

BUREAU OF INTELLIGENCE AND RESEARCH - ANALYSIS - APRIL 6, 1982

1. UK: THATCHER'S FALKLAND DILEMMA

The British fleet will reach the Falkland area around April 20. We believe that Thatcher will be under heavy pressure to order it into action if no compromise has been negotiated or is in prospect. She will not have the option of delaying indefinitely while diplomatic efforts continue. The effectiveness of the fleet, far from its maintenance bases, will rapidly deteriorate after its arrival on station. Her damaged leadership could not survive a futile "voyage to nowhere."

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Argentina's invasion of the Falkland Islands puts at risk Thatcher's own position. Economic troubles had cost her the support of most Britons. Now her hard core of faithful Tories are furious at the Falkland humiliation. They expect her to live up to her reputation as the "Iron Lady."

If Thatcher fails to redeem her reputation and the nation's honor, she could be finished as Tory leader and Prime Minister. (Lord Carrington's resignation reinforces the concept of personal accountability.) Yet military action is full of risks, and a British reconquest, if feasible at all, is likely to be expensive. Although the British public now clamors for a strong stand, opinion could quickly turn when the full range of costs, including military and civilian casualties, would become apparent.

During the next two weeks, Thatcher will search for a political solution that does not appear to reward Argentine aggression. The shape of a compromise deal is unclear, but the British insist on principle that an Argentine withdrawal must form a part. Meanwhile, Thatcher will be trying to obtain broad bipartisan support in case hostilities must be renewed. On the diplomatic front, the British will look to their allies to help pressure Argentina economically and politically.

The British appear confident that military action, if necessary, will be successful. If such action proves ineffectual or bloody, the consequences could go well beyond Thatcher's own fall and encompass new elections and a Tory defeat.

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