



The Falklands War: Causes and Lessons

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Introduction

On April 2, 1982, Argentina—then governed by a military junta—surprised the international community by launching an invasion of the Falklands/Malvinas Islands in the South Atlantic.^[1] The junta, not expecting the British to launch a full-scale counter-invasion, planned the invasion as a “touch and go” operation, intending to occupy the islands for a short period of time and force the British to the negotiating table.^[2] However, the British responded by sending a large naval task force to reclaim the islands. The British began military operations on May 1, and on June 13 the Argentines surrendered.

The Argentine armed forces suffered a dismal defeat, with only the air force performing with any degree of competency. The military was fully discredited, and had no choice after the war but to announce plans for a return to democracy the following year.

Contemporary analysis tends to view the invasion as a scapegoat for the military regime in order to bolster nationalism throughout Argentine society and divert attention away from the junta’s failing national reorganization plan, the *Proceso de Reorganización Nacional*. However, such analysis is risky, for it ignores key problems in the international system representing a rift between the developed and developing worlds. This paper will seek to analyze the Falklands/Malvinas War from a broad context of international relations by looking at the specific intentions and motivations for invasion. By uncovering *why* the junta decided to fight a war with a major world power over a chain of relatively worthless islands in the middle of the South Atlantic, I shall show that the international system does not understand the full weight third world nations attach to various objectives.

This is dangerous. If developed and developing nations continue to have discordant perceptions of the relative weight of gains and losses in international fora, then a strong potential exists for conflict—as seen in 1982.

Background - Argentina

Argentina is unique in Latin America in both its self perception and its outlook, based largely on its historical greatness and decline in the 20th century. This fact must be considered when analyzing foreign policy decisions Argentina undertakes. Though independent of colonial rule in 1810, state power was not consolidated and centralized until the middle of the 19th century, at which point Argentina entered the world community on a basis of agricultural export into the international division of labor. It grew exponentially, at such a rate that by the early 20th century it was among the most advanced nations in the world. By 1914 Buenos Aires had grown to be the second largest city on the Atlantic seaboard, with grand architecture and infrastructure to match European capitals. Argentine per capita GDP matched that of Germany, and surpassed Spain, Italy, Sweden, and Switzerland. Furthermore it ranked among the world's top exporters: number one in corn, second in wool, and third in live cattle and horses.[3]

But starting in the late 1920s, Argentina entered a decline in prosperity, and since the 1930s has endured a rollercoaster ride of economic performance. Following the worldwide depression of the 1930s, Argentina endured cycles of boom and bust as regimes and economic models changed, with each downturn leaving the nation worse off overall; an ever downward trend. Argentina fell from the position of a rising world power in the 1920s to a third world nation in the span of sixty or so years.

Another historical dilemma facing Argentina is its perception of territorial losses, dating back to the colonial legacy inherited from the Spanish as the center of the *La Plata* viceroyalty. This occurred through the 19th century as the varying nations of South America consolidated their borders following independence and has continued through numerous border disputes, including the aforementioned dispute over the Malvinas and several disputes with Chile and Brazil. In response to a 1985 Gallup poll asking Argentines, "Do you believe Argentina has won or lost territories throughout its history," 73.6% of respondents answered that it had. This perception increased with education level, pointing to the role the educational system in Argentina plays in perpetuating this perception.[4]

A study of Argentine history textbooks from 1879 to 1986 confirms this fact. Carlos Escudé notes an interesting trend which has potentially profound ramifications for prospect theory's look at Argentine foreign policy. In the context of Argentina's cultural dynamics, 19th Century gains are transformed into losses, while in the 20th Century, when there were no losses or gains before the 1970s, an imaginary territory was invented which was nonetheless computed as a gain.[5] Thus, any coming to grips with the fact that these imaginary territories[6] were not part of Argentina would be computed as a loss.

Argentina's status as a once-great power in the early 20th century and inflated sense of national boundaries have combined to create a unique self-image of greatness. As discussed earlier, losses are accepted very slowly, and it seems that Argentina has yet to accept its decline in status throughout the twentieth century. This brand of nationalism, called a "national superiority complex" by Escudé[7] and "exceptionalism" by Joseph Tulchin[8] creates a highly exaggerated sense of Argentina's real place in the world. According to a series of IPSA polls, a majority of the Argentine population think[9]:

1. That the world has a great deal to learn from Argentina;
2. That Argentina has nothing to learn from the world;
3. That Argentina is the most important country in Latin America;
4. That in no country [in the world] do people live as well as in Argentina;
5. That Argentina deserves an important place in the world; and
6. That Argentina's scientists and professionals are the best in the world.

This strong perception of greatness fosters ardent nationalism; understandably, the people genuinely believe in the greatness of their nation.

I shall maintain that the junta acted as a singular decision-making entity rather than as a conglomeration of individual decision makers with differing interests. While this is a large assumption given the nature of the Argentine governing junta, it is a safe one as the decisions to invade the islands and fight the British created a unifying effect in the junta, thus counteracting the factionalization which had been occurring prior to the invasion.

