

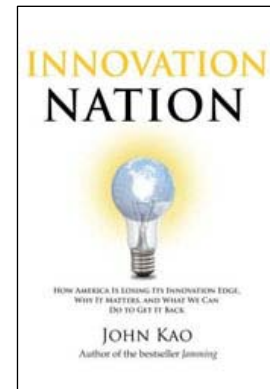
John Kao, **Innovation Nation: How America Is Losing Its Innovation Edge, Why It Matters, and What We Can Do to Get It Back**, Free Press, 2007, 320 pp., \$17.78 (hardcover).

Reviewed by

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John Kao's *Innovation Nation* is a call upon Americans to act before the nation loses its competitive edge. The book is a detailed account of why America is losing its status as a global leader and how the nation can regain its dominance through propagating a society that values innovation as a hallmark of national success. Kao provides provocative vignettes of foreign innovation strategies that raise comparisons between the United States and other developing nations. *Innovation Nation* combines ambition and anxiety—characteristics that drive innovation itself.



Kao's strategy is to suggest solutions paired with explanations in each chapter. He argues that Americans have become mentally complacent as a result of historically assuming the role of the underdog that emerges victorious in their metaphors. Relying on this metaphor for concrete results has become problematic, as innovation is now becoming a global commodity, and no country has an absolute monopoly on it. *Innovation Nation* also discusses the people behind innovation, highlighting the importance of making and recruiting talent while providing a nurturing environment where innovative individuals can achieve great things. To illustrate the importance of setting, Kao discusses ways America could leverage its technological expertise and the courage to innovate as means to ensure America's future global leadership.

Kao defines an "Innovation Nation" as a country that is constantly reinventing the nature of its innovative capabilities. America once assumed this mantle for itself, but Kao argues that no true "Innovation Nation" has so far emerged. He describes an "Innovation Nation" as the prime destination for venture capital or research and development, and as a "hot spot" for innovation and talent. Although America has led the way for the last century, its dominance will dwindle if it fails to recognize the fast-changing nature of today's global society. America could cultivate the necessary resources to lead the way into the future, but its first innovation must be in transforming its national approach to areas that affect the advancement of broader innovation. Kao recommends changes in education, government, and business.

Discussing talent and human capital, Kao criticizes America's sub-par level of education and the lack of programs that inspire innovative ideas. His three key recommendations for reforming the education system are the following : (1) Make high school curricula more globally attuned, and foster global student exchanges; (2) increase language study, especially of Chinese; and (3) benchmark U.S. educational policies. Kao draws upon the Gates Experiment, funded by Bill and Melinda Gates, which spent \$1 billion to establish small high schools throughout the United States to spur educational reform. The intimate

learning environment decreased drop-out rates, but Kao also notes that, while the program saw improvements in English and reading comprehension, math and science improvements trailed the achievements of public schools. Nonetheless, Kao argues that the Gates Experiment is a step toward creating an education system that will foster innovative minds. The U.S. K–12 education level is falling behind because it is tied to a model that has not sufficiently adapted to compete in the innovation race.

Kao contends that, due to globalization spreading human and financial capital around the planet, the popular metaphor of America as "the land of opportunity" for the best and brightest is slowly losing credibility. Kao argues that the key to global competitiveness is effectively harnessing talent that no longer belongs to a specific culture or nation, but is concentrated in what he calls "hot spots" located around the globe. These "hot spots" attract the most innovative minds to gather and promote new ideas and innovation. In order to continue "seducing talent" to remain an innovation "hot spot," America must provide the right incentives—a superior quality of life, opportunities to specialize, and a reputation for tolerance of new Americans and exceptional talent from beyond its borders. For Kao, providing the right environment is as critical as attracting and holding onto talented individuals. He calls these special environments "dream spaces." They are environments that disrupt traditional corporate procedures and call for unconventional thinking to promote innovation. The rigid and predictable workspaces of most businesses and governments are counterproductive.

Kao goes further, advocating a revamping of American innovation policy through a national innovation agenda. He proposes establishing a National Innovation Advisor, National Innovation Council, and an Office of Innovation Assessment to lead the effort to formulate a new political agenda promoting innovation at the federal level, while also maintaining the same principles at the state and local levels. Although such an initiative is probably unthinkable in the wake of the November 2010 election, Kao maintains that this three-pronged model, if adopted, could bring the need for innovation to the forefront of the nation's priorities.

The essence of *Innovation Nation* is found in Kao's optimism. Despite his criticism, he believes that America will remain dominant in economics and geopolitics for the next century. His hope is that America will continue to raise its expectations, and its mastery of innovation, to continue to lead global society forward.

Kao's fondest wish has already been achieved. Government and business are now filled with calls for innovation. The stories he tells from his own experiences help by providing examples that frame ways to take the inchoate calls for innovation to new levels of specificity. *Innovation Nation* is provocative and persuasive in making the case that America's downturn in prominence can be reversed, allowing America to regain its zest for innovation and its global dominance. To do so, however, will require the flexibility and humility to learn from successful strategies for breeding innovation that have been put into effect elsewhere. Not all of these international examples can or should be brought back to the United States. Many international experiments will fail the test of time, but America should not be afraid to borrow from others' successes.

Innovation Nation will inspire some and make others anxious. Scholars who prize statistical analysis and evidence may be discouraged because of the paucity of statistical evidence to support Kao's claims. Nonetheless, *Innovation Nation* provides an understandable discussion of innovation that may help convince the public and policy makers of the need to act.