

# The Development of Capitalism in Colonial Indochina (1870-1940)

**Martin J. Murray**



THE DEVELOPMENT  
OF CAPITALISM IN  
COLONIAL  
INDOCHINA  
(1870–1940)

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UNIVERSITY OF CALIFORNIA PRESS  
Berkeley Los Angeles London

University of California Press  
Berkeley and Los Angeles, California

University of California Press, Ltd.  
London, England

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**Library of Congress Cataloging in Publication Data**

Murray, Martin J.

The development of capitalism in colonial Indochina (1870–1940)

Bibliography: p. 631

Includes index.

1. Indochina—Economic conditions. 2. Capitalism. I. Title.

HC442.M87 330.9597'03 80-16472

ISBN 0-520-04000-7

Printed in the United States of America

## PREFACE

The two purposes of this book are distinct but interrelated. The first aim is to explore—in theoretical terms—the essential prerequisites for the development of capitalism proper. In the three volumes of *Capital*, Marx took for granted the elements of the capitalist mode of production and then proceeded to analyze the extended reproduction of capital and its contradictory laws of motion. In contrast, the intention here is to conceptualize the “primitive” forms of capitalism that precede the capitalist accumulation of capital and to demonstrate how they act as effective barriers to capitalist production and circulation proper. The second aim of this study is to elaborate—in light of the theoretical discussion of the necessary prerequisites for capitalist development—the historical unfolding of capitalism in colonial Indochina between 1870 and 1940.

Efforts that so combine theoretical considerations and detailed historical accounts are bound to leave both theorists and specialists dissatisfied. The present work makes no claim to have transcended this difficulty, and is necessarily limited. While I have operated within the broad terrain of historical materialism, I have not directly intervened in important debates and controversies now extant within the domain of Marxism. Similarly, I have chosen to highlight only particular aspects of French colonial rule in Indochina, consciously excluding a tremendous amount of extremely rich historiographical research on French rule in colonial Indochina.

At the conceptual level, this study takes as its point of departure the method of historical materialism. Procedurally, I have taken the theoretical categories first developed by Marx in the three volumes of *Capital*—and later used by Lenin in *The Development of Capitalism in Russia*—in order to analyze the development of capitalism in colonial Indochina, 1870–1940. Put simply, the underlying theme of this study can be stated as follows: the development of capitalism has never been a uniform, homogeneous process but instead has taken place under diverse historical circumstances and under dissimilar conditions. Theoretically, the principal problem becomes one of combining an analysis of the necessary prerequisites for the extended reproduction of capital with an historical treatment of the unfolding of these prerequisites under concrete circumstances.

The central thesis of this study is that colonial rule in Indochina was founded on the construction of a rough complementarity between metropolitan economic activities and local economic activities. The guiding principles of colonial rule were: first, the exploitation at the periphery of industrial raw materials and essential foodstuffs for export (where colonial production became part and parcel of the process of the extended reproduction of metropolitan capital located at the center of the capitalist world-economy); second, the reservation of local markets for manufactured commodities exported from the metropolitan center, and the protection of metropolitan markets for these same metropolitan manufacturers against competition from lower-cost colonial producers by means of restricted colonial industrialization; and third, an intracolony division of labor that imposed specialized and rigid production requirements for export on each colonialized territory. Colonial dependence was maintained not only by state force and violence but also by means of currency and trade controls overlaid by a virtual colonial monopoly over desirable land, labor, and capital in the colonial territories.

Nevertheless, the incorporation of colonial Indochina into the capitalist world-economy was not identical to the unfettered expansion of strictly capitalist development. The hybrid and contradictory forms of capital that emerged in the colonized territories set definite limits to the capitalist accumulation of capital. These "blockages" to the homogeneous spread and deepening of the extended reproduction of capital coincided with economic stagnation, declining productivity, and the vicious cycle of rural poverty associated with the "underdeveloped" regions of the globe.

