Journal of US-China Public Administration, September 2025, Vol. 22, No. 2, 71-84
doi: 10.17265/1548-6591/2025.02.002

The Economic Transformation of Cochinchina From the Late 19th to the Early 20th Century Under French Colonial Rule

Dinh Hong Khoa
Dong Thap University, Dong Thap, Vietnam
Duong To Quoc Thai
Dong Thap University, Dong Thap, Vietnam
Vo Nguyen Thong
Dong Thap University, Dong Thap, Vietnam
Ly Thi Kim Quyen
Dong Thap University, Dong Thap, Vietnam
Huynh Phuong Nghi
Dong Thap Medical College, Dong Thap, Vietnam
Hoang Van Nam
Ho Chi Minh City University of Technology, Ho Chi Minh City, Vietnam
Nguyen Thanh Tuan
Vinh Nhuan Junior and Senior High School, An Giang, Vietnam

From the late 19th to the early 20th century, French colonial exploitation reshaped Cochinchina from a traditional agrarian base into a colonial-capitalist economy integrated into the global market. The colonial administration implemented land reforms, expanded rice cultivation, developed rubber plantations, and invested in transportation infrastructure, seaports, and banking systems to serve extraction needs. These changes encouraged the expansion of French capitalist enterprises and the emergence of local landlord, merchant, and working classes, which profoundly transformed the socio-economic structure of the colony. At the same time, colonial policies deepened class divisions, exacerbated inequalities, and intensified social tensions, laying the foundation for the rise of national-democratic movements in the early 20th century. Methodologically, this study employs historical and logical approaches: The

Dinh Hong Khoa, MA, Lecturer, Department of History Education, Faculty of Social Sciences and Humanities, Dong Thap University, Dong Thap, Vietnam.
Duong To Quoc Thai, Ph.D., Lecturer, Department of History Education, Faculty of Social Sciences and Humanities, Dong Thap University, Dong Thap, Vietnam.
Vo Nguyen Thong, MA, Lecturer, Department of Vietnamese Studies, Faculty of Culture, Tourism and Social Work, Dong Thap University, Dong Thap, Vietnam.
Ly Thi Kim Quyen, MA, Lecturer, Department of Political Theory, Faculty of Political Education and Educational Management, Dong Thap University, Dong Thap, Vietnam.
Huynh Phuong Nghi, MA, Lecturer, Department of Political Theory, Dong Thap Medical College, Dong Thap, Vietnam.
Hoang Van Nam, MA, Lecturer, Department of National Defense and Security Education, Center for Political and National Defense Education, Ho Chi Minh City University of Technology, Ho Chi Minh City, Vietnam.
Nguyen Thanh Tuan, MA, Teacher, Department of History and Geography, Vinh Nhuan Junior and Senior High School, An Giang, Vietnam.

historical method reconstructs major economic developments during French rule, while the logical method analyzes them in chronological sequence to yield objective assessments.

Keywords: Cochinchina, French colonialism, colony, economy, society.

Introduction

From the mid-19th century, Cochinchina (Southern Vietnam) became the first region of Vietnam to fall under complete French colonial control. Following the Treaty of Saigon (1862) and the annexation of the western provinces in 1867, it was transformed into a directly administered colony-distinct from the protectorates of Annam and Tonkin. This status enabled France to implement extensive political and economic interventions, turning Cochinchina into a laboratory for colonial experimentation. As a result, the region underwent a profound transformation—from a traditional agrarian society to a monetized, export-oriented economy embedded in the global capitalist system.

The present study investigates this structural transformation of Cochinchina's economy from the late nineteenth to the early 20th century, focusing on how colonial institutions, particularly those controlling finance, infrastructure, and urban space, redefined patterns of production and exchange. The research pays special attention to the expansion of rice and rubber industries, the emergence of plantation capitalism, and the creation of new financial and urban networks that sustained colonial extraction. While these developments introduced elements of modernization, they also deepened inequality and dependency, consolidating a dual economic structure that privileged foreign capital while marginalizing indigenous producers.

Vietnamese scholarship has provided important empirical foundations for understanding these processes. Duong To Quoc Thai (2020; 2025) examined the institutional and financial role of the Banque de l'Indochine in sustaining colonial capitalism; Le Huu Phuoc (2017) and Nguyen Van Khanh (1999) analyzed the broader dynamics of colonial exploitation and the formation of a "dual economy". Complementary research by Nguyen Thi Phuong (2007) on the organization of rubber plantations, Nguyen Phan Quang (2002) on Chinese merchants in the rice trade, and Ngo Minh Oanh and Banh Thi Hang Tam (2015) on the transport system has illuminated key components of the colonial economy. However, most of these works remain sectoral and descriptive, without integrating finance, agriculture, and trade into a unified analytical framework.

Foreign scholarship has offered broader theoretical perspectives. Aumiphin (1994) emphasized the financial architecture of French Indochina; Brocheux (1995) analyzed ecological and agrarian transformation; Reign (1998) highlighted administrative and structural constraints on local development; and Robequain (1944) conceptualized Indochina as a "machine of extraction". Nguyen Thi Minh Hieu (2020) later explored Cholon's role as a translocal commercial hub linking Chinese capital and colonial trade. Despite these contributions, existing research tends to treat finance, industry, and commerce as separate domains, leaving unexamined the mechanisms of interconnection that underpinned the colonial capitalist model.

Addressing this gap, the present study seeks to explain how French colonial institutions reshaped Cochinchina's traditional agrarian economy and to identify the financial, infrastructural, and urban mechanisms that sustained its transformation up to 1930. By examining the interactions among credit institutions, plantation networks, and transport infrastructures, the research aims to clarify the logic of colonial exploitation and its structural legacy. Ultimately, the study contributes to the historiography of Vietnam and colonial Southeast Asia by demonstrating that the colonial economy was not an incidental by product of modernization but a deliberately constructed system of extraction and control—one whose institutional patterns continued to shape regional development long after the colonial era.

