Walter J. Blum and The University of Chicago Tax Conference

Howard G. Krane†

In 1948, approximately 65 to 70 tax practitioners gathered at the downtown campus of the University of Chicago to attend the first annual Federal Tax Conference of the University of Chicago. At the time the highest tax rate was 91%; what we know now as the Internal Revenue Service (IRS) was then called the Bureau of Internal Revenue; and the federal tax statute was called the Internal Revenue Code of 1939 and was just over 500 pages long. While the rates undoubtedly caught the attention of an ever widening group of people—taxpayers and their advisors both—few seemed to think of the Code as outrageously complicated.

The program from that first Conference suggests an aura of calm about the tax law—perhaps the calm before the storm—but a calm nevertheless. Thus, the program was broken into five basic areas: Accounting and Related Problems; Compensation; Legislation and The Judiciary; Problems in Corporate Planning; and the ever-interesting subject of Procedure. The program itself was sponsored by both the Law School and the Business School of the University of Chicago. As one scans the names of the participants, one name stands out: Walter J. Blum, then as now a Professor of Law at the University of Chicago Law School. Walter, who was then just 30 years old, had the distinction of chairing the portion of the Program on Legislation and the Judiciary.

Last fall, the Federal Income Tax Conference of the University of Chicago Law School met for the fortieth consecutive year. Much has changed in the tax law in the intervening 40 years. The highest tax rate for 1987 was 38.5%, and was scheduled to fall down to 28% for 1988 and subsequent years. The Bureau of Internal Revenue is now called the Internal Revenue Service, and the federal tax code, which in 1954 had been reformulated as the Internal Revenue Code of 1954, is now called the Internal Revenue Code of 1986. The Code, as tax lawyers call it, has become an enormous document of more than 1900 pages whose complexity was

† Partner, Kirkland & Ellis.
and is decried throughout the land. The 1987 Program of the Tax Conference reflected that complexity—concepts not even imagined in 1947 were the subject of long and thoughtful papers: Generation Skipping Taxes; Alternative Minimum Tax; Subchapter S; Esops. At the same time, old issues in new contexts were still being discussed at the Conference—compensation, corporate issues and accounting issues—supporting the old maxim that the more things change, the more they remain the same.

As one scans the membership of the Planning Committee for the 1987 Program, one name again stands out: Walter J. Blum. He was there in 1948, and he is there today. He is the founding father of the Tax Conference and has literally been its guiding hand for all of its 40 years; the 41st Conference is scheduled to take place in late October of 1988. A review of the membership roster of the Conference from the beginning shows that Walter is the only person who has always been involved. The rest of us come and go but Blum, like the tax law with which the Conference concerns itself, goes on and on.

I have been intimately involved with the Conference for over 20 years, and can recount firsthand what Walter has meant and means to the Conference.

During the 40 years since that first meeting, the Tax Conference, under Blum’s direction and tutelage, has become the most important and prestigious tax conference in the United States. It has spawned a host of imitators, but none has the preeminence of Chicago. Any such statement, of course, is subject to challenge as subjective and parochial. Nevertheless, by almost any criteria, Chicago’s tax conference leads the pack.

The Blum philosophy is, and has been from the beginning, that each speech and accompanying paper on a given subject should be much more than a practitioner’s catalogue of how to handle a specific tax subject. Rather, each presentation must focus on the implications of the specific subject matter: what does it mean, not just how does it work. It is a wonderful and challenging melding of practitioners’ knowledge and intellectual inquiry. Indeed, those practitioners and academics who are asked to present a paper know that by accepting they are undertaking a substantial effort.

The brochures for the Conference make it clear that attendees should come only if they are fairly sophisticated and knowledgeable in the tax area. It is not a conference for neophytes. And the speakers know that they are not invited to free-wheel and pontificate, since accepting the role of speaker includes not only giving a
fairly lengthy speech, but also requires submitting the underlying paper for publication. Blum, of course, had in 1948 persuaded *Taxes Magazine* to devote its entire December issue to the Tax Conference. The December issue has become its most popular and well read issue.

