This is another point that I have been pursuing with some of the other gentlemen. The Internal Revenue Service allows us to deduct an amount in interest costs of 6 percent or the actual amount paid whichever is lesser.

Mr. MORSE. This is an area that I know nothing about.

Mr. MARGOLIUS. It happens to be a source of great resentment among consumers that the Treasury Department does that.

Mr. WYLIE. We have been pursuing the possibility of getting that regulation changed. I thought it would be better if it were stated in the form of dollars and cents, in cash, actually paid out in interest during the year rather than having it based on an annual percentage rate.

Mr. MORSE. May I answer the question by saying what is important depends on where you are in your decisionmaking. The kind of decisions to be made by a man sitting down making up his income tax form are not the same kind as made when shopping for credit. The man who is shopping for credit is not the man using credit. The decision then—rate is most important when you are shopping, looking the field over. When you are using credit, cost is important. And when you are paying income tax, that is another matter.

Mr. MARGOLIUS. On this Treasury Department deal they were convinced to do this by the finance companies who did not want them to allow consumers to deduct the entire finance charge because that then would be considered interest and the finance companies always wanted to maintain this distinction between a time price and interest. So the businessman can deduct interest, whatever interest he pays, but the consumer is not permitted to.

Hopefully that situation will not last too long.

Mr. WYLIE. My time has expired.

Mrs. SULLIVAN. Mr. Hanna?

Mr. HANNA. Thank you, Madam Chairman.

I, too, want to say these gentlemen have contributed very substantially to this committee's knowledge on this subject.

I would like to make a couple of observations.

First of all, in your vast experience, both of you, you know that in the law many times we have placed things that are supposed to be a shield and they turn out to be sword. I think that is true in the whole course of garnishments and particularly I am aware of what happens in mechanics liens law.

I have made a study of this mechanics law. I never will forget the retired marine colonel who had all of the accoutrements of that fine background telling me in colorful marine language the story of how he got a swimming pool involvement on his property. He was sold a swimming pool for $3,000 with the understanding that he would get 10 percent off if he paid immediate cash, which he did. The swimming pool company sent a subcontractor out to make the hole in the back yard after he raised cain after paying the $2,700. Another 3 weeks he raised some more hell and they brought the steel and dumped it in the hole. Then the company went broke. He found out that he had a mechanics lien on this property of $240 for digging the hole and—$700 for digging the hole and $50 for steel delivery. He ended up having to fill the hole which cost him $240 and rehabilitate the backyard, $225, and had to pay to have the steel hauled away.