MOT FOR PUBLICATION

INSTITUTE OF CURRENT WORLD AFFAIRS

ADB-41
The Nationalists-Hainan

Haikow, Hainan Island November 11, 1949

Mr. Walter S. Rogers
Institute of Current World Affairs
522 Fifth Avenue
New York 18, N.Y.

Dear Mr. Rogers:

Haikow, capital of Hainan Island which lies off the coast of southern China, is normally a quiet city of a quarter million inhabitants who feel remote from the mainstream of events on the Asiatic mainland. Today Haikow is a chaotic refugee center whose streets and sidewalks are teeming with tens of thousands of disorganized Nationalist soldiers who have fled from the Chinese mainland.

During the past few weeks hordes of hungry, demoralized, Nationalists have swarmed across the narrow Hainan Straits from Liuchow Peninsula which juts out into the ocean from Kwangtung Province. Others have made a longer voyage from islands near the Portuguese colony of Macao which lies just south of Hongkong. These refugees have come in ships and boats of every conceivable description - freighters, LST's, small coastal craft, fishing boats, motor boats, junks. At the present moment Haikow's harbor, one of the world's worst, contains over twenty freighters and large ships and unnumbered junks and small boats, many of them still filled to overflowing with soldiers who have been waiting for days to debark.

Reliable estimates place the number of soldier refugees now in the city of Haikow alone at over 100,000. The number of soldiers who have funneled through the city in recent weeks is even larger, because some have spread into the Hainan countryside while a few have stopped only briefly in Hainan before moving on to southern Kwangtung. Most of the refugee troops now on Hainan are Kwangtung troops who have retreated in front of advancing Communist armies since the fall of Canton, but some of them are men who have been pushed all the way from North China to this southernmost outpost of Nationalist control.

Yesterday I was talking with a tall, good-looking soldier in a Haikow hospital. As the doctor examined his crooked arm, stiffened into an unbending angle by lack of treatment to an elbow shattered many months before, I asked, "When were you wounded?" "Hsuchow" - the battle which decided the struggle for Central China - he answered in a Peiping accent. "How long have you been in the army?" I inquired. "Twelve years", he replied in a flat voice. Twelve years! He still looked young, but for twelve years - his whole youth - he had been tramping through the mud and dust of China from the Burma border to the North China plains, fighting Japanese and Communists periodically and fighting for existence continually. He started to describe the battle at Hsuchow. "After we

were surrounded", he said, "we held out as long as we could, but we ran out of ammunition. Food too. We ate horsemeat and leather until that was all gone. Then there was nothing else we could do but try to escape south." His voice was bitter. Suddenly he exclaimed, "The army general staff is full of traitors! It's their fault, not ours. They care nothing for the country; they care only for themselves." He looked at the doctor with sad eyes and repeated, "The general staff is full of traitors." The doctor couldn't do anything for his arm; too many months and too many miles had gone by since the battle of Hsuchow.

The refugee troops in Haikow are completely demoralized. The faces of the soldiers wading ashore through the surf or climbing onto the delapidated concrete pier at the landing point outside of Haikow have a bleak look of hopelessness. There is almost no organization or order in the evacuation. On the pier where the troops land there is a weird assortment of equipment - telephone wire, tarpaper, tentpegs - much of it useless and most of it in bad condition. The majority of the evacuees are coming in as individuals or in small groups who must fend for themselves and find their own shelter and food. They are wet, tired and dirty. Some have rifles and small arms, but they are rusty and in bad shape. Many soldiers have brought wives, children and bundles containing all their worldly possessions.

The seven mile road to Haikow from the pier outside the city is lined with straggling soldiers and civilian camp followers streaming into town. Along the roadside one sees occasional groups who have stopped to rest, while here and there are sick men who are lying helpless and alone, unnoticed by the tired men trudging past. A majority of the soldiers have malaria. A few have advanced cases of beri-beri.

Within Haikow itself there is almost no place which is not jammed with soldiers and their families. They have set up housekeeping in churches, public buildings, schools, private homes and on sidewalks. On all the main streets one has to thread through open air "homes" to go anywhere. People and belongings are piled together in an incredible, filthy mess. Only the fortunate ones are able to keep dry; the others are exposed to the steady drizzle of Fall rain.

