Mr. SAMUELSON. I should think that a similar percentage applied to corporate income and personal income, in the form of a surcharge of 6 percent or 8 percent or 10 percent or 4 percent, as the dosage may require, will: one, commend itself to people as being perhaps politically noncontroversial, and therefore could expedite quick action when you need it; and, two, is not a bad mix from the standpoint of economic policy.

At an earlier date one might have said that there was a case to be made for increasing the percentage on the corporate level compared to the personal level, particularly with the restoration of the investment tax credit as replenishing the position of the corporations. However, by almost any calculation in the near future, at least, I think there is going to be pressure on profits. Profits dropped 6 percent in the first quarter. I would think that they may be off by more than that in the second quarter. A round number for the year which I saw estimated by an economist for one of the large chemical companies was a 9-percent drop in profits before taxes.

Since profits are volatile, since they are coming down and there is an erosion, I think that not hitting them particularly hard might be economically defensible, and so kind of the neutral-neutral consensus package would be on both equally.

Representative WIDNALL. My time is expired, but I would like to hear Professor Weston's reaction to that question, too.

Mr. WESTON. If you argue pure economic logic, when the investment boom was strong, the argument to impose differentially on corporations as compared with individuals was a valid one. Now, by the same reasoning with prospective pressure on corporate profit margins with some tendency toward excess capacity and therefore no vigorous investment boom certainly as was the experience in 1966, the same economic logic would argue, a little more strongly I think than Professor Samuelson's analysis just concluded would indicate, that there would be some differential treatment for corporations. And in this sense fiscal policy, like monetary policy, even when you change the overall average levels, isn't neutral in the light of differences in economic circumstances that may be prevailing at any point in time. But where the major emphasis is on overall economic stability and where when you get into a determination of the magnitude of the differential treatment of individuals and corporations, and then when you pile on top of this the political overtones, I think from a practical standpoint, if your main motivation is stability, then the most convenient thing is across-the-board treating individuals and corporations alike.

Representative WIDNALL. Thank you.

Chairman PROXMIRE. Congressman Reuss?

Representative REUSS. Thank you, Mr. Chairman.

Professor Samuelson, when you have given out marks to your students, do they ever come around afterwards and try to get you to raise them?

Mr. SAMUELSON. Yes.

Representative REUSS. That encourages me.

Mr. SAMUELSON. My practice, by the way, is to permit that, but with a penalty. That is, I or a more objective colleague take a fresh look and the score can be marked up or down, and they know that.

Chairman PROXMIRE. You may end up giving us a D.