The idea for this monograph was first conceived during the zenith of the United States military operations in Vietnam. What began as a brief introduction to an analysis of United States neo-colonial ventures eventually blossomed into a full-fledged monograph in its own right. No monograph is ever completed without considerable help, both practical and conceptual. I would like to thank the Louis M. Rabinowitz Foundation for providing financial support during the initial stages of this project. I am also grateful for having been relieved of teaching responsibilities during the spring of 1978. The State University of New York Research Semester Award allowed me to devote my full attention to the completion of this manuscript.

The time to reflect and write is a necessary ingredient for any intellectual project. But it alone is insufficient to guarantee satisfying results. Without the magnificent intellectual environment provided by faculty colleagues and graduate students of the Department of Sociology at the State University of New York at Binghamton, I might not have been inspired to engage in the wide range of historical and theoretical queries posed in this manuscript.

I would also like to acknowledge the help I received from anonymous librarians at the University of California at Berkeley, Cornell University, Harvard University, Michigan State University, and the University of Texas at Austin. Both Nancy Huling at the State University of New York at Binghamton and Madame Pouliquen at the Archives Nationales, Section d'Outre-Mer in Paris were responsible for numerous small favors. A number of individuals read or commented on portions of this manuscript: Robert Bach, Eric Berg, Michael Burawoy, Alex Dupuy, Daniel Ellsberg, Paul Fitzgerald, Terence Hopkins, Resat Kasaba, Philip McMichael, Samuel Popkin, Charles Post, Paul Rabinow, Robert Russell, Mark Selden, Robert Sherry, Barbara Stuckey, Dale Tomich, John Yrchik, and Nancy Wiegiersma. Nguyen Hoi-Chan and Ngo Vinh Long provided me with invaluable information not only about how to most productively use the Archives Nationales, Section d'Outre-Mer but also with numerous historical insights into a variety of problem-areas. Yet most of all, their continued dedication to the Vietnamese people—despite official rebuff and vicious harassment—provided me with an exemplary benchmark from which to measure scholarship and activism. Rhonda Levine deserves at least a full paragraph acknowledgment: she offered thoughtful commentary on the entire manuscript and posed insightful questions at every turn. She ploughed through archival materials with me at Rue Oudinot and endured the usual difficulties associated with completing a manuscript. I would also like to thank Nancy Hall, Pat Doloway, and Nettie Rathje for the numerous burdens I placed upon their already full work-loads. Finally, I would like to acknowledge the encouragement and help I received from Stanley Holwitz, Assistant Director, University of California Press. I now appreciate the range of problems that accompany transforming a typescript manuscript into a full-fledged book.

In the midst of the principal theoretical arguments and historical evidence presented in this study, one must never lose sight of the real human subjects. (My parents, Robert and Margaret Murray, have always reminded me of this principle through their example.) The people of Indochina suffered in almost indescribable ways from the barbaric nature of French colonialism. They then endured the utter horror and callousness of United States military and civilian operations there. Once again, they are engulfed in bitter struggle in both the north and the west.

The people themselves—the urban workers, the tenant farmers and sharecroppers, the agricultural laborers, the intellectuals, the petty traders and crafts workers, the outcasts and the unrecognized—demonstrated through their struggle and sacrifice that colonial rule in its multifarious forms was not immutable. Under the leadership of the Indochinese Communist Party, individuals from all walks of life joined

together to make the vision of "independence and freedom" into a reality. The completion of that task still eludes them, but substantial obstacles have been cleared away. This book is dedicated to the hope of genuine peace, progress, and socialism for Indochina. After all, Nguyen Ai Quoc, alias Ho Chi Minh, inspired his compatriots with his prophetic words: "After sorrow comes joy . . . we will rebuild our country ten times more beautiful."

