

Laurence Neal Woodworth, 1918-1977: He Made a Difference

In 2012 *Tax Notes* will celebrate the 40th anniversary of its inaugural issue, published on September 18, 1972. In recognition of that milestone and to show its appreciation for your continued readership, *Tax Notes* will be republishing select archived articles from each of the past 40 years. *Tax Notes* hopes that readers will enjoy these valuable contributions from prominent members of the tax community on issues that were and are of central importance to the field. Readers are invited to submit their own recommendations for our retrospective to taxnotes@tax.org, along with a short explanation for why the article has been recommended.

This article, commemorating the life of Laurence Neal Woodworth, was originally published on December 12, 1977. At the time of his death, Woodworth was the Treasury assistant secretary for tax policy. He had previously served as chief of staff of the Joint Committee on Taxation.

The death last week [on Dec. 7, 1977] of Assistant Secretary of the Treasury for Tax Policy Laurence N. Woodworth will make a huge difference in the formation of public policy for the nation and to those who knew him as a friend. Even if the Carter Administration decides to elevate Dr. Woodworth's deputy, the highly-qualified Donald C. Lubick, to the top tax policy spot, it is clear that a public servant of rare gifts has left the scene and cannot be replaced.

"Short of the President of the United States, the loss of Larry Woodworth will be felt more and his passing will cause sorrow to more people than anyone else I could name," commented Raphael Sherfy, partner in the Washington law firm of Miller and Chevalier. "He had so many friends and, Lord! he will be so missed by them all," added Sherfy, a long-time professional and personal associate of the 59-year-old Woodworth.

In a formal statement, Chairman Al Ullman, D-Ore., of the House Ways and Means Committee, said that Dr. Woodworth, in his quiet way, "was as much an influence in shaping tax policy in this country as any committee chairman or Treasury Secretary or President in recent memory."

Ullman's Senate counterpart, Chairman Russell B. Long, D-La., of the Finance Committee, called Dr. Woodworth "one of the nation's finest public servants."

President Carter said: "His understanding of our tax system was matched only by his determination to improve the system and by his patience in dealing with those who knew far less than he."

Dr. Woodworth suffered a massive stroke December 4 as he ate breakfast with his wife, Margaret, prior to a scheduled talk on Carter Administration tax policy before a conference at the College of William and Mary in Williamsburg, Va. He was taken to a hospital in Newport News, Va., where he died at 10:15 a.m. December 7 without having regained consciousness.

It has become trite to describe Dr. Woodworth's legendary skills as a technical adviser with enormous political savvy. The reality that emerges in interviews with close personal and professional associates does not conflict with the legend but it is vastly more complex.

An 'Equity' Person

At base, Dr. Woodworth was an "equity person," according to Stanley S. Surrey, the Harvard University law professor who held the Assistant Secretary's post under Presidents Kennedy and Johnson. Surrey said the difficult role of serving 33 years as a key staff aide to members of Congress with sharply different views about tax policy often obscured the fact that Dr. Woodworth cared deeply about reform. Moreover, Surrey added, it did Dr. Woodworth no good with his superiors to praise him for his virtues during those years on the staff of the Joint Committee on Taxation, the last dozen as chief of staff. (For earlier story on Dr. Woodworth, see *Tax Notes*, January 24, page 3.)

His skills at compromise were as much the source of frustration as of satisfaction, both to Dr. Woodworth and to those affected by his work, a very large group, indeed. But compromise means that all parties are less than fully satisfied and, as the chief architect of most of the major compromises in tax policy over the past decade, Dr. Woodworth was often considered the cause of a partisan's disappointment.

The frustration clearly culminated in the effort of the Carter Administration to live up to its campaign rhetoric on tax reform. President Carter came into office pledging to remake a tax system he had called

a “national disgrace.” Nonetheless, the first major policy initiative, the energy plan, was heavily laden with even more tax subsidies, including even an exemption from the minimum income tax for some of the wealthiest of oil producers.

These signals apparently caused Treasury to take a more cautious line in drafting proposals for comprehensive reform than the campaign slogans might have indicated.

White House Staff Role

Some key White House staff members, particularly Stuart E. Eizenstat, assistant to the President for domestic affairs and policy, were alerted by tax reform lobbyists to the fact that Treasury was apparently putting together a modest tax package. A meeting of high Administration officials, including the President and his tax advisers, was held May 18 at which the President directed Treasury to draft more sweeping options. Some told the story in a way that had Treasury being ordered by the President to live up to the campaign promises; others said Treasury was delighted to get such a clear signal that the President cared very deeply about tax policy.