Methodology and Theoretical Framework

Theoretical Framework

This study is grounded in the theoretical framework of colonial political economy, which interprets colonialism not merely as political domination but as a structural system of economic extraction and dependency (Hobson, 1902; Lenin, 1963). Within this system, the French colonial state in Cochinchina reorganized land tenure, labor, and trade to maximize surplus transfer to the metropole, institutionalizing economic inequality through monopolies, taxation, and infrastructural control.

Complementing this macro-perspective, the research employs the dual economy model (Boeke, 1953) to explain the coexistence of two hierarchically related sectors: a modern capitalist enclave dominated by colonial capital (plantations, export trade, banking) and a traditional subsistence economy (smallholder agriculture, local crafts). Their asymmetric interaction produced segmented growth and structural underdevelopment.

To further interpret this dynamic, the study draws upon dependency theory (Frank, 1969; Amin, 1973), which conceptualizes colonial economies as peripheral appendages of global capitalism. Cochinchina's transformation into an export-oriented economy—dominated by French and Chinese intermediaries—reflected an externally driven modernization process that deepened dependency rather than fostering endogenous development. Together, these frameworks provide the analytical lens to understand the dual and dependent nature of Cochinchina's colonial transformation.

Research Methodology

This study employs a combination of historical and logical methods within a historical-institutional framework. The historical method is used to trace the evolution of Cochinchina's economy under French colonial rule, from the establishment of the colony in 1862 to the early structural transformation around 1930. This approach reconstructs the key stages of change in land ownership, production organization, and financial control, revealing the dynamics of colonial restructuring over time.

The logical method complements this by identifying causal relationships among economic, social, and institutional factors. It moves beyond chronological narration to analyze how colonial institutions—such as the Banque de l'Indochine, the plantation economy, and the transport network—interacted to form a coherent system of extraction and dependency.

Methodologically, the paper adopts an institutional-archival approach, drawing upon colonial administrative and statistical sources such as the Bulletin économique de l'Indochine, Annuaire de la Cochinchine, and Rapports des Gouverneurs. Qualitative content analysis of these archival materials is supported by selective quantitative data (e.g., on trade, land, and credit) to identify structural patterns.

By integrating these methods, the study provides a comprehensive and evidence-based understanding of Cochinchina's economic transformation—highlighting both its tendencies toward modernization and its embedded dependency within the colonial capitalist system.

Research Content

The Economic Structure Before Transformation

Before the French colonial conquest, Cochinchina exhibited the structural features of a traditional subsistence-based agrarian society, in which wet-rice cultivation formed the economic backbone, complemented by localized handicrafts and limited internal trade. The region functioned according to a self-sufficient model, largely insulated from both international commerce and modern financial or institutional mechanisms.

As Nguyen Van Khanh (1999) notes, by the end of the 19th century, the Vietnamese economy—including Cochinchina—still fundamentally retained a self-sufficient character, with agriculture and craft production continuing to play the dominant role. While colonial investments had started to lay the foundation for modern sectors such as plantations and light industry, these remained marginal compared to the overwhelming weight of traditional sectors (p. 32).

The agricultural system was predominantly small-scale and village-centered, structured around communal or private landholdings. Farming techniques remained rudimentary: Irrigation relied on natural water flows or basic canals, tools were handmade and wooden, and labor was typically organized within households or through seasonal reciprocal labor arrangements. While rice was the staple crop, there was little diversification and rarely any surplus. The absence of accumulated surplus meant that capital formation and reinvestment were virtually non-existent.

Trade and exchange operated at a modest scale. Agricultural goods were consumed locally, and market activity was confined to village-level markets using barter or small-denomination silver currency. No organized system of commodity distribution or price stabilization existed. Similarly, artisanal activities—including textile weaving, pottery, metalworking, and carpentry—remained subsistence-oriented, geared toward local needs rather than integrated into regional or long-distance trade.

The transportation infrastructure of precolonial Cochinchina was highly underdeveloped. Most land routes were dirt tracks that became impassable during the rainy season. While the region's river system provided some connectivity, there were no constructed ports, railway lines, or commercial transportation networks capable of integrating the region into larger trade circuits. As Sophia Reign (1998) directly observes:

> The distribution of responsibilities among the population reveals the precariousness of Indochina's position—and that of its commercial classes—within the broader Asian market system. In shaping economic decision-making, the issue of capital proved central: the inadequacy of agricultural credit constituted a major obstacle to the organization of Cochinchina's economy. (p. 376)

This traditional economy was embedded in a social order dominated by Confucian hierarchies and local notables who administered land, oversaw taxation, and mediated village affairs. Although land inequality was still relatively mild, a proto-landlord class—mainly composed of literate elites and retired officials—had begun to emerge. However, their capacity for reinvestment or commercial expansion remained marginal.

Ethnic economic roles were beginning to take shape. Chinese merchants in Cho Lon had started operating small rice mills and engaging in import-export activities, but their access to colonial credit and legal protections was still limited. Indigenous Vietnamese entrepreneurs remained largely absent from large-scale trade, finance, or industry, and played only minor roles as intermediaries in localized markets.

In sum, Cochinchina's precolonial economy was isolated, agrarian, and structurally stagnant. It lacked the institutional foundations and economic conditions necessary for capitalist development-namely, surplus production, formal credit mechanisms, infrastructure, urbanization, and integration into global markets. This foundational backwardness would form the point of departure from which the colonial economy imposed by France after 1862 would radically diverge, reshaping the region's socio-economic landscape in both form and function.

