

The present military situation was bad. The United States had thrown in what troops were available but the vigour and effectiveness of the North Korean attack had resulted in grave reverses. In addition, South Korean guerrilla bands were organizing behind the lines. It was possible that American forces would be driven back from their present position to the tip of the peninsula. However, there was no indication that they expected to be driven out and their strength was being built up as rapidly as possible. At present eight divisions were earmarked for Korea. The importance of air strength had already been demonstrated by the effective use of the limited forces available up to the present. While there was little doubt that the United States could eventually meet the situation, there was danger that they would commit such a high proportion of their resources that they would be seriously weakened in other strategic areas.

It was difficult to tell what developments might take place and General Bradley had indicated that bad news could be expected for some time. However, for the first time a great power had taken the lead in making the United Nations effective and Canada, like the vast majority of other member countries had taken what seemed to be the only possible course in lending support.

3. The Leader of the Government in the Senate suggested that the state of public mind which would result from the international situation would lead to a demand for defence expenditures much greater than those being made at present. When these expenditures were superimposed on the present domestic economy, action would be required if substantial price rises were to be controlled.

4. The Cabinet, after considerable further discussion, agreed that the Security Council resolution of July 7th created the situation envisaged by the Prime Minister's declaration in the House of Commons on June 30th, and approved the draft note as submitted to be sent to the Secretary General of the United Nations informing him that the Canadian Government were placing three destroyers under the command of the Commander of United Nations forces in defence of Korea, subject to certain minor modifications to be agreed to by the Secretary of State for External Affairs and the Postmaster General.

External Affairs; recognition of Indo-Chinese states

5. The Secretary of State for External Affairs, referring to the discussion at the meeting of February 23rd, 1950, said that the French Government had been pressing for some time for some kind of recognition

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