Whatever the correct emphasis, Treasury embarked on a major drafting effort that many tax experts expected to result in an ambitious blueprint for tax revision. Public statements by President Carter and Treasury Secretary W. Michael Blumenthal provided evidence for that view.

A disquieting note was sounded in late July with the release of a Roper Organization poll which showed that there was virtually no constituency for the kinds of reforms the Administration was considering. (See *Tax Notes*, August 1, page 3.) The lesson drawn by Treasury tax experts from the Roper poll was that the President himself would have to create the constituency.

Then came the August Congressional recess, during which senators and representatives got messages from their constituents similar to those in the Roper results. Chairman Al Ullman of the Ways and Means Committee said publicly what he had been telling the White House all along: Leave controversial measures out of the tax bill. (See *Tax Notes*, September 19, page 16.)

Next came a series of leaks to newspapers of Treasury documents which showed some of the details of the ideas being discussed within the Administration. This made it much easier for special interests to attack the reform plans, even before the President had seen the option papers.

During all of this, the tug-of-war continued between Treasury, which still was debating internally over how daring a program to recommend, and the White House staff, which sought a program with substantial reforms in it.

A set of option papers dated September 2 showed some Treasury positions that seemed quite modest when compared to campaign rhetoric about reform. The Treasury, for example, recommended not trying to tax capital gains at death, a proposal many tax experts — and certainly the tax reform lobbyists — believe is essential to any reform package worthy of the name. For some reason, perhaps the pressure of the White House staff and press publicity about the Treasury memos (which the President never did see), Treasury then drafted a much stronger package that included a tax on gains at death.

But, beset by wrangling over his energy bill and social security legislation, President Carter on October 27 announced that he would hold off his reform package until next year. Hours before the President’s announcement, Treasury Secretary Blumenthal said in a newspaper interview during a trip to the Mideast that the tax program would emphasize economic growth and that tax reforms which would hinder that goal would not be proposed.

Later, Blumenthal specifically removed capital gains preferences from the reform package. (See *Tax Notes*, November 28, page 6; October 31, page 16.)

Even then, some Treasury experts believed that respectable reforms could meet the political tests being applied to the program (see *Tax Notes*, November 21, page 24). The program currently before the President, though, bears almost no resemblance to the promises of the campaign.

The pressures of these twists and turns of Administration policy weighed heavily on Woodworth, and his colleagues began to notice that he seemed exceptionally tired in recent weeks. Despite their advice, he continued his heavy work schedule and refused to cancel speaking engagements.

“He was astounded to find the degree that uninformed opinions about tax matters had influenced the White House,” asserted James W. (Dick) Riddell, a Washington tax lawyer who had worked closely with Dr. Woodworth over the years. “He had to become an advocate and defend the indefensible — that energy bill,” added Riddell.

Blow to Comprehensive Reform

Dr. Woodworth’s death is a heavy blow to those who hoped for comprehensive reform, though it was clear that even with him in the Administration, the path was not going to be smooth. Dr. Woodworth never lost his ability to treat everyone with respect and even kindness.

The fact that Woodworth put together such an excellent team at Treasury will make matters better than they might have been in the wake of the loss of such a giant figure. Lubick, 51, and the other Deputy Assistant Secretary, Emil M. Sunley Jr., 35, have divided up the principal responsibilities, with

Lubick taking the energy bill and Sunley taking social security and tax reform. Both are highly regarded tax experts and Lubick has been designated Acting Assistant Secretary. Lubick, a Buffalo, N.Y., tax lawyer, was once a partner at one time of Rep. Barber B. Conable Jr., R-N.Y., ranking minority member on Ways and Means. If he is given the job permanently, it will be taken as a signal that the Administration still is serious about tax reform, even if the thrust must be postponed until the 96th Congress. Another positive factor is the close relationship between the Office of the Assistant Secretary and the Commissioner of Internal Revenue. The sight of Commissioner Jerome Kurtz visiting Dr. Woodworth for consultations became a familiar one around Treasury and a departure from past relationships between a Commissioner and an Assistant Secretary. Lubick and Kurtz are close personal friends — they even roomed together before their families joined them in Washington.

“Tax policy can be made in two ways,” noted Gerard M. Brannon, professor of economics at Georgetown University and a former Capitol Hill and Treasury tax expert. “It can be concocted by experts or it can be negotiated by political power groups. Even if the disinterested experts could be practical, there is no way in our political system that anything as important as taxes is going to be left to experts. Still, leaving everything to the pull and push of contesting lobbyists is the path to disaster.

“What we need is a smart person who is both expert at taxes and sensitive to the fine nuances of political pressure on legislators. This super tax person must have the imagination to concoct the best compromise that will be acceptable to the key pressure groups and still be decent law. He must also have the good humor and integrity to get along with and be trusted by people from all sides. Finally, he must have the energy to work like a horse.