Theory

Prospect theory has developed as a response to rational-choice theory, postulating that individuals tend to view choices in terms of relative rather than absolute utility; viewed relative to a status quo (see Table 1):[\[10\]](#)

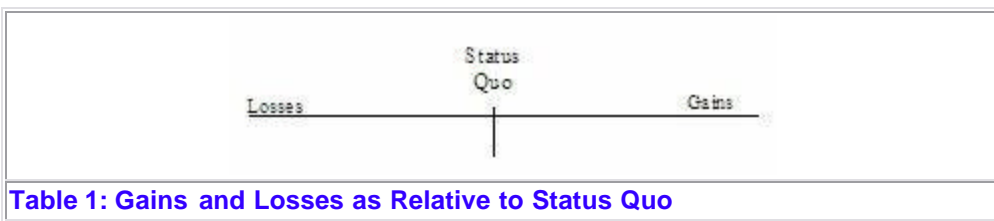


Table 1: Gains and Losses as Relative to Status Quo

Any action which would result in a loss relative to their perception of status quo would be weighed more heavily than an action which results in a gain relative to the status quo. To this status quo, people attach a perception of legitimacy; this status quo is their rightful place. This is known as a "status-quo bias" and has been rigorously tested.[\[11\]](#) Gains relative to the status quo are acceptable, but losses are not only unacceptable but must be recouped in order to return to the "rightful position."

Therefore, losses tend to loom larger than gains, explaining why the value curve is steeper on regarding losses (see Table 2), and individuals are likely to pursue risky behavior to recoup losses and return to the status quo position:[\[12\]](#)

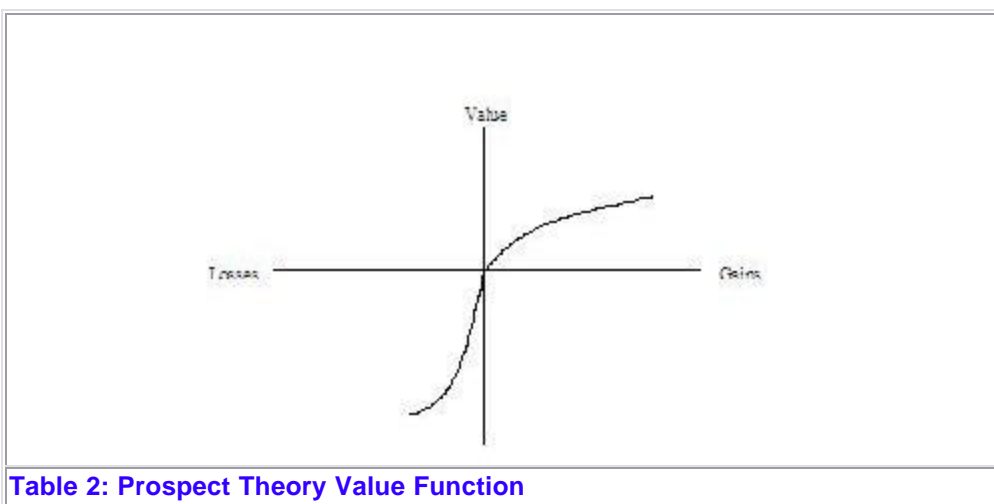
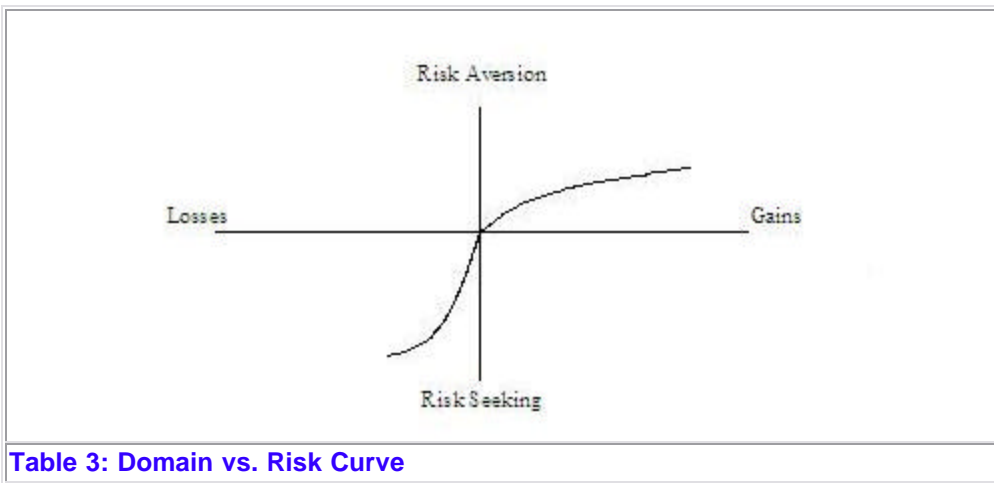


Table 2: Prospect Theory Value Function

However, when pursuing gains, people tend towards being more cautious, for fear of losing what they already have.

