

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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COUNTRY	Paraguay	REPORT NO.	<input type="text"/>	(b)(3)
SUBJECT	Political Situation in Paraguay	DATE DISTR.	12 January 1954	
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DATE OF INFO.	4 January 1954	REQUIREMENT NO.	RD	
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BY CABLE

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(FOR KEY SEE REVERSE)

SOURCE:

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1. Despite a declaration of unity and support of President CHAVES issued by the governing board of the Colorado Party on 4 January 1954, and signed by Party leaders including Epifanio MENDEZ Fleitas,<sup>1</sup> President of the Banco Central, Tomas ROMERO Pereira, Minister of Interior, Guillermo ENCISO Velloso, Minister of Hacienda, and Angel Florentin PENA, Minister of Agriculture, the Paraguayan political crisis is not yet settled. The declaration may be genuine, but it also may be a mere blind to pretend to show Party solidarity.
2. The crisis is strictly within the Colorado Party. It began on 31 December, when MENDEZ Fleitas and Florentin PENA approached General Alfredo Stroessner, Chief of Armed Forces, with a plan to put ROMERO Pereira into the presidency, thus ousting President CHAVES. Stroessner immediately informed CHAVES and demanded MENDEZ' removal from the bank, at the same time recommending the dismissal of ROMERO Pereira, ENCISO Velloso, and Colonel Esteban LOPEZ Martinez, Chief of Police, from their governmental posts. Pending CHAVES' decision to act otherwise, the four continue in their posts. No military action is expected.
3. The Colorado Party and the Army side with CHAVES. The Army is opposed to MENDEZ Fleitas because of his influence among certain military factions and his efforts to enhance his own political power. These army factions and the police represent the only possible support for the oppositionists, and their strength is not considered sufficient to effect any change in the government.<sup>2</sup> However, Manuel FRUTOS, leader of a Colorado faction, whom CHAVES wants to appoint as Chief Justice, was placed under house arrest by police on 4 January 1954.

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