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The Stink Coming Through the Revolving Door
A Montana Public Radio Commentary by Evan Barrett
October 24, 2013

When one reflects on the recent federal government shutdown and Congress' near "default" on the "full faith & credit" of the US Government, a whole lot stinks.

Buried in that stinking pile of refuse is a small item that reminds us of a big problem -- the pervasive power that special interests have through their lobbyists and the benefits they gain from the revolving door between Congressional members and staff and those same special interests.

The small item with the small smell is the "medical device tax." Did you ever wonder why that small thing rose to the surface? Why is it possible that repeal of the tax became a major central issue that could have led to the dangerous government default?

Among all things in the Affordable Care Act that could have been brought forward in the debate, as wrong-headed as it was, why did this seemingly small issue become a big issue?

Let's look at the facts before we examine the "stink."

When the ACA passed, "pay as you go" procedures -- a good thing -- covered the subsidies that helped provide affordable quality health care insurance for almost all Americans. This coverage, which included up to 27 million of our fellow citizens who now can do nothing but go to the emergency room for care or go bankrupt if something truly bad happens to them, was paid for through a series of taxes on those industries in the private sector who were going to gain financially in a big way from ACA through the expansion of medical activity and the tens of millions of new medical customers.

Among those taxes was a small 2.3% tax on medical devices used in the US, whether they were manufactured here or imported from overseas. The tax does not apply to any medical device that the public generally buys at retail for individual use or on the sales of medical devices for export. And, the companies were obligated to pay the tax, not the consumer. This industry has sales of way over \$100 billion a year and could easily absorb the cost of this \$3 billion a year tax from their profits, profits which will only go up under the ACA.

This tax, like almost all other taxes involved, was agreed to by industry when the ACA passed. They were "licking their chops" at the new customer base. Only later did they decide to accept the new customers, but try to gut the small tax that they had agreed to absorb. Talk about wanting to "have your cake and eat it, too."

What do these large medical device manufacturers have that you do not? A lobbying corps in Washington. All told the medical supplier industry has spent over \$150 million lobbying Congress since 2008. Their effort now is to increase their profits by \$30 billion over the next 10 years through the elimination of this small tax that helps little people. And we have not even gotten into the amount they have “invested” in helping get compliant members of Congress elected.

Why did this Medical Device Tax repeal become a *cause celebre* in the recent dangerous Congressional debate? Why did it rise above other seemingly more important items? Well, lobbying for the industry is none other than former Senator Evan Bayh of Indiana. Bayh has the special Congressional access that only former Senators get. He is part of the revolving door problem that benefits special interests and leaves the rest of us sucking air. And, I would note, the revolving door is not a partisan issue – Bayh is a former Democratic Senator. Through the revolving door go members of Congress of both parties and their staffs to serve the interests of the medical industrial complex, the military industrial complex, the corrections industrial complex, and so on.

Large paychecks feed those going in and out the revolving door. Whichever side of the door they are on, those with money and power get their special privileges, using their resources to oil the hinges of the revolving door to their benefit and the benefit of their clients – again, leaving the rest of us out in the cold.

That little stink wafting from the medical device tax part of the recent debate is part of a much larger stink of money, lobbyists and campaign donations.

This kind of money, this kind of effort, is part of a new era of corruption that is only getting worse because of the Supreme Court’s Citizens United decision which equates money to free speech. And under that premise, the bigger you are -- the richer you are -- the more free speech you have and the more influence on our democratic processes you have. Regular citizens can only wonder how their voice can be heard over the din of untold money flowing into the process and the stink of the revolving door as part of that.

This is Evan Barrett in Butte, worrying about getting our democracy to work for average citizens.

Evan Barrett, Butte, has spent the last 44 years at the top level of Montana economic development, government, politics and education. He is currently the Director of Business & Community Outreach and an instructor at Highlands College of Montana Tech. These are his personal views.