The Colonial Dual Economy Model

Under French colonial rule, Cochinchina's economy was structured into a dual system that juxtaposed a traditional subsistence-based sector with a burgeoning colonial capitalist sector. These two sectors did not evolve in parallel but were interdependent within an extractive order engineered to prioritize the interests of imperial capital. As Boeke (1953) conceptualized, the colonial "dual economy" reflected the coexistence of a modern, capitalist enclave operating within and at the expense of a stagnant traditional society. In Cochinchina, this bifurcation was deliberately institutionalized through colonial policies on land tenure, credit, taxation, and infrastructure—all designed to integrate the colony into global capitalism while subordinating indigenous production.

The colonial capitalist sector encompassed plantations, mining concessions, export enterprises, and transport infrastructure concentrated in the eastern provinces and urban centers such as Saigon and Cho Lon. It was capital-intensive, legally privileged, and closely connected to metropolitan markets. French companies and European settlers dominated ownership and management, while Chinese merchants acted as indispensable intermediaries in finance and trade. This sector received the lion's share of public investment—railways, ports, and irrigation systems—constructed specifically to facilitate the extraction and export of rice, rubber, and other commodities. As summarized by Duong To Quoc Thai (2020), Paul Doumer's economic strategy in Indochina aimed to mobilize French capital to build infrastructure that would both extract resources and convert the colony into "an exclusive consumption market for French capitalist goods" (p. 35).

Quantitative evidence confirms this structural imbalance. According to the Annuaire statistique de l'Indochine (1925-1929), more than 2.3 million hectares of cultivated land in Cochinchina were devoted to rice, producing about 28 million quintaux annually with an average yield of 12 quintaux per hectare—the highest in Indochina (Gouvernement général de l'Indochine, 1931, p. 147). Meanwhile, rubber plantations expanded rapidly from 50,000 hectares in 1927 to 84,000 hectares in 1929, concentrated mainly in Thu Dau Mot, Bien Hoa, and Gia Dinh (Gouvernement général de l'Indochine, 1931, p. 148). By 1930, total rubber acreage approached 100,000 hectares, primarily on red-soil lands previously uncultivated. These figures demonstrate how the French restructured land and labor: The rice economy was reoriented toward exports, while plantations absorbed large tracts of fertile land, creating self-contained capitalist enclaves detached from traditional agrarian life.

In contrast, the traditional sector—centered on smallholder rice farming, craft production, and local markets—remained technologically stagnant and economically marginalized. Vietnamese peasants lacked access to credit, markets, and mechanization, remaining confined to subsistence production. As Sophia Reign (1998) observed, development in parts of Cochinchina was severely hindered because essential infrastructure—such as irrigation or transportation—was considered too costly or unnecessary for local needs. "The situation was particularly evident in regions where exploitation required basic and costly infrastructure, such as irrigation and road construction" (p. 373).

The inequitable distribution of credit further entrenched this dualism. The Crédit Agricole Mutuel in Cochinchina, as reported in 1929, had 20 cooperative societies with a total capital of 12.8 million piastres and outstanding loans of 11.955 million piastres, yet interest rates averaged 10-12%, effectively excluding Vietnamese smallholders (Gouvernement général de l'Indochine, 1931, p. 153). As Duong To Quoc Thai (2020) emphasized, the Banque de l'Indochine channeled most agricultural credit toward plantation owners and export traders rather than native farmers (pp. 28, 30, 156-157). This asymmetry turned finance into a mechanism of subordination, consolidating the dependency of indigenous producers on colonial capital.

By the late 1920s, the economic structure of Cochinchina epitomized the logic of dependency theorized by Frank (1969) and Amin (1973): an export-oriented core controlled by foreign capital coexisted with a peripheral subsistence economy that supplied cheap labor and raw materials. As Nguyen Van Khanh (1999) notes, despite visible signs of modernization in the South, Vietnam's economy as a whole remained fundamentally agrarian and underdeveloped (p. 160). The so-called "development" brought about by colonial rule was neither inclusive nor transformative—it deepened inequality and institutionalized dependency.

Far from being a passive consequence of uneven modernization, this dual structure was a deliberate colonial strategy of rule. By maintaining a segmented economy—a highly profitable core dominated by colonial capital and a stagnant periphery populated by Vietnamese peasants—the French ensured both economic extraction and social control. The resulting system entrenched class and ethnic hierarchies, restricted productive reinvestment, and locked Cochinchina into a path of structural dependency that would persist well beyond decolonization.

The Role of the Chinese Merchant Class in the Rice Economy of Cochinchina

The rapid transformation of Cochinchina's rice economy under colonial capitalism cannot be understood without analyzing the intermediary and catalytic role played by the Chinese merchant class, particularly in the rice-producing and rice-exporting circuits. Under French colonial rule, this diasporic group occupied a structurally indispensable position within the economic architecture of southern Vietnam—bridging the gap between indigenous producers, French capital, and international markets.

From the late 19th century onwards, the French colonial administration adopted a dual policy toward the Chinese merchant community in Cochinchina. While limiting their political rights as foreign residents, the colonial state simultaneously granted them substantial economic freedoms—especially in the rice trade, milling, transport, export, and rural credit sectors. This strategy reflected a broader effort to leverage Chinese commercial networks for colonial extraction while minimizing political risk (Nguyen, 2002, pp. 78-80). By the 1890s, Hoa merchants had effectively monopolized the rice trade infrastructure in Cho Lon, where they owned and operated the majority of rice mills, handled grain storage, coordinated riverine transport, and managed transactions with rural suppliers.