Another interesting phenomenon is the manner in which perceptions of status quo are updated to assimilate gains and losses, creating a basis for future decisions. Gains are swiftly assimilated and the status quo is adjusted to accommodate these gains. However, due to a phenomenon known as the endowment effect,[13] people tend to update their status quo reference point regarding losses much more slowly. Therefore, the losses remain more dominant, and people are more likely to seek recovering losses and returning to the status quo.[14]

These findings lead to some ultimate conclusions of individual risk taking propensity when facing gains and losses. Given that individuals value gains and update their reference point to assimilate gains rapidly, they are less likely to take risks when in the domain of gains. Thus, they are risk averse, and will pursue what they consider to be sure bets as opposed to risking a loss of their gains. On the converse, individuals who suffer losses and find themselves in the domain of losses are likely to pursue risk seeking behavior, due to the fact that losses loom larger than gains and that their perception of status quo updates very slowly facing losses due to the endowment effect. They “hedge their bets on the unlikely prospect of recouping the status quo, which risky choices offer, rather than accept a certain yet limited loss.”[15] Based on the prospect theory value curve, we can transpose risk vs. gains onto similar axes (see Table 3):



The curve is similar in shape to a value curve, accounting for the increased risk seeking propensity facing losses and aversion facing gains.

Though originally designed for application in financial situations, the authors recognized its broader application into political and economic fields and the theory has been built upon by others since its original inception.[16] This model for decision-making shall be applied to the case of the South Atlantic War in order to:

1. Demonstrate that while the model fits the typical perception of the war (an international risk) in response to a declining domestic position (response to a loss), this is an inaccurate analysis;
2. Illustrate that the war included two major decisions by the junta, that to invade and that to stay and fight;
3. Demonstrate that both decisions were made based on a perception of loss or gain, thus validating the central theory.

The Invasion as a Ruse: Refuting the Common Understanding

The idea that the junta invaded the Falklands to increase domestic legitimacy is put forth by many contemporary analysts.^[17] Two sets of facts make this motivation appear to be dominant in the regime's decision making process: the lack of legitimacy and poor performance of the junta at the start of 1981, and the effect the invasion *did* produce in domestic Argentine society.

In looking at the war through the lens of history, it very much appears that this may have been the motivating factor for the decision to "recover" the islands. The regime, initially successful in its plan to reorganize Argentine society to reclaim the "greatness" of the nation, had fallen on its face. The legacy of the dirty war was beginning to build. Opposition to the regime was increasing and becoming more public which was evidenced in March 30, 1982, when the military was forced to suppress a massive labor demonstration in Buenos Aires, the largest public demonstration since the 1976 coup. The economy had been collapsing since the end of 1979.^[18] Under these circumstances, it is understandable that the population was upset with the performance of the junta. That the junta would seek a distraction seems to be a plausible argument.

In looking at the war after the fact, the rush of public support following the invasion may create the perception that the regime sought to bolster public support through invasion. Massive demonstrations took place in the streets and the *Plaza de Mayo* became filled with flag waving citizens showing their support for the regime and for the invasion. Even the highly educated sectors of society showed their unconditional support. As one professor said:

We are drunken with patriotic feelings, we are standing proud, because we are witnesses and participants of a rescue promised to the blood of our forebears. National joy is as wide as understandable.^[19]

Leaders of the dominant political parties^[20] gave their consent and active collaboration to the regime in the war effort, sending missions abroad to gain diplomatic support for the Argentine position. Perhaps more telling, those who had been persecuted by the military regime gave their whole-hearted support to the regime in response to the invasion. Saúl Ubaldini, leader of the labor confederation (CGT) had been imprisoned following the March 30 labor demonstration. Yet he offered to head the union delegation traveling to the islands for the inauguration of the military governor. The outpouring of popular support for the regime once the invasion had been completed was enormous, and unfortunately for the junta and for Argentina, unexpected.

The fact is this regime had no need to generate consensus among the Argentine population, for it was a *highly repressive* authoritarian regime. The dirty war had created a climate of fear so strong that civil society essentially fell apart. The press was censoring itself out of fear caused by the "disappearances" of several journalists who had criticized the regime.^[21] As John Arquilla and María Rasmussen argue, "after 1976, military juntas could afford to govern without being liked."^[22] This was apparent in their economic policies, which were carried out by implementing harsh austerity measures severely affecting the living standards of most Argentines. Yet because the military had so successfully demobilized the popular classes through fear and repression, it had no need to formulate policy to "soften the blow." Rather, it stuck to its reform plan in spite of the social costs, illustrating both its insulation from social pressures and its determination to "stay the course."^[23]

Arguing that the military sought to divert attention away from poor economic conditions in 1982 when it ignored public complaints in 1976 is not plausible. While several structural factors changed between 1976 and 1982, Galtieri demonstrated in March that his regime was still one to be feared and that the *Proceso* would continue in spite of enduring hardship. Therefore, the military was not seeking a "scapegoat" to divert public attention away from a collapsing economy, because it was generally unconcerned with public opinion or issues of legitimacy. As Joseph

Tulchin puts it, “there was no formal political opposition to the regime, and there were no organized groups that systematically subjected the actions of the government to public discussion and whose criticism represented a factor that the government had to take into account.”[24] There were other reasons the military decided to “recover” the Malvinas, and they had both domestic and international dimensions.

