

# The Role of the Banque de l'Indochine in the Formation and Development of Rubber Plantations in Cochinchina (1875-1945)

Dr. Duong To Quoc Thai<sup>1</sup>, and Dr. To Tuan Dat<sup>2</sup>

<sup>1</sup>Lecturer in History, Faculty of Social Science Education, Dong Thap University, Vietnam

<sup>2</sup>Lecturer at the Can Tho City Political School, Vietnam

DOI : <https://doi.org/10.5281/zenodo.18516871>

## Abstract:

This article examines the pivotal role of the **Banque de l'Indochine** (BIC) often characterized as the "heart and mind" of the colonial economy in catalyzing the rubber industry in Cochinchina from 1875 to 1945. Leveraging its exclusive privilege of banknote issuance and formidable financial capital, the BIC functioned not only as the supreme credit institution but also as a direct stakeholder in major rubber conglomerates, such as the *Compagnie Indochinoise de Plantations d'Hévées* and *Caoutchouc du Donai*. Through sophisticated financial operations, including foreign exchange, discounting, and capital underwriting, the Bank facilitated the territorial expansion of plantations, the modernization of technical infrastructure, and the consolidation of specialized agricultural export zones. While direct agricultural credit for the indigenous population remained marginal, the BIC's strategic interventions ensured maximum profitability for French capital, elevating rubber to a spearhead economic sector and fundamentally restructuring the socio-economic landscape of colonial Cochinchina.

**Keywords:** *Banque de l'Indochine, rubber plantations, Cochinchina, finance capital, colonial exploitation.*

## I. INTRODUCTION

In the history of French colonial exploitation in Vietnam, the formation and expansion of the rubber industry in Cochinchina was not merely an agricultural process but the result of a sophisticated financial-economic strategy. Since the first rubber trees were experimentally planted at the Saigon Botanical Garden and the Ong Yem experimental station, this industry rapidly transformed into "white gold," serving as a cornerstone of the colonial economic structure. However, the boom of rubber plantations would not have materialized without the presence of the Banque de l'Indochine (BIC). Established by the decree of 1875, the BIC quickly established its position as the "heart and mind" of the economy, holding the exclusive right to issue banknotes and dominating the entire credit system (Duong To Quoc Thai, 2019).

The role of the Banque de l'Indochine in the rubber sector is clearly evidenced through two pivotal transformative periods in Cochinchinese history. In the initial stage, the bank acted as a financial midwife, providing short-term capital and foreign exchange services to support planters in land reclamation. Moving into the early 20th century, particularly following the Great Depression of 1929–1933, the BIC's involvement shifted from indirect support to direct investment and

stringent control. In key regions such as Tay Ninh, the rapid increase in plantation acreage and tree count was inextricably linked to the process of capital concentration and credit facilitation from major financial institutions (Duong Van Triem & Lê Minh Hieu, 2022). The establishment of large-scale plantations required massive, long-term capital investments that only financial giants like the BIC were capable of underwriting.

The nexus between the Banque de l'Indochine and rubber plantations in Cochinchina serves as a quintessential example of the theory of "finance capital" during the era of imperialism. Far beyond a mere lending role, the BIC held controlling stakes in major rubber conglomerates, such as the *Compagnie Indochinoise de Plantations d'Hévées* (SIPH) and *Terres Rouges* (Robequain, 1944). This alliance created a closed economic ecosystem where colonial capital was circulated to maximize profits for the metropole. Simultaneously, this development led to profound transformations in production relations and local social structures, giving rise to the rubber proletariat and specialized agricultural export zones (Duong Van Triem & Lê Minh Hieu, 2022).

While several scholarly works have examined the history of the Banque de l'Indochine or rubber plantations in isolation, the profound connection

between the BIC's financial regulation and the developmental trajectory of the Cochinchinese rubber industry between 1875 and 1945 warrants further elucidation. This article focuses on analyzing capital supply methods, credit policies, and the BIC's influence on the formation of the rubber plantation map in Cochinchina. Consequently, the research contributes to clarifying the nature of the first and second French colonial exploitations in Indochina, while evaluating its enduring impacts on the economy of Southeast Vietnam.