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## INTRODUCTION

# THE PROCESSES OF CAPITALIST DEVELOPMENT AND COLONIAL INDOCHINA

## THEORETICAL CONSIDERATIONS

### CAPITALIST DEVELOPMENT AND THE COLONIAL SYSTEM

The late nineteenth-century colonial annexations corresponded to a fundamental expansion of the boundaries of the capitalist world-economy. The impact of this metropolitan "scramble for empire" was the reshaping, in one giant leap, of the existing world division of labor. With the formation of discrete overseas "colonial empires," metropolitan capital was able to extend its entrepreneurial operations outward through new patterns of trade and overseas investments, thereby spatially relocating a portion of its economic activities (capital formation and commodity production and circulation) in the newly acquired territories. This process of incorporation of the colonial territories into the capitalist world-economy transformed these external areas (formerly immune to the cyclical rhythms of expansion and contraction of world capitalist economic activities) into peripheral zones that came to specialize in primary production for export. This process of "peripheralization" signified the emergence of new roles within the world division of labor and subjected the colonial territories to the laws of motion of capital accumulation. The mechanisms of "unequal exchange"<sup>1</sup>—reinforced by colonial trade monopolies and restrictions on local industrialization—continually reproduced the "underdevelopment" of the colonial territories, despite significant changes in the actual organization of production and circulation on a world scale.

The "second wave"<sup>2</sup> of metropolitan colonial expansion that came into existence at the end of the nineteenth century reached its zenith in the period between the two world wars, experienced a protracted crisis

after World War II, and eventually collapsed under the full weight of a variety of historical circumstances. The socioeconomic changes brought about by colonial rule were significant and extensive. The heritage of the political and economic structures of foreign domination still weighs heavily upon the exploited populations of Africa, Asia, the Middle East, and Latin America. Yet nowhere were colonially inspired changes the same. The piecemeal annexation of territories took place under widely diverse circumstances, with varying degrees of disruption of preexisting social structures, and with considerably different outcomes. This historical specificity of each instance of metropolitan colonial annexation has made the study of colonialism proper a complicated and perplexing task.

Most historiographical studies of late nineteenth century colonialism are seriously hampered by their lack of an explicit theoretical apparatus adequate for a precise understanding of the conceptual location of the annexed territories within the wider framework of processes of capital accumulation on a world scale. For example, to define colonialism as "a set of superior-inferior relationships in which the colonised is held in economic and political subjection to his rulers,"<sup>3</sup> or as "a system of rule which assumes the right of one people to impose their will upon another,"<sup>4</sup> is to reduce a complex problem to a simplistic truism that begs the most significant questions. How and why colonial rule assumed its historical forms and relationships with metropolitan state machineries is simply taken as a *fait accompli*.<sup>5</sup>

In particular, the relationship between colonial expansion and capitalism presents innumerable theoretical difficulties. Capitalist relations did not emerge organically within the colonial territories but, instead, were "injected into the colonial world from the outside and, where necessary, imposed upon unwilling populations there at the point of a gun."<sup>6</sup> To paraphrase Lenin in his *Development of Capitalism in Russia*, capitalism did not emerge at once and neither did the precolonial "natural economy" disappear at once.<sup>7</sup> Metropolitan capitalist penetration of the colonial territories thus created hybrid forms of production which historically combined features of both the old and the new. To simply designate the complex economic activities that evolved during the colonial period as "capitalist," "feudal," or "semifeudal" is to reduce a rich array of social relations inextricably intertwined with each other to an abstract formulation that neglects the processes of class formation and class disintegration.

In addition, it must be pointed out that the shifts in class relations that accompanied colonial rule coincided with changing property relations and methods of surplus extraction. Put in another way, the evolving structure of economic class relations created the terrain for class struggles. It cannot be overemphasized that class struggles were inscribed in the very nature of class relations (expressed in terms of property

relations and methods of surplus extraction). Class struggles took place on a daily basis between dominant and subordinate classes over the distribution of the social product and the terms of exploitation. These daily economic class struggles occasionally erupted into great social upheavals characterized by their frontal assault on the fundamental nature of the class relationships themselves. The historical outcome of these great decisive episodes either reinforced the existing delicate balance of class forces (including property relations and methods of surplus extraction) or else cast them aside in favor of a new class ensemble. The historically specific class structures that did unfold as a consequence of colonial rule tended to impose rather strict limits and possibilities on the ensuing patterns of economic change and economic development.<sup>8</sup>

In order to sharply appreciate the concrete scenario of the development of capitalism in colonial Indochina, several questions must first be addressed which are intended to theoretically locate the general *problematic* considered here: (1) what are the historical preconditions for capitalist development? (2) what is the relationship between the so-called primitive accumulation and the strictly *capitalist* accumulation of capital? and (3) what is the relationship between the process of social differentiation and class formation and disintegration?