As Robequain observed, as cited in Nguyen Phan Quang (2002), Chinese merchants played a crucial intermediary role in Cochinchina's rice economy by organizing an extensive and highly efficient commercial network. They maintained close ties with major traders in rice-producing provinces, controlled a majority of transport vessels, and established a far-reaching web of rural brokers who facilitated the movement of rice from farms to mills and then to export houses. In favorable years, these merchants secured preferential loans from banks, further consolidating their dominance. By 1923, colonial authorities themselves acknowledged this indispensability. As Nguyen Phan Quang (2002, p. 80) recounts, the Cochinchina Rice Improvement Committee admitted that intermediaries between exporters and producers—even French ones—had to rely on Chinese agents due to their superior market knowledge, deep integration in rural life, and logistical organization. The committee expressed concern that no other group could match the Chinese in terms of experience, strategy, and familiarity with farmers' habits and needs. This official acknowledgment highlights the structural reliance of colonial capitalism on Chinese commercial networks. Far from being passive participants, Chinese intermediaries had become irreplaceable nodes within the colonial export economy, binding together rural producers, millers, and international buyers.

The French colonial administration strategically leveraged what might be termed "intermediary capitalism", wherein the Chinese merchant class served not only as a conduit for logistical operations but also as a politically expedient buffer. Unlike the indigenous Vietnamese population—perceived as potentially subversive—the Chinese were regarded by colonial authorities as politically neutral and less inclined to participate in nationalist or anti-colonial movements. This perception underpinned a deliberate policy of economic favor: The Chinese community was granted broad commercial autonomy, coupled with privileged access to financial capital. As noted by J. P. Aumiphin (as cited in Nguyen, 2002), Chinese merchants benefited from both local credit facilities and transnational Chinese financial networks, enabling them to issue pre-harvest loans to Vietnamese peasants and consolidate their intermediary position within the rice economy (p. 78). Some Hong Kong-Shanghai financial groups even advanced capital to Hoa merchants who, in turn, issued pre-harvest loans to Vietnamese peasants, thereby binding them into dependent contractual relationships.

By the early 20th century, this dynamic had crystallized into a three-tiered economic order: French firms dominated capital and export channels; Chinese merchants controlled domestic logistics and rural procurement; and Vietnamese peasants remained subordinated as producers. Despite this, the Hoa class was not merely a tool of colonial capital but a distinct economic force, often negotiating its own interests and building transnational connections across Southeast Asia and southern China.

In summary, the Chinese merchant class in Cochinchina functioned as both the lubricant and the engine of colonial rice capitalism. Their intermediary role was not incidental but systemic, enabling the colonial dual economy to function with minimal French investment in local infrastructures or native entrepreneurship. This entrenched structure of dependency would persist beyond colonial rule, leaving lasting imprints on Vietnam's commercial and ethnic landscapes.

Plantation Expansion and Agricultural Restructuring

Under French colonialism, Cochinchina's agrarian structure underwent a profound transformation through the expansion of large-scale plantations and the reconfiguration of agricultural priorities. This shift, primarily driven by the imperatives of imperial capitalism, reshaped the countryside from a subsistence-oriented rice-based economy into a stratified landscape geared toward monoculture and export.

One of the most significant developments was the rise of plantation capitalism, notably through the rubber boom of the early 20th century. While rice remained a dominant crop, the proliferation of rubber estates across the Eastern region of Cochinchina introduced new forms of land use, labor control, and capital investment. By 1930, rubber plantations in the Eastern region of Cochinchina had reached nearly 100,000 hectares, most of which were concentrated in areas such as Thu Dau Mot, Bien Hoa, and Gia Dinh, primarily on red-soil lands that had previously remained untouched by systematic cultivation (Nguyen, 2007, p. 39).

Figure 1 below provides a statistical breakdown of plantation types in Cochinchina in 1930, illustrating the stark concentration of land ownership: Although the majority of plantations (over 58%) were small-scale (under 50 hectares), they accounted for only 6.19% of the total cultivated area. In contrast, estates exceeding 1,000 hectares—though representing less than 5% of all plantations—controlled more than 54% of total rubber acreage. This reflects the dominance of large capitalist enterprises, often French-owned, in the colonial rubber economy.