## II. LITERATURE REVIEW

The scholarly literature concerning the role of colonial financial institutions, specifically the nexus between the Banque de l'Indochine (BIC) and the rubber industry, has garnered significant attention from both domestic and international historians. Predominant research trajectories focus on colonial exploitation policies, the structural dynamics of finance capital, and regional economic transformations.

Primarily, academic inquiries into the economic essence of the Banque de l'Indochine have solidified its status as a monopolistic entity. Meuleau (1990), in his comprehensive institutional history of the BIC, posits that the bank functioned not merely as an issuing authority but as a formidable "investment bank," exerting stringent financial hegemony over key productive sectors. The BIC's presence is regarded as the decisive factor in maintaining the stability of the Piastre, thereby fostering a conducive environment for the influx of metropolitan capital into plantations (Meuleau, 1990).

Regarding export-oriented agriculture, the rubber industry is frequently characterized as the hallmark of the Cochinchinese colonial economy. Robequain (1944) provided astute analyses of the transition from traditional wet-rice cultivation to the industrial plantation model. He emphasized that the expansion of rubber in Cochinchina was inextricably linked to the financial patronage of corporate syndicates, with the BIC positioned at the epicenter to coordinate long-term loans for infrastructural procurement and the construction of processing facilities (Robequain, 1944).

Delving into localized perspectives, recent scholarship has further elucidated the intricacies of key rubber-producing regions. According to Duong Van Triem and Le Minh Hieu (2022), the formation of plantations in Tay Ninh serves as a testament to the process of agrarian expansion predicated on pedological surveys and credit facilitation from major financial institutions. The authors argue that this expansion not only shifted crop structures but also established new production relations, wherein French planters exercised absolute dominance backed by

substantial financial resources (Duong Van Triem and Le Minh Hieu, 2022).

Furthermore, the impact of the colonial financial system on the regional economic structure of Southeast Vietnam has been profoundly analyzed. Duong To Quoc Thai (2019) contend that the BIC's operations in the rubber sector prior to 1945 integrated Eastern Cochinchina into the French global supply chain. However, they also observe that this growth primarily served the interests of French capital, while the indigenous population participated merely as a source of disenfranchised and cheap labor (Duong To Quoc Thai, 2019).

From a political economy perspective, Murray (1980) posits that the interlock between the BIC and plantation firms, such as the Compagnie des Caoutchoucs de l'Indochine, exemplified "state monopoly capitalism" within the colonial context. Murray asserts that preferential tax policies and land concessions granted by the colonial administration were often brokered through the BIC's appraisal and guarantee, creating a formidable barrier to competition from nascent indigenous enterprises (Murray, 1980).

Finally, the influence of global economic fluctuations on this relationship has remained a focal point for scholars. Gunn (2014) analyzes how, during the Great Depression of 1929–1933, the BIC acted as the primary entity implementing financial "bailouts" for rubber estates on the brink of insolvency by converting short-term debts into long-term equity. This intervention not only salvaged the industry but also consolidated the bank's direct control over the means of production in Cochinchina (Gunn, 2014).

In summary, existing literature has established a robust foundation regarding the history of the Banque de l'Indochine and the rubber industry. However, there remains a scholarly lacuna concerning the specific technical financial operations employed by the BIC to intervene in the formative stages of plantations during the 1875–1945 period. This article seeks to build upon previous achievements to address this gap.

## III. THEORETICAL FRAMEWORK

Researching the role of the Banque de l'Indochine (BIC) in the Cochinchinese rubber industry requires a multidimensional framework that integrates the theories of finance capital, colonial economics, and dependency. These concepts help elucidate how a financial institution operated not merely as a business entity but as a politico-economic instrument shaping both territorial and social structures.

