

Armand Hammer grabs role in Reagan policy

by Richard Cohen in Washington, D.C.

Sources close to one of President Ronald Reagan's most powerful and trusted confidants report that a series of secret meetings of high-level Reagan intimates has taken place. The purpose is to address the strategic disaster implied in the course of action being dictated to the President by his closest aides, White House Chief of Staff James Baker III and Deputy Chief of Staff Michael Deaver.

While the Reagan intimates agree that something must be done to swerve the President from the misguided and dangerous road carved out for Reagan, these sources report that the alarmed Reagan loyalists have not been able to agree on a concerted plan of action. Failure to intervene forcefully around a new U.S. "grand strategy"—as repeatedly hammered at by *EIR* founder and Democratic presidential candidate Lyndon H. LaRouche during a series of nationally televised political broadcasts—has already allowed Deaver and Baker to open the administration's door to Soviet agent of influence Henry A. Kissinger.

Continuation of this paralysis among patriotic elements is leading to something even worse.

The China trip

Washington intelligence sources report that Armand Hammer, the chairman of Occidental Petroleum, is now, with the crucial help of Michael Deaver (the man who first recommended that Kissinger be named chairman of the President's Bipartisan Commission on Central America), inserting himself into the midst of presidential decision-making.

The sources say that several weeks ago Hammer connived to get himself seated next to the President at a Ford Theater gala in Washington. Reportedly, Hammer was able

to talk to the President extensively and further connive to have himself invited to at least two of the presidential banquets in Peking. Hammer has burrowed his way deeper into Reagan's China trip by arranging to announce the consummation of his firm Occidental Petroleum's deal with Peking for the construction of a major railroad from coal-rich Shanxi Province to the coast during the Reagan visit.

According to these sources, Hammer will use this occasion to air to the President a global arrangement promoted by Kissinger and Kissinger's business partner Lord Peter Carington, the incoming secretary-general of NATO, for a new Yalta Agreement with Moscow.

The Hammer plan, which originates in Moscow, will argue for a redivision of the world in which the United States would recognize Moscow's security needs and increased influence within the Eurasian landmass, including Western Europe (particularly Germany), Northern Africa, the Middle East, South Asia, and a major chunk of Southeast Asia. The United States would, according to the scheme, obtain uncontested dominance in the Western Hemisphere, Africa south of the Sahara, and the crucial Pacific Basin.

Armand Hammer, Soviet agent

The plan being peddled by Hammer is something Moscow would have no long-term intention of honoring. However, if it were even considered by the United States, the scheme would all but guarantee an intensification of "Finlandized" neutralism among U.S. allies in Europe, the Middle East, and East Asia, and a snowballing series of humiliations of the United States and the Reagan presidency.

Sources closest to the President know very well that Ham-

mer is a Soviet agent and has been all his life. Indeed, as *EIR* and other publications have detailed, Hammer's father was a confidant of Lenin and, as one of the founders of the Communist Party U.S.A., was one of the early controllers of CP chief Jay Lovestone.

As a young man, Hammer left the United States when his father fled after being charged with maintaining illegal collaboration with the Soviet Union. He joined his father and the rest of the family in relocating to Moscow, where the Hammers lived until the early 1930s, operating out of the famed "Brown House"—a channel for Soviet-directed spies and agents in Western Europe and the United States.

One of Hammer's early activities for Soviet intelligence was to fence items from the so-called "Romanov Treasure," an activity which both garnered needed foreign exchange for Moscow and provided Hammer with contacts among Western elites. From this position, Hammer was directed toward what would be a major feature of his future missions for Soviet intelligence: the penetration of the White House as a "back channel" to Moscow and a vehicle for Moscow's influence.

While President Franklin Roosevelt was reported to mistrust Hammer and indeed to intensely dislike him, Hammer's persistence and conniving brought him into White House affairs. From Truman through Carter, he continued this routine, reaching the height of influence during the Carter period, when he had almost unlimited access to the White House.

