were no mass societies of the type that the government in *Nusantara* is set to administer. We cannot infer from human evolution what kind of modern

governance principle human beings are inclined to prefer. It might be argued that both the physical model and the *e-parliamentarism* model of capital cities entail substantial degrees of alienation, although they do so in different ways. The physical centralization model is alienating both in terms of the drop in status of non-capital areas and through rural inhabitants' dissatisfaction when their areas become politically dominated by a capital city. In contrast, the hypothetical *e-parliamentarism* model might be considered alienating in that it renders the concept of a unifying physical "capital" obsolete. Also, for the specific elite class of elected politicians and civil servants, the hypothetical digital model might be psychosocially alienating in that it entails ending physical interaction among co-workers.

Hardly any governments are planning to transition to *e-parliamentarism*, although some researchers have asked whether remote work is becoming the norm in public administration overall (Williamson et al., 2020). Despite "zoomification" during the COVID-19 pandemic, there are no plans for a virtual *Nusantara* where the government, members of legislative assemblies and civil servants hold political meetings from their respective kitchen tables. Thus, we can expect continuing geographical alienation and loss of identity in the regions that will feed *Nusantara* with their most gifted talents. Also, presumably, *Nusantara* will see real estate prices rise faster than elsewhere in Indonesia and rent levels in the city will make the city *de facto* inaccessible for large parts of the Indonesian population. The question deserving discussion, then, is whether it is reasonable to assume that these developments are reflections of the Indonesian people's actual preferences, or whether *Nusantara* will be an example of "bad equilibrium." The concept of "bad equilibrium" has been examined by Elster (2009), who exemplifies "bad equilibrium" by the now abandoned Chinese practice of footbinding:

(...) footbinding persisted as a *bad equilibrium*. Given that no parents would let their son marry a [woman that] did not have her feet bound, it was in the interest of the parents of the girls to adhere to the practice. Although crippling and horribly painful, the practice was sustained by the fact that no family had an incentive to deviate unilaterally. (...) the practice stopped, over the span of a few decades, by *successful collective action*. Because people came to perceive that the practice made everybody worse off than they could be, groups of parents came together to pledge in public that they would not bind the feet of their daughters nor marry their sons to women whose feet were bound. (Elster, 2009, p. 19, emphases in the original)

When the term "bad equilibrium" is used as in the above quote, the term denotes a social situation that is brought about by a collective of agents who are unable to act in a way that maximizes the collective's utility. Escaping the trap requires collective action. When the parents finally escaped the "bad equilibrium" of footbinding, there was no going back to the custom, because the parents came to realize that footbinding was a collective trap that entailed acting against their own interests.

Similarly, today's politicians and voters who promote and support the construction of new physical capitals, or the continuation of old ones, might be caught in an irrational state where other solutions are unthinkable, even after an exogenous societal shock such as the COVID-19 pandemic. Future studies could use a method such as contingent valuation (Weimer, 2005) to map citizen preferences related to capitals. In any case, just as Chinese parents at one point started asking themselves critical questions about footbinding, governments might start asking themselves critical questions about the very idea of physically concentrating legislative assemblies and other government institutions in a "capital". Physical capitals often bring about socially detrimental developments in terms of real estate prices and rents, regional social degradation, regional brain drain, and alienation. Given



these factors, it can reasonably be suspected that there are some capitals that are instances of bad equilibrium.

## DATA AVAILABILITY STATEMENT

Data sharing is not applicable to this article as no new data were created or analyzed in this study.

## ORCID

Ådne Meling  <https://orcid.org/0000-0002-3972-6023>

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