Primarily, the core foundation of this study rests on the theory of Finance Capital. According to Hilferding

(1910), finance capital is the unification of banking and industrial capital, creating a concentrated power capable of dominating every niche of the economy. In the Indochinese context, the BIC was the embodiment of this theory. It did not only provide credit but also directly held shares and participated in the boards of directors of major rubber conglomerates, creating a closed-loop system from capital mobilization to production and export (Meuleau, 1990). This interlocking allowed the bank to manage risks and optimize profits for the French bourgeoisie in the metropole.

Secondly, the study employs the theory of Colonial Economics and the "Colonial Exploitation" model. This theory posits that colonial economies were designed to complement the metropolitan economy by providing raw materials and consuming industrial goods. Robequain (1944) argued that rubber plantations in Cochinchina were "technical oases" supported by a modern financial system to serve global market demands rather than domestic economic development. In Southeast Vietnam, this process was accelerated by the BIC's capital prioritization for large corporations, leading to the formation of specialized, large-scale agricultural export zones (Duong To Quoc Thai, 2019).

Thirdly, the research applies the theory of Economic Geopolitics regarding land acquisition. The formation of rubber plantations was not merely a matter of agricultural technique but an imposition of economic sovereignty over space. Duong Van Triem and Le Minh Hieu (2022) noted that in Tay Ninh, the granting of land concessions to French companies was often accompanied by financial guarantees from the BIC, transforming forest lands into capitalist means of production. This process demonstrates the tight coordination between the colonial administration (political power) and the bank (financial power) to restructure the economic-geographical map of Cochinchina (Duong Van Triem and Le Minh Hieu, 2022).

Fourthly, the study utilizes Dependency Theory to explain developmental imbalances. Frank (1966) argued that the development of the "Metropole" is fundamentally predicated on the exploitation of the "Satellite." In Cochinchina, the BIC functioned as a "pump" siphoning resources from plantations back to France. Murray (1980) asserted that the BIC's credit structure was designed to stifle the emergence of indigenous national capital, forcing the colonial economy into a state of perpetual dependence on the French banking system.

Furthermore, the concept of State Monopoly Capitalism provides a crucial lens. The BIC, with its exclusive

banknote issuance privilege and the patronage of the French government, established immense barriers to market entry. Gunn (2014) emphasized that during periods of market volatility, the colonial government often enacted tax policies and subsidies favoring large estates based on the BIC's financial appraisals. This created profound inequalities within the heart of the colonial economy (Gunn, 2014).

Lastly, the theory of Proletarianization within plantations is examined. The BIC's investment in large estates led to the emergence of a new labor form: the rubber proletariat. According to Brocheux (1975), financial capital did not only alter the landscape but also transformed the social structure, shifting landless peasants into an industrial-style forced labor system under the strict supervision of BIC-funded corporations (Brocheux, 1975).

In summary, this theoretical framework provides a comprehensive perspective on how the Banque de l'Indochine functioned as a central agent in constructing the rubber industry, spanning the aspects of capital accumulation, spatial appropriation, and socio-structural transformation in Cochinchina from 1875 to 1945.

#### IV. METHODOLOGY

This article is conducted based on the methodological foundations of modern historiography, integrating traditional historical research methods with interdisciplinary approaches such as economic history and statistics. To address the research objectives regarding the role of the Banque de l'Indochine (BIC) in the Cochinchinese rubber industry, the following specific methodologies are employed:

Primarily, the historical method is utilized throughout to reconstruct the chronological formation and development of rubber plantations in relation to the BIC's credit policies from 1875 to 1945. This method allows for an examination of the industry's evolution through pivotal stages: from the experimental phase (1897–1906) and the investment boom (1924–1930) to the crisis and post-1930 recovery. Contextualizing these events clarifies the inherent nature of the financial decisions orchestrated by the BIC.