Separate Processes for Invasion and Fighting

With the commonly held view of war as a *coup de théâtre* to increase domestic opinion of the military regime discredited, it is now necessary to analyze the decision-making of the junta in its conduct of the war. This requires a two-fold analysis, for the junta made two major choices that led to war. The first was the decision to carry out the “touch and go” operation in order to recover the islands. The second was the decision to stay and fight once it became apparent that the British intended to seek recourse through military, rather than diplomatic, means. The junta had not intended to fight a war,[25] so why did it suddenly decide to fight one? Prospect theory provides valuable insight into the decision making process of the junta in both instances.

A “Touch and Go Operation”

The junta had been seeking territorial gains since coming to power in 1976. Furthermore, the junta laid forth the securing of national frontiers, with both Chile on the Beagle Channel and in the Malvinas, as one of its goals in March 1976.[26] The military government intended to engage the British in bilateral negotiations over the South Atlantic dispute, which had commenced in 1979. But by February 1982, it was obvious that negotiations were going nowhere. To make matters worse, the year 1983 was to mark the 150th anniversary of the British occupation of the islands, providing the possibility of an increased British sense of ownership, further reducing the Argentine bargaining position and curtailing an ultimately favorable resolution. In 1977, Argentina and Chile had nearly gone to war over islands in the Beagle Channel, following a decision by the International Court of Justice awarding the islands to Chile. War was avoided with the decision to submit the case to the Vatican for papal mediation, the results of which were expected to be released with Chile again as the victor. Finally, the regime was concerned over its claims to Antarctica. With the Beagle Channel dispute expected to end in Chile’s favor, a demand by that state of a 200 mile projection from its shores into the South Atlantic would cut off Argentina from her Antarctic claims, a fact compounded by the upcoming 1991 revision of the Antarctic treaty.[27] Given Argentina’s perception that these territories were already theirs, this would represent a major loss.[28]

The junta was losing prestige and territory that it felt rightfully belonged to Argentina. In order to reconcile this fact and save face, the regime engaged in risk-seeking international behavior, by launching an invasion. The stated purpose of the invasion was not to initiate a war, but merely to force the British to continue negotiations and grant the Argentines an “ace in hole” at the table. However, the fact that the British were not expected to retaliate militarily does not negate the fact that the move was a risky one. While the junta did not *expect* a British military retaliation, the *possibility* existed and it certainly was not guaranteed that the British would sit idle. The regime was gambling on British indifference to the ultimate outcome of the negotiations and overall lack of resolve to reclaim the islands.

The junta may have accurately perceived signals indicating that the British were not interested in maintaining a presence on the Falklands and therefore would not respond militarily should the Argentines take the islands by force.[29] However, in the run up to the invasion, an incident involving the South Georgia Islands[30] gave the junta a clear indication that the planned operation was riskier than initially thought and should have raised a red flag in the *Casa Rosada*. The navy decided to use this incident to increase Argentina’s South Atlantic claims prior to launching its invasion, expecting a minimal short run diplomatic response from the British and

long run leverage over the British in the ultimate negotiated outcome of the entire dispute. Unfortunately, the junta was mistaken, and the British sent a marine detachment, aboard *HMS Endurance*, to float off the coast of South Georgia and await orders.

Knowing that this small provocation had resulted in a military response informed the junta that there was a better than anticipated chance that the British would respond to an Argentine invasion with force. This fact was made blatantly obvious the night prior to the invasion in a conversation between General Galtieri and President Reagan. Reagan told Galtieri, "If the only option is a military invasion, I *assure* you, Mr. President, that the British *will* respond militarily... Ms. [sic] Thatcher is a decisive woman and she will have no choice but to fight back."[\[31\]](#) Clearly the Argentines had enough indications to understand that there was a risk that the British would respond with force, yet they felt this acceptable in order to recoup their perceived losses.

Why Fight a War?

On April 5, 1982, a British naval task force set sail from Portsmouth headed for the South Atlantic and on April 7, the British announced a two hundred mile exclusionary zone around the islands. At this point the junta had no choice but to realize that their gamble had failed and that their action had provoked a military response, the stated goal of forcing negotiations was a failure. Rather than causing the British to return to the negotiating table in a disadvantageous position, the junta found itself on the verge of going to war with one of its oldest allies and one of the most powerful nations in the world. However, the regime found itself playing a two-level game, and had cornered itself domestically, finding itself in the domain of gains among its "constituency."