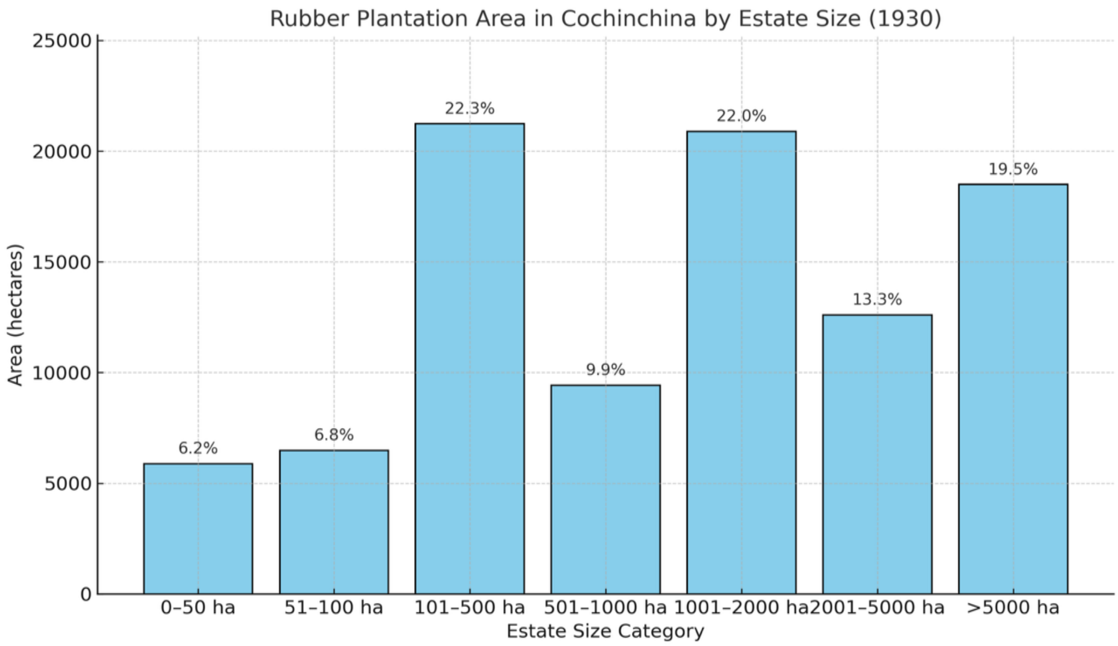

Figure 1. Distribution of rubber plantation area by estate size in Cochinchina, 1930.
Source: Nguyen, 2007, Table 2.6, p. 39.

This transformation was legally and institutionally engineered. The colonial state facilitated land accumulation by French capitalists through a combination of decrees, tax exemptions, and long-term concessions. According to Nguyen Thi Phuong (2007), land policies in Cochinchina during the late 19th and early 20th centuries were systematically designed to encourage settler ownership and facilitate plantation expansion, particularly in fertile red soil areas such as Bien Hoa and Thu Dau Mot. These policies marginalized communal and smallholder claims, thereby creating favorable conditions for the growth of large-scale rubber plantations (pp. 19-22).

One of the defining features of colonial rubber capitalism in Cochinchina was its labor regime, which relied heavily on the recruitment of indentured workers from Tonkin and Annam. Following World War I, as rubber plantations in the red-soil areas of Southeastern Cochinchina expanded rapidly, the colonial state and private capitalists turned to contract labor systems to meet the growing demand for manpower.

These indenture contracts typically lasted three years and were enforced under strict regulations issued by the colonial government. Recruits were often subjected to coercive practices, including deceptive recruitment, high transportation costs, and limited mobility during their contract terms. According to colonial labor inspectorate reports, between 1919 and 1930, a total of 90,875 workers from northern and central Vietnam were transported to work in plantations across Cochinchina, Southern Annam, and Cambodia. The recruitment peaked between 1926 and 1928, reaching nearly 18,000 workers annually, before experiencing a temporary decline in 1929 due to growing resistance to labor recruitment and the political shock of the Bazin assassination (Nguyen, 2007, p. 52).

This system not only ensured a stable supply of cheap labor for plantation owners but also reinforced the exploitative structure of colonial capitalism. Workers endured long hours, harsh living conditions, minimal wages, and tight surveillance. While some were classified as free laborers, the majority fell under the category of indentured laborers, legally bound by contracts and often trapped in debt cycles. As Nguyen Thi Phuong (2007,

p. 91) notes, these labor practices were integral to the expansion of the plantation economy in the 1920s and helped sustain the rubber boom.

Rubber plantations not only altered land tenure but also introduced spatial, social, and demographic changes. Entire settlement villages were established around plantations, effectively turning parts of Eastern Cochinchina into labor colonies. As one study notes, this movement constituted the second major wave of population migration into the region, following the initial frontier expansion of the 18th-19th centuries.

In agricultural terms, this model disrupted the traditional rice cultivation cycle. While the colonial administration celebrated rubber as a symbol of modern enterprise, it simultaneously reinforced monoculture dependency and food insecurity. Export crops were prioritized over subsistence farming, and smallholders were either absorbed into wage labor or marginalized further. According to Nguyen Van Khanh (1999), rural development in colonial Vietnam was marked by stark spatial disparities. While urban centers and industrial zones witnessed modernization and capitalist expansion, large swathes of the countryside—particularly upland areas—remained embedded in feudal production structures and subsistence-based agriculture, with minimal integration into the colonial economy. This uneven transformation, he suggests, reflected a broader imbalance that permeated both sectoral and regional dimensions of colonial development (pp. 159-160).

Ultimately, the expansion of plantations in Cochinchina was not merely an economic phenomenon, but a political project of control, extraction, and transformation. It generated new class formations—planters, brokers, indentured laborers—and accelerated the disarticulation of indigenous agrarian structures. The shift from communal land use to capital-intensive monoculture marked a decisive rupture in the region's rural economy and set the foundations for enduring social inequalities.

Infrastructure, Finance, and Colonial Integration

A defining dimension of Cochinchina's economic transformation under French colonial rule was the construction of a material and financial infrastructure aimed at deepening the region's integration into imperial circuits of trade and capital. From roads and ports to banking institutions, these systems were not neutral engines of modernization but deliberate tools to enable the efficient extraction of resources, the consolidation of colonial control, and the reinforcement of economic hierarchies.

Transportation as a mechanism of extraction. The development of transportation infrastructure—especially during the tenure of Governor-General Paul Doumer—revealed the dual aims of colonial policy: economic extraction and administrative control. As noted by Doumer himself, the French sought to "construct for Indochina a large economic apparatus, a system of railways, roads, canals, ports-necessary facilities for the exploitation of Indochina" (Nguyen, 2007, p. 27).

The economic transformation of Cochinchina under French colonial rule was closely tied to the strategic expansion of its transportation infrastructure, particularly the development of an integrated road network. One of the earliest projects—the Saigon—My Tho road—was surveyed in 1866 and completed by 1880. While it largely traced the historical "Thien ly" route of the Nguyen dynasty, the colonial version introduced significant upgrades, including stone surfacing and dual-purpose bridges accommodating both road and rail traffic across the Vam Co Dong and Vam Co Tay rivers (Ngo & Banh, 2015, pp. 10-11).

