

REPORT

Chief of Station, St. Louis City

Chief, Eastern Hemisphere Division

Organic Chemistry - ACETONE-1

Reference: MEXICO CITY 23282

1. In accordance with a policy decision to keep EKHERALD contact with U. S. business representatives discreet, a small luncheon was held in lieu of the customary formal briefings in the Headquarters building. KACSTONE-1, IDENTITY 1, David C. HIGBY and Floyd N. ALMONET attended the luncheon which was characterized by cordiality and candor. KACSTONE-1 stated until the conclusion of the meeting to raise his current favorite subject, that of countering the leftist propaganda contained in SIEMPRE. Fortunately, HIGBY was forewarned and effectively turned around the thrust of the effort upon KACSTONE-1's shoulders, without offending him. IDENTITY 1 impressed HIGBY with his interest, intelligence and sincerity. He offered the services of IDENTITY 2 to "do things" on our behalf but was convinced by HIGBY that the best way to approach the problem was through a new organization, use of individual members, rather than through IDENTITY 2 as an organization.

2. Discussions were held concerning Mexican affairs as well as Hemispheric trends. In the former category, our guests were most disturbed about the nationalization process in Mexico and enumerated

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Attachment:
IDENTITIES (USC)

Distribution:
3 - COS, Mexico City (W/Att. UEC)

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CONTINUATION OF
DISPATCH

CLASSIFICATION
SECRET

DISPATCH SYMBOL AND NUMBER

HMMW-19453

22

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the latest cases with some alarm. **KNACKTONE-1** repeated his prediction that President **ECHIVERRIA** would effectively nationalize most private investment in Mexico before the end of his term.

3. The meeting was judged effective and afforded **HICBY** the opportunity to lay the ground work for his future relations with **IDENTITY 2** members, while satisfying the guests' need for reassurances that our goals were parallel. They appeared happy with the conversation despite the informality.

FLOYD M. ARBONET

2RS

SECRET

UNDER SEPARATE COVER ATTACHMENT TO: ²² HMMW-10433

^{06, 08}
IDENTITY #1 - {George Blake, V.P. of American Chamber of
Commerce}

²⁹
IDENTITY #2 - {American Chamber of Commerce Mexico}

SECRET

3/25