While the junta had expected an outpouring of public support for the invasion based on the constant nationalistic fervor of the Argentine people, the magnitude of the outpouring was really quite surprising. For starters, 250,000 people crowded into the *Plaza de Mayo* on April 6, waving flags in support of the occupation. As previously stated, prisoners of the March 30 labor demonstrations volunteered to help fight for a regime they had previously denounced. Even exiled guerilla fighters volunteered to come back to Argentina and fight for this cause, in spite of the fact that repatriation would subject them to the death penalty for their prior actions. The press fueled this fervor with commentary:

In Argentina, it is not a military dictatorship that is fighting. It is the whole people, her women, her children, her old people, regardless of their political persuasion. Opponents to the regime like myself are fighting for our dignity, fighting to extricate the last vestiges of colonialism. Don't be mistaken, Europe, it is not a dictatorship that is fighting for the Malvinas, it is the whole nation.[\[32\]](#)

There is controversy over the intent of this public outpouring. To a large degree, it appears to be dual-natured, granting support to the war effort and to the regime which initiated the war effort. For example, a political commentary in *La Nacion* exhorted "old wounds will be repaired."[\[33\]](#) However, many felt that the junta, while right in invading the Malvinas, was still wrong overall. Many of those in the *Plaza de Mayo* were chanting "*Malvinas, sí! El gobierno military, NO*".[\[34\]](#)

That the invasion actually made the Argentine public *forget* about their declining economic status or their repression during the "dirty war" is highly unlikely. However, it seems that the invasion produced a temporary euphoria providing some manner of justification in the eyes of a large percentage of the population. It certainly did produce a unifying effect and brought together a nation that was falling apart. However, this was not the intention of the junta, as discussed in the previous section, and the magnitude of the effect was something the junta simply wasn't ready for.[\[35\]](#)

So great was this public support, that the junta found itself unexpectedly in a domain of gains, experiencing a level of public support it had not encountered since the coup of 1976. The only choice it had domestically was to pursue a domestically risk-averse course of action by carrying the invasion to its conclusion and defending the islands against the British task force. Withdrawing in the face of such nationalistic fervor would cause the junta to lose its last vestige of support from its domestic allies, namely the elite oligarchy whose backing it *did* need to continue authoritarian rule. This would have an effect comparable to losing a war,[36] and as discussed below, fighting the war gave it a realistic chance of victory, domestically and internationally. Winning the war would give it an extremely powerful bargaining chip in the transition to democracy, allowing the military to spell out the terms and likely establishing a tutelary role for itself.[37]

If the military knew it was likely to lose a war with the British, then withdrawal from the islands would have been the safer option, for the losing regime in a war is subject to harsh treatment, internationally and domestically.[38] However, the Argentine armed forces actually had a relatively good chance of defeating the British based on numerous factors. First of all, the British were a declining world power, no longer the mighty global force of the 19th and early 20th century.

Budgetary problems had led to a decrease of funds to the Admiralty, while Argentine military budgets had been rising since 1972. The force which the British sent to retake the islands was purely *ad hoc*, thrown together in a last minute effort to produce a fighting fleet.[39] Furthermore, the British navy of the early 1980s was overwhelmingly an anti-submarine force designed to fight with NATO in the North Atlantic against the Soviets, not to conduct long range full scale naval engagements and amphibious operations.[40] On the other hand, the Argentine navy was considerably better suited to conduct ship on ship warfare and had prepared its navy for such engagements in the South Atlantic against possible Brazilian and Chilean opponents.[41] It had built its fleet around the idea of being regionally dominant in the South Atlantic, and possessed a broad range of naval capabilities. Furthermore, the Argentines had a tremendous advantage in aircraft, allowing it to sortie land based aircraft, some of which could carry the *Exocet* anti-ship missile.

In overall force structure for the operation, the Argentines had a narrow numerical advantage, in most areas,[42] though the British had a qualitative advantage in training and professionalism. However, it was questionable that training and professionalism could overcome the force ratio deficit the British faced; classically the attacker seeks a 3:1 ratio in offensive operations, but in ground troops the British found themselves numerically inferior, at 1:1.28. With the right preparations the Argentine position may have been unassailable without tremendous casualties for the attackers.

That the British won the war, does not mean they had to, and that the Argentines chose poor strategic and tactical options[43] does not mean that the structural conditions for victory were not there. Many analysts at the time felt that the islands could not be retaken once captured.[44] The Argentines had a very real chance of winning an engagement with the British, thus fighting the war was a small gamble, but it was one with even odds, a "toss up." [45] As Hastings and Jenkins put it, sending the task force against the better equipped Argentine fleet was "a strategic gamble." [46]

Conclusions and Lessons

The commonly held belief that the Argentine junta invaded the Falklands to distract domestic attention away from declining economic and social conditions does not hold. Rather, the junta was responding to international stimuli hoping that an invasion would force the British to negotiate the transfer of sovereignty of the islands while the Argentines held a major trump card- possession.

