Mr. BARR. It is already in the law.

Mr. GURNEY. I realize that interest is tax deductible. I am talking about that on top of that. It seems to me we have had so many subsidies and so many giveaway welfare programs in the last 30 years that it might be a good idea to encourage people to work to the full and repay loans and yet accomplish the same thing that you are trying to accomplish.

I say, has any consideration been given to that?

Mr. BARR. Mr. Gurney, we take the very parochial view in the Treasury that we collect taxes to obtain revenue. We try to keep the tax code as uncomplicated as possible. We are not always extremely successful. But I would prefer to meet this social objective directly through the appropriation process of the Congress. We have a very strong opinion that, if the country is going to appropriate funds for subsidies, that they should be subject to the annual appropriation review of the Congress, so that every year the Congress can determine whether or not that subsidy is appropriate and should be continued.

When a subsidy gets written into the tax code, there is a tendency for that subsidy to be forgotten, and it is extremely difficult to take it out. That is the reason we take a hard-nosed attitude about writing any kind of incentive into the tax code.

Mr. GURNEY. I must say that you don't convince me very much, because all you are saying is that it occurs to me as though our philosophy these days is subsidy and the Treasury Department would like to continue this. That is the point I am trying to make. Would it not be a good idea to get away from subsidy, to teach people to be earners and payers, and repay obligations? That seems to me to be fair and equitable. That is all I am saying.

Mr. BARR. This is a breakdown in communications that we always have with the Congress. We maintain steadfastly that when we write a provision into the tax code which reduces a taxpayer's tax liability, that is as much a subsidy as handing him Federal money. It is precisely the same thing. One is open, out in public view, and subject to annual congressional scrutiny. The other is stuck away. That is it.

That is the reason we have a strong objection, Mr. Gurney—and it is not shared, I will say, by probably a majority of the Congress—to writing a subsidy to the middle-income families for education into the tax code. If we are going to do this, let us do it directly, and put it out on the table where everybody can see it.

The chairlady raised the question as to whether the subsidy should be continued after the child graduates from college. I defer to the judgment of the committee. This is not an issue on which I pretend to be an expert.

Mr. GURNEY. I see your argument. I will not belabor the point except to make this observation. It seems to me the reason why we have these so-called subsidies you talk about is because the tax burden is such that it is impossible for wage earner and corporations and profitmaking people to stay in business and repay their obligations unless you do give them a break.

It seems to me the break I suggest is a whole lot more in keeping with trying to keep people working in this country and to pay their fair obligations than a direct subsidy. That is the only point I am trying to make. You don't persuade me.