Secondly, the logical method is applied to analyze the causal relationship between the movement of finance capital and the spatial expansion of plantations. By examining financial reports and land concession decrees, the author deduces the patterns of capital centralization and the formation of monopolies by French conglomerates. This approach facilitates the systematization of disparate data into a unified theoretical framework regarding the bank's intervention in the colonial economic structure.

Thirdly, statistical and comparative methods play a crucial role in quantifying research findings. The author collects, categorizes, and correlates data regarding plantation acreage, export volume, and the BIC's capital investments over the years. Notably, comparing data between key regions such as Tay Ninh and other areas in Southeast Cochinchina (as demonstrated in the works of Duong Van Triem & Le Minh Hieu, 2022, and Duong To Quoc Thai, 2019) provides an objective perspective on the scale and magnitude of banking capital influence. Lastly, an interdisciplinary approach (History-Economics) is employed to analyze banking operations such as discounting, foreign exchange, and debt management. The analysis of diverse historical sources ranging from administrative documents of the Governor of Cochinchina to the annual reports of the Banque de l'Indochine stored at the Archives Nationales d'Outre-Mer (ANOM) enhances the reliability and authenticity of the article's arguments.

## V. FINDINGS

### **1. The Banque de l'Indochine and the Formative Era of the Rubber Industry (1875-1918)**

The period between 1875 and 1918 marked a watershed transformation in the Cochinchinese economy, transitioning from a purely rice-based agrarian society to the establishment of industrial crop plantations. In this process, the Banque de l'Indochine (BIC) acted not merely as a financial institution but as a central agent shaping a new economic structure.

#### *1.1. The Formation of Financial Privilege and the "Midwife" Role for Colonial Capital*

Established in 1875, the BIC was granted the exclusive privilege by the French government to issue currency and manage the treasury in Indochina. This monopolistic position allowed the BIC to control the entire flow of investment capital from the metropole to the colony. According to Meuleau (1990), the emergence of the BIC solved the problem of working capital shortages for French investors and created a stable foreign exchange payment system that mitigated risks for planters during the industry's infancy. During the late 19th century, while rubber was still in an experimental phase at the Saigon Botanical Garden and the Ong Yem station, the BIC was quietly laying a credit foundation to support upcoming large-scale land concession projects (Duong To Quoc Thai, 2019).

#### *1.2. Financial Support for Experimentation and Spatial Appropriation*

The BIC's role became more prominent once the *Hevea Brasiliensis* demonstrated its adaptability to the red soil of Cochinchina. The period of 1897–1906 is

considered a "hinge" era when small private plantations began to form. However, reclaiming wild forest lands required immense initial investment costs. Duong Van Triem and Le Minh Hieu (2022) pointed out that in regions like Tay Ninh, the land appropriation by French planters was always accompanied by financial guarantees, with the BIC serving as the supreme appraising authority. Short-term credits provided by the BIC helped planters cover labor costs and seedling purchases, effectively transforming forests into capitalist means of production (Duong Van Triem & Le Minh Hieu, 2022).

#### *1.3. Credit Mechanisms and the Emergence of the First Rubber Conglomerates*

By the early 20th century, the Cochinchinese rubber industry witnessed a shift from individual plantations to a joint-stock corporate model. The BIC served as the central "link" connecting French finance capital with the demand for expanded cultivation areas. Robequain (1944) argued that large firms, such as the *Société des Plantations d'Hévéas*, could not have survived without the discounting of commercial bills and mortgage loans from the BIC. The bank's acceptance of colonial land-use rights as collateral created a massive financial lever. This intervention was not only a banking operation but also an economic geopolitical strategy to ensure the industry remained entirely in the hands of the French bourgeoisie (Murray, 1980).

#### *1.4. The Impact of World War I and the Consolidation of the BIC's Position*

World War I (1914–1918) provided an unexpected stimulus to the rubber industry due to heightened military demand. During this period, the BIC implemented a policy of tight monetary management while prioritizing capital flows to spearhead export sectors. Gunn (2014) emphasized that wartime rubber profits were reinvested by the BIC into plantation infrastructure, leading to the construction of on-site processing factories. This enhanced the value-added of Cochinchinese rubber in international markets. The financial success of plantations prior to 1918 proved the efficacy of the alliance between the BIC and the planters, laying a solid foundation for the "white gold" boom of the 1920s (Gunn, 2014).

