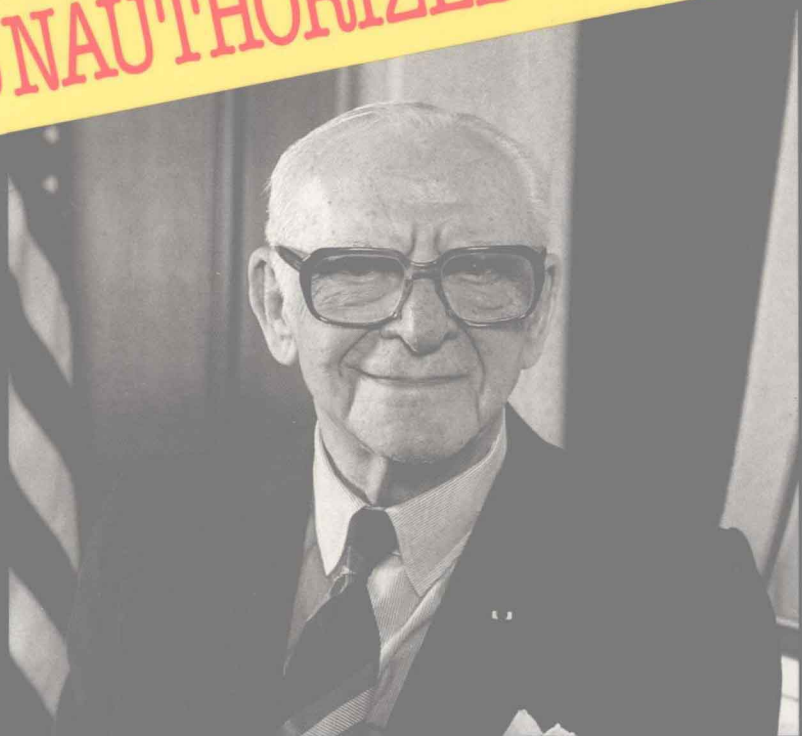


ARMAND HAMMER

The Untold Story

AN UNAUTHORIZED BIOGRAPHY



Steve Weinberg

ARMAND HAMMER

The Untold Story

by Steve Weinberg

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Author's Note

WHY A BIOGRAPHY of Armand Hammer, after four of his own recountings of his life, including a best-selling autobiography as recently as 1987? The *Washington Post* provided the answer in its review of that book: "He has probably known more world leaders more intimately than anyone in history. Undoubtedly, he has been a force for good in the world. But we will have to wait for an unauthorized biography to learn how he operates."¹ Hammer's own accounts, like most autobiographies and authorized biographies, are neither objective nor complete. Even his ardent admirers acknowledge this — dozens told me that his true importance will be understood only when his life is chronicled by a biographer he cannot control.

I first heard of Hammer in the 1960s, as I began studying the language, politics, economy, and culture of the Soviet Union at the University of Missouri, where I was earning degrees in journalism. Hammer was almost seventy by then. It never occurred to me to become his biographer, however, until a conversation in 1984 with Barbara Matusow, an author in Washington, D.C. Matusow had done preliminary research for a Hammer biography. She had decided against tackling it but thought of me. With encouragement from our mutual agents, Elise and Arnold Goodman, and from my wife, Scherrie Goettsch, I began learning about Hammer in every moment that I could spare from running Investigative Reporters & Editors Incorporated, teaching journalism at the University of Missouri, and writing free-lance articles for magazines and newspapers. Later, I received vital, sustained help from Jennifer Josephy, my editor at Little, Brown; Deborah Jacobs, my

copyeditor there; editorial assistant Kristen Hatch, also at Little, Brown; and free-lance editor John Stuart Cox.

I heard from many sources that Hammer would refuse to cooperate. That raised a legitimate question: Why proceed without his permission? The answer: Hammer is a significant public figure who has thrust himself into public view for nearly seventy years. By the 1980s, his name was a household word not only in the United States, but also in the Soviet Union, England, China, Libya, France, Israel, and other countries. Many people are fascinated by Hammer and affected by his actions. They deserve to know the fullest story possible.

Hammer never responded to my telephone calls and registered letters.² I went to great lengths to interview his associates, employees, and relatives. They included admirers as well as detractors; almost nobody was neutral about Hammer. In the end, I conducted more than seven hundred interviews, in person, by telephone, and by mail. I also unearthed hundreds of thousands of pages of documents.

Does lack of the subject's cooperation mean an incomplete or irresponsible biography? Incomplete, yes. His candor and access to his papers would have helped to paint an even richer word portrait. Irresponsible, no. Authorized biographers, such as Hammer's Bob Considine, often surrender their independence. Even unauthorized biographers who end up receiving cooperation sometimes agree to arrangements that compromise the truth.³

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**ARMAND
HAMMER**

Prologue

A Reckoning in Court

TO THE CASUAL observer, it appeared that Dr. Armand Hammer's amazing career had come to an end. In fact, it appeared he was about to die.