The junta did *not* want to fight a war. But once the British responded with force, the junta found itself locked in a situation in which it had no choice but to stay and fight, less its domestic alliance with the elite oligarchy collapse forcing it to negotiate a transition to democracy on less than acceptable terms. Both decisions were based on the junta's perception of gains and losses, causing them to respond with risk aversion or risk seeking following the core tenets of prospect theory.

This series of events has consequences that the First World must understand in order to avoid such confrontations in the future. It is important for policymakers in developed countries to understand the viewpoint of their counterparts in the Third World. If the British had understood that Argentines perceived the Falklands/Malvinas as a territorial possession, they would have not likely responded to urgent demands for negotiations with such nonchalance. They would have seen that the 150 year anniversary of British occupation of the islands would have been perceived in Buenos Aires as a major territorial loss, and been more willing to seek a final and acceptable outcome for both sides rather than toy with such dangerous sentiments as Argentine nationalism. The international community needs to understand how the Third World views gains and losses, lest it again push a nation so far into the domain of losses that it has no choice but to pursue risky—and likely aggressive—action.

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References

1. The Falklands/Malvinas are a group of islands located roughly 400 miles off the Argentine coast in the South Atlantic. These islands belonged to the British, but were claimed by the Argentines dating back to the collapse of the Spanish empire in the early 19th century, when Argentina began asserting its rights to island based on the legacy of Spanish exploration. The islands hold no strategic resources (save the potential of the surrounding seas as a fishery) and are home to 2,400 persons (who claim British citizenry and have often expressed their desire to remain British subjects) and a half-million sheep.
2. According to Nicanor Costa Méndez, foreign relations minister under the junta, the aim of the invasion was not a military conquest but to redirect attention to the Argentine claim in light of failing international negotiations. This is confirmed by numerous sources. Admiral Jorge Anaya, commander of the Argentine navy and General Mario B. Menéndez, appointed military governor of the islands, both substantiate that the initial intent of the invasion was not war, but an increased negotiating position. Sources as cited by John Arquilla and María Moyano Rasmussen, "The Origins of the South Atlantic War," *Journal of Latin American Studies* 33 (2001): 739-771. Nicanor Costa Méndez, *Malvinas: ésta la historia* (Buenos Aires: Sudamericana, 1993), Mario B. Menéndez and Carlos Túrolo, *Malvinas: Testimonio de su Gobernador* (Buenos Aires: Sudamericana, 1983), Nora A Femenia, *National Identity in Times of Crisis: The Scripts of the Falklands-Malvinas War* (Hauppaug, NY: Nova Science Publishers, 1996), 92-95.
3. Argentine turn of the century performance data from: David Rock, *Argentina 1516-1982 From Spanish Colonization to the Falklands War* (Berkeley: University of California Press, 1985), 172-173.

4. Survey conducted in 1985 by the Gallup Institute of Argentina, discussed in Carlos Escudé, "Argentine Territorial Nationalism," *Journal of Latin American Studies* 20, no. 1 (May 1988): 139-165, 156-157.
5. Carlos Escudé, *Education, Political Culture, and Foreign Policy: The Case of Argentina* (Durham: Duke-UNC Working Paper Series, 1992), 9.
6. According to Escudé, this imaginary territory added from 1920 through 1950 included the Argentine Antarctic sector, the South Georgia Islands, the South Sandwich Islands, and the South Orkney Islands, which are included in school texts as if they were provinces, though Argentina exercised no control over these areas, and some were the recognized holdings of other nations. From 1938 to 1948 alone, Argentina "added" 1.2 million square kilometers of territory, a figure schoolchildren began memorizing in 1947.
7. Escudé, *Argentine Territorial Nationalism*, 161,
8. Joseph S. Tulchin, "Continuity and Change in Argentine Foreign Policy", in *Latin American Nations in World Politics*, 2nd ed., eds. Heraldo Muñoz and Joseph S. Tulchin (Boulder: Westview Press, 1996).
9. Polls conducted in 1981, 1982, and 1984, and cited in Escudé, *Argentine Territorial Nationalism*.
10. Daniel Kahneman and Amos Tversky, "Prospect Theory: An Analysis of Decision Under Risk," *Econometrica* 47, no. 2 (March 1979): 263-292. The initial theory has been built upon by its founders, Daniel Kahneman and Amos Tversky, "Choices, Values and Frames." *American Psychologist* 39 (April 1984): 341-350, Daniel Kahneman and Amos Tversky, "Advances in Prospect Theory: Cumulative Representation of Uncertainty," *Journal of Risk and Uncertainty* 5 (1992):297-323
11. The status quo bias was noted in William Samuelson and Richard Zeckhauser, "Status Quo Bias in Decision Making," *Journal of Risk and Uncertainty* 1 (1988): 7-59. The bias was tested in, Jack L. Knetsch, and Richard H. Thaler, "Anomalies: The Endowment Effect, Loss Aversion, and Status Quo Bias," *The Journal of Economic Perspectives* 5, no. 1 (Winter 1991):193-206.
12. Kahneman and Tversky, "Prospect Theory: An Analysis of Decision Under Risk," *Econometrica* 47, no. 2 (March 1979): 279.
13. Richard Thaler, "Toward a Positive Theory of Consumer Choice," *Journal of Economic Behavior and Organization* 1 (1980): 39-60. Daniel Kahneman, Daniel Kahneman, Jack L. Knetsch, and Richard H. Thaler, "Experimental Tests of the Endowment Effect and the Coarse Theorem," *The Journal of Political Economy* 98, no. 6 (December 1990): 1325-1348.
14. Kahneman and Tversky, 286-287, and Kurt Weyland, *The Politics of Market Reform in Fragile Democracies: Argentina, Brazil, Peru, and Venezuela* (Princeton: Princeton University Press, 2002).
15. Ibid., 41-42.

