

BAYH - lines

From Washington

by U.S. Senator Birch Bayh

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The cover of the current Newsweek magazine poses the question: "Innovation -- has America lost its edge?"

The answer is probably "no" at the present time, but it certainly is a possibility -- and one which we must guard against.

The major threat to our leadership in the development of technology can be traced to the strangling tangles of red tape spun out by the bureaucracy each and every day. Because of regulations established by the federal government, and policies relating to patents for new inventions, many promising products are kept out of the marketplace. The loser, as usual, is the public who is denied the opportunity to benefit from these technological breakthroughs.

Among the new products whose development has been stymied by the bureaucracy's regulations are the discoveries of medical research, much of which is funded through grants from the federal government. New drugs, treatments or medical devices fail to receive the necessary financial commitment from private businesses because these firms cannot obtain the patent rights they need to protect their investment. The federal agency sponsoring the research often insists on retaining the patent rights for itself, or makes the licensing procedures so cumbersome that it just isn't worth it to a company to make the effort.

Earlier this year, I was joined by Senator Robert Dole of Kansas in introducing a bill to streamline the procedures private companies must follow to obtain the protection they need before they are willing to spend the money required to bring new inventions to the public. An attractive aspect of the bill will enable the government to recoup some of its research investment. This section states that if a product achieves a certain level of success in the marketplace, a portion of the profits must be paid back to the government up to the amount of the federal grant.

The examples of how the federal government stands in the way of progress and innovation are numerous. Probably the most frustrating one for me has to do with the development of alcohol fuels. The astounding rise of the gasohol industry, in my opinion, represents a stern warning to the nation's oil companies that the American people are going to demand that greater attention be paid to alternative energy sources.

Gasohol is attractive to the farm community for many reasons, and among them is that alcohol for fuel can be produced by a farmer himself. All he needs is the know-how and the equipment to construct a distillery. The raw materials are already abundantly available to him -- he produces them himself.

Yet, the short-sighted Bureau of Alcohol, Tobacco and Firearms regulations relating to distillation of alcohol has made it nearly impossible for an individual to make his own fuel. The regulations which are on the books to control bootlegging have put a damper on individual production of alcohol fuel.

That is why I introduced a bill last week giving the Secretary of the Treasury the authority to waive certain regulations for those who wish to produce their own alcohol for fuel. The bill provides certain safeguards to prevent unlawful activity. The chairman of the Senate Finance Committee has indicated the bill's prospects for approval by that panel are excellent, and I expect final passage by the Congress in the not too distant future.

It makes no sense to me, at a time when we are trying desperately to find ways to stretch our energy supplies, that the government should be standing in the way of such a promising idea. Hopefully, farmers and others all over the country will soon be able to make their own fuel without being hampered by a federal agency.

History has proven that some government regulation is necessary to protect the public's rights and interests from those who would abuse them. However, these regulations must be logical and reasonable, or else they will have the effect of doing more harm than good.