

**Testimony of David McCarty
President of the American Agriculture Movement
Before the House Committee on Ways and Means,
United States House of Representatives
on the Financing Provisions
of the Administration's Health Security Act**

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Mr. Chairman and Members of the Committee:

My name is David McCarty. I am president of the American Agriculture Movement (AAM), an organization composed of and dedicated to the survival of America's family farmers. We have members in 35 states who represent farmers producing a wide variety of commodities across North America, and it is on their behalf that the AAM submits this testimony.

Rural Americans are well aware of the problems this country is facing in the health care debate, and we wholeheartedly support President Clinton's efforts to reform the nation's ailing health care system. We applaud his efforts to ensure health coverage for all Americans, and at lower costs. Unfortunately, we feel the Administration's plan fails to consider the pocketbooks of all citizens in all regions of the country. Yes, the nation's health care system needs an overhaul -- but not at the expense of the families who farm this country's land.

The AAM has a long history of opposition to excise taxes such as those levied on gasoline, alcohol and tobacco. These excise taxes are regressive and just plain unfair. It is not fair that rural men and women must pay a significantly higher proportion of their income on these taxes. For this reason, the AAM supports fair taxation for all Americans, regardless of how they earn their living.

Rural families rely heavily on the income generated from one of its most profitable crops -- tobacco. Tobacco is one of only two crops allowed by federal policy to return adequate profit to growers. The other is peanuts. The tobacco and peanut programs are model agriculture programs that other commodity programs should copy.

Because tobacco is one crop that sustains so many rural families and communities in this country, the AAM strongly opposes the President's proposed quadrupling of the tobacco tax -- the only new tax being proposed -- to finance a national health care program. This tax will only serve to wipe out thousands of farms and farming communities that have already been devastated by flood, drought and past tax increases.

Farmers are under siege and are being hit coming and going. Earlier this year, we were hit with an increase in the gas tax which significantly raised the cost of driving our products to market. Now, on top of everything else, the President's plan seeks to add yet another tax to an already overburdened segment of the population.

It is ironic that currently, rural Americans pay a considerably larger portion of their income on excise taxes -- 33% more than urban families -- and yet it is these very people who are being singled out to finance a health care program for the entire nation. Have not rural families and communities been targeted enough? Is it not time to find a more equitable way to solve the health care crisis? The AAM thinks so.

Mr. Chairman, the AAM believes that the President's plan will set the wheels in motion for the long road ahead in the quest for a national health care program. Rural families and communities would like nothing more than to see the light at the end of the tunnel in this journey. However, it cannot come at the expense of their livelihoods, their farms and their local economies. The Congress should adopt a more equitable plan that considers all citizens in all regions of the United States -- not a plan that asks one segment of the population to shoulder the burden for a national program.

Thank you.