

223. Telegram From the Embassy in the United Kingdom to the Department of State¹

London, May 5, 1982, 1259Z

9849. Subj: Falklands Dispute: The Turning Point for Britain?

1. S—Entire text.

2. With the sinking of the Sheffield,² Thatcher may be approaching the limit of the human losses she can take without losing considerable domestic support and, after the sinking of the Belgrano,³ she may be at the limit of the casualties she can inflict and hope to maintain international backing.

3. That is not to say that Argentine losses will not count against her here too. There is considerable uneasiness and some distress about the Belgrano. But British losses are what will turn the tide.

4. Labor is shifting—but we don't yet know how far. We were told that a petition calling for an immediate truce and U.N. negotiation had over seventy signatures, including some of non-doves, by mid-morning May 5. But we understand the Trade Union Congress does not plan any immediate declaration. The Labor Shadow Cabinet is meeting at noon. Balancing conflicting pressures within the party, Michael Foot has supported sending the fleet only to back up diplomacy, and last week he was distancing himself from the use of force. Speculation that Thatcher would use a Falklands triumph for electoral gain has been rife among Labor. And that party will not hesitate to use a Falklands failure against the Conservatives.

5. For the moment, Conservative ranks are holding—according to our quick soundings. The word is that Britain has been brought back to earth after the euphoria of South Georgia; that Britain must expect to take losses; and that the fleet will hang in. But our contacts are uneasy.

6. Thatcher rode the crisis to new political heights through last weekend. But now, as she surveys the domestic and military battle, the choices become harder. Even a quick “victory” in taking the Falklands will probably entail losses, and may leave Britain saddled with Islands to protect against continued Argentine pressure.

¹ Source: Department of State, Central Foreign Policy File, D820234–0977. Secret; Immediate; Exdis. Sent for information to NATO Collective, Buenos Aires, Montevideo, Caracas, Santiago, Brasilia, Moscow, and USUN.

² See Document 224.

³ See Document 208.

7. However she plays it from here, she is likely to have peaked. And she may face growing problems if she does not show that she has an end-game plan in mind.

8. As we have said repeatedly, Thatcher's determination and toughness should not be underestimated. For a pragmatic politician the choice now might be to back off. But Thatcher is not always pragmatic. And if she can keep her own ranks in line, she can beat back any challenge in Parliament.

9. But she may be ready in the face of the last two days' developments to look seriously for a way out.⁴ Thatcher and Britain were aware of the risks, but the reality of war, as always, is different from expectations. The new mood here may leave her grasping for a way to prove peaceable intent in the face of British deaths and pressures from other allies.

Streator

⁴ Citing a "well-informed" FCO source, Streator reported that following a meeting of the War Cabinet on the morning of May 5, "things are 'moving in the right direction' for a positive response to the Secretary's Falklands proposals by late this afternoon, accepting them 'without amendment.'" (Telegram 9848 from London, May 5; Reagan Library, Executive Secretariat, NSC Country File, Latin America/Central, Falklands War (04/22/1982-05/17/1982))