#### CAPITALIST PRODUCTION AND PRIMITIVE ACCUMULATION

Strictly speaking, the capitalist organization of the production process (i.e., the whole cycle of production, circulation, and distribution of commodities) presupposes a number of conditions: absolute private property; the separation of labor, capital and land; the division of wages, profit of capital, and rent of land; the social division of labor; the exchange of commodities; and market competition.<sup>9</sup> In their pure form, strictly *capitalist* social relations of production (i.e., wage-labor and capital) are characterized by the fact that both the relations of economic ownership (i.e., the ability to assign the means of production and to allocate resources and profits to private ends) and the relations of possession (i.e., the actual control over the organization of the labor process) are functions of capital. It follows that "the direct producers (the proletariat) are here 'dispossessed' of everything except their labour-power, which itself becomes a commodity resulting in the extraction of surplus-labour under the specific form of surplus value."<sup>10</sup>

More precisely, Marx referred to the historical fulfillment of these necessary preconditions for capitalist production proper as the process of *primitive accumulation*.<sup>11</sup> This process involved the historic unfolding of three necessary conditions: first, the formal separation of the immediate producers from their principal instruments and materials of production;

second, the transformation of these immediate producers into wage-labourers, where wage-labor itself is defined not by the degree of juridical freedom per se but by the existence of commodity production and circulation in combination with equivalent-exchange;<sup>12</sup> and third, the transformation of the instruments and materials of production into capital.

Marx's analysis of the process of primitive accumulation centers on the explication of the *presuppositions* which need to be historically realized before the capitalist mode of production can, descriptively speaking, "stand on its own two feet." As Balibar has pointed out, Marx's treatment of primitive accumulation in the European theater assumes a common *retrospective* form. More precisely, the analysis of primitive accumulation "is therefore, strictly speaking, merely the *genealogy of the elements which constitute the structure of the capitalist mode of production*."<sup>13</sup> In this sense, Marx's study of primitive accumulation involves the analytic separation between the necessary *presuppositions* of the capitalist mode of production, which are theoretically constructed on the basis of the capitalist structure itself, and the *historical conditions* in which these presuppositions happen to be fulfilled.<sup>14</sup>

Marx's analysis of primitive accumulation is fragmentary and theoretically inconclusive with respect to the succession and transformation of modes of production. In Balibar's words, "the genealogy is not traced on the basis of a global result, but distributively, element by element."<sup>15</sup> For this reason, the theory of capital does not rest upon any law of necessary and unique succession from noncapitalist modes to the capitalist mode of production. Strictly speaking, wage-labor and capital constitute the two main elements which enter into articulated combination in the capitalist structure. These elements combined by the capitalist structure have different and independent origins. Put in another way, the processes by which immediate producers are separated from the instruments and materials of production and the processes by which capital is constituted as a sum of disposable value is determined by the nature of the historical environment in which these elements find themselves.<sup>16</sup> In short, the development of capitalism does not follow a necessary pattern and, in fact, has occurred historically under the influence of dissimilar processes.

Marx's analysis of primitive accumulation presupposes the relative independence and historical variety of the different processes by which the elements of the capitalist structure are gathered together in articulated combination. What remains unexplained is the manner in which these elements are combined in the historical *transition* to the exclusive domination of the capitalist mode of production. Lenin's application of Marx's theory of capital to the study of the historical development of capitalism in post-Reform Czarist Russia provides an informative frame-

work for the analysis of the historical forms of production which precede capitalist production proper.<sup>17</sup> Lenin utilizes the concept "home market" in his effort to uncover the inner dynamics of social transformation which were taking place in the Russian countryside. In contrast to the Narodnik position (viz., the impoverishment of the Russian countryside acted as an impediment to capitalist development), Lenin argued that the so-called "peasant differentiation" masked the more fundamental process of the disintegration of independent land-holding proprietorship and the consequent conversion of the well-to-do rural inhabitants into capitalist farmers and the transformation of the impoverished, virtually landless small-scale cultivators into agricultural wage-laborers. Lenin describes the historical process of the creation of a home market:

