Encounters between students and police have decreased sharply and violence has virtually ended since the Mexican Government moved against student strikers last week. Uneasiness in Mexico City was evident, nevertheless, in the public confusion and panic buying that followed a rash of rumors that food and gasoline were in short supply. Some student leaders are threatening new street rallies in defiance of the official crackdown, and the violence is not yet clearly over.

The government delayed its offensive until student excesses led to several violent clashes with security forces on 28 August. Following a huge, orderly rally on 27 August, students attempted a "camp in" with tents on the capital's main plaza but were routed by police. Angered, the students later occupied the national cathedral, raised the black and red flag of anarchy in the plaza, and painted signs carrying vulgar abuse of the President, who is usually held above political attack in Mexico.

These actions offended many Mexicans, including some previously sympathetic to the students, and the government took advantage of the changed climate to order the police to use force if necessary against the demonstrators and to detain a number of troublemakers.

In his state of the union message on 1 September, President Diaz Ordaz eloquently expressed the need to keep dissidence within legal bounds and firmly declared that excess would not be tolerated. He reaffirmed university autonomy and denied that it had been violated during recent disturbances.

The President ignored many of the student demands but gave minor concessions. While denying knowledge of any "political prisoners," he offered to free at once any whose case was brought to his attention. He further suggested open congressional hearings on the need to change Article 145 of the criminal code, which defines the crime of "social dissolution" under which alleged "political prisoners" are detained.

The President's speech seems to have divided the student groups, which have not yet offered a clear response. One organization issued a press release indicating its intention to continue the fight and its desire for a dialogue with the government "when the repression ends." There has been some mention of a "silent protest march" scheduled for 6 September and of several demonstrations on Independence Day, 16 September. With the opening of the Olympics scheduled for 12 October, the government will probably meet any attempt to resume demonstrations with very tough measures. (CONFIDENTIAL)