The date: March 4, 1976. The place: the Los Angeles courtroom of federal judge Lawrence Lydick. Attendants wheeled the seventy-seven-year-old tycoon into the courtroom from Cedars of Lebanon Hospital, where, according to his doctors, he had languished in unstable condition since January. Frail but still handsome, Hammer looked to be the remains of a truly charismatic man. Throughout the court appearance, he stayed hooked up to monitoring machines watched closely by medical specialists in an adjoining room.¹

Hammer was present to plead to a charge of an illegal campaign contribution made four years earlier, during Watergate. Specifically, the federal government alleged that he had concealed \$54,000 in donations to the reelection campaign of President Richard Nixon. Hammer seemed to believe he had done nothing wrong. But he pleaded guilty.²

Normally, he would have fought the charge all the way to the Supreme Court, fully expecting to prevail. Indeed, he had often used the courts to fight his tormentors, overwhelming them with millions of dollars' worth of legal talent. Such battles were second nature to him. Unlike many modern-day celebrities, Hammer was not famous simply for being famous. A man of action, he embodied both substance and significance. His decisions influenced the prices that Americans and citizens of many other nations paid for gasoline, coal, and chemicals used in household products. His practices helped determine the quality of

the meat they ate, the purity of the air they breathed and the water they drank, the odds that they would benefit from a cure for cancer, the news they heard on the radio, the artworks they saw in museums — even the very survival of the planet, through his tireless efforts to reduce tensions between the superpowers.

Notwithstanding his deserved reputation for getting his way, he feared that continuing this court battle would kill him. By pleading guilty, Hammer knew, he could face a three-year prison term. He hoped, however, that the judge would spare him incarceration, a hope perhaps bolstered by the fact that Lydick formerly had been affiliated in law practice with Richard Nixon. Moreover, the judge had received more than one hundred letters on Hammer's behalf, from U.S. senators, billionaire industrialists, religious leaders, world-renowned entertainers, university presidents, and distinguished fellow jurists. Besides, what judge would send an influential, wealthy, famous, elderly, apparently dying man to prison?

The particulars of Hammer's offense began on March 30, 1972, during a lunch with Maurice Stans, Nixon's former secretary of commerce who was serving as finance chairman for the president's reelection campaign. The two men met in an expensive suite kept by Hammer at the Watergate apartment complex, in Washington, D.C. It was one of Hammer's favorite spots in the nation's capital, along with the elegant Madison Hotel, where he sometimes stayed because of the round-the-clock room service that catered to his taste for oyster stew, sweets, and grapefruit juice.

Stans had good reasons to believe that Hammer would make the lunch a fruitful one. Hammer was extremely wealthy and had been for more than fifty years, a self-proclaimed millionaire even before his graduation from Columbia University's medical college, in 1921. Some of the pharmaceuticals Hammer had sold to make his first millions had raised questions, to be sure, but Hammer had long since successfully swept them aside — as he had swept aside other questions about the whole range of businesses that he had dominated throughout his life. Each new venture had grown inexorably out of those preceding it, garnering him more money, influence, and publicity. Hammer's third wife, Frances Barrett, was wealthy in her own right and sometimes made campaign contributions in her own name to supplement those of her husband.

Stans had other reasons for optimism besides Hammer's wealth. Though more of a Democrat than a Nixon Republican, Hammer had

courted U.S. presidents regardless of political party since Franklin Delano Roosevelt, doing all of them favors, sending them gifts, contributing money, trying to influence policy for his own good — which sometimes coincided with the national good and sometimes did not.³ Hammer had grand dreams for the world, and for himself. Riches alone were not enough; he wanted influence, which he defined as getting things done his way by going to the top. (His version of the Golden Rule was enshrined on a plaque in the bedroom of his Los Angeles home: “He who hath the gold maketh the rule.”) Probably no other private citizen had access to leaders of so many nations.

Stans also knew of Hammer’s legendary philanthropy — ruthlessly doing good, said some detractors — and the legend was growing. The Armand Hammer Foundation, created in the late 1960s, was emerging as a major force in cancer research, just as it was in art. Hammer used his collections for political, diplomatic, and business purposes, as well as for philanthropic ones. His were among the world’s best private collections and arguably were the last great ones built from scratch. Unlike most collectors, though, Hammer kept only a small fraction of his treasures at home. His art circled the globe year after year, bringing pleasure to millions of people, many of whom had never before been afforded an opportunity to view the Old Masters. Hammer thought nothing of spending millions of dollars for a single work of art to share with the world.

