

ability to attract investment from elsewhere, or as Paul David put it, to engage in 'locational tournaments' and seem to be spending even more money on this.

As in the case of the organization of production, competition among nation-states for investment is not new, but the nature of that competition has significantly changed as information technology brought municipalities and regions around the world into direct competition with each other. Consider the automobile industry. In the early to mid-1980s, Japanese automotive companies secured record subsidies in exchange for new plants in Ohio, Tennessee and Kentucky. Politicians at the time vowed to bring the bidding wars under control, but nothing came of it and over the 1980s the level of incentives offered to foreign firms escalated further. By the early 1990s, as the number of cities and regions competing for each new plant increased, firms were able to shift most of their up front costs onto the state thereby substantially reducing their risks —the recent package offered to BMW by Spartanburg, South Carolina is a case in point.

Despite the existence of scattered evidence that some of the firms so attracted, do not achieve employment, production, export or R&d targets and others have shut down, there are few systematic studies of the longer-term impact of the new competition on the emergence and sustainability of systems of production and innovation in these localities. Nor despite the rising costs to states of engaging in these locational tournaments, are there signs that governments recognize the need to work together to bring such bidding wars under control.

In sum, although the information technology revolution does represent a technological rupture that has produced significant qualitative changes in what is being produced, where, how and by whom, these changes build upon a cumulative and incremental process that had already begun to transform our system of production and