I was just out in Silicon Valley, checking in with high-tech entrepreneurs about the state of their business. I wouldn’t say they were universally gloomy, but I did detect something I hadn’t detected before: a real undertow of concern that America is losing its competitive edge vis-à-vis China, India, Japan and other Asian tigers, and that the Bush team is deaf, dumb and blind to this situation.

Several executives explained to me that they were opening new plants in Asia — not because of cheaper labor. Labor is a small component now in an automated high-tech manufacturing plant. It is because governments in these countries are so eager for employment and the transfer of technology to their young populations that they are offering huge tax holidays for U.S. manufacturers who will set up shop. Because most of these countries also offer some form of national health insurance, U.S. companies shed that huge open liability as well.

Other executives complained bitterly that the Department of Homeland Security is making it so hard for legitimate foreigners to get visas to study or work in America that many have given up the age-old dream of coming here. Instead, they are studying in England and other Western European nations, and even China. This is leading to a twofold disaster.

First, one of America’s greatest assets — its ability to skim the cream off the first-round intellectual draft choices from around the world and bring them to our shores to innovate — will be diminished, and that in turn will shrink our talent pool. And second, we could lose a whole generation of foreigners who would normally come here to study, and then would take American ideas and American relationships back home. In a decade we will feel that loss in America’s standing around the world.

Still others pointed out that the percentage of Americans graduating with bachelor’s degrees in science and engineering is less than half of the comparable percentage in China and Japan, and that U.S. government investments are flagging in basic research in physics, chemistry and engineering. Anyone who thinks that all the Indian and Chinese techies are doing is answering call-center phones or solving tech problems for Dell customers is sadly mistaken. U.S. firms are moving serious research and development to India and China.

The bottom line: we are actually in the middle of two struggles right now. One is against the Islamist terrorists in Iraq and elsewhere, and the other is a competitiveness-and-innovation struggle against India, China, Japan and their neighbors. And while we are all fixated on the former (I’ve been no exception), we are completely ignoring the latter. We have got to get our focus back in balance, not to mention our budget. We can’t wage war on income taxes and terrorism and a war for innovation at the same time.

Craig Barrett, the C.E.O. of Intel, noted that Intel sponsors an international science competition every year. This year it attracted some 50,000 American high school kids. “I was in China 10 days ago,” Mr. Barrett said, “and I asked them how many kids in China participated in the local science fairs that feed into the national fair [and ultimately the Intel finals]. They told me six million kids.”

For now, the U.S. still excels at teaching science and engineering at the graduate level, and also in university research. But as the Chinese get more feeder stock coming up through their high schools and colleges, “they will get to the same level as us after a decade,” Mr. Barrett said. “We are not graduating the volume, we do not have a lock on the infrastructure, we do not have a lock on the new ideas, and we are either flat-lining, or in real dollars cutting back, our investments in physical science.”

And what is the Bush strategy? Let’s go to Mars. Hello? Right now we should have a Manhattan Project to develop a hydrogen-based energy economy — it’s within reach and would serve our economy, our environment and our foreign policy by diminishing our dependence on foreign oil. Instead, the Bush team says let’s go to Mars. Where is Congress? Out to lunch — or, worse, obsessed with trying to keep Susie Smith’s job at the local pillow factory that is moving to the Caribbean — without thinking about a national competitiveness strategy. And where is Wall Street? So many of the plutocrats there know that the Bush fiscal policy is a long-term disaster. They know it — but they won’t say a word because they are too greedy or too gutless.

The only crisis the U.S. thinks it’s in today is the war on terrorism, Mr. Barrett said. “It’s not.”

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