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DEPARTMENT OF STATE

Washington, D.C. 20520

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Attention MRS. MULLETT
Keep this study together.

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December 11, 1968

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MEMORANDUM FOR THE PRESIDENT

Subject: ~~Your~~ Meeting with President Gustavo
Diaz Ordaz, Friday, December 13, 1968

The Visit

You last saw President Diaz Ordaz when he made a State Visit to the United States in October, 1967. At that time, you visited the Chamizal site and participated in a ceremony at the Mexican Chamizal Monument. This latest visit will be the final step in the historic Chamizal settlement - to inaugurate the President Adolfo Lopez Mateos Channel which will carry that portion of the Rio Grande which was relocated as a result of the Agreement. It will be your sixth meeting with President Diaz Ordaz and will give you the opportunity to stress the cordial relations which exist between our countries.

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Mexico Today

The student conflict which erupted July 15 is drawing to an end. The Student Strike Committee has called for a return to classes and is being heeded by increasing numbers of students. The threat of violence has largely passed, although we expect the students will continue to pressure the Government for certain legal reforms and for the replacement of several unpopular police officials. The prolonged nature of the conflict, and the fact that

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- 2 -

the Government of Mexico resorted to heavy repression on several occasions, have somewhat marred President Diaz Ordaz' image. The President, however, remains in firm control of his Government and continues to enjoy broad support throughout Mexico. For the coming year he will give much of his attention to the decision on a candidate to succeed him in 1970. There are no clear favorites at this point.

Mexico's economic situation continues to be relatively favorable with real GNP growth averaging 3 percent per year, and a rate of inflation within acceptable bounds. Mexico continues to have an excellent international credit rating. Recently, however, several soft spots have become apparent for which remedial action will probably be necessary: 1) a trend towards excessive foreign borrowing to compensate for a sharply increased current account deficit; 2) an industrial sector which has difficulty in competing in world markets and; 3) a poverty stricken rural sector which encompasses 50 percent of their nation's population but accounts for only 16 percent of the GNP.

The Olympics, as you know, were held with outstanding success. The Games were a source of great national pride for all Mexicans.

Dean Rusk

Dean Rusk

Enclosures:

1. Talking Points
2. Tentative Schedule
3. Status of Matters Previously Discussed by the President
4. Biographic Data

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