After it recovered a comparative lull lasting for several weeks, estimates of CCF strength rose through the month, but General Douglas MacArthur, the UNC commander, felt that the Chinese were not strong enough to launch an all-out offensive, particularly when North Korea’s forces were battered and ineffective. He proposed to press on with his plans to reach the Ta-yi River. However, MacArthur said, there was no other way to obtain “an accurate measure of enemy strength.” Lt. Gen. Walton H. Walker’s Eighth Army was to move northeast through western and central Korea, while Maj. Gen. Edward M. Almond’s separate X Corps, now strengthened by the arrival of the 3rd Infantry Division from the United States, was to move from northeastern Korea north to cut enemy lines of communication and support the UNC. After taking time to improve his logistical support, Walker launched his offensive on 24 November. At first the Eighth Army encountered little opposition, but the next day the enemy launched a fierce counterattack in the mountainous terrain near the central North Korean town of Toechon. The X Corps, which had resumed its advance earlier, joined the planned attack on 27 November, moving slowly but steadily making a second enemy force, moving down the Chosin Reservoir, struck the 1st Marine Division and elements of the U.S. 7th Division.

It was clear that most of the enemy were Chinese, but the surprise was the size of the two attacking forces. By 28 November MacArthur had his “accurate measure” of the enemy’s strength: the Chinese IX Army Group, with some 200,000 troops, faced the Eighth Army; the IX Army Group, with 100,000 men, faced X Corps. Both had slipped into North Korea from Manchuria largely undetected. On the 28th MacArthur informed Washington that “we face an entirely new war,” and the next day he instructed General Walker to withdraw as necessary to escape being enveloped by the Chinese. He also ordered X Corps to pull back into a beachhead at the east coast port of Hungnam, north of Wonsan.

The main enemy attack in the Eighth Army zone was directed against the IX X Corps. When the Chinese broke through the UNC line, General Walker committed his reserves (the U.S. 1st Cavalry Division, the Turkish Brigade, and the British 27th Commonwealth and 29th Independent Infantry Brigades), but they failed to stop the repeated wave of enemy troops. Walker first withdrew south across the Ch’ongch’on River, suffering heavy casualties. The U.S. 2d Division fought a delaying action while other units regrouped in defensive positions near the North Korean capital of P’yongyang. On 5 December the Eighth Army fell back to positions about twenty miles south of that city, and by mid-December it had moved below the 38th Parallel to form a defensive perimeter north and east of Seoul, the South Korean capital. At the same time, in early December, MacArthur ordered X Corps to evacuate by sea to Pusan, where it would become part of the Eighth Army. December was a disastrous month for the UNC in the central zone in North Korea.

By this time the UNC included troops from fifteen countries, but the sense of crisis in the command was heightened by the death of General Almond on 23 December. Lt. Gen. Matthew B. Ridgway replaced him, arriving in Korea on 26 December. Ridgway was determined to maintain the existing front line south of Seoul, but on 30 December MacArthur told the U.S. Joint Chiefs of Staff (JCS) that the Chinese could drive the UNC out of Korea unless he received major reinforcement. He also proposed air and naval support to maintain China and the involvement of Chinese Nationalist forces. None of his demands and proposals were accepted. Washington was not prepared to let the conflict in Korea escalate into a larger war. President Harry S. Truman’s more pressing concern was the global intentions of the USSR. The JCS told MacArthur to stay in Korea if he could but to prepare to withdraw to Japan if necessary.

In the other hand, despite a renewed enemy offensive that started on 31 December and saw the abandonment of Seoul on 4 January 1951, General Ridgway became increasingly concerned that his existing forces were sufficient. He noted that the Chinese did not aggressively push south after reaching Seoul and that North Korean forces caused their offensive in central and eastern Korea by mid-January. He concluded that a rudimentary logistical system constrained enemy offensive operations to no more than a week or two. Specifically his goal was to "weaver a war of maneuver—slashing at the enemy when he withdraws and fighting delaying battles when he attacks." When General J. Lawton Collins, Army Chief of Staff, visited Korea, he agreed with Ridgway. "As of now," Collins announced on 15 January, "we are going to stay and fight."

As the third phase of the Korean conflict draw to an end, General MacArthur gave Ridgway unprecedented authority to plan and execute operations in Korea. Ridgway, in turn, was poised to return to the offensive.