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ABSTRACT

Objective: This study aims to deconstruct the mechanisms of "financializing" rice in the Mekong Delta under the dominance of the Banque de l'Indochine (BIC). The article elucidates how a colonial financial institution transformed rice from a purely agricultural commodity into a tool for exchange speculation and capital accumulation. **Methods:** The author employs comparative historical methods, combined with qualitative analysis of archival sources from the BIC's financial reports and export data from the Governor-General of Indochina. A political economy approach is utilized to analyze the interrelationships between credit, exchange rates, and intermediary networks. **Results:** The research reveals that the BIC established a "dual monopoly" system by controlling both the credit flows to rice mills and the coordination of foreign exchange. This financialization process created a structural "debt trap," forcing indigenous farmers and small traders to bear all risks from international silver price volatility, while surplus profits were concentrated and remitted to Paris. **Conclusions:** The presence of the BIC distorted the rice value chain, transforming the Mekong Delta into a dependent link within the global financial system. This historical lesson provides profound insights into the risks of losing financial autonomy within strategic agricultural supply chains in the contemporary era.

Keywords: Banque de l'Indochine; Financialization; Mekong Delta Rice Chain; Colonial Credit; Monetary Hegemony.

1. INTRODUCTION

In the history of colonial economics, the Mekong Delta was recognized not only as a vast "rice basket" supplying the global market but also as the site of a profound agricultural financialization process spearheaded by the Banque de l'Indochine (BIC). Unlike traditional agricultural trade models, the intervention of the BIC transformed rice from a mere peasant livelihood into a complex financial asset linked to exchange rate speculation and monopoly credit. According to Scott (1976), the transition from a subsistence economy to a monetized one caused severe disruptions in the welfare structure of Vietnamese villages. However, an aspect less clarified in previous studies is the role of finance capital represented by the BIC in coordinating this entire export value chain (Duong, 2021).

The financialization of rice in the Mekong Delta did not occur spontaneously but was a well-established strategy. Murray (1980) argues that the French colonial system constructed a dual economic structure, where indigenous agriculture was forced to serve the accumulation of the core through coercive credit mechanisms. The BIC, as the sole issuing and lending bank with absolute power, established a financial control network from the large rice mills in Cho Lon to collection agents in remote areas (Meuleau, 1990). This dependency meant that the rice value chain no longer operated under natural supply and demand laws but was dominated by the interests of shareholders in Paris (Marseille, 2005).

From the perspective of financialization theory, Epstein (2005) suggests that this process occurs when financial activities dominate over productive ones. In the Mekong Delta, this was clearly evidenced by the BIC's manipulation of the exchange rate between the silver Piastre and the French Franc to profit from rice export contracts to Hong Kong and Europe (Gonjo, 1993). Brocheux and Hémery (2004) emphasize that every fluctuation in the international silver market was converted by the bank into a debt burden on the direct producers. Although Robequain's (1944) studies detailed the development of agricultural infrastructure, the link between colonial capital flows and rural impoverishment through the value chain remains a gap to be filled with new archival evidence (Nguyen, 2005).

This research, therefore, aims to deeply analyze the operational mechanisms of the BIC within the Mekong Delta rice export chain from 1875 to 1954. By employing economic historical methods and a systems approach, the article will demonstrate that the prosperity of Indochina's "Grain of Jade" was, in fact, a process of sophisticated surplus extraction, where monetary hegemony stripped the economic autonomy of the farmers (Stiglitz, 2002). Consequently, the paper contributes a vital perspective to current discussions on food security and financial dependency within global supply chains in Southeast Asia (Harvey, 2003).



Theoretical Framework: Financialization and Colonial Value Chains

This study relies on the intersection of three primary theoretical currents to explain the expansion of the BIC in the Mekong Delta. First, the Financialization Theory proposed by Epstein (2005) provides a lens to understand how profits in the real economy (rice agriculture) are siphoned toward financial institutions. In a colonial context, Krippner (2005) argues that financialization is not merely the growth of financial markets but the restructuring of the economy such that capital accumulation depends primarily on financial channels rather than production. In the Mekong Delta, this was evidenced by the BIC's role: while not directly engaging in rice cultivation, it held the "lifeblood" of the industry by controlling credit and foreign exchange.