#### *1.5. Historical Assessment of the Formative Stage*

Reflecting on the 1875–1918 period, it is evident that the BIC successfully regulated the economy according to French colonial designs. Far more than a capital supplier, the BIC acted as a "filter" to select capable investors, thereby forming a powerful class of plantation capitalists. According to Brocheux (1975), the BIC's financial intervention inadvertently

accelerated the disintegration of the traditional rural economy, incorporating peripheral lands into the Parisian financial market. However, the cost of this "development" was the exploitation of indigenous labor individuals who were never included in the bank's credit priorities (Duong To Quoc Thai, 2019). The inherent bias in the BIC's lending policies created a deeply dualistic colonial economy: a modern, capital-intensive plantation sector versus a marginalized indigenous economic sector (Frank, 1966).

In summary, during its first four decades, the Banque de l'Indochine successfully created a "rubber ecosystem" in Cochinchina. Through legal privileges and flexible financial operations, the BIC transformed the rubber industry from a risky experimental project into a stable economic pillar, preparing for a larger scale of colonial exploitation in the future (Meuleau, 1990).

## **2. The Boom of Finance Capital and the Formation of Great Plantations (1919-1929)**

Following World War I, global rubber demand surged due to the boom in the automobile industry, making Cochinchina a focal point for capital flows from metropolitan France. The 1919–1929 period witnessed the ascendancy of "finance capital," where the Banque de l'Indochine (BIC) served as the chief architect for the formation of industrial-scale plantations.

### **2.1. Transition from Commercial Lending to Direct Investment**

In this decade, the BIC executed a strategic shift, moving beyond its role as a mere creditor to become a dominant shareholder in major rubber conglomerates. According to Meuleau (1990), the BIC was directly involved in establishing and increasing the capital of entities such as the Compagnie des Caoutchoucs de l'Indochine. The presence of BIC representatives on the boards of these companies created an absolute unification of monetary and productive power. Indirect investments through the Paris Stock Exchange, under the patronage of the BIC, flooded into Cochinchina, making rubber the most capital-intensive sector in Indochina (Murray, 1980).

### **2.2. "Seed Capital" Mechanisms and Spatial Expansion in Southeast Cochinchina**

In key regions like Tay Ninh and Thu Dau Mot, the expansion of cultivation acreage occurred at a staggering pace. According to data from Duong Van Triem and Le Minh Hieu (2022), Tay Ninh alone saw the establishment of plantations spanning thousands of hectares, facilitated by long-term preferential loans from the BIC. The bank functioned not only as a capital supplier but also as a technical appraiser, authorizing disbursements only for concentrated

projects. This led to the gradual elimination of small-scale individual plantations in favor of large estates owned by sociétés anonymes. This intervention restructured the regional economic map, transforming sparse forest lands into vast specialized rubber zones (Duong To Quoc Thai, 2019).

### **2.3. Closed Economic Ecosystems and Infrastructure Modernization**

The boom of finance capital under the BIC's regulation led to the development of closed economic ecosystems. The BIC provided the capital for plantation companies to import modern equipment from France and construct internal road networks. Robequain (1944) argued that infrastructure development in plantation zones was not intended for public welfare but to optimize the collection and transportation of latex to the Port of Saigon. The BIC's control over the exchange rate between the Piastre and the Franc also enabled large corporations to maximize export profits while marginalizing indigenous enterprises lacking financial leverage (Gunn, 2014).

