of prices. Attempts to measure this or to determine it have been on the whole, I guess, inconclusive. I think most tax theorists, and perhaps Secretary Surrey could comment on this, will agree that in the short run very little of the corporate income tax is shifted forward.

Mr. CONABLE. Is it not more likely to be shifted if it is a general tax than it might be if it were as a result of a tax reform, such thing as the 7-percent investment tax credit, which has an unequal impact on corporations in competition with each other, depending on their capital structure?

Again, income tax, surtax, for corporations is one that afflicts all businesses alike. May I ask what percentage of the business of this country is done by corporations? Are there any statistics available in this respect? Certainly that has some impact on the extent to which this corporate surtax is passed on?

Mr. ACKLEY. I am sure there are such statistics. I am not sure I can give them to you by memory. It certainly is a very large fraction of the business, certainly in manufacturing. Much less so in services and agriculture and so on. But we can furnish for the record the percentage in each of the main areas.

Mr. CONABLE. I am concerned about this because part of the testimony we have had here has been that the inflation under which the country has been suffering in recent years has been at least in substantial part due to a cost squeeze and not necessarily to an overabundance of money. If we are in a period of reduced margins, and the first quarter's corporate returns indicate that, then it makes it all the more likely that the corporate surtax is going to be passed on to the individual, does it not?

Mr. ACKLEY. Again I think I would insist that in the short run, there is very little evidence that an increase in the corporate income tax, particularly a temporary increase, would in fact directly raise prices.

Mr. CONABLE. Any statistics you can give on that I would appreciate. I am interested in the economics of it. I am new here in the group and somewhat naive about economics.

Mr. ACKLEY. Roughly two-thirds of the private gross national product is produced in corporate business.

(The following table was received by the committee:)

RELATION OF CORPORATE GNP TO TOTAL AND PRIVATE GNP

[Dollar amounts in billions]

Period	Total GNP	Private GNP [1]	Corporate GNP [2]	Percent which corporate GNP is of—	
				Total GNP	Private GNP
1963	$590.5	$532.4	$335.0	56.7	62.9
1964	632.4	569.4	361.3	57.1	63.5
1965	683.9	616.1	392.5	57.4	63.7
1966	743.3	666.7	429.6	57.8	64.4
1967: 1st half [3]	770.7	687.4	443.2	57.5	64.5

[1] Private GNP is total GNP less compensation of general Government employees.
[2] Corporate GNP is the gross value added by all corporations.
[3] Seasonally adjusted annual rates.

Source: Department of Commerce.