Second, Gereffi's (1994) Global Value Chain (GVC) Theory helps position the role of intermediary actors. Within the rice chain, the BIC acted as a "gatekeeper." According to Wallerstein (1974), peripheral regions like Indochina were bound to global supply chains to serve the prosperity of the core. By financing large rice mills in Cho Lon, the BIC implemented a "control from the top" strategy, utilizing mill owners to indirectly exert dominance over millions of sharecroppers (Murray, 1980).

Literature Review: The BIC and Agricultural Economics

Classical studies on the BIC often focus on administrative and political history. Gonjo (1993) provided a monumental overview of the bank's formation as a "bank of issue and investment bank." However, Gonjo paid little attention to the ethnographic and social impacts in the rural Mekong Delta. Conversely, Scott (1976) and Popkin (1979) established a classic debate on the nature of Southeast Asian peasants facing the onslaught of capitalism. Scott argued that the intrusion of a monetary economy disrupted the "moral economy" and village welfare networks, while Popkin viewed peasants as rational economic actors attempting to adapt to the market.

Nevertheless, neither Scott nor Popkin deeply analyzed the role of the BIC as a macro-regulating financial institution. Duong (2021) filled part of this gap by demonstrating that the BIC did not merely lend money but created a "dependency ecosystem" through monetary hegemony. Wolf (1982) emphasized that the history of "people without history" (peasants) is invariably tied to the expansion of global capital. Marseille (2005) added that French colonial investment was highly "extractive," with banks like the BIC functioning as "pumps" converting raw resources into financial profits in the metropole. Finally, the research by Brocheux and Hémery (2004) on "ambiguous colonization" shows that the modernization of agricultural infrastructure in the Mekong Delta was always accompanied by increased debt and class differentiation a direct consequence of the BIC's credit policies.

3. RESEARCH METHODOLOGY

Economic History Approach and Systems Analysis

This study employs the methodology of modern economic history, focusing on deconstructing financial power relations within a colonial context. Following the orientation of Tosh (2015), historical research is not merely the description of past events but the process of analyzing enduring social and economic structures. The author adopts a systems approach to examine the Mekong Delta rice value chain as a complex network, where financial decisions in Paris exerted a direct impact on the lives of the population in Cochinchina.

Data Collection and Source Criticism

Primary source data forms the core of this research. The author conducted extensive mining of the annual reports (*Rapports Annuels*) of the Banque de l'Indochine from 1875 to 1954, the economic bulletins of the Governor-General of Indochina (*Bulletin Économique de l'Indochine*), and archival records held at the National Archives Centers I and II. According to the rules of source criticism established by Bloch (1953), every figure regarding rice production and credit debt was cross-referenced with tax reports and import-export data at commercial ports to ensure authenticity.

Processing quantitative data from the BIC's balance sheets helps reconstruct the scale of financial capital expansion. However, as McCulloch (2004) warned, official archival documents often carry the perspective of the colonial administration. Therefore, this study performs a "reading against the grain" method to extract the negative impacts on the sharecropping peasantry, whose experiences were rarely fully documented in bank reports.

Qualitative and Interdisciplinary Analysis

In addition to quantitative data, qualitative content analysis is used to decode business strategies and regulatory texts governing exchange rates. The author applies Gidwani's (2008) analytical framework on the history of agrarian

capitalism to elucidate how "capital" was transformed into "power." A comparative historical method is also employed by contrasting the BIC's financialization model in Vietnam with similar models of British colonial banks in Burma or the Dutch in Indonesia (Furnivall, 1948).

Finally, to address issues of social and demographic change as required by JPSS, the research integrates historical anthropological analysis. Following Cohn's (1987) suggestion, combining economic statistical data with records of village structures allows the author to depict a comprehensive picture of social disruption under the impact of the financialization of the "Grain of Jade."

4. THE INFRASTRUCTURE OF FINANCIALIZATION: BIC AND THE MEKONG DELTA RICE CHAIN

4.1. The "Silver Piastre" and Exchange Rate Hegemony

The expansion of the Banque de l'Indochine (BIC) in the Mekong Delta relied not only on physical warehouses but also on an invisible yet potent infrastructure: the exchange rate system. Between 1875 and 1930, Indochina maintained a silver standard with the Piastre, while metropolitan France had transitioned to the gold standard. This discrepancy was exploited by the BIC to establish monetary hegemony, transforming rice into a tool for exchange rate speculation. According to Gonjo (1993), the BIC functioned as the "sole regulator" of silver flows from the Hong Kong market into Saigon, thereby controlling the input costs of the entire rice export chain.

