

THE DECLINE OF AMERICAN INNOVATION



HOW TO GET BACK ON TOP AND WIN THE FUTURE
BY FAREED ZAKARIA



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THE DECLINE OF AMERICAN INNOVATION

The United States' fear of falling behind.

BY DANIEL MCGINN

ONLY A SLIGHT BREEZE BLEW ACROSS THE PLAINS of Inner Mongolia on a recent afternoon, but the giant turbines at the Huitengxile Wind Power Field were spinning steadily. This facility, 320 kilometers northwest of Beijing, has 550 turbines churning out enough juice to power a small city, and inside a monitoring station, plant manager Zhang Jianjun points to a wall chart showing the 11 different suppliers of the high-tech windmills. Four are Chinese companies, but when Zhang is asked to pick his favorite, his nationalism is trumped by a desire for quality. "General Electric," he says, citing its reliability. "I'm excited when all of the turbines are working."

GE's roots lie in Thomas Edison's Menlo Park lab, the site of some of the most significant innovation in world history. Today millions of Edison's spiritual descendants—engineers, geneticists, programmers, entrepreneurs—are toiling in basic research across the country. But amid a profound economic slowdown, Americans have real doubts about their ability to maintain their edge in innovation, even as they agree that technological innovation is more important than ever.

Those insights, gleaned from the NEWSWEEK-Intel Global Innovation Survey, inspired us to consider what it will take for Americans to once again

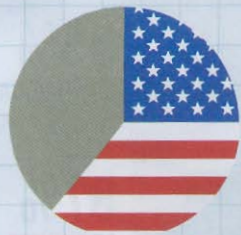
believe they are at the forefront of technological innovation. Funded by Intel and conducted by the polling firm Penn, Schoen & Berland Associates, the survey—an online questionnaire administered to 4,800 adults in the United States, China, Germany, and the United Kingdom—set out to compare their views about the innovation race. NEWSWEEK had editorial control over the survey questions, as well as the interpretation of the results.

On some issues there is widespread agreement: two thirds of respondents believe innovation will be more important than ever to the U.S. economy over the next 30 years. But the survey shows some striking contrasts as well. Eighty-one percent of Chinese believe the U.S. is staying ahead of China on innovation; only 41 percent of Americans agree. To find the next big breakthrough, Americans are focused on improving math and science education, while Chinese are more concerned about developing creative problem-solving and business skills.

Around the globe, there are signs that the recession may be easing—and as it does, people of all nationalities will resume their hunt for the best products, the best investments, and the best jobs. As the world's economy speeds back up, regaining faith in every nation's ability to innovate will be critical.

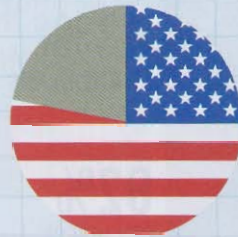
WHILE WE WORRY ABOUT LOSING GROUND IN OUR ABILITY TO INNOVATE, THE REST OF THE WORLD STILL HAS A HEALTHY RESPECT FOR AMERICAN INGENUITY, ACCORDING TO THE NEWSWEEK-INTEL GLOBAL INNOVATION SURVEY. **HIGHLIGHTS:**

Although innovation has suffered during the downturn, most say it is more important than ever.



