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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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|----------------|--------------------------------|-----------------|--------------|------------------|
| COUNTRY        | Paraguay                       | REPORT NO.      | [REDACTED]   | (b)(3)           |
| SUBJECT        | Paraguayan Political Situation | DATE DISTR.     | 22 June 1954 |                  |
|                |                                | NO. OF PAGES    | 2            |                  |
| DATE OF INFO.  | Prior to 1 June 1954           | REQUIREMENT NO. | RD           |                  |
| PLACE ACQUIRED | [REDACTED]                     | REFERENCES      |              | (b)(1)<br>(b)(3) |

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SOURCE: [REDACTED] (b)(1)  
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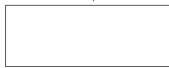
1. As of 1 June 1954 the Paraguayan political scene outwardly was somewhat more calm than during the previous two weeks, but a state of confusion continues to exist within the Colorado Party and within the provisional government. New appointments to many jobs in the different ministries are still being made. The only major events of interest during the last days of May were the speech which the proposed Presidential candidate, General Alfredo STROESSNER, made at the Colorado Party rally held on 26 May at the Comuneros Stadium, and the appointment of Dr. Guillermo ENCISO Velloso, Paraguayan Ambassador to the United States, as new director of the government newspaper El Pais.
2. Most Colorado Party leaders openly are endeavoring to preserve unity within the party, although most of them, while being "fanatically Colorado" are nevertheless keeping a close watch to see how the turn of political events may affect their own personal ambitions. The local government press has been eulogizing General STROESSNER and extolling his patriotism, capabilities, and fitness for the office of President. In turn, STROESSNER's recent speech was extremely pro-Colorado Party in tone.
3. Dr. ENCISO Velloso, whose assignment as Ambassador to the United States has been reconfirmed by the provisional government, probably will remain in Asuncion for an indefinite period. As director of El Pais he will have the most influential role in the preparation and dissemination of Colorado Party propaganda. In ENCISO's absence, Luis Maria RAMIREZ Boettner will be in charge of the Paraguayan Embassy in Washington.
4. Epifanio MENDEZ Fleitas, now director of the Party newspaper Patria, is working diligently on the newspaper as well as on other party matters, but he still does not play any outstandingly important role in the present political confusion.
5. Current rumors, as well as references in the press, indicate that the Liberal, Febrerista, and Communist Parties, and also the "Guion Rojo" wing

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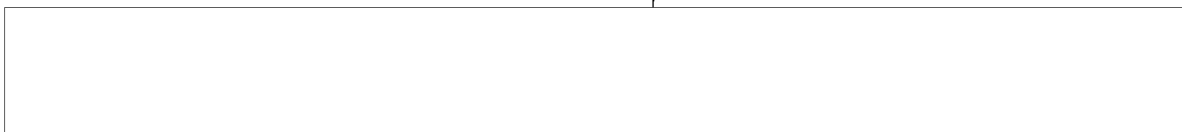
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of the Colorado Party, are actively organizing and conspiring to seize upon any opportunity for power which a new political crisis might produce. Actually, such efforts to strengthen organization within these different groups are not new. They are a continuation of their usual work and aspirations, and, as before the May political crisis, these groups have little chance of increasing their influence or of gaining power from the present situation so long as the Colorado Party can preserve some degree of unity. The Communist Party of Paraguay continues to try to maintain its own organization in as clandestine a status as possible.

6. Former President Federico CHAVES, who is residing at his Asuncion residence, continues to maintain a generally serene attitude concerning his having lost the office of President. He is not taking any active part in the affairs of the party or the provisional government at the present time.<sup>1</sup>

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