From the late 19th century through the early decades of the 20th, the colonial government accelerated road construction to facilitate resource extraction and consolidate control over the countryside. Major routes such as My Tho-Go Cong (constructed in 1895), along with upgraded connections to Cai Lay and Cai Be, were designed to link agriculturally productive zones to urban markets and administrative hubs. In 1913, Governor-General Albert Sarraut authorized the construction of Colonial Route No. 1 (Route Coloniale No. 1), stretching from Saigon through the Mekong Delta to Phnom Penh and onward to Van Tuong, signaling a broader ambition to integrate French Indochina through a unified arterial system. Annual investments in this effort reached between 600,000 and 1,000,000 piastres (equivalent to approximately 2.5 million francs) (Ngo & Banh, 2015, pp. 10-11), underscoring the strategic and financial priority attached to infrastructure.

By the 1920s, Cochinchina's road system had developed into two interconnected networks. The first comprised provincial roads linking key towns in the Mekong Delta—such as Tra Vinh, Vinh Long, Can Thơ, and My Tho—while the second consisted of inter-provincial arteries (notably Routes 13, 14, 15, and 16) connecting Saigon with the broader Luc Tinh region (Ngo & Banh, 2015, pp. 10-11). These roadways were engineered to dovetail with riverine and rail networks, enabling a seamless flow of goods—particularly rice and other export commodities—from plantation zones to port cities like Saigon and Cho Lon. In this way, infrastructure development became both a logistical backbone and an instrument of colonial control, shaping spatial hierarchies and facilitating the extraction of surplus from the rural periphery to the colonial core. The railway line from Saigon to My Tho, operational as early as 1885, set the precedent for an extractive spatial logic that would dominate colonial planning for decades.

Saigon's port infrastructure, including docks, rail connections, and customs facilities, served as the logistical nucleus of the colonial export economy. This urban-commercial complex, particularly the twin hubs of Saigon and Cho Lon, became the primary conduit for Indochina's rice trade. According to Nguyen Phan Quang (2002), by the early 20th century, Chinese merchant houses in Cho Lon controlled the majority of rice milling enterprises and built an extensive intermediary network linking rural producers to exporters. These networks also extended into rural credit and grain collection, enabling the Chinese diaspora to dominate commercial flows and gain leverage over indigenous smallholders (pp. 82-87).

However, this concentration of infrastructure and commercial power overwhelmingly benefited French trading firms and Chinese capitalist intermediaries. Vietnamese peasants, although critical as producers and laborers, were marginalized in both spatial and institutional terms. Their limited access to transportation, storage, and financial services restricted their market participation and reinforced patterns of economic dependency and underdevelopment.

The Banque de l'Indochine and the colonial financial apparatus. Parallel to this material infrastructure, the Banque de l'Indochine (est. 1875) formed the financial backbone of colonial capitalism. It functioned simultaneously as a currency-issuing authority, a commercial lender, and the fiscal agent of the colonial state. According to Duong To Quoc Thai (2020, pp. 124-132), the bank's credit policies overwhelmingly favored French corporations, plantations, and export enterprises, while Vietnamese entrepreneurs and smallholders were almost entirely excluded. This imbalance produced a dual economy, in which the export-oriented capitalist sector thrived at the expense of a stagnant, undercapitalized agrarian base.

Statistical data from the Annuaire Statistique de l'Indochine (1931) confirm this asymmetry: The Saigon branch's gold and foreign exchange reserves rose from 17.1 million piastres (1913) to 48.6 million (1929); Banknotes in circulation increased from 32 million to 146 million piastres during the same period (pp. 211-213); yet domestic investment remained minimal. Meanwhile, the Banque Franco-Chinoise pour le Commerce et l'Industrie expanded its total assets from 417 million francs (1925) to 1.125 billion (1929), channeling credit primarily to export trade and speculation (Annuaire Statistique de l'Indochine, 1931, p. 214).

As Phan Ha Uyen (1978, pp. 150-153) documented, these financial flows were systematically structured to repatriate profits to France. Annual capital transfers exceeded 300,000 gold francs, while dividend payments to French shareholders averaged 5-7 million piastres per year. "Indochina", Phan wrote, "was being drained of its wealth—L'Indochine est dévalisée". Far from stimulating indigenous accumulation, the banking system functioned as a financial siphon, transforming colonial surplus into metropolitan gains through exchange-rate manipulation, tax privileges, and preferential credit for French firms.

The monetary reform of 1928-1930 further institutionalized this dependency. The Convention Monétaire du 16 Novembre 1929 pegged 1 piastre = 10 French francs = 0.655 g of fine gold, integrating Indochina into the franc-or (gold-franc) zone (Annuaire Statistique de l'Indochine, 1931, pp. 199-200). As Phan Ha Uyen (1978, pp. 153-154) explained, this reform effectively converted Indochina's financial system into an extension of the Paris money market, ensuring that fluctuations in the colonial economy mirrored those of metropolitan France and facilitating the automatic transfer of surplus through a gold-based regime.

Colonial integration and spatial inequality. The combined impact of transportation and financial infrastructure was to lock Cochinchina into an externally-oriented economic model that privileged exports, suppressed indigenous accumulation, and deepened social inequalities. Infrastructure was routed not for internal development but for logistical convenience. Credit was allocated not based on productivity but on colonial allegiance. Together, these systems shaped the geography of extraction and exclusion.

