



## Max M. Kampelman Papers

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DRAFT  
October 7, 1967

STATEMENT OF MAX M. KAMPELMAN  
BEFORE THE  
UNITED STATES SENATE COMMITTEE ON THE  
DISTRICT OF COLUMBIA

Mr. Chairman:

It is a privilege to appear before your Committee.

More than 18 years ago I moved to Washington, D.C., in service to a former member of this Body, the Vice President of the United States. For me, the Senate is the most remarkable and productive deliberative council the world has ever known. I carry in my heart a profound respect for this institution and the warmest memories of my association with it.

To return as the nominee to be Chairman of the newly created District of Columbia Council is a most satisfying experience. I consider it an honor to have been nominated for this challenging position by the President of the United States. It is now up to the Senate to judge whether whatever experience or talents I may possess are adequate.

My professional life has been primarily that of a lawyer and a teacher. My practice, like that of many Washington lawyers, has involved a great deal of work before agencies of the Government and on Capital Hill. It has given me some insight and understanding not only of how government functions, but also of the impact of government policies and decisions on the people affected. Anyone who has had this kind of exposure is bound to be impressed

by the enormous power of government to influence the lives of our citizens and be somewhat humbled by the importance and complexity of the problems confronting our society.

Before coming to Washington almost twenty years ago, I was a student and later a teacher of political science. I received my Master's degree in political science from the University of Minnesota in 1946 and my Doctor's degree in 1951. I have taught this subject at a number of colleges and universities, including Howard University in our own Capital city, Bennington College in Vermont, Claremont College in California, and the University of Minnesota. It is often said that the teacher learns more than any of his students in the course of teaching. Certainly I learned a great deal from this experience about the outlook of the young people of America--their attitudes and concerns. I have the greatest confidence and hope in our Nation's future citizens.

I have been fortunate in being able to contribute some of my time and energy to public causes and organizations. One of my interests has been the field of educational television because of its great potential for enhancing the level of community life. It is my privilege to serve now as Chairman of the Board of Trustees of the Greater Washington Educational Television Association. My academic life has also led to a long-time active affiliation with the American Political Science Association. In the past I have been President of the District of Columbia Political Science Association and now serve as Counsel and Treasurer of the national Association.

Since I am also a father of five children, you will understand my interest in the National Zoo, one of the Capital's most magnificent attractions. In 1958 I helped to organize a group of like-minded people into an organization called the Friends of the National Zoo. I served as its founding President for two years. This is my adopted home and I trust it will be the place where my children will grow into responsible and active citizens. In a limited way, I have tried to do what I could as a private citizen to make our city a wholesome, pleasant and stimulating place for its inhabitants. This has led to my service as a member of the Board of Directors of the Washington Home Rule Committee and a Trustee of the Federal City Council.

Another recent highlight of my life has been my appointment in 1966 to be Senior Advisor to the United States Delegation to the United Nations. This experience added a new dimension to my existence. I will be forever grateful for the opportunity it gave me to evaluate first hand the problems we face in the international community and the people on whom the world must rely not only in determining the shape of the future, but in making certain that there will be a future.

In brief, this is the background in the law, in the academic world, in civic and in public service which I will bring to the tasks facing the chairman of the District of Columbia Council, if I am confirmed.

I am aware that a few Members of the Congress have already concluded that I am not qualified for this position. I have refrained from

making any comment about the charges which have been made against me because I felt from the beginning that the appropriate forum for answering these charges was this Committee, not the newspapers. Now I do want to answer fully the criticisms which have been levelled against my nomination.

Let me first comment on certain charges reflecting on my patriotism and my activities in my early twenties as a conscientious objector.

In October, 1942, I applied, under the law, to my local draft board for classification by reasons of "religious training and belief" as a conscientious objector to perform "work of national importance under civilian direction". At that time, I stated my beliefs as follows in a statement to my draft board:

"I believe that war, which involves the mass destruction of human lives and values, is evil and negates all the concepts of justice, righteousness and human brotherhood which my religious training has taught me . . . . I appreciate and share the high ideals which motivate most of my friends and fellow citizens as they participate in the war effort . . . I am convinced that the use of evil means can never successfully achieve desirable ends.