Many people knew all of these dimensions. But to Stans, Hammer was, first and foremost, the chief executive officer of Occidental Petroleum, the giant multinational oil company. Hammer had become involved in the oil business only after marrying Frances and moving from New York to Los Angeles in 1956, when he was fifty-seven. Occidental at that time employed just three persons and showed a net worth of almost zero. Hammer had viewed it solely as a tax shelter. But, with Hammer at the helm, Occidental had discovered oil and gas deposits in California. Within five years, the firm had burst into the ranks of the multinationals with a stupendous find against long odds in Libya. Probably no other twentieth-century businessman had taken a little company so far so fast, and so late in life.

Two years before his meeting with Stans, Hammer had altered the world’s balance of power by breaking ranks with other Western oil companies and negotiating unilaterally the conditions for continued oil exploration with the revolutionary government of Muammar al-Qaddafi. The resulting agreement with Libya finished the old order and shifted power from the Seven Sisters to the long-exploited oil na-

tions, which, through OPEC, began to show their muscle. Suddenly, consumers were paying higher prices for energy. For Hammer, the agreement was the foundation for the growth of his beloved company. Qaddafi allowed Occidental to continue producing profitably in Libya rather than nationalizing the company's primary source of crude oil.

Although Stans was accustomed to dealing with oil-company executives, Hammer was not quite the stereotype of Stans's experience. One headline writer aptly termed Hammer a "one-man flying multinational" because of his personal negotiations with desert sheikhs, Communist party leaders, and military dictators. Some of the biggest of these deals had failed to turn a profit for Occidental's stockholders, but Hammer pressed on: These arrangements allowed him to rub shoulders with heads of state, slaked his insatiable thirst for headlines, and more than anything else enhanced his aura of power.

As Hammer and Stans sat down to talk, Occidental was negotiating a multibillion-dollar fertilizer deal with the Soviet Union. Russia had special significance for Hammer. His parents had been born there. Hammer had gone there as a young man, in 1921, hoping to help the starving masses — and collect debts owed by the Bolshevik government to his family's pharmaceutical business. The duality of his mission foreshadowed the mix of altruism and self-interest that characterized Hammer's life for the next seven decades. He had planned to spend only a summer in the Soviet Union and return to New York City in time for a prestigious medical internship at Bellevue Hospital. Instead, because of a historic meeting with Lenin that dramatically improved his status, Hammer stayed a decade, making a fortune as the Communist party's favored capitalist. Known to every Soviet leader after Lenin, Hammer came to possess access to officials that was unmatched among foreigners in the Soviet Union. He secured landing rights for his private airplane and occupied a luxurious private apartment in a pleasant Moscow neighborhood — a gift from Leonid Brezhnev. But even with his connections, Hammer needed help from the Nixon administration to complete the fertilizer plan, the biggest deal ever with the Soviet Union. There was opposition throughout America to trading with a nation perceived as an enemy — especially when the arrangement called for shipping a scarce natural resource, a form of phosphate rock, overseas.

Hammer also had a China agenda for the Nixon administration. He dreamed of parlaying his reputation as a friend of Lenin's and of Communism into relations with the government that controlled the biggest market of all. It was going to be tricky; China and the Soviet Union were rivals. But Hammer was confident he could bring it off.

The Stans meeting had been arranged by Tim Babcock, hired by Hammer to open doors inside the Nixon administration. Babcock served in Occidental's Washington office, which Hammer had created to look after the corporation's interests and his own. A former Republican governor of Montana, Babcock was a favorite of Nixon's. Before the Stans meeting, Babcock had informed Hammer that a generous contribution could pay off in the future; Babcock had told Stans to expect a generous sum. But Hammer and Stans entered the meeting with different definitions of "generous." Hammer arrived with \$50,000, and \$4,000 of that was for tickets to a political dinner. According to Babcock, Stans suggested that \$250,000 would be more appropriate. Stans has said he never mentioned the higher sum. In any case, they settled on a \$100,000 contribution. Hammer promised to deliver the remaining \$54,000 through Babcock within a week.

That deadline had special significance. A new campaign-finance law required candidates to reveal the names of donors who gave after April 7. Before the cutoff, donors legally could request anonymity. Hammer, who rarely did anything without fanfare, this time desired a low profile because of his normal identification as a Democrat and because of his wish to avoid future solicitations. Yet, when April 7 had come and gone, Hammer's contribution inexplicably had failed to reach Stans. The money did not begin arriving until five months later. By then, it was illegal to keep the names of donors anonymous. So, Hammer became involved in an elaborate cover-up to skirt the law.

When allegations of a cover-up reached federal prosecutors in the summer of 1973, common sense might have led them to dismiss such talk out of hand. Hammer was, after all, a multimillionaire with ready access to \$54,000; why would he contribute the money five months late, when he could have contributed it so easily before the deadline? If Hammer had in fact waited until September to begin contributing in installments, why would he have told Nixon in a White House meeting on July 20, 1972, that he was a member of the One-Hundred-Thousand-Dollar Club (a conversation available to prosecutors because Nixon had recorded it on his secret taping system)? Hammer never would be so brazen as to lie to the president, would he? But the more lawyers on the Watergate Special Prosecution Force learned, the more they began to think they had a case against Hammer, no matter what common sense might indicate.