“This prescription sounds impossible to fill. But the fact is that once we had a person like this, Larry Woodworth, and I think they made only one of him.”

Tributes to Dr. Laurence N. Woodworth

Following are excerpts from comments by friends and associates of Dr. Laurence N. Woodworth, Assistant Secretary of the Treasury for Tax Policy, who died December 7 at the age of 59:

Wilbur D. Mills, former chairman of the House Ways and Means Committee, for whom Woodworth worked as chief of staff of the Joint Committee on Taxation:

Anything you could say about him that was good, I would agree with. He was a great person, a great human being, a great student of tax law. He was very well liked by all who

worked with him. . . . He was a great individual. He was my strong right arm.

Joseph A. Pechman, director of economic studies, the Brookings Institution:

Larry was a great public servant who worked himself to death. He will be very difficult to replace. He had a combination of personal and professional qualities rarely found in any one person.

Boris I. Bittker, professor at the Yale Law School:

Dr. Woodworth was a very conscientious and thoughtful fellow who had enormous influence. It is rare that a staff person can emerge as a power in his own right. I was very much impressed with his command of the problems.

James W. (Dick) Riddell, partner, Dawson, Riddell, Taylor, Davis & Holroyd:

His chief skill was the ability to put together a sufficient range of options to permit a compromise to be struck.

Ray W. Denison, lobbyist, AFL-CIO:

Larry was a unique combination of personal warmth and dedication to his role as an instrument of the Congress. Larry bent backward to be fair to us all, and he suffered with grace those of us who took his time at the end of a 12-hour day. In my 10 years of knowing Larry, the complicated and turbulent world of tax legislation always meant human beings and wage earners and salary earners — not the cold data of a computer printout.

Thomas J. Reese, legislative director, Taxation with Representation:

Expertise, nonpartisanship, a pleasant personality and a willingness to work incredible hours made him one of the most trusted advisers on the Hill.

Thomas F. Field, executive director, Tax Analysts and Advocates, publisher of *Tax Notes*:

Larry Woodworth was a first rate human being. We sometimes differed on legislative tactics and strategy, but I always trusted and liked him. I am saddened by his loss.

Emil M. Sunley Jr., Deputy Assistant Secretary of the Treasury for Tax Policy:

He was a great person and a wonderful man to work for.

Ward M. Hussey, legislative counsel, House of Representatives:

People thought of him as an economist, but I can say he was a master at drafting tax law, as well. He was extremely fair and tremendously intelligent. He never lost touch with common

sense. I can't think of any public servant I would rank higher than Larry.

Stanley S. Surrey, professor at the Harvard Law School and former Assistant Secretary of the Treasury (1961-1969) for Tax Policy:

He really had a genuine interest in reform. He was essentially an equity person. You could always count on him for knowing the proper structural goal.

Howard J. Silverstone, partner, McLure & Trotter, and former member of the staff of the Joint Committee on Taxation:

Professionally, he had no ego, though he had a very strong personality. He knew his power and did not hesitate to use it.

Raphael Sherfy, partner, Miller & Chevalier:

Short of the President of the United States, the loss of Larry Woodworth will be felt more and his passing will cause sorrow to more people than anyone else I could name. . . . He had so many attractive qualities. He was close to his family and his community. He taught Sunday school. He was able, kind and sincere.

Gerard M. Brannon, professor of economics, Georgetown University:

What we need is a smart person who is both expert at taxes and sensitive to the fine nuances of political pressure on legislators. This super tax person must have the imagination to concoct the best compromise that will be acceptable to the key pressure groups and still be decent law. He must also have the good humor and integrity to get along with and be trusted by people from all sides. Finally, he must have the energy to work like a horse. This prescription sounds impossible to fill. But the fact is that once we had a person like this, Larry Woodworth, and I think they made only one of him.

Al Ullman, chairman, House Ways and Means Committee:

Larry Woodworth leaves a legacy of justice to millions of Americans. His guidance to tax writers over the decades has been enormous. In his own quiet way he was as much an influence in shaping tax policy in this country as any committee chairman or Treasury Secretary or President in recent memory.

His sense of fairness and his gift for finding shared goals among those of divergent views cannot be replaced. He was one of the most remarkable men I have known; one of the great Americans of our time. I valued his help

and, much more than that, his friendship. His death is a great loss to us all.

Russell B. Long, chairman, Senate Finance Committee:

He was one of the nation's finest servants. He chose to remain in government and work himself into an early grave because he wanted to make a contribution to his nation and fellow men.

President Carter:

His understanding of our tax system was matched only by his determination to improve the system and by his patience in dealing with those who knew far less than he.