### **2.4. Corporate Consolidation and Economic Monopoly**

The alliance between the BIC and financial syndicates in Paris, such as Lazard Frères or Rivaud, established a monopoly over the rubber industry. Conglomerates like Terres Rouges or SIPH acquired most of the fertile basaltic soil through the BIC's financial guarantees. According to Thompson (1937), this capital concentration allowed companies to implement large-scale labor recruitment programs from Tonkin and Annam to Cochinchina. The BIC's capital effectively transformed landless peasants into a plantation proletariat, creating a new social structure in the new economic zones of the Southeast (Duong To Quoc Thai, 2019).

### **2.5. Assessment of Finance Capital Accumulation**

By 1929, rubber accounted for a significant portion of Indochina's total export value. However, the nature of this development was characterized by extreme colonial capital accumulation. Frank (1966) posited that this process was essentially the transfer of economic surplus from the colony to the metropole through banking channels. The BIC acted as a transit station, ensuring that the profits derived from the labor of plantation workers eventually flowed into the pockets of shareholders in France. By the end of this period, the Cochinchinese rubber industry had become an indispensable link in the global value chain, yet simultaneously left the local economy highly vulnerable to international financial fluctuations (Navailles, 1987).

In summary, the 1919–1929 period was the moment the Banque de l'Indochine established the absolute

power of finance capital over the rubber industry. Through mechanisms of direct investment and infrastructural control, the BIC transformed Cochinchinese rubber from a primitive extractive industry into a modern, albeit exploitative and dependent, plantation industry (Brocheux, 1975).

### ***3. Economic Crisis and the Consolidation of BIC's Monopolistic Power (1930-1945)***

The 1930–1945 period was characterized by violent fluctuations in the global economy, beginning with the Great Depression (1929–1933) and culminating in the collapse of French colonial rule in Indochina. Within this context, the Banque de l'Indochine (BIC) implemented decisive strategic adjustments, shifting from a growth-oriented investor to an entity of debt control and asset acquisition, thereby consolidating supreme monopolistic power over the "white gold" industry.

#### ***3.1. The Collapse of the Rubber Market and BIC's Financial "Bailout" Strategies***

The 1929 global economic crisis dealt a fatal blow to the Cochinchinese rubber industry as international prices plummeted by over 90% within a few years. Most plantations, mid-expansion and fueled by loans, fell into insolvency. According to Navailles (1987), as smaller commercial banks withdrew, the BIC intervened as the "lender of last resort." Rather than permitting the bankruptcy of plantation firms, the BIC, in coordination with the colonial administration, deployed special relief funds and debt extensions. However, the price of this salvation was deeper involvement in corporate governance, converting short-term debts into long-term systemic dependence on the bank.

#### ***3.2. Capital Centralization and Equity Acquisition***

A primary outcome of this period was the significant shift in ownership structures. To resolve unpayable debts, the BIC utilized debt-for-equity swaps. Small and medium-sized plantations unable to endure the crisis were absorbed into large conglomerates under BIC patronage, such as the Compagnie des Caoutchoucs d'Indochine or SIPH. Meuleau (1990) emphasized that by the mid-1930s, the BIC held a complex network of cross-shareholdings, allowing the bank to exercise indirect control over 70% of Indochina's total rubber exports. This centralization fostered a monopolistic structure where the BIC functioned simultaneously as creditor, owner, and exchange regulator.

#### ***3.3. Regional Economic Impact: The Case of Tay Ninh and Southeast Cochinchina***

Despite the crisis, rubber acreage in provinces like Tay Ninh was maintained and even locally expanded due to capital restructuring policies. According to Duong Van Triem and Le Minh Hieu (2022), the survival of large plantations in Tay Ninh between 1930 and 1939 demonstrates the efficacy of the BIC's "retention capital." These estates adopted austerity measures, slashing production costs and optimizing management under stringent bank supervision. Duong To Quoc Thai (2019) argued that this process resulted in a harsh economic "purification": only large estates linked to French finance capital survived, while indigenous agricultural efforts were marginalized due to a total lack of credit access from the BIC.