During Carter's tenure, Hammer played a central role through his controlling position in a major Florida bank (which itself was the principal bankroller of the infamous Charter Oil Company) in setting up the Carter administration's and Carter family's outrageous financial relationship with Libya. Hammer is an intimate of Qaddafi; his petroleum company—which played until recently the dominant role in Libya's oil business and through which the Soviet Union arranged a ground-breaking 1970s deal allowing a Libyan-financed Fiat auto plant to operate on Soviet territory—was the major player in the so-called "Billygate" scandal, a scandal whose actual content—a Soviet-Libyan plot to penetrate the White House and the Carter family—has by no means been fully revealed.

In addition to his "New Yalta" machinations in Peking, Hammer has also been reported by Washington intelligence sources to have been in the middle of a Soviet-backed scheme to force a collapse of the Western financial system before the November 1984 elections.

According to the sources, Hammer has offered to guarantee several big Ibero-American debtors credit and access to imports, plus Soviet-backed local Communist Party help, if they were to default on the unpayable debt. So far there have been no takers, but these sources say that Soviet President Konstantin Chernenko has been a promoter of a general default on Eastern European debt as a means of collapsing the Western monetary system.

The default plan would serve Soviet interests by triggering a banking crash without providing any competent reor-

ganization arrangement. And rumors about the plan also serve to create the impression that all proposals for a debt moratorium are Soviet-instigated.

Thus Hammer has been a crucial Soviet instrument on the most important strategic flanks of current Soviet operations until recently, when he was banned from interference in Reagan administration national security affairs, and snubbed by the National Security Council.

But Hammer had been secretly cultivating Michael Deaver, much as he did the Carters. Deaver, privately described by one leading White House adviser as a man "who has the ambitions of a gas-station attendant," has traditionally been awed by Establishment credentials and wealth, and has become notorious for introducing operatives of the Rockefeller entourage into the Reagan camp. According to White House sources, Hammer's hold on Deaver was first established when Hammer convinced Deaver to take a high-paying job at Occidental after he leaves the administration. Reportedly, among Deaver's responsibilities will be handling part of Occidental's China operations.

'Beyond containment'

While the Hammer variant of the "New Yalta Agreement" has no guarantee of acceptance (the Soviets have no long-term interest in the construction of a U.S.-centered Pacific Community, and the Chinese certainly have no interest in becoming the only front-line state facing the Soviet Union), the influence of Kissinger and his accomplices on U.S. policy and doctrine, particularly since mid-1982, has driven the United States toward de facto acceptance of this insane "New Yalta" scheme.

Recently, National Security Adviser Robert MacFarlane, speaking in Annapolis, Maryland, outlined a new U.S. strategic doctrine on which the press reported little at the time. Identifying the new doctrine, which MacFarlane claims went into effect in mid-1982 (just about the time of Soviet agent of influence Kissinger's surge into the Reagan administration), as "beyond containment," MacFarlane stated that this doctrine of "credible deterrence" and "global competition" with Moscow is aimed at confronting a new and menacing factor in the global strategic equation—the Soviet capability and will to project force well beyond its peripheries.

In short, Moscow has broken out from its wall of containment during the late 1970s and now must primarily be combatted in areas closer to the United States. MacFarlane singled out U.S. actions in Central America as an example of the doctrine in action. In addition, White House sources report that the administration is counting recent successes in southern Africa, including the opening of relations with Mozambique, the moves toward a Namibia settlement, and the weakened Cuban capacity to maintain demoralized troops in Africa, as well as the Grenada success in the Caribbean, as case studies in the policy at work.

MacFarlane specified the appropriate means toward the goal of confronting long-range Soviet initiatives as nothing

more than what has been U.S. policy since 1969—the “Nixon Doctrine.” Accordingly, the United States will use economic leverage plus tactical air and naval forces, combined with the ground forces of locals (e.g., the Nicaraguan Contras), to contest Soviet moves.

Under this doctrine of “beyond containment,” U.S. actions to confront Soviet military and related actions on the Soviet periphery are to be more circumspect, less provocative, and of a lower order of priority than in areas of Soviet long-range power projection, such as Central America.