During daylight hours, when it is not raining heavily, thousands of soldiers spread their loot and belongings - clothing, bedding, hardware and junk of all sorts - on the streets and sell them to local inhabitants or to other soldiers. Most of them have to sell something in order to buy food. As a result the whole city looks like a soldiers market. Almost every night there is an incident of some sort. Considering their condition the soldiers are fairly well-behaved, but a few always create trouble. There are quarrels, shooting and occasional casualties. Disputes arise between soldiers and civilians, soldiers and police, soldiers and gendarmes, soldiers and soldiers. During the past three nights six persons are reported to have been killed in street shootings.

This disorganized influx of troops into Hainan has created tremendous problems for General Ch'en Chi-t'ang who is head of the Hainan Island Special District. Ch'en didn't ask for the Kwangtung troops to come in. He didn't want them to come in. But there has been no way to stop them. The chaos created by the refugees may defeat the Nationalists on Hainan even before the Communists get around to dealing with the island.

Ch'en Chi-t'ang is an old-time political figure in China who until early this year had been in eclipse for over a decade. At one time he was a division commander under Sun Yat-sen, and he was the leading military figure in the unification of Kwangtung, his native province, in the early 1920's. During the period in which the Kuomintang rose to power, Ch'en established his control over Kwangtung, and from 1928 to 1936 he was governor of the province. In that period he exercised a good deal of local autonomy and was associated with the Kwangtung-Kwangsi clique which included many still-prominent figures such as Li Tsung-jen (now Acting President of the Nationalists' Central Government), Pai Chung-hsi (now the Nationalist commander in Kwangsi whose troops, about 200,000 strong, are the only relatively strong force under the Nationalists on the mainland), Hsuch Yuch (now Governor of Kwangtung) and Li Chi-shen (now a Vice-President of the Communists' Central Government).

In 1936 General Ch'en was forced into retirement by Chiang K'ai-shek, and left soon thereafter to travel in Europe. According to Ch'en he split with Chiang because of the latter's appeasement of Japan, but in actual fact the issue was undoubtedly one of local rule versus Central Government control. When the Sino-Japanese War broke out, however, Ch'en returned and filled two politically unimportant posts in the Central Government, Minister of Agriculture and Member of the Kuomintang's Supreme Council. After the war he again went into retirement. In April of this year, however, Hainan Island was made into a Special District containing 16 hsien (which previously had been an integral part of Kwangtung), and Ch'en Chi-t'ang emerged to become head of the Special District as well as local military commander and chief of the committee set up to make Hainan into a province.

Hainan Island is one of the least developed, most neglected areas in China. Its population is only two and one-half millions despite the fact, according to local leaders, that it could probably support ten million people. (Taiwan, which is only slightly larger and is more mountainous, has a population of about seven millions.) Its resources are almost entirely unexploited, and there are large tracts of cultivable land on the island which are unused.

What little development has taken place on Hainan took place under Japanese rule. Before the Japanese came most Chinese did not even know the potentialities of the island, but the Japanese landed on February 10, 1939, with a comprehensive blueprint for imperialistic exploitation. During the years when they occupied Hainan the Japanese ruthlessly disregarded the local population's welfare, but they proceeded to develop the resources of the island and to make Hainan an important source of raw materials as well as a military staging base. Several large airfields were built. Yulin, on

the southern coast, was made into a major naval base with first-class port facilities. Mining of iron ore and other minerals was started, and a railway was built, skirting the entire southern and western coastline, to connect the iron mines with port outlets. Agricultural production and fishing were encouraged. A few small industries were established. The Japanese accomplished a great deal in developing the island for their own purposes while the local population suffered from malnutrition and from mistreatment by their exploiters.

At the end of the war the Chinese inherited the mining, industrial and transportation facilities which the Japanese had built at their expense. but today, four years later, that inheritance has been almost completely squandered. The mismanagement, corruption and inefficiency which have been so tragically prevalent in Nationalist China in the post-war years have almost entirely erased the positive assets which the Japanese created and left on Hainan. Most of the roads and all but two of the airfields have fallen into disrepair. Only one small section of the railway, at Yulin, is still in use. The docks and port facilities at Yulin have deteriorated badly. A fleet of almost 70 modern fishing boats has disappeared. No trace femains of the large amounts of Japanese road-building and other equipment which filled several acres of parking space near Yulin on V-J Day. The fish cannery, cement factory, leather tannery, sugar refinery and cotton weaving plant built by the Japanese all stopped operating soon after the war. The Japanese naval hospital at Yulin, containing about 700 beds, has disappeared into thin air. Reconstruction and development stopped soon after the Chinese administration took over after the war.