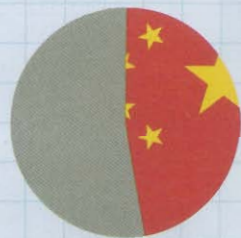
61%
OF AMERICANS

BELIEVE THE RECESSION HAS HAD A NEGATIVE IMPACT ON AMERICAN BUSINESSES' ABILITY TO INNOVATE

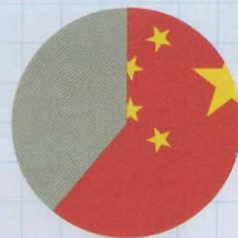


78%
OF AMERICANS

BELIEVE INNOVATION WILL BE MORE IMPORTANT TO THE U.S. ECONOMY IN THE NEXT THREE DECADES THAN IT WAS IN THE LAST THREE

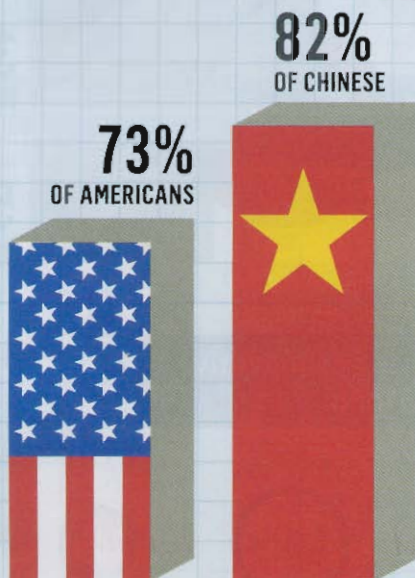


47%
OF CHINESE



61%
OF CHINESE

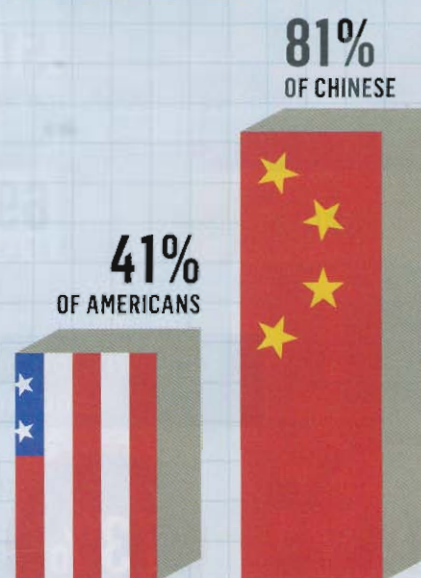
The Chinese are more bullish about America's technological prowess than Americans are.



73%
OF AMERICANS

82%
OF CHINESE

BELIEVE THE U.S. IS A TECHNOLOGICALLY INNOVATIVE COUNTRY



41%
OF AMERICANS

81%
OF CHINESE

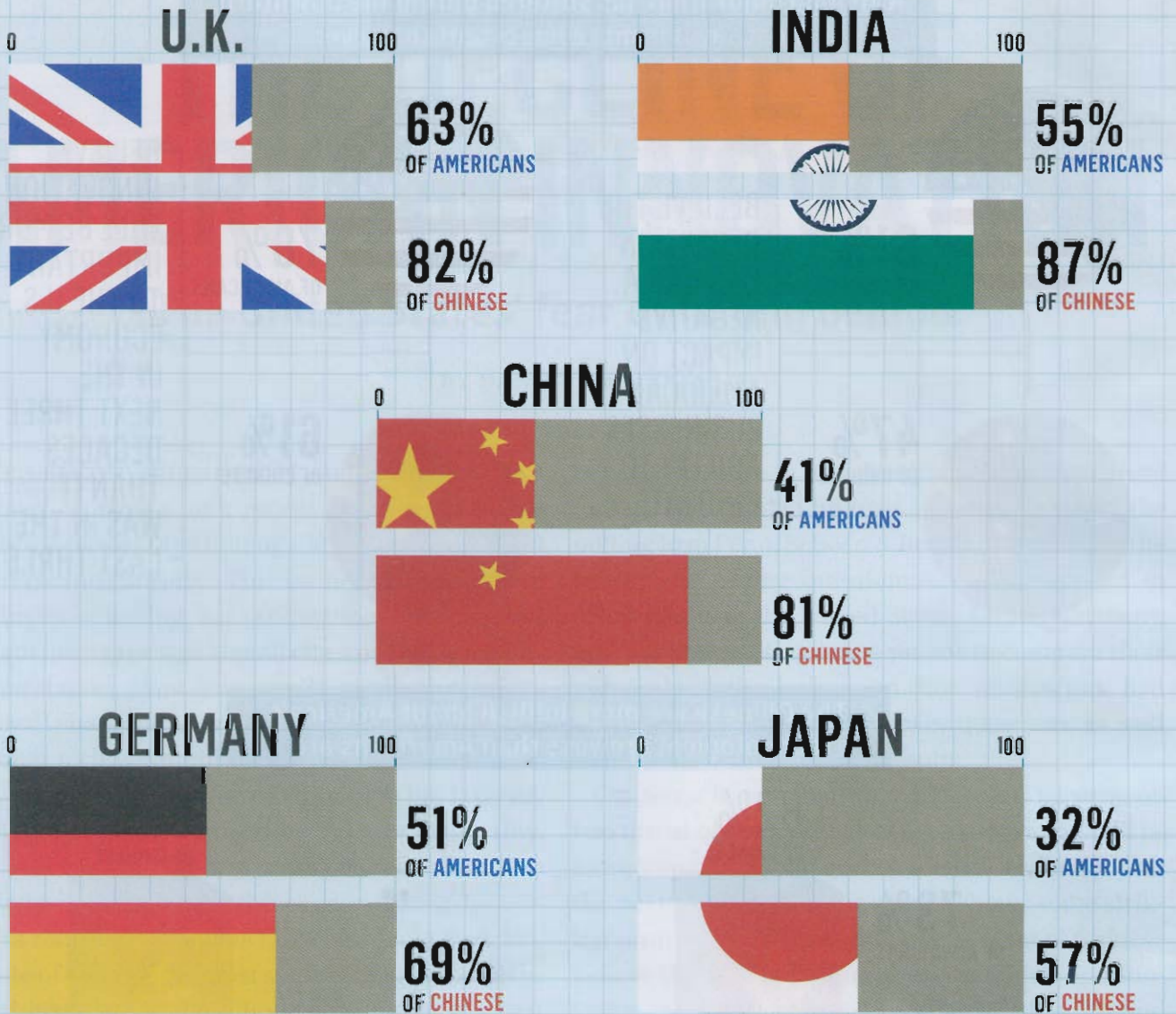
BELIEVE THE U.S. IS STAYING AHEAD OF CHINA ON INNOVATION

100

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The Chinese think more of America's competitive advantage than Americans do.