Publication of the papers did more than disseminate each year's Conference to a broader group; it also had the salutary effect of raising the level of the presentations. Speakers' words and thoughts are not just spoken and forgotten; rather, they are published for all the tax world to read and to challenge. Hip-shooting at the Chicago Tax Conference is a very dangerous sport indeed, since publication requires speakers to put their reputations on the line. Moreover, at each Conference, sessions conclude with a panel discussion in which the participants, and the audience, challenge, debate and explore the subjects presented.

Another Blum innovation for the Conference was to start with a presentation by an important tax official. Since 1964, almost every Commissioner of Internal Revenue, Chief Counsel of the IRS and Assistant Secretary of the Treasury for Tax Policy has participated in the Conference. In 1986, the year of the enactment of the dramatic and far-reaching Internal Revenue Code, the government speaker was the then Chief of Staff of the Joint Committee on Taxation, who is often thought to have been the principal architect of the 1986 Act (and who is sometimes blamed for it).

Since that first year, attendance at the Conference has grown. Over its 40 years, more than 12,000 people, an average of 300 a year, have spent three days at the end of each October attending the Conference, listening to the speeches and engaging in lively and spirited debate about the tax law, what it means, and where it is going. Blum is almost certainly the only person who has attended all 40 of those Conferences.

In every sense, the University of Chicago Tax Conference is The Walter Blum Tax Conference. But to say that he started it, that he nurtured it, that he oversees it, and that he has often been a speaker and a panelist is merely to scratch the surface. Beginning in January of each year he calls together the Planning Committee, which then meets regularly into the spring. Under Blum's prodding, this Committee decides the theme of the Conference, discusses possible subjects for presentation, refines those subjects and then decides upon speakers. The central person at each turn is Blum. It is fair to say, although Blum would deny it, that the general theme and the specific subjects each year mainly reflect his thinking about the course and direction of the tax law. A review of
the subjects presented over the years indicates how much of a visionary Blum has been.

Complicated problems relating to corporate reorganizations and the tax relationship of corporations and their shareholders, the importance of present value in the tax laws, the vagaries of income recognition and tax accounting and the structural flaws that spawned tax shelters were all on the Tax Conference agenda long before the Revenue Service in rulings, regulations or litigation, or Congress, in legislation, addressed these issues. What Blum has done through the Conference is create a mechanism for thoughtful and practical analysis of the tax law, supported by an annual publication, that called attention to the problems, weaknesses, flaws and loopholes that are present in the Code and the developing law. While some academics and practitioners were individually doing some of the same, particularly in recent years, the Tax Conference, because of its prestige and the wide circulation of the annual collection of its papers, has been a substantial and powerful influence.

Blum's contribution to the Conference goes beyond his general direction of its theme and subjects. Through his vast connection in the tax bar, he makes sure that those proposed as speakers have the requisite experience and ability. Moreover, many speakers in preparing their presentation often consult with him about the context and direction of their subject, about detailed technical issues, and about the implications of the issues they are to discuss. He always makes time for them, and always finds time to read advance copies of the speeches when asked, offering thoughts, ideas, suggestions and refinements. In his own gentle way, through dialogue rather than dispute, he has enhanced the context and prevented flawed analysis from seeing the light of day in a vast number of the presentations. And yet, a review of the many papers over the years discloses that this specific help and guidance is never mentioned, never acknowledged. I am as guilty as the rest of this oversight.

Now is the time to set the record straight. Now is also the time to thank Walter, and on behalf of all of those thousands who have been involved in the Conference, in whatever capacity, and the many more thousands who have had the benefit of those 40 years of papers on so many important subjects in the tax law, I express a debt of deep gratitude to Walter for having so enriched our professional life.