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THE RIDDLE OF

ARMAND HAMMER

By Edward Jay Epstein

In Moscow, on May 27, 1922, Vladimir Lenin, the ailing leader of the Russian Revolution, sent an urgent and secret message to Joseph Stalin, the newly appointed General Secretary of the Communist Party, instructing him and the Politburo to give their "particular support" to a young American and his trading venture. Lenin explained: "This is a small path to the American 'business' world and this path should be made use of in every way." The American was a 24-year-old graduate of the College of Physicians and Surgeons of Columbia University.

In Los Angeles, on Aug. 31, 1981, more than a thousand leading businessmen and politicians gathered at the Century Plaza Hotel for the presentation of the annual Armand Hammer Businessman of the Year Award. Bob Hope introduced Armand Hammer, now 83, as the "epitome of success" of American capitalism. He lauded him as "an industrialist, an art collector, a diplomat and a philanthropist," all titles to which Hammer can lay indisputable claim. He is the head of Occidental Petroleum, the largest independent oil company in the world and itself the owner of giant subsidiary companies in such vital areas as food production and chemicals. Dr. Hammer, as he prefers to be called (in deference to the medical degree he has never used), also happens to be the owner of the Hammer and Knoedler Galleries, among the leading art dealers in America, and he is the chairman of the Armand Hammer Foundation, which donates millions of dollars every year to charitable causes.

But the most remarkable thing about Armand Hammer is that he created this personal empire largely by negotiating extraordinary deals with nations that have usually been hostile to the United

to American capitalists. The son of one of the founders of the American Communist Labor Party, Hammer became a multimillionaire capitalist, thanks in large measure to his relations with the leaders of the Soviet Union. He has maintained cordial relations with Soviet leaders for more than half a century, providing Moscow with a vital link to Western industry and technology. (Six years ago Soviet leader Leonid I. Brezhnev gave Hammer a luxurious Moscow apartment, and Kremlin officials have proposed that he be named United States ambassador to the Soviet Union. Such recommendations have made some members of the Reagan Administration uneasy. Says one member of the President's inner circle, who asked not to be identified by name, "We simply don't know which side of the fence Hammer is on.")

Hammer also happens to be Jewish (by background if not belief), yet Libyan strongman Col. Muammar el-Qaddafi has made him a major beneficiary of Libya's oil wealth. In the early 1970's, Hammer negotiated an accommodation with Qaddafi that had the eventual effect of contributing to the growth and power of OPEC and which radically changed the oil business around the world. (Even though both Mobil and Exxon announced decisions to suspend production in Libya earlier this month, Occidental, the main channel of Libyan oil, declared its intention to continue production as usual.)

And although Hammer is a Democrat, he pleaded guilty and received a suspended sentence for providing secret and illegal campaign funds to then-President Richard M. Nixon in 1972.

Understanding the convictions and motivations that underlie these apparent contradictions is not a simple matter. Hammer's skills as an international wheeler-deal-

ment. For example, on April 28, 1981 — the day after President Ronald Reagan reopened the door to trade with the Soviet Union by ending the embargo imposed in 1979 as a retaliation for the Soviet invasion of Afghanistan — Armand Hammer entered the Soviet Union aboard OXY 1, his private Boeing 727, one of the very few private aircraft permitted to fly in Soviet airspace. He had already dictated a letter to Ronald Reagan commending the President on his "courageous decision" and suggesting that renewed East-West trade was in the interest of the United States. Not incidentally, perhaps, it was also in Hammer's interest. His company was committed to ship a million tons of concentrated phosphoric acid to the Soviet Union annually for the next 20 years. This would provide Soviet agriculture with the liquid fertilizers that it desperately needs to improve crop yields. The deal, which Hammer reckoned to be worth no less than \$20 billion, had been nearly wrecked by the American embargo. Dr. Hammer was now flying to Moscow to get it moving again.

The OXY 1 has been specially designed for such intercontinental flights. Additional fuel tanks give the jet a non-stop range of up to 5,000 miles, and sophisticated telecommunications equipment allow Hammer to telephone almost anywhere in the world while en route. The 100-foot-long cabin has been reconfigured into a personal salon equipped with such small luxuries as a Betamax video recorder and a videotape library of Chaplin films. There is even a guest room, further forward.

On this flight, Hammer invited along as his guest David Murdoch, a Los Angeles financier who owned the largest interest in Iowa Beef Processors, the biggest and most advanced beef-packer in the world. Murdoch was also an avid collector of Arabian horses. At a dinner in Los Angeles earlier this year, he had casually mentioned to Hammer that the Russians had bred one of the finest lines of Arabian horses in the world, in-