The differentiation of the peasantry creates a home market for capitalism. In the bottom group, this formation of a market takes place on account of articles of consumption (the market of personal consumption). The rural proletariat, by comparison with the middle peasantry, *consumes less*, and, moreover, consumes food of worse quality (potatoes instead of bread, etc.), *but buys more*. The formation and development of a peasant bourgeoisie creates a market in two-fold fashion: firstly and mainly on account of means of production (the market of productive consumption), since the well-to-do peasant strives to convert into capital those means of production which he "gathers" from both landlords "in straitened circumstances" and peasants in the grip of ruin. Secondly, a market is also created here on account of personal consumption, due to the expansion of the requirements of the more affluent peasants.<sup>18</sup>

For Lenin, the growth of the home market was synonymous with a "deepened" social division of labor, the transition from simple commodity production to capitalist production, and the conversion of rural inhabitants into capitalist entrepreneurs, on the one hand, and agricultural wage-laborers, on the other. More precisely, the growth of the home market implied, first that *means of production* (from which the immediate producers had been expropriated) were converted into capital, served to produce commodities, and were themselves transformed into commodities, and second, the *means of subsistence* of small producers were converted into the elements of variable capital, i.e., the articles of consumption.<sup>19</sup>

## THE DEVELOPMENT OF CAPITALISM IN COLONIAL INDOCHINA

### CAPITALIST PRODUCTION AND COLONIAL INDOCHINA

Metropolitan capital's efforts to establish formal colonial rule at the end of the nineteenth century represented the outward expansion of the capitalist production and circulation processes. Colonial domination



necessarily implied the transformation, and eventual destruction, of the formerly dominant non-capitalist modes of production. The dissolution of the non-capitalist modes of production set free the constitutive elements of the capitalist mode of production.

In colonial Indochina, the process of primitive accumulation remained only differentially completed throughout the entire era of foreign domination. For this reason, the prerequisites for strict capitalist organization of the production process were never fully realized and, in fact, only haltingly evolved even in the plantation and mining zones completely dominated by metropolitan capital. Under these circumstances, metropolitan capital—which had already reached the monopoly stage in the European core areas by the end of the nineteenth century—was forced by economic necessity to operate within the narrow framework of particular technical limits. The historical manner in which metropolitan capital forged a firm grip over the capital accumulation process created the foundations for the combined and uneven capitalist development where the colonized territories, as suppliers of industrial raw materials and agricultural foodstuffs, became both dependent appendages of the metropolis and backward peripheral zones of the capitalist world economy.

Precolonial Indochina corresponded more or less to what Lenin, Luxemburg, and others have described as the “natural economy”: a mass of homogeneous economic units (i.e., virtually self-sufficient and self-contained village communes) where each autonomous unit engaged in nearly all forms of economic activity “from the acquisition of various kinds of raw materials to their final preparation for consumption.”<sup>20</sup> Luxemburg’s analysis of the natural economy focused on two fundamental aspects: first, the natural economy revolved around an internal demand for its own products; and second, its reproduction was affected by means other than purely economic, i.e., both means of production and labor-power remained in some way “bound” under natural economy.<sup>21</sup> Hence, the natural economy stood opposed to commodity exchange and circulation in general, and to the expanded reproduction of capital in particular. The destruction of the natural economy at the hands of capital implied “the progressive socialization of labour processes that can be separated from the land as the immediate objective condition of production, and the growth of a commodity economy, in which production is no longer in order to satisfy a direct need of the producer, but in order to create and realize exchange-value.”<sup>22</sup> Put briefly, capital’s frontal assault on the natural economy coincided with the growth of the home market, where the materials and instruments of production, and, most importantly, labor-power itself, were converted into commodities, and the aim of production became the creation of surplus-value for