#### ***3.4. Rubber in the War Economy and Extreme Exploitation (1939-1945)***

As World War II commenced, the BIC's role in the rubber sector entered a new phase: serving a war economy. Following the Japanese occupation of Indochina, the BIC was forced to regulate capital flows to maintain production while isolated from metropolitan France. Gunn (2014) pointed out that during this stage, despite the interruption of exports to France, the BIC collaborated with the Vichy administration to sign rubber supply agreements with Japan. To sustain profits amidst hyperinflation, BIC-controlled plantations intensified labor exploitation. The "indentured labor" system became more brutal than ever, leading to high mortality rates and fierce resistance from rubber workers (Brocheux, 1975).

#### ***3.5. The Nexus of Financial and Political Power***

The colonial financial system of this period served as a clear illustration of Murray's (1980) theory regarding the fusion of banking capital and the state apparatus. The colonial government issued decrees on "rubber quotas" and "export bonuses," which essentially protected the profits of companies funded by the BIC. Robequain (1944) observed that the rubber industry became the "backbone" sustaining a depleted colonial budget. However, this development was essentially parasitic; profits were funneled back to France through BIC's capital transfer mechanisms, leaving the Cochinchinese economy exhausted by war and natural disasters (Frank, 1966).

#### ***3.6. Assessment of the End of an Era***

By 1945, despite the Japanese coup and the August Revolution, the monopolistic structure established by the BIC left an indelible mark. Capital centralization created vast "rubber empires," but this very monopoly and exploitation catalyzed the revolutionary spirit of the working class. Thompson (1937) had previously warned of social instability when economic benefits were concentrated within a small, bank-backed group.

Ultimately, the collapse of French colonial power in 1945 began with the fracturing of the very economic-financial system the BIC had meticulously constructed (Navailles, 1987).

In summary, the 1930–1945 period saw the BIC affirm its absolute power through crisis management and capital acquisition. The bank transformed the Cochinchinese rubber industry into a sophisticated production machine, maximizing interests for French capital despite the political upheavals and social catastrophes on the ground.

## VI. DISCUSSION

### 4.1. *Dependence on Metropolitan Capital*

The formation of the Cochinchinese rubber industry under the patronage of the Banque de l'Indochine (BIC) serves as a quintessential illustration of the dependency model. Analytical data reveals that the growth of plantations did not originate from the internal accumulation needs of the indigenous economy but was rather a result of capital export from France.

The BIC functioned as a "pump" regulating capital flows, ensuring that all production activities in Cochinchina revolved around the Parisian financial axis. According to Meuleau (1990), the fixed exchange mechanism between the Piastre and the Franc maintained by the BIC created a technical barrier, forcing plantations to import equipment and expertise from France while exporting raw materials back to the metropole. This dependence was further reflected in the governance structure; critical decisions regarding expansion or reinvestment were mandated to pass through Boards of Directors in Paris, where the BIC held a decisive voice (Murray, 1980). Consequently, although the rubber industry flourished in acreage, it lacked autonomy, becoming a "parasitic" entity within the colonial financial system. Economic surpluses were hollowed out to serve metropolitan shareholders rather than being reinvested into local development (Frank, 1966).

### 4.2. *Transformation of Labor and Social Structures*

The intervention of BIC's finance capital into plantations triggered shockwaves that fundamentally altered the social fabric of Cochinchina. The large-scale land appropriation for major estates accelerated the disintegration of the traditional peasant economy. According to Duong Van Triem (2022), in provinces such as Tay Ninh, the conversion of land concessions into private capitalist property dispossessed the indigenous population of their means of production, forcing them into the ranks of wage labor.

From this process, a new class emerged: the plantation proletariat. This was a unique labor form where industrial

exploitation was executed within an agricultural setting. Brocheux (1975) observed that BIC's capital did not merely build plantations but established a rigid "disciplinary system," where workers were shackled by the indentured labor (*mô phu*) system and debt obligations. Social polarization became extreme: on one side were French owners and managers living in the luxury of "plantation villas" funded by the BIC, and on the other were workers living in subhuman conditions (Duong To Quoc Thai, 2019). This contrast became fertile ground for the dissemination of revolutionary ideologies and the formation of the worker-peasant alliance in the later national liberation movements.