This financialization mechanism operated through the BIC's manipulation of "arbitrage." As Mekong Delta rice was exported to silver-using markets in East Asia, revenues were received in silver, yet credit debts and profits remitted to Paris were denominated in gold Francs. Eichengreen (2019) argues that maintaining an undervalued currency in colonial territories stimulated exports but impoverished the purchasing power of indigenous laborers. Meuleau (1990) pointed out that the BIC frequently delayed adjustments to the Piastre/Franc exchange rate to maximize profits for French shareholders, despite the massive fluctuations in global silver prices that plunged Mekong Delta farmers into chronic income instability.

From a value chain perspective, dependency on exchange rates transformed the BIC into a "financial gatekeeper." Large rice mills in Cho Lon and intermediary traders (compradors) were forced to borrow capital in Piastras from the BIC to purchase seasonal crops (Duong, 2021). However, interest rates and lending conditions were invariably tied to forward exchange contracts imposed by the bank. Marseille (2005) emphasized that this represented a form of "dual surplus extraction": the bank earned interest on loans while simultaneously profiting from exchange rate coordination during disbursement and debt recovery.

This hegemony tightened further as the BIC utilized its issuing monopoly to control liquidity during harvest seasons. According to Brocheux and Hémery (2004), the scarcity of cash in rural areas like My Tho and Can Tho during harvests was often the result of deliberate monetary manipulation, forcing landlords and peasants to sell rice at depressed prices to obtain the currency needed for taxes. This exemplifies Harvey's (2003) concept of "accumulation by dispossession," where financial institutions like the BIC did not merely facilitate trade but actively engineered liquidity crises to capture surplus value from the "Grain of Jade." The constant fluctuation of the silver currency, under the BIC's stewardship, eroded the economic autonomy of rural households, rendering them dependent links within the colonial financial network (Murray, 1980; Stiglitz, 2002; Wolf, 1982).

4.2. Port Infrastructure and Storage Monopoly

Beyond monetary hegemony, the Banque de l'Indochine (BIC) established absolute control by seizing key logistics infrastructure at the Port of Saigon. In the strategy of rice financialization, warehouses were not merely storage sites but "financial fortresses." According to Meuleau (1990), the BIC coordinated closely with shipping companies like *Messageries Maritimes* and port syndicates to prioritize the construction of modern rice silos. This modernization, as Brocheux (2009) observes, was essentially an "exclusionary" mechanism for small indigenous traders who lacked the financial capacity to access international-standard storage systems.

The mechanism of physical financialization operated through the Warrant system (Warehouse Receipts). Once rice entered the port warehouses under BIC supervision, it ceased to be the farmer's produce and became a highly liquid financial instrument. Marseille (2005) explains that the BIC would disburse credit based on the value of these Warrants. This created a "dual monopoly": the bank collected storage fees while simultaneously controlling the timing of export for price speculation. Gereffi (1994), in value chain theory, emphasizes that whichever entity controls the "storage and distribution" node holds the power to determine the surplus of the entire chain.

Furthermore, the linkage between the BIC and the large rice mills in Cho Lon created an "exclusive logistics corridor." Murray (1980) points out that the BIC frequently denied credit to shipments not stored within their





designated systems. This forced Mekong Delta rice to flow centrally toward Saigon rather than developing local commercial hubs. According to Gonjo (1993), this centralized infrastructure allowed the BIC to precisely track inventory levels to coordinate short-selling contracts on international markets. This situation reflects Harvey's (2003) theory of the "spatial fix," where colonial capital invests in infrastructure not for local development but to accelerate resource extraction.

The social consequence of this storage monopoly was the disappearance of natural seasonality in the rural economy. Robequain (1944) observed that while rice was surplus in the bank's warehouses awaiting high prices, artificial food shortages still occurred in villages. This exemplifies Stiglitz's (2002) perspective on information asymmetry in financialized markets. The BIC's control over port infrastructure turned rice into a "hostage" of finance capital, stripping producers of their pricing power and reinforcing the peripheral status of the Mekong Delta economy within the world-system (Wallerstein, 1974; Wolf, 1982; Duong, 2024; Amin, 1976; Scott, 1976).