16. Jack S. Levy, "Prospect Theory, Rational Choice, and International Relations," *International Studies Quarterly* 41, no. 1 (March 1997): 87-112 and Kurt Weyland, "Risk Taking in Latin American Economic Restructuring: Lessons from Prospect Theory," *International Studies Quarterly* 40, no. 2 (June 1996): 185-207, Weyland, *The Politics of Market Reform in Fragile Democracies*.
17. Arquilla and Moyano, "The Origins of the South Atlantic War," does a thorough job of discrediting this commonly held perception. Jack Levy describes the invasion as a means "to consolidate internal political position." Jack Levy, "Domestic Politics and War," in *The Origin and Prevention of Major Wars*, eds. Robert I Rotberg and Theodore K Rabb (Cambridge: Press Syndicate of the University of Cambridge, 1988), 94. Carlos Moneta describes the timing of the invasion as caused by "a sudden loss of political space for the government increasing its vulnerability" in Carlos J. Moneta, "The Malvinas Conflict: Analyzing the Argentine Military Regime's Decision-Making Process," in *Latin American Nations in World Politics*, eds. Heraldo Muñoz and Joseph S. Tulchin (Boulder: Westview Press, 1984). According to *Time Magazine*, the attack was a 'coup de théâtre designed to line up Argentine public opinion behind a faltering government.' "Gunboats in the South Atlantic," *Time* 119, no. 15 (April 12, 1982), 42.
18. Between December 1979 and March 1981, the total external debt more than tripled, from \$8.5 billion to \$25.3 billion, climbing to 42% of the total GDP. With massive trade deficits of over \$500 million, a currency rate that was overvalued by 70%, and interest rates to foreign creditors that could not be sustained. By 1982, a crisis had developed based on capital flight, worsening balance of payments deficits, and growing foreign debt increasingly held in re-negotiated short term loans with higher interest rates. The peso depreciated over 600%, the GDP fell by 11.4%, and real wages decreased by 19.2%. Statistics courtesy of Rock, 373. William C. Smith, *Authoritarianism and the Crisis of Argentine Political Economy* (Stanford: Stanford University Press, 1989, 242-255) and Guillermo A. Makin, "Argentine Approaches to the Falklands/Malvinas: Was the Resort to Violence Foreseeable?" *International Affairs* 59, no. 3 (Summer 1982), 398.
19. Miguel J. Rodríguez Villafañe, Professor of constitutional Law at Universidad Nacional de Buenos Aires, writing in *La Nación*, cited in Femenia, 96.
20. With exception of the Movimiento de Integración y Desarrollo (MID), which severely criticized the move, and a few dissenters from the UCR and the Peronist party.
21. Joseph S. Tulchin, "The Malvinas War of 1982: An Inevitable Conflict that Never should have Occurred," *Latin American Research Review* 22, no. 3 (1987), 128. In addition to the disappearance of journalists, the regime had been known to pull issues of periodicals off of the stands or close down news organs which had expressed opposition. The editor of the only media journal which retained an open commentary, *The Buenos Aires Herald*, was forced into exile following threats against his life. Tulchin, "Authoritarian regimes of Argentina," 189.
22. Arquilla and Rasmussen, "The Origins of the South Atlantic War."
23. David Pion-Berlin, "The Fall of Military Rule in Argentina: 1976-1983," *Journal of Interamerican Studies and World Affairs* 27, no. 2 (Summer 1985).
24. Tulchin, "Authoritarian Regimes and Foreign Policy: The Case of Argentina," in Heraldo Muñoz and Joseph S. Tulchin, eds. *Latin American Nations in World Politics* (Boulder: Westview Press, 1984), 189.
25. See Moneta, 127, Femenia, 92, Pion-Berlin, 70, Makin, 403.

26. Immediately following the coup in March 1976, the junta made a series public pronouncements stating that its priorities for the nation were: elimination of internal subversion, reaffirmation of Argentine greatness, securing of national frontiers, termination of the nation's dependence on imported energy, strengthening and modernization of the nation's economy. Source: Tulchin, "Authoritarian Regimes of Argentina," 182.