One of the major obstacles to endogenous development in colonial Cochinchina was the failure of agricultural credit systems to accommodate the needs of the rural majority. As Sophia Reign (1998) observes, financial institutions were not designed to serve those in need of capital—especially smallholder farmers—but instead operated through intermediary merchant networks. She notes that "loans… did not reach those who needed them, but went to Saigon merchants who then redistributed them on the basis of pre-arranged purchase agreements with plantation owners or rice millers" (p. 378). This pattern of credit allocation was not a symptom of administrative incapacity but a deliberate strategy to sustain structural inequality between the centers of economic power and local productive communities. By channeling credit primarily into urban-commercial sectors rather than small-scale agricultural production, the colonial regime institutionalized a system of dependency that marginalized rural development within the broader logic of extractive colonial economics.

Thus, rather than bridging the traditional and modern sectors, colonial infrastructure bifurcated them—cementing a dual economy in which capital, mobility, and opportunity were monopolized by foreign firms and colonial collaborators, while Vietnamese peasants and native entrepreneurs were structurally marginalized.

Urbanization and Social Stratification in Colonial Cochinchina

The economic transformation of Cochinchina under French colonial rule was not limited to the countryside; it also gave rise to a complex urban restructuring centered around Saigon-Cho Lon. As the colonial administrative and economic hub, Saigon emerged as a strategic node within the empire's Southeast Asian network, while Cho Lon became a vibrant commercial center dominated by Chinese merchants. This twin-city formation reflected the dual character of colonial urbanization: administrative control and commercial exploitation.

Colonial urban planning in Saigon prioritized European needs. The French built wide boulevards, sanitary infrastructure, and modernist architecture in the ville européenne, while native quarters remained congested and under-serviced. This spatial segregation—an embodiment of what Paul Rabinow calls the "colonial city"—

institutionalized racial hierarchies and economic disparities. Infrastructure development, such as electricity, sewerage, and paved roads, rarely reached Vietnamese-populated districts or indigenous workers' settlements.

According to the Annuaire Statistique de l'Indochine (1931), Saigon's European population reached 12,519 by 1929, far exceeding Hanoi (4,472) and Phnom Penh (1,319), while Cho Lon contained 887 Europeans but over 200,000 inhabitants overall, reflecting its distinctly Asian character (p. 64). These figures confirm the emergence of a racially segregated urban dualism in which Saigon functioned as a European administrative enclave, and Cho Lon as a commercial hub dominated by Chinese capital.

The commercial expansion of Cho Lon was particularly significant. According to Nguyen Phan Quang (2002), Chinese merchants effectively controlled the rice trade and owned the majority of rice mills, warehouses, and transport vessels, operating through an extensive network of agents and storage facilities that spanned both rural and urban areas. Their dominance in urban commerce was supported by favorable colonial policies that simultaneously restricted Vietnamese entry into formal capitalist circuits while tolerating—and even encouraging—the economic prominence of the ethnic Chinese. In return, the colonial state leveraged this commercial class to extract surplus from the countryside for export. Statistical data reinforce this asymmetry: By 1921, Cochinchina's total population was 3.797 million, of which 156,000 were Chinese (4.1%) and 11,000 were Europeans (Annuaire Statistique de l'Indochine, 1931, pp. 61-63). The Chinese community thus constituted the largest non-native group in Indochina and formed a powerful intermediary bourgeoisie linking European capital with indigenous production.

Urbanization also contributed to social stratification. The emergence of a Franco-native elite—including collaborateurs, comprador landlords, and colonial clerks—created new channels of upward mobility for a small segment of Vietnamese society, particularly graduates of French-language schools and employees of the colonial administration. These petits fonctionnaires served as intermediaries between the colonial state and the local population, yet remained structurally subordinate within the racialized hierarchy.

At the same time, a growing working-class population, composed of rural migrants, dockworkers, construction laborers, and factory hands, inhabited peripheral neighborhoods under precarious living conditions. According to migration data (Annuaire Statistique de l'Indochine, 1931, pp. 67-69), in 1928 more than 10,270 laborers from Tonkin and 2,050 from Annam migrated to Cochinchina under contract, and in 1929 alone, an additional 5,389 workers were recorded arriving from the North and Central regions. These flows sustained the growth of the urban proletariat in Saigon, Cho Lon, and industrial towns such as Thu Dau Mot and Bien Hoa. They experienced a new form of proletarianization—distinct from traditional village life but lacking the legal protections and bargaining power afforded to workers in France. Social mobility for this group was limited, and their presence foreshadowed the later formation of labor movements in the 1920s and 1930s.

Furthermore, occupational statistics reveal the structural hierarchy of urban labor. Among the 17,432 Europeans engaged in economic activity across Indochina in 1929, the majority were concentrated in commerce (2,876 persons), manufacturing (1,164), and administration (1,808)—with Cochinchina hosting over half of these (Annuaire Statistique de l'Indochine, 1931, p. 65). In contrast, the Vietnamese and Chinese workers occupied the lowest tiers of the economic order, engaged mainly in manual labor and small-scale retail, highlighting the racial division of urban labor markets.

Thus, colonial urbanization in Cochinchina was not merely the passive outcome of economic transformation; it was an active mechanism of domination through which the colonial state reinforced social and racial hierarchies. The spatial organization of cities such as Saigon and Cho Lon reflected a deliberate strategy to concentrate infrastructure, administrative functions, and export-oriented industries within enclaves dominated by French settlers and Chinese merchants, while marginalizing indigenous populations to peripheral zones. This spatial asymmetry both mirrored and perpetuated structural inequalities—economically, socially, and politically. Urban planning and public works were closely tied to the needs of colonial extraction and control, creating urban environments that prioritized coordination of production and commerce while simultaneously facilitating surveillance and domination. The legacies of this colonial urban model continued to shape Vietnam's urban development patterns well beyond the colonial era.