### 4.3. *Historical Assessment*

An objective assessment reveals that the role of the Banque de l'Indochine in the Cochinchinese rubber industry (1875–1945) was profoundly dualistic.

From a positive perspective in empirical economics, the BIC was a premier modernizing agent. Without the BIC's massive capital and sophisticated financial operations, the rubber industry could hardly have achieved its industrial scale and global status in such a short period (Robequain, 1944). The BIC introduced Western corporate governance standards, modern accounting systems, and stimulated technical infrastructure in Cochinchina (Gunn, 2014).

However, from a politico-historical viewpoint, the BIC was the embodiment of the most exploitative form of financial imperialism. The growth facilitated by the BIC was a "development of underdevelopment." It established a monopoly that stifled the emergence of indigenous national capital and inflicted human catastrophes upon the labor force (Navailles, 1987). Thompson (1937) noted that the BIC transformed Indochina into a highly profitable enterprise for France but left behind a crippled economic legacy and deep social inequality for the Vietnamese people.

In summary, the Banque de l'Indochine served as the "financial architect" of the rubber industry, but it was a blueprint designed to maximize colonial interests, where rubber trees flourished on capital dependence and human sacrifice (Miller, 2015). The collapse of this system in 1945 was a historical necessity when an economic-financial structure based on exploitation could no longer sustain itself against the power of the national liberation movement (Thomas, 2005).

## VI. CONCLUSION

The study of the Banque de l'Indochine (BIC) and its role in the formation and development of rubber plantations in Cochinchina from 1875 to 1945 allows for several critical

conclusions regarding the nature of the colonial economy.

**Firstly**, the Banque de l'Indochine functioned not merely as a conventional financial institution providing credit, but as the "chief architect" that delineated the landscape of the Cochinchinese rubber industry. Leveraging its legal privileges in currency issuance and treasury management, the BIC established an absolute system of financial hegemony, transforming rubber from primitive biological experiments into a modern industrial plantation sector. The BIC's intervention spanned three distinct phases: acting as a financial "midwife" in the early years, transitioning to direct capital investment during the boom, and finally consolidating ownership through bailouts during crises. This trajectory demonstrates that the rubber industry in Cochinchina was, in essence, a direct product of French finance capital.

**Secondly**, the nexus between the BIC and rubber plantations created a deeply dualistic and dependent economic structure. While the industry saw spectacular growth in acreage and yield, the majority of economic surpluses were funneled back to the metropole through the BIC's capital transfer mechanisms. This development was predicated entirely on top-down imposition, effectively stifling the emergence of indigenous national capital in the agricultural export sector. Under the patronage of the BIC, rubber plantations became "economic oases" serving global markets while remaining detached from the sustainable developmental needs of the local economy.

**Thirdly**, the bank-driven boom of the rubber industry catalyzed profound social transformations and severe human consequences. The centralization of land for massive estates led to the birth of the rubber proletariat—a specific class of laborers subjected to extreme exploitation under the indentured labor system and the iron discipline of BIC-funded corporations. The legacy of this era consists not only of vast rubber forests but also of acute social inequality, which laid the groundwork for the eruption of revolutionary movements across Southeast Vietnam.

**Ultimately**, reflecting on the 70-year odyssey (1875–1945), it is evident that the Banque de l'Indochine successfully fulfilled its mandate to preserve and enhance French capital interests in Indochina. However, this development model built on monopoly, exploitation, and dependence contained inherent and irreconcilable contradictions. The collapse of the BIC's power alongside the fall of the colonial regime in 1945 was a historical necessity. This research not only contributes to clarifying a specific period of economic history but also

offers enduring lessons on financial dependence and the social impacts of extractive economic models in history.

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