"I am anxious to express my devotion to my country and the democratic principles it expounds by devoting my activities and my life's work, if that need be, toward the alleviation of human suffering and the establishment of a society based on the sanctity of human life, the Brotherhood of Man and the Fatherhood of God."

My first assignment in June, 1943, was to engage in soil conservation work in Big Flats, New York. After a number of months in that activity, I volunteered to serve as an attendant at a school for feeble-minded children at Pownal, Maine. After approximately a year, in response to a circular requesting volunteers, I applied for service as a guinea pig subject in a semi-starvation and rehabilitation project at the University of Minnesota. The circular describing the project was headed: "Will You Starve That They Be Better Fed?" and included the following summary:

"Starvation is a tragic reality of war and will be a vital problem of rehabilitation. At present there is very little concrete information as to the consequences of semi-starvation and the efficiency of various nutritional rehabilitation regimens with human beings. Such knowledge is greatly needed for planning and operation of relief feeding. The acquisition of detailed information on these points will be a major contribution to the problem of relief feeding not only as related to the present war, but for the future in all parts of the world."

Although the study itself lasted for a year, I was involved personally for approximately eighteen months. Scientific reports on the study have been extensively published, cataloging at great length the "profound physical deterioration and psychological changes" associated with the starvation. I am proud of my service during the war and of the Certificate of Service which I received from our Government: "In acknowledgment and appreciation of his contribution to the War Effort", dated May 20, 1946.

It is impossible for me to be precise as to when my thinking changed to the point where I was no longer a conscientious objector. The

process of growth leads to change. The development of atomic and hydrogen bombs led me to doubt my earlier faith in the power of non-violence to overcome evil in international relations.

Furthermore, as I began to teach political science and later to observe the political process at close range in Washington, I could not honestly tell myself that, were I in the position of responsibility, I would do otherwise in international relations than was done by President Truman in Greece, Turkey and Korea, and in the bold carrying out of the Marshall Plan, and by President Eisenhower in further resisting the spread of international Communism.

By early 1955 I felt the need to give public evidence of my change of position. Although I was beyond draft age, I applied for and was granted entry into the Marine Corps Reserve. The career of a great Senator whom I deeply admired, who moved from Quaker pacifism to the Marine Corps, influenced my decision.

I was in the Reserve for more than 7 years, resigned after I reached 42 years of age, with 4 children, and on November 29, 1962, received an honorable discharge.

There have been two other major charges, reflecting not on my patriotism, but on my integrity and character. I will attempt to refute both charges with facts rather than with words which reflect the depth of my resentment.



It was said on the floor of the Senate that I am a "former Bobby Baker crony". The implications of this charge are false.

I first met Mr. Baker in January, 1949, when I began serving as an employee of the Senate. During my six and a half years of service in the Senate I had the occasion--as did almost every Member of the Senate, Republican and Democrat alike--to work with him on Senate business. We worked together harmoniously in legislative matters, but we did not become close social friends.

Following my departure from the Senate in late 1955, my contacts with Mr. Baker were very slight and I seldom had the reason or the occasion to meet with him. In the more than 18 years that my wife and I have lived in the Washington area, we recall visiting the home of Mr. and Mrs. Baker on only one occasion, an occasion with more than 100 guests. We do not, furthermore, believe that the Bakers ever visited our home, although we recall inviting them to one farewell party for a mutual friend during this 18 year period.

A question has been raised as to whether in early 1962 Mr. Baker in any way influenced the granting of the charter by the Comptroller of the Currency to the organizers of the District of Columbia National Bank. Mr. Baker played absolutely no role in the granting of the charter or in the decisions and activities of the organizing committee of the Bank which our firm served as counsel.



The Comptroller of the Currency, testifying before the Senate Committee on Rules and Administration, said:

"Shortly after I entered office, November 16, 1961, the second application was filed for a bank in the District of Columbia. The bank had totally local organizers and principals. There are 1,286 shareholders predominantly from this metropolitan area. No new bank had been chartered in the District of Columbia in more than 29 years. In the meantime there had been many mergers which had reduced the effective number of banks quite substantially. This case, too, was highly controversial. There was strong and virulent opposition on three grounds: anti-Semitism, one; two, grounds of entry of a new competitive force in the banking system in the District of Columbia; and three, it subsequently developed, political grounds. There was no pressure at any time exerted on my Office in connection with this case except against the case, nearly all of the banks in the District of Columbia having taken very strong positions."