This is best described as the “knee-jerk” doctrine pioneered by Zbigniew Brzezinski: react to the Soviets when and where they move, ignoring the overall strategic constellation and doing nothing about the Soviets’ growing military superiority: a prescription for disaster. As Lyndon LaRouche writes in a document titled “Why the Reagan Administration Fails Consistently in Making U.S. Foreign Policy” (*New Solidarity*, April 17, 1984), “It works like this. Take an area of the world in which the U.S.A. has or formerly had political influence. Stir up trouble in that region, and make Soviet or Soviet-asset presence among the troublemakers conspicuous enough to provoke knee-jerk ‘anti-communist’ covert operations or outright military action. Whether the U.S.A. wins or loses the insurgency battle in that part of the world, the United States has totally or partially destroyed its influence in that part of the world, and has helped to ruin the very area which U.S. forces were assigned to ‘rescue from a communist-insurgency threat.’”

“The political effects, inside the United States, of the prolonged application of Flexible Response doctrine to Vietnam, mean that the United States has lost the political capacity to deploy counterinsurgency force on an effective scale, in any case, so that U.S. counterinsurgency assuredly makes a mess of the affected region, but has virtually no chance of succeeding. . . .”

Acceptance of Soviet aggression

Thus Kissinger and his operatives have gradually eased the White House into tenuous acquiescence to key segments of the Hammer plan. On April 20, the Soviets moved to escalate an already full-blown crisis around Berlin. In coordination with their recent massive North Sea naval maneuvers, Moscow launched land maneuvers around Berlin and moved to harass commercial flights to the surrounded city. Day by day the intensity of the harassment increased, leading to an April 20 attempted shootdown of a U.S. helicopter from artillery based in Czechoslovakia.

This full-blown crisis, including calculated Soviet actions that already outstrip Khrushchev’s 1958-61 Berlin Crisis, led U.S. military forces in Europe, according to intelligence sources, to heighten the level of alert. However, in a matter of hours, orders from Washington brought the alert status down. In the deteriorating German situation, Soviet military moves now escalating daily are overtly aimed at terrifying West Germany and the rest of Europe into neutral-

ism. The recent U.S. reactions can only encourage this process.

Within days of the April 20 helicopter incident, the Pentagon officially announced new Soviet military moves within the zone of the Soviet periphery. On April 24 the Soviets completed the massing of high-altitude bombers on the Soviet border with Afghanistan. Several days later, a massive carpet bombing of that nation began. According to intelligence sources, real pressure will quickly build on the weak regime of Pakistan’s Zia ul-Haq as more refugees pour into that country. Indeed, the Pentagon reported that the target of the bombing operation might well be Pakistan, while noting that the bombers themselves could reach Pakistan and the Persian Gulf, thus putting pressure on both areas.

After the Pentagon press conference, the administration has said little on this Soviet military operation. At that April 24 event, the Pentagon also warned of recent Soviet maneuvers in the South China Sea, where for the first time Moscow conducted marine amphibious landings outside of the Soviet Union, in Vietnam. The demonstrations of force occurred while Vietnamese troops were making incursions into Thailand.

Pentagon sources believe that this increased Soviet-supported military force directed at Southeast Asia has, through the new maneuvers, evidenced a new threat to the island nations of Indonesia and the Philippines. U.S. response was developed in a reticent agreement to sell Thailand F-16A fighter planes if Thailand still desires to buy them, and this only after months of U.S. resistance to the original Thai request.

In short, Washington—particularly following its humiliating withdrawal from Lebanon—has steadily followed the disastrous course defined in the MacFarlane-announced doctrine.

The Weinberger group’s problem

Opponents of this scheme, led by Secretary of Defense Caspar Weinberger, agree that the expenditure of U.S. force in Central America would be foolish and that Soviet policy uses long-range power projection largely as a means of diverting U.S. attention and energy away from serious Soviet moves on their extended periphery.

Indeed, while the United States responded impotently to this recent series of Soviet military actions, Weinberger-centered forces elaborated policies such as the extension of the President’s Strategic Defense Initiative (defensive beam-weapons development program) to Europe and an Asia policy based on the priority of U.S.-Japanese relations.

However, these forces have been unable to develop a U.S. “grand strategy” which seeks not the negative policy of “victory denial” but identification of what “victory” means for the United States. In short, if there is no positive idea of the purpose of the United States in changing the world now, the President may soon find himself the puppet of Soviet agent Armand Hammer.