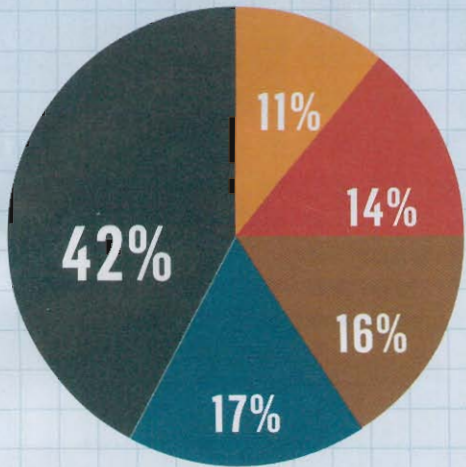
IS AMERICA STAYING AHEAD OF RIVALS LIKE THE U.K. AND INDIA?
PERCENTAGE OF CHINESE AND AMERICAN RESPONDENTS WHO ANSWERED 'YES':



A majority of Americans say Japan is an innovative country; not so China and India.



Americans who believe the U.S. is falling behind in innovation mainly blame poor math and science education.



AMERICAN SCHOOLS LAGGING IN MATH AND SCIENCE EDUCATION

AMERICAN GOVERNMENT NOT DOING ENOUGH TO SUPPORT TECHNOLOGICAL INNOVATION

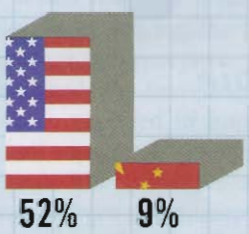
AMERICAN BUSINESS NOT INVESTING ENOUGH IN TECHNOLOGICAL INNOVATION

AMERICAN WORKERS LACKING SKILLS TO BE TECHNOLOGICALLY INNOVATIVE

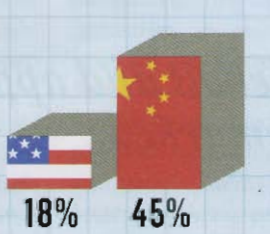
DON'T KNOW

American and Chinese parents disagree about what skills their children will need to drive innovation.

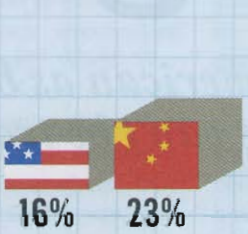
MATH AND COMPUTER SCIENCES



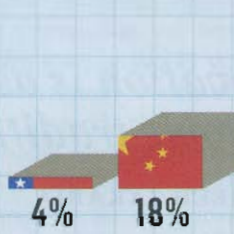
CREATIVE APPROACHES TO PROBLEM SOLVING



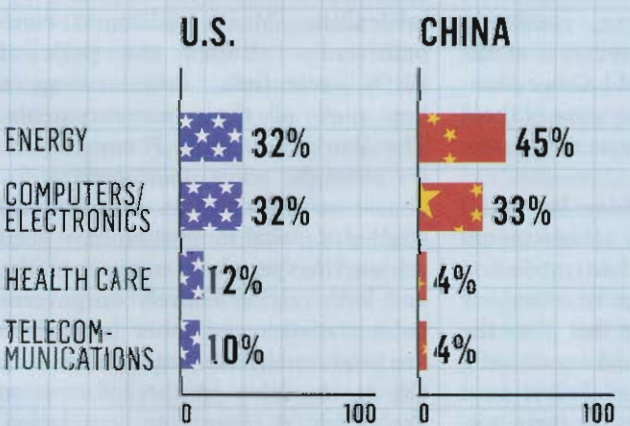
ENTREPRENEURIAL AND BUSINESS SKILLS



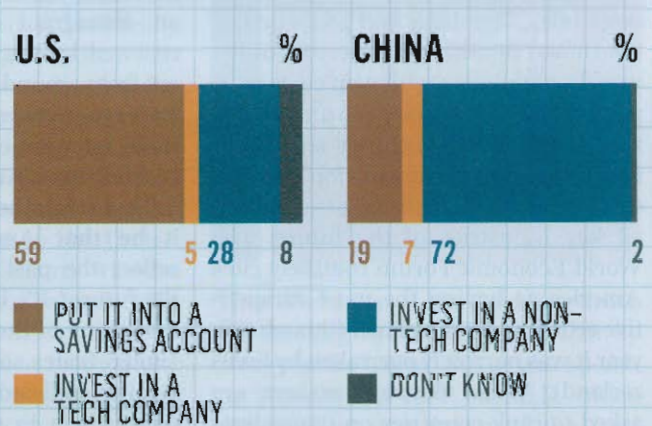
KNOWLEDGE OF THE WORLD'S CULTURES



Americans and Chinese differ on where the next big thing will come from.



Americans and Chinese would invest a week's pay very differently.



In the NEWSWEEK-Intel Global Innovation Survey, 4,800 adults across the U.S., China, Germany, and the U.K. responded to an online questionnaire from Sept. 28 to Oct. 13. Margin of error is ± 3.10% for the sample in each country.