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OFFICE OF THE VICE PRESIDENT  
WASHINGTON, D. C.-----  
REMARKS OF THE VICE PRESIDENT  
AT THE  
INTERNATIONAL GENERAL SESSION  
OF THE  
U. S. CHAMBER OF COMMERCE  
WASHINGTON-HILTON HOTEL  
April 29, 1975

American industry's capacity for innovation has, historically, been the key to the unprecedented growth of the American economy. Yet, today, the capacity of the private sector to innovate is seriously inhibited by government regulation.

Innovation depends on a reasonable amount of freedom to act. It requires risk taking and reasonable odds that risk capital can be recovered. Innovation needs a relatively stable framework so that those taking the innovative risks at least know that the rules of the game will not be constantly changed.

Today, the climate for innovation is not good. Between 1953 and 1961, the rate of growth for investment in research and development was about 11 per cent measured in constant dollars. Thereafter, it fell to 6 per cent through 1967 and has been declining slightly ever since, putting the United States behind every other country performing major research and development.

Under current government regulation, the time required to produce a new drug, for example, has grown from two years in 1962 to 5-1/2 to eight years today. The construction of one new chemical plant required 26 permits from 13 separate government agencies.

While much government regulation is clearly necessary and in the public interest, a good deal of it has resulted from political overreaction. And much of the excessive control over industry is the result of the authority of a huge regulatory bureaucracy to turn out new and ever-changing regulations.

There is a point at which the costs of regulation exceed any social benefits. And, industry-by-industry, that point must be found. We must restore this Country's economic strength in order to meet the needs of our people at home and our responsibilities in the world. And restoring our strength will require restoring a healthy climate for economic innovation in this Country. Fortunately, the Ford Administration, which is committed to a major reform of government regulatory authority, is moving in that direction.

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