The post-war decline on Hainan has been all the more tragic because a few of the potentialities of the island are now widely known for the first time. The island is rich in resources in terms of its area and population. It has some of the best iron ore deposits in China and the only important deposits in South China. At Yaihsien and T'ientu on the southern coast there are rich deposits, well developed by the Japanese, of several million tons of ore which has an iron content of 63 to 68 percent. At Paishahsien, Shihlu and nearby places on the west coast there are deposits, only partly developed by the Japanese and now unexploited, which are equally as rich and are estimated to total 200,000,000 tons. On the island there are also less important resources of tin, copper, manganese, lead, gold, silver, coal, graphite, antimony, tungsten and mercury. Agricultural export products could also be developed on a significant scale in Hainan's mild tropical climate. Sugar, pineapples, cocoanut (copra), rubber and betel nuts are produced in small quantities now, and these and other agricultural products could be expanded greatly. The salt produced in Hainan is of excellent quality, while the cattle and hogs raised on the island are in great demand in Hongkong and elsewhere. Despite the potentialities for development which the island's resources provide, however, Hainan has fewer industries and is worse off economically now than it was four years ago. Instead of a post-war development boom Hainan has experienced a severe economic slump, intensified by inflation and a steadily rising cost of living.

When General Ch'en Chi-t'ang arrived at Haikow in April of this year he set to work energetically to halt the process of deterioration on Hainan. Ch'en is a competent man, and much of the modern industry in Canton, and elsewhere in Kwangtung, dates to the period of his governorship and traces to his sponsorship. On Hainan he has used his own money to finance the local administration because funds have not been forthcoming from the Central Government or other sources. He has pushed reconstruction projects, and in six months he has restored one small factory (the Japanese-built cotton weaving plant), increased monthly iron ore production from 30,000 to 40,000 tons, built two new hospitals, set up a broadcasting station, organized adult education institutions in every hsien, repaired a few miles of roads, and established an experimental farm. He has also defeated a few local Communists on Hainan and has paid his own troops (something which few other Nationalist leaders in China have been able to do in recent months).

Despite the accomplishments which General Ch'en has made on Hainan, however, the situation is becoming more and more hopeless. "In two years time", he said to me, "I could have really done something". But time is running out. The internal situation on the island is becoming increasingly chaotic every day. The island's military refugees make problems more and more insoluble. And the external military threat to the island is sowing seeds of panic.

The troops directly under Ch'en Chi-t'ang's command on Hainan include two armies, the 32 stationed at Tingan and the 64th at Ch'engmai. Together with special units such as the salt guards and airforce and naval personnel Ch'en's forces total about 80,000 reasonably well-trained, well-equipped men. These men might have constituted an effective defense force under favorable conditions, but 100,000 demoralized soldier refugees have thrown the island into confusion and have detracted from rather than added to the strength of Hainan's defenses. The morale of all the island's troops has been affected, and some of them are known to have sold arms to local Communist units.

The two most critical problems facing the Hainan administration now are money and rice. General Ch'en has almost exhausted his personal financial resources, and this week he flew to Taiwan to try to obtain money from Chiang K'ai-shek's hoarded treasury funds. The success of his mission is doubtful, however, because Ch'en is not one of Chiang's own clique. Neither Ch'en nor any of his advisors knows any way to meet the island's food deficiency either. Even in normal times Hainan is a rice importing area, but it is able to buy rice from the mainland and foreign sources and pay for it with exports of pigs, cattle, iron and other products. Hainan still exports 10,000 pigs and 2,000 head of cattle a month to Hongkong and all of its iron production to Japan, but rice is harder to get, and the island's rice requirements have jumped with the flood of refugees. At present Hainan needs to import 3,000 to 4,000 tons of rice a month. Attempts are being made to buy part of it from Indo-China, Siam and other Southeast Asia countries but without much success. A severe rice shortage is expected, and in less than a month the food situation may become critical. If it does, the hungry refugee soldiers on Hainan may get out of hand.