Conclusion

The economic transformation of Cochinchina under French colonial rule was neither a spontaneous process of modernization nor a benign expansion of capitalism. Rather, it represented a deliberate reorganization of space, labor, and finance into a colonial system of extraction. Through the construction of transportation infrastructure, the consolidation of plantation capitalism, and the dominance of financial institutions such as the Banque de l'Indochine, the French established an economic order that subordinated indigenous production to metropolitan interests.

This study demonstrates that the development of Cochinchina followed the structural logic of what Boeke (1953) termed a dual economy—a coexistence of a modern, export-oriented sector controlled by foreign capital and a traditional, subsistence-based agrarian economy. Yet, unlike Boeke's neutral model, this dualism in Cochinchina was a product of colonial design rather than a transitional phase of development. By mobilizing dependency theory (Frank, 1967; Amin, 1973), the research further situates this transformation within the broader framework of global capitalist dependency, revealing how colonial finance, trade, and infrastructure reproduced inequality through institutional mechanisms rather than market failure.

Empirically, the study contributes to colonial economic historiography by integrating quantitative evidence from the Annuaire Statistique de l'Indochine (1913-1930) with qualitative insights from archival and secondary sources. The data reveal not only the asymmetry between sectors and regions, but also the mechanisms—credit allocation, monetary policy, and spatial planning—through which this asymmetry was sustained. In doing so, the paper moves beyond descriptive colonial history to explain the structural foundations of dependency that persisted in Vietnam's postcolonial development.

Theoretically, this research reframes Cochinchina not as a peripheral outpost of French Indochina, but as a laboratory of colonial capitalism—a prototype of how infrastructure, finance, and spatial segregation could be used to produce both economic growth and social hierarchy. Its legacy endures in the uneven development patterns, urban hierarchies, and institutional dependencies that continued to shape Southern Vietnam long after decolonization.

References

Amin, S. (1973). *Neo-colonialism in West Africa.* (F. McDonagh, Trans.). New York & London: Monthly Review Press. (Original work published in French)

Aumiphin, J. P. (1994). *The financial and economic presence of France in Indochina, 1859-1939*. Hanoi: Vietnam Association of Historical Sciences.

Boeke, J. H. (1953). *Economics and economic policy of dual societies, as exemplified by Indonesia*. New York, NY: Institute of Pacific Relations.

Brocheux, P. (1995). *The Mekong Delta: Ecology, economy, and revolution, 1860-1960*. Madison, WI: University of Wisconsin-Madison, Center for Southeast Asian Studies.

Duong, T. Q. T. (2020). The Banque de l'Indochine in the process of French colonization in Vietnam (1875-1954) (Doctoral dissertation, Ho Chi Minh City University of Education, 2020).

Duong, T. Q. T., & Bui, H. T. (2025). The role of the Banque de l'Indochine in the French colonization of the rubber industry in Cochinchina (1875-1945). In *Proceedings of the 7th International Cappadocia Scientific Research Congress* (pp. 1426-1436). Göreme, Türkiye: Liberty Academic Publishers. ISBN:979-8-89695-149-0

Frank, A. G. (1969). *Latin America: Underdevelopment or revolution: Essays on the development of underdevelopment and the immediate enemy*. New York: Monthly Review Press.

Gouvernement Général de l'Indochine. (1931). *Annuaire statistique de l'Indochine: 1923-1929 (2e vol.)*. Hanoi: Imprimerie d'Extrême-Orient.

Hobson, J. A. (1902). *Imperialism: A study.* New York, NY: James Pott & Company.

Le, H. P. (2017). The progress and consequence of the colonial exploitation policy in the Southeast under the French colonial period (1862-1945). *Journal of Science—Thu Dau Mot University, 2*(33), 12-21.

Lenin, V. I. (1963). *Imperialism, the highest stage of capitalism*. In *Selected works* (Vol. 1, pp. 667–766). Moscow: Progress Publishers.

Ngo, M. O., & Banh, T. H. T. (2015). The transport system in Cochinchina during the French colonial rule (1860-1945). *Journal of Science—Ho Chi Minh City University of Education, 10*(76), 5-14.

Nguyen, D. T. (2016). *The French colonial regime in Cochinchina (Vol. 1: 1859-1954)*. Ho Chi Minh City: Ho Chi Minh City General Publishing House.

Nguyen, T. M. H. (2020). Cholon's urban evolution, 1879-1930: State, locals, and trans-locals (Doctoral dissertation, The Australian National University, 2020).

Nguyen, P. Q. (2002). The Chinese in the rice market of Cochinchina during the French colonial period. *Journal of Historical Studies, 320*(1-2), 77-87.

Nguyen, T. P. (2007). The history of rubber plantations in Southeastern Vietnam during the French colonial period (1898-1939) (Master's thesis, Ho Chi Minh City University of Education, 2007).

Nguyen, V. K. (1999). *The socio-economic structure of Vietnam during the colonial period (1858-1945)*. Hanoi: Vietnam National University Press.

Phan, H. U. (1978). *History of Indochina currency and the Banque de l'Indochine from the late 19th century to the mid-20th century.* Hanoi: Institute of Economics, Monetary, Credit, and Banking Research.

Pham, V. C. (2003). *The economic history of Vietnam*. Hanoi: Vietnam National University Press.

Reign, S. (1998). Cochinchina: From the establishment of the civil regime to its transformation in the 1930s. In *Proceedings of the First International Conference on Vietnamese Studies* (pp. 371-385). Hanoi: The Gioi Publishers.

Robequain, C. (1944). *The economic development of French Indo-China.* (I. A. Ward, Trans.). Oxford: Oxford University Press.

Tran, N. T., & Nguyen, T. A. N. (2022). The development of landlord class in Cochinchina in the first 30 years of the 20th century. *Scientific Journal of Saigon University, 79*(1), 3-12.