27. Virginia Gamba-Stonehouse, *International and Inter-Agency Communication Failures in the Period Previous to and during the Falkland/Malvinas War of 1982 Between the United Kingdom and Argentine*. Unpublished Manuscript, 1991. Cited in Femenia, 93.

28. Carlos Escudé, "Argentine Territorial Nationalism."

29. Among the signals the Argentines picked up on: *HMS Endurance* was scheduled to be removed from the area, the Falkland islanders had been denied full British citizenship, the Antarctic Survey station on South Georgia was to be closed, the British defense ministry was facing massive budgetary restrictions, imposed by the Treasury and requiring reduced fuel expenditures, making a long distance naval operation unlikely.

30. An Argentine scrap metal merchant, Constantino Davidoff applied and received permission from the British embassy to clear an abandoned whaling station at Leith on South Georgia Island. However Davidoff failed to follow the British instructions to request official authorization from the British Antarctic Survey base on South Georgia, and proceeded to raise the Argentine flag and go to work. Whether or not Davidoff coordinated this move with the Argentine navy is still speculated upon. However, this event created an immediate diplomatic crisis which may have forced the junta to advance its timetable for invading the islands; the invasion was originally planned for October/November 1982.

31. Transcript of a conversation between General Galtieri and President Reagan, 10:10 pm on April 1, 1982. Cited in Gary W. Wymia *Argentina: Illusions and Realities* (New York: Holmes & Meier, 1986), 15 citing O.R. Cardoso, R. Kirschbaum and E. Van Der Kooy, *Malvinas: La Trama Secreta* (Buenos Aires: Sudamericana-Planeta, 1983).

32. Ernesto Sabato, *La Nacion*, (April 29, 1982), 9. Cited in Femenia, 188.

33. Cited in Femenia, 97.

34. Wymia, 16.

35. Arquilla and Rasmussen, *The Origins of the South Atlantic War*, 749.

36. Femenia, 198 discusses the magnitude of the outburst of nationalistic pride, concluding that William Bloom's theory that "national identity mobilizations [may go] beyond government control and take hold and carry the best political design astray." Citing William Bloom, *Personal Identity, National Identity and International Relations* (Cambridge: Cambridge University Press, 1990).

37. After the defeat, Galtieri stated that his intentions were to call for gradual elections, Parliamentary and Presidential, and he would have posed his candidate with the certainty of an "easy victory." Néstor Montenegro and Eduardo Aliverti, *Los Nombres de la Derrota* (Buenos Aires: Ediciones Nemont, 1982), 23, cited in Moneta, 127.

38. For discussion of the domestic fate of regimes that lose wars, see Bruce Bueno de Mesquita, Randolph M. Siverson, and Gary Woller, "War and the Fate of Regimes: A Comparative Analysis," *American Political Science Review* 86, no. 3 (September 1992): 638-646.

39. Max Hastings and Simon Jenkins, *The Battle for the Falklands* (New York: W.W. Norton & Company, 1983), 72-98, detail the creation of the task force which took to the South Atlantic.

40. One of the two aircraft carriers of the British task force, was designated as an anti-submarine carrier. The *HMS Hermes* underwent conversion to an ASW role in 1976. The *HMS Invincible*, though designated as a light carrier, also was intended primarily as an ASW platform, carrying only five (eight during the war) fixed wing aircraft as opposed to nine ASW helicopters. Air Defense was to come from only three surface ships of the Type 22 class, armed with modern missiles, accompanying the fleet. These destroyers were also designed primarily for ASW operations. Source: John T. Moore, ed., *Jane's Fighting Ships: 1981-1982* (New York: Jane's Publishing Company Limited, 1981).

41. As an indication, the Argentine aircraft carrier *Venticinco de Mayo*, was outfitted with eighteen fixed wing aircraft, including the *SuperEntendard* capable of firing the *Exocet* anti-ship missile. Source: *Jane's Fighting Ships: 1981-1982*.

42. In perhaps the most important areas, the Argentines had superior numbers. In aircraft, the Argentines had an advantage of 3.9:1, a substantial advantage, especially considering that the British were fielding short range *Harrier* aircraft not designed for full-scale naval air operations. In ground troops, the Argentines had an advantage of 1.28:1. Source: Arquilla and Rasmussen, "The Origins of the South Atlantic War, 756.

43. Among the operational and tactical mistakes made by the Argentines: keeping their navy in port following the sinking of the *General Belgrano*, keeping their best trained troops along the Andes, attacking with waves of four aircraft based on the mainland instead of basing the Air Force on the islands and attacking in massive assaults designed to overwhelm defense.

44. For a deeper discussion, see Arquilla and Rasmussen, "The Origins of the South Atlantic War," 757-758.

45. *Ibid.*, 757-758.

46. Hastings and Jenkins, 78.

About the Author

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