The Central Government has neglected Hainan, as it has many other areas, by ignoring its problems, military as well as economic. The Nationalist navy todate has not sent adequate units from Taiwan to defend Hainan Staits separating the island from the mainland. At present only four small patrol boats guard the straits. Airforce units on Hainan are also below the strength needed for an adequate defense. There are now 24 bombers and six fighters on the island, but only a few of these are operational. Chiang K'ai-shek has hoarded the Nationalists navy and airforce, as well as its money, on Taiwan.

At present the Chinese Communists' main military drives seem to be directed toward Szechwan and Kweichow rather than to the South, but Communist guerillas have already reached the Liuchow Peninsula and regulars are not far away. From Liuchow Peninsula's main port of Kwangchowan (still precariously in Nationalist hands) it is only an overnight trip by junk to Hainan. The Communists, therefore, are almost on Hainan's doorstep.

The Communists are also well-entrenched on Hainan Island itself. One-third to one-half of the island, including most rural districts, as held by local Communists under a leader named Feng Po-chin. These Hainan Communists have a continuous history of 22 years of guerilla activity, and neither the Japanese nor the Nationalists have been able to root them out. Although a relatively small force they are one of the most celebrated of all Communist guerilla units. They possess their own government and their own troops, with headquarters at Five Finger Mountain, the highest peak in the range which forms the backbone of Hainan Island. The Communist troops on Hainan are organized into five divisions with a strength of about 10,000 to 12,000 men. They are not well armed, however, and consequently cannot directly challenge the Nationalists, but by harassing attacks on communications they constantly threaten the Nationalists' rear.

According to an advisor on General Ch'en Chi-t'ang's staff, furthermore, it is "almost certain" that the Communists have infiltrated the troops coming to Hainan from the mainland. They can be expected to foment trouble and disorder among the Nationalist soldiers and to further undermine morals which is already near rock bottom.

Despite the poor prospects for improving the situation on Hainan, however, General Ch'en Chi-t'ang is still trying to solve some of the island's critical problems and to bolster its defense. He is almost helpless in many respects, though, and at a recent meeting with some of his junior officers there were tears in his eyes as he chided the officers for eating in good restaurants while so many troops were hungry on the streets.

A number of South China leaders, all suffering from the same neglect and seeming abandonment on the part of Chiang K'ai-shek who controls so much of the remaining real assets of the Nationalist Government, have recently made attempts to coordinate their plans and to give each other assistance to the best of their ability. These include, besides Ch'en Chit'ang, Hsueh Yueh and Pai Chung-hsi. Hsueh, who is Governor of Kwangtung,

has had temporary headquarters on Hainan for the past several weeks but is now moving to Pakhoi on the Kwangtung coast just south of the Liuchow Peninsula. Pai, the Kwangsi commander who now has his headquarters at Nanning and Poseh, is reported to have agreed, at a recent conference which he attended in Haikow, to send two divisions toward Pakhoi to improve the defenses of the Liuchow Peninsula region. Although Ch'en, Hsueh and Pai are all able men, however, even Ch'en himself does not seem to have much real confidence that they can accomplish their defensive aims.

The general atmosphere in Haikow at present is one of near-complete discouragement and disillusionment. Most ordinary people seem to believe that the local situation is already so chaotic that increasing disorder and possibly troop defections are all that can be expected. The prevalent lack of confidence in the future is reflected by the fact that many high officials' families have already left for Hongkong and other safer places. Ch'en Chi-t'ang's family is no exception.

A highly-placed source in Haikow, who prefers to remain anonymous, told me that informal discussions regarding the possible evacuation of Nationalist troops to French Indo-China have already been initiated. It is even possible, this man said, that the incorporation of some Nationalist troops into Bao Dai's Indo-Chinese forces is being seriously considered. There is no doubt, however, that come what may Hainan is the end of the line for most of the soldiers on the island.

This morning I overheard a conversation carried on by five soldiers milling around in a crowd on the main wharf in Haikow. One impatient soldier said, "Let's get going." Another turned to him and snapped, "Alright, but where are we going?" No one seemed to have an answer to that one.

Q. Doak Bounett

A. Doak Barnett