4.3. The Banking Network Expansion

The physical presence of the Banque de l'Indochine (BIC) through the establishment of strategic branches and agencies serves as a clear testament to the process of "osmotic financialization" within the rural Mekong Delta. Unlike conventional commercial banks aiming at public service, the BIC's network was mapped according to key rice export routes. According to Meuleau (1990), opening branches in My Tho (1917), Can Tho (1920), and subsequently agencies in Bac Lieu and Long Xuyen was not merely service expansion but the placement of "financial monitoring stations" at the largest rice supply nodes in Southeast Asia.

This expansion mechanism operated to minimize transaction costs and maximize information control. By situating branches directly within "rice baskets," the BIC could directly monitor crop yields, thereby adjusting credit limits and interest rates flexibly to capture surplus value. Duong (2021) argues that these branches functioned as local "money pumps," dispersing Piastres at the beginning of the season and siphoning them back along with high interest and exchange fees at the end. Marseille (2005) emphasizes that each local BIC branch operated as a hegemonic entity, breaking down traditional village credit systems and replacing them with a systematic debt structure.

Furthermore, the network expansion created profound geo-economic differentiation. According to Murray (1980), BIC capital flowed only into areas with water transport infrastructure favorable for export, leaving remote regions in a state of severe capital deficiency. This forced farmers in the "periphery of the periphery" to seek out local private moneylenders who, in fact, were often borrowers from the BIC branches themselves. Gonjo (1993) points out that the BIC constructed a hierarchical structure where provincial branches served to aggregate value from the countryside to be transferred to the Saigon center and ultimately to Paris. This process perfectly aligns with Harvey's (2003) theory regarding the geographical expansion of capital to resolve surplus accumulation crises, transforming the entire Mekong Delta into an economic space occupied by colonial financial power (Brocheux & Hémery, 2004; Stiglitz, 2002; Wolf, 1982).

5. THE "CREDIT TRAP": FINANCING RICE MILLS AND COMPRADORS

5.1. Financing the "Industrial Lungs": The Cho Lon Rice Mills

Within the economic structure of colonial Cochinchina, the rice mills of Cho Lon functioned as "industrial lungs," dictating the pulse of the entire export sector. However, the operation of these lungs was entirely dependent on the "financial oxygen" supplied by the Banque de l'Indochine (BIC). The BIC's objective was not merely to provide working capital but to establish a structural "credit trap" to control the upstream of the value chain. According to Meuleau (1990), the BIC implemented short-term loans with fluctuating interest rates based on delivery schedules, forcing mill owners (predominantly Chinese and a few French) to remain in a state of perpetual debt to sustain production.

The sophistication of this debt trap lay in its combination of credit and off-take rights. The BIC typically disbursed capital in the form of "commodity-backed advances," requiring mills to commit their output to trading companies sponsored by or partially owned by the bank. Marseille (2005) argues that this constituted an "integrated monopoly," where the bank acted as both creditor and price-setter. When global rice prices plummeted, mill owners were unable to reduce their principal debt and were instead forced to borrow more to cover operational costs, leading to a "compounded interest" spiral. Murray (1980) points out that this financial dependency transformed mill owners from independent entrepreneurs into "high-level debtors," agents who executed Paris's financial mandates locally.

The consequence of this control was an unsustainable industrial structure stripped of its surplus value. According to Duong (2024), the immense profits derived from rice milling and export were not reinvested to modernize the rural



infrastructure of the Mekong Delta but were instead reclaimed by the BIC as interest payments and financial service fees to be remitted to the metropole. This technical exploitation aligns with Amin's (1976) perspective on "unequal development," where the colonial industrial sector is stifled by the power of central finance capital.

Furthermore, the BIC utilized credit tools to regulate competition. Gonjo (1993) emphasizes that the bank would tighten cash flows for mills trending toward autonomy, creating deliberate bankruptcy crises to restructure ownership into the hands of friendly interest groups. This exemplifies Harvey's (2003) assertion that under neo-colonialism, finance does not serve production; rather, production becomes a hostage to finance. The Cho Lon mills, under the shadow of the BIC, became symbols of the colonial industry's subservience to monetary hegemony, where every grain of rice milled carried a portion of profit flowing into the empire's coffers (Brocheux & Hémery, 2004; Stiglitz, 2002; Wolf, 1982).

5.2. The Comprador System and Intermediary Exploitation

The sophistication of the colonial "credit trap" lay in the fact that the Banque de l'Indochine (BIC) did not deal directly with millions of sharecroppers but instead operated through a strategic intermediary class: the *Compradors* (intermediary merchants) and native landlord councils. According to Meuleau (1990), the BIC engineered a hierarchical credit structure where the bank provided wholesale credit to reputable Chinese merchants and landlords at preferential rates, who then redistributed this as retail credit at usurious rates in rural areas. This mechanism, as argued by Duong (2021), transformed the intermediary class into "risk buffers" for the bank and direct instruments for extracting surplus value from rice at the very point of production.

