

Dateline Mexico by Josefina Menéndez

Overtures from Armand Hammer

Following the model of his inroads into Peru, the oil magnate is trying to take advantage of Mexico's economic troubles.

Armand Hammer, the legendary owner of Occidental Petroleum, is once again making a big play as "friend of Mexico." Late in June, Hammer arrived here for a series of meetings with high-level business and government officials including President López Portillo. In statements for the press, the international power broker presented himself as a defender of Mexico's industrial development and a promoter of better relations between this country and the United States.

Hammer's courting, however, met with prudent suspicion by government officials. Fresh in their minds is Hammer's approach to Peruvian government officials in the mid-1970s. As other oil companies simply packed up in order to force Peru to roll back nationalist investment laws, Hammer went in with a splashy "support" operation. In one famous incident, he wrote out the equivalent of a personal check to give Peru the immediate funds to stave off bankruptcy.

The cost emerged several years later. Such juicy under-the-table advantages had been secured for Occidental that the government oil company, Petroperu, became insolvent. It was at that point that the investment laws were rolled back. The outcome: Occidental made the highest return on any investment in its history.

Hammer's modus operandi in Mexico is similar. The game is to seem to "play within the Mexican

rules," in order to lull the nationalists in the Mexican bureaucracy, while encouraging the assault on those rules from other quarters. Many foreign businessmen, lured by the idea of sudden investment riches, have fallen for this scenario—unmindful that Mexico's nationalist laws actually guarantee investments in the country by strengthening domestic stability, and keep a coherent development focus in place. There are in fact few complaints from companies who have gone along with Mexico's 1974 laws.

Hammer's recent public statements have been all in favor of the basic 51 percent Mexico/49 percent foreign joint-investment framework. He points to Occidental's Hooker Chemical affiliate in Mexico as an example of successful "Mexicanization" on this model.

Nonetheless, Mexican officials remember that in April 1981, at a business convention in Puerto Vallarta, chairman Merfzer of Hooker Mexicana, the chemical company partially owned by Occidental Petroleum, attacked Mexico's nationalist investment laws. Merfzer set the tone for several multinationals' executives to demand that Mexico become more open to multinational ventures.

And in June 1981, an Occidental Petroleum official told *EIR* that the decline in international oil prices could lead Mexico "to change its mind" and drop its nationalist in-

vestment laws. Occidental has its eyes particularly on breaking open the Pemex monopoly on primary petrochemicals production, and oil and gas exploration.

Publicly, Mr. Hammer is in an accommodating mood. He is even organizing a "North-South meeting for businessmen" in Guadalajara with the President of the Mexican-American Chamber of Commerce, Ernesto Rubio del Cueto.

But this "North-South" crusade is something for Third World leaders to avoid. Mexican officials are especially wary of Hammer's plans to create an elite high school and college in an isolated 1870s castle in Montezuma, New Mexico, near the Mexican border. The idea for this special operations center, the *Los Angeles Times* reported last month, emerged from a meeting between Hammer, the late Lord Mountbatten, and Prince Charles of Britain back in 1979. As usual, Hammer put up the money.

One angle which keeps Mexicans on guard is the role Hammer's networks played in the creation of the Social Democratic Party (PSD), this country's most active terrorist-linked "greenie" group. Sintemex, the "consulting firm" branch of the PDD, was founded by Charles H. Lee, President of Hooker Mexicana from 1971 to 1981.

Sintemex's Adip Sabag is tied to Arab terrorist circles around the Abu-mrad Bank of Mexico City. Do these connections lead, in turn, to Libya's dictator Muammar Qaddafi, close friend of Armand Hammer? An investigation here could probably shed some light on the funding which, according to security authorities here, Qaddafi is currently pumping into Mexican radical groups.