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DDI #4242-81  
20 May 1982

MEMORANDUM FOR: Chairman, National Intelligence Council

SUBJECT : Military Showdown in the Falklands: Alternative Outcomes

1. With the failure of Secretary General<sup>2</sup> Perez de Cuellar's mediation efforts and with both Britain and Argentina placing the blame for the impasse on each other, the Falklands crisis will be settled by a test of military strength, skill and resourcefulness and by a potentially more decisive trial of political stamina in London and Buenos Aires. There are so many variables in the balance of assets and liabilities—ranging from unexpected changes in weather and sea conditions to the indeterminate location of two Argentine attack submarines—that the outcome could be determined as much by the random play of Murphy's Law as by the measureable military capabilities and political competence of the two sides.

25X6 2. Another possibly decisive but unpredictable determinant may be the perceptions and psychological predispositions of the Thatcher government and the Argentine junta. [REDACTED]

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3. Both governments have locked themselves into positions that cannot be compromised without fatal domestic consequences. Thatcher's original calculation that "diplomatic efforts are more likely to succeed if backed by military strength" has been refuted by the junta's performance during the past eight weeks. The junta's gamble that the U.S. or the United Nations would somehow broker a compromise that would preserve at least a reasonable prospect of vindicating Argentina's claim to sovereignty over the islands has backfired. Now that their mutual bluffs have been called, London and Buenos Aires are left with an immensely risky roll of the iron dice.

#### Alternative Outcomes

25X1 A. An unambiguous British military victory. The British are counting on a prompt collapse of Argentine resistance following initial engagements with the invasion force and on a surrender of the Argentine garrison without substantial casualties. The failure of Argentine forces on South Georgia and Pebble Islands to offer more than token resistance will have encouraged the British to expect little effective or prolonged opposition. At the outset, the British may elect to avoid engaging the main body of Argentine forces in the Port Stanley area by staging their initial landings in outlying areas such as Port Darwin and Fox Bay. The British believe that the rapid defeat or surrender of these outposts will demoralize the Port Stanley garrison and soften it up for either quick defeat or surrender.

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[ ] Thatcher's confidence in a quick and relatively painless victory was reflected in her remark on 17 May that if Galtieri does not make major concessions, "We make him go."

B. An inconclusive initial round of combat leading to a war of attrition with heavy casualties on both sides. Successful British landings will be countered by all-out retaliatory strikes by the Argentine Air Force and Navy that will avert an early demoralization and collapse of Argentine resistance on the ground. The junta is determined to maintain resistance regardless of the costs in lives and equipment, and it is gambling that a British failure to force a prompt surrender and the shock of heavy losses of British personnel, aircraft and ships will bring down the Thatcher government. The junta has persuaded itself that Argentina can outlast the British in a costly and inconclusive war of attrition, and that support for Thatcher's policy will evaporate quickly in these conditions, politically disarming Britain from continuing the war.

C. British landing operations will be defeated by a combination of stiff resistance by the Argentine garrison and damaging air and naval attacks on the British invasion force and fleet. Thatcher will be forced to resign and her successor will have no choice but to order the evacuation of the invasion force.

#### Argentine Political Initiatives

The Argentines will respond immediately to a British invasion by announcing acceptance of Perez de Cuellar's final proposal for a compromise agreement. Following Britain's expected rejection of this proposal, Argentina will request a UN Security Council meeting at which it will propose, through Panama's delegate, an immediate and unconditional ceasefire in place without provisions for a mutual withdrawal of forces. This move will be aimed at forcing a British veto, supported by the U.S. The Argentines believe these initiatives will place the onus squarely on Britain for a continuation of hostilities and greatly strengthen Argentina's position in negotiations under the Secretary General's aegis that will be renewed. The junta also will calculate that British rejection of these two "peace moves" will stimulate a backlash in British public opinion and parliament that will bring Thatcher down, even if she is not forced out by heavy British combat losses.

#### Weighing the Odds

The variables mentioned in paragraphs 1 and 2 preclude a confident forecast, but a plausible case could be made that the most likely outcome will be something that could be called a British military success tempered by important Argentine political gains that may eventually prove to be more significant than the military test of strength. Even the military outcome may be considerably short of an unambiguous British victory, and it may fall between the first and second scenarios. The Argentines may well demonstrate an ability to deny the British a prompt victory. If they can impose substantial losses on the British invasion force, aircraft and warships, Thatcher's domestic political vulnerability may prove to be greater than

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that of the junta. If the encounter settles into a costly war of attrition, the junta may surprise the world by showing greater staying power than the Thatcher government.

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The third scenario—a British defeat and forced withdrawal—cannot be completely ruled out. The greatest threat to British prospects would seem to be overconfidence.

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Special Assistant for Warning

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