



CENTRAL INTELLIGENCE GROUP

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Muniz Prunes, Gallego Calatayud, Fernando Casado and Major Castello. According to Palacios, the military men recommended that a general staff be organized inside Spain with cadres for the different sections. They considered it most important that an intelligence section be established. They further recommended that the head of the interior organization be appointed by the Defense Minister, from a list of persons submitted to him by republican military men of the interior.

2. According to Palacios, the consensus was that the most suitable man to head this military organization in Spain was General Matallana, in view of his prestige, his rank and his professional ability.\*

Opinions of Matallana

3. Source doubted that Matallana would accept the post suggested for him, since the general has characterized Palacios and his followers as "Aliancista collaborators" and has not been disposed to have anything to do with them, despite repeated overtures on the part of Palacios and Muniz Prunes to secure his cooperation. Source states that, in Matallana's opinion, it is entirely possible that in the past Palacios' military group might even have reached an understanding with a high-ranking officer of the present regime, and might be under his orders at present.
4. During late December, Muniz Prunes tried to secure Matallana's cooperation for the formation of republican cadres, but the general was not responsive. He stated to a reliable informant that he distrusted the military men who were connected with the ANFD, that he considered the members of the Republican parties who form part of the coalition as deserters, and that he was skeptical of the republicanism of the Socialists and Genetistas in the organization.
5. Matallana also conferred with the Genetista, Cipriano Mera, who during the Civil War was Political Commissar of the Fifth Army Corps, under the orders of Palacios. Matallana thinks well of Mera, and hoped to learn through him the real position of the CNT. The general urged Mera to do what he could to keep the CNT in the sphere of absolute republicanism and added that in his opinion the monarchists were deceiving the CNT and exploiting the anti-communist phobia of the Confederation to their own advantage.

Palacios' Statements on the Monarchists

6. Source states that despite Palacios' decision to offer to place himself and his group at the disposition of the Spanish Republican Government-in-Exile in a military sense, he still believes that an understanding must be

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The following notes on General Matallana, while fragmentary, may be of interest. The material was received from a reliable source in Madrid and is based on the statements of various sub-sources: General Matallana attended the Infantry Academy of Toledo. He also has a law degree, and at present is employed as legal advisor by a construction company. At the beginning of the Spanish Civil War, he was aide to General Miaja. Later, he assumed the post left vacant by General Rojo on the General Staff of the Army of the Center, when Rojo became Chief of the Central General Staff. He took part in the battle of Brunete and later in the withdrawal of the Army of the Levante. He led the battle of Extremadura. When the Civil War ended, he was Chief of the Army of the Levante. Two informants state that after his trial by the Nationalists, Matallana was saved from execution by the intervention of Franco Salgado, first cousin of the Generalissimo.

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reached between the monarchists and the leftists inside Spain. The following opinions expressed by Palacios on the monarchists may be of interest in that they are indicative of his political thinking. In Palacios' estimation, the monarchists may be divided into three groups: Those who share the opinions of Sainz Rodriguez, who are opportunists and desirous of regaining the privileges which they enjoyed previously and under the monarchy; the followers of Gil Robles, who are "Vaticanistas" and are willing to go along with either a monarchy or a republic; and those who adhere only to Don Juan. According to Palacios, the first group has very little strength, the second, represented in Spain by Jiminiano Carrascal, is losing ground, while the third, headed by Yanguas Mesias and counting among its members many persons of outstanding ability and prestige, enjoys great esteem.

7. It is the last group, according to Palacios, which is endeavoring to reach an accord with the Alianza Nacional de Fuerzas Democraticas. The ANFD, as representative of the leftists, looks to this group as a strong and liberal sector, although the organization considers that the defeat of the monarchy in a plebiscite is certain. As of 8 January, an agreement was under discussion, Palacios stated, between the ANFD and this monarchist group. He said that the monarchists and leftists think that Martinez Barrio should appoint a representative of the Republic to sign the pact when accord has been reached, and added that a request that such designation be made had been transmitted to Paris.
8. When source asked him whether or not he considered Martinez Barrio as representative of the continuity of the legitimately established regime, Palacios stated that, in his opinion, it was not clear whether by the elections of 1931 the people of Spain rejected the monarchy as a form of government, or merely rejected Alfonso XIII as king.

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