Any prosecutor delving into Hammer's past while considering whether to charge him would have been both impressed and suspicious. Yes,

Hammer was wealthy, and wealth generally confers its own kind of credibility. Yes, he was a generous philanthropist. Yes, he had access to the rulers of the Soviet Union, to other heads of state, from Japan to Peru, to presidents of the United States. But there was a criminal strain in his story as well. His father, Julius, a physician, had served time in Sing Sing for manslaughter after a patient died from an illegal abortion performed in his office. Julius had compounded the crime by orchestrating a cover-up after the death. The FBI possessed a fat file on Julius because of his lifelong involvement in Socialist and Communist movements thought to threaten the security of the United States.⁴

Then there was Armand's only child, Russian-born Julian. He had killed a man in 1955 during a drunken argument at his home. Julian's invocation of self-defense — bolstered by a skilled lawyer, whom Armand paid, and the intervention of a U.S. senator friendly with Armand — kept him out of prison. But afterward Julian was charged with other crimes, was sued by his victims, and ended up in a mental hospital.

As for Armand Hammer himself, government agencies had been concerned with him ever since the 1920s. Federal law enforcers sometimes refused to ignore his bending and breaking of the rules. The Internal Revenue Service, the Federal Trade Commission, and the New York State Liquor Authority all had taken him to task. As the Watergate campaign-contributions case was unfolding, the Securities and Exchange Commission was investigating him.

All of that was more than enough to make a federal prosecutor wonder about Hammer's character. How, a prosecutor might have mused, had Hammer survived and thrived, given his history? Long before Ronald Reagan became the Teflon president, Armand Hammer was the Teflon tycoon; it seemed as if nothing could stick to him. Like Reagan, he knew how to play the mass media like a violin. He perpetuated his image as an energetic, wealthy, well-connected altruist. Occasional media reports of Hammer's troubles were overwhelmed in the public consciousness by thousands of uncritical accounts. The handful of journalists who understood the need to dig deeper had difficulty. Because the record of Hammer's life was scattered around the globe, few writers had the determination, the time, and the money to piece it together. Those who tried sometimes received reprimands. A *New York Times* reporter wrote what Hammer perceived as a negative article in the Sunday newspaper. Hammer made some calls to the top. On Monday, there were conciliatory articles about him on page 1, by *Times* correspondents in Los Angeles and Moscow — with no indication to readers

as to what had happened. A *Washington Post* reporter criticized Hammer's art collection, suggesting that some of the works were fakes. Within the week, the newspaper published a rebuttal article, under Hammer's own byline, that was longer than the original piece.

Normally cynical journalists became rapturous after an interview with "the doctor." The journalists knew they were being used. But they succumbed anyway to Hammer's personality. They knew he was vain, but they forgave him, rationalizing that a man of his accomplishments need not possess the humility of a saint. They excused many of his statements, saying that even if only half of what he said was true, he still had lived a far more significant life than ordinary mortals. A comment about Hammer by Stewart Toy, a senior writer for *Business Week*, is instructive:

He is indeed an appealing man. An unabashed self-promoter, he is also gentle, witty, and somehow self-effacing at the same time. He radiates youthful enthusiasm for a long list of pet projects, from oil shale to world peace. He confides to enchanted visitors the latest gossip from Prince Charles or Deng Xiaoping. In my interviews with him for this magazine over the years, it has not always been easy to swallow his grand schemes for Occidental. But I have always come away charmed.⁵

All this, surely, would have piqued the interest of a prosecutor. Hammer's longevity was turning into a legend of immortality. Had he not known Lenin? His name was enshrined on the insides and outsides of buildings, on streets, art collections, scholarships, foundations, corporations. His name also was emblazoned where it was invisible to the naked eye—in the minds of thousands of people whose lives he had touched in unforgettable ways. Many of them said their lives had been enriched immeasurably by knowing Hammer. Many others said their lives had been devastated. In any case, he would live on after he died—or, as some wags had begun to say, *if* he died.

Hammer's high-cost, high-visibility quest for immortality was part of his desire for respect and respectability. He wanted to overcome the stigmas of being a first-generation American; of coming from an educated family nonetheless beset by financial fiascoes, including a stormy bankruptcy; of having a father who had spent time in prison; of being father to an only child who was in and out of police stations and mental institutions; of going through two failed marriages, the second of which had ended in a notorious divorce case; of obscuring his Jewish background as he made fortunes in anti-Semitic countries; of being labeled a Communist and a traitor because of his father's beliefs and