From the perspective of value chain theory, the Comprador system functioned as informational and financial gatekeepers. Murray (1980) points out that with abundant capital from the BIC, these intermediaries could engage in "pre-harvest purchasing" (buying rice at depressed prices through cash advances) when peasants were most vulnerable. Marseille (2005) emphasizes that this represented a form of "coercive financialization," where producers were stripped of their pricing power before the grain had even germinated. Wolf (1982) describes this as the process of capital accumulation through the destruction of traditional production relations, replacing the village "moral economy" with cold debt contracts backed by colonial legal power.

Furthermore, the alliance between the BIC and the intermediary class created a "perpetual debt cycle." According to Brocheux and Hémery (2004), when global rice prices fluctuated, the BIC would tighten credit to intermediaries, who in turn immediately squeezed peasants through land foreclosure or forced labor. Stiglitz (2002) notes that such asymmetry in financial power ensures that all global market risks are pushed onto the shoulders of the poorest. The Comprador class, driven by their own interests and pressure from the BIC, became the most thorough executors of monetary hegemony (Gonjo, 1993; Popkin, 1979; Scott, 1976; Amin, 1976; Harvey, 2003). Consequently, the surplus from Mekong Delta rice leaked through multiple layers, but the final destination remained the BIC's vaults, leaving behind an exhausted countryside and profound class differentiation (Gereffi, 1994).

5.3. Structural Indebtedness and Land Alienation

The final and most painful outcome of the rice financialization process under the dominance of the Banque de l'Indochine (BIC) was the establishment of structural indebtedness and large-scale land alienation in the Mekong Delta. As credit flows from the BIC moved through intermediary layers and rice mills, they functioned not as production support but as "collateralized credit." According to Duong (2021), the peasants' land was transformed into security for the bank's complex foreign exchange debts. When global rice prices plummeted or natural disasters struck, the debt trap snapped shut, turning small-scale landowners into landless peasants on their own fields.

This process is termed "land alienation." Murray (1980) argues that the colonial legal system was designed to assist the BIC and large landlords in foreclosing on indebted assets. Unlike debt in traditional societies, which possessed the flexibility of a "moral economy," colonial debt was a rigid financial obligation. Marseille (2005) points out that the BIC indirectly facilitated the accumulation of land into the hands of a few crony interest groups and French agricultural companies. This loss of land represented more than just the loss of means of production; it was the collapse of the village social structure, forcing farmers to join the ranks of sharecroppers facing rent reaching 50-70% of their output.

Structural indebtedness was further amplified by the BIC's monetary hegemony. According to Gonjo (1993), overvaluing the Piastre during certain periods increased the real debt burden on farmers, who had to sell more rice to repay the same principal amount. Harvey (2003) refers to this as "accumulation by dispossession," where finance becomes a tool for seizing resources rather than creating new value. Consequently, by the 1930s, the majority of the rice-growing area in the Mekong Delta was under the indirect control of the colonial financial system, transforming



6. DISCUSSION: SOCIAL AND DEMOGRAPHIC IMPACTS

6.1. Class Stratification and the Emergence of the "Financialized" Landlord Class

The process of rice financialization, spearheaded by the Banque de l'Indochine (BIC), triggered a profound rupture in the traditional social structure of the Mekong Delta, leading to the emergence of a "financialized" landlord class. Unlike the old feudal landlords based on lineage prestige and village cohesion, this new class was a direct product of the colonial credit system. According to Duong (2021), class stratification shifted from farming capability to the ability to access capital flows from the BIC. Individuals with close ties to the colonial administration and the bank utilized preferential loans to acquire land from peasants bankrupted by debt, creating an unprecedented concentration of land ownership.

The rise of this class fundamentally altered the nature of rural production relations. Marseille (2005) argues that financialized landlords functioned as intermediary economic entities, tasked with "surplus aggregation" for French capital. Instead of investing in technical improvements, they focused on usury and rice speculation based on exchange rate information provided by the BIC. Wolf (1982) noted that this process transformed the Mekong Delta into an extreme dual society: on one side, an indigenous elite (Comprador-Landlords) living luxuriously in urban centers, and on