The granting of the Bank charter was justified and fully consistent with the Comptroller's philosophy. There had been no new national banks in the District of Columbia in 29 years, a period during which the number of insured banks here was reduced through mergers from 21 on January 1, 1934 to 11 on January 1, 1962. The year that the District of Columbia National Bank charter was granted, the Comptroller granted 65 new bank charters and 67 applications for conversion of state banks to national banks. Only 17 applications were rejected, a 90 percent approval rate. As a matter of fact, 4 new banks were chartered by the Comptroller in the District of Columbia proper. Furthermore, in the Metropolitan Washington area, four new banks had been chartered during the period 1959 to 1962, prior to the issuance of a charter to the District

of Columbia National Bank.

The District of Columbia National Bank was capitalized at \$3 million, with 200,000 shares sold at \$15 a share. Mr. Baker was among hundreds of Washingtonians who wrote in, subscribing for shares. He was allocated and paid cash for 1500 shares, less than 1 percent of the outstanding stock.

Sometime in February or March, 1963, Mr. Baker telephoned me to say he would like to borrow \$125,000 from the Bank in order to finance the purchase of a new home. At that time my firm was General Counsel to the Bank and I was a member of its Board of Directors and Chairman of its Executive Committee. I advised him, as I advised scores of people who telephoned me with similar requests, that I did not receive loan applications or make loans, but that he should discuss his needs with the Bank's officers. He did so. Subsequently, the Bank's officers reported their favorable recommendation to the Board of Directors that the loan was justified by Mr. Baker's financial statement, but that the Bank should seek added collateral by obtaining a deed to the new home. The loan was to be of a short-term, two year duration since the Bank did not want a long-term mortgage. I, as a member of the Board, voted to approve the recommendations of the Bank's officers and grant the loan on the basis recommended. The loan has since been repaid in full with interest and on time.

These, Mr. Chairman, are the relevant facts as I know them with respect to my relations with Mr. Baker.

The last charge relates to the activities of one of my clients, NAPCO Industries, Inc., a publicly-held company on whose Board I have served for approximately one year. Our firm has represented the company as Washington counsel since late 1955, 12 years.

The charge relates to an AID loan of \$2,300,000 obtained by NAPCO and a group of Indian business associates. The purpose of the loan was to finance the sale and transfer from Detroit to India of an existing gear manufacturing facility owned by NAPCO, the Detroit Bevel Gear Company. By U.S. technological standards, this facility was outmoded, but by the standards of an underdeveloped country, it could fulfill a valuable economic function. The loan application was filed in January, 1961; the loan was approved eighteen months later in June, 1962 and the loan agreement was finally signed in July, 1962. During this 18 month period, AID officials thoroughly analyzed extensive market surveys, economic analyses, independent appraisals and certified financial statements submitted by NAPCO. It is also my understanding that AID made independent studies of its own. The final loan agreement was signed by me for the borrowers in Washington as attorney under specific authorization from NAPCO and was ratified by the Indian company after its formal organization.

The Indian corporation, NAPCO Bevel Gear of India, Ltd., was legally formed in March, 1963 to fulfill its obligations under the AID loan agreement and to own and operate the gear facility. NAPCO-U.S. had a minority interest in the Indian corporation and I was designated to serve as one of the nominees of NAPCO-U.S. on the Board of Directors of the Indian firm.

I made two trips to India. My first trip was in October, 1961 prior to AID's decision to grant the loan. I accompanied my client to help resolve a serious dispute between the Indian associates which caused a bitter and acrimonious split among the Indians themselves, and later proved to be an important ingredient in the failure of the Indian company to realize the expectations of its organizers. My second trip to India was in August, 1962, soon after the AID loan agreement was signed. I went to India as attorney for NAPCO to meet with Indian counsel and Indian Government officials to discuss the steps necessary to bring the Indian corporation into being, as required by the Agreement.

I was unable to make any additional trips to India and resigned as a director of the Indian company in April, 1965.

The Indian company was faced with serious difficulties-- personal, financial, technical and cultural from the inception of the venture. Two separate Cooley fund loans of Indian rupees, made in July, 1963 and August, 1964, each for the rupee equivalent of approximately \$840,000, were

made by AID to supply added working capital to save the Indian company. NAPCO-U.S. agreed to guarantee 25% of each loan. The Indian company did begin to operate, manufacture and sell gears but was unable to begin repaying its AID obligations and was forced to close its doors early in 1966.

As is frequently the case with failure, charges and counter-charges as to fault and blame are plentiful. My client has been charged with not fulfilling its responsibilities under the AID loan agreement. My client has denied these charges and has indicated its continued desire to revive the factory and make it work profitably. The legal issues are not simple, but are extremely complicated. The issues are, indeed, before the courts in India and may become the subject of legal action in the United States.

My role in this venture was that of a lawyer, not a principal. However, I have no hesitation in stating my confidence that my client acted in good faith when it applied in January, 1961 for the AID loan, and in fulfilling its obligations under the AID loan agreement.

The late Mr. Max E. Rappaport, who served as President of NAPCO during the loan period, and Mr. Gary Rappaport, his son, who now serves as President, are among the finest people that I have had the privilege of working with, and I am proud of my relationship with them.

Our law firm is an active and a successful one with offices in New York and Washington. We represent many hundreds of clients and I have personally participated in many negotiations. Of course I represent

my clients to the best of my ability. Time may prove some of my clients' causes to have been wrong. But no one has ever doubted that even clients with wrong causes have a right to be represented by counsel in our adversary system of justice.

I think it only proper that I now be permitted a few words with respect to this city which I was asked to serve.

Millions of Americans pour into Washington each year. The immediate and most apparent image they receive of their capital city is indeed a glowing one. They visit the public buildings. They marvel at the magnificent monuments which comprise, in symbol and substance, the history of our nation and the making of history each day. They comment upon the airiness of our boulevards, the tree-lined streets; they look with awe down the mall and a sunny radiance envelopes them. They leave Washington with an impression it is the most beautiful capital city in the world.

We do live and work in a beautiful city. Yet beneath that sparkling surface, in our neighborhoods where the pulse of our city beats, where our people live and raise their children, all is far from well.

Our city is afflicted with the same ills that beset so many of our urban centers today--the terrible blight which has bent, and sometimes crushed, the spirit of so many of our fellow Americans.

We struggle against inadequate schools. We are short of recreational facilities. Traffic congestion mounts.

We are too often reminded of the bleak barrier in communications that separates those with the heavy responsibility to enforce the law from those for whom the law is supposed to be enforced.

No major violence broke out in our city this summer. For this we can be thankful, but we cannot be complacent. We can count whatever progress has been made as a credit to all our citizens and their respect for the orderly channels of change basic to a successful free society.

But change we must. It would be a dangerous exercise in self-delusion to mistake the maturity and decency of our local citizenry as a sign they are satisfied with things as they are. They are not satisfied, and they should not be satisfied.

When President Johnson recommended the new city government structure, endorsed by the Congress, he said:

" . . . this city and its government must be, for its residents and the entire world, a living expression of the highest ideals of democratic government. It should be a city of beauty and inspiration, of equal justice and opportunity. It should be a model for every American city, large and small . . . ."

Great nations have historically drawn their vitality and strength from great cities. When a nation thrives, it is because its cities thrive and its people throb with the excitement and joy of life.

In Mayor Walter Washington and his able deputy, Thomas Fletcher, we have an experienced executive team to take hold of an awesome task.



I want our city to be in the forefront of a great resurgence throughout America. I want our city to become a showcase of opportunity, of brotherly understanding, of compassion and concern. I want all of our citizens to share in the political ferment and democratic debate that will accompany Washington's ultimate realization of home rule. The great challenge the District Government faces is to make certain that the city fulfills its tremendous potential. I will consider it a privilege to be able to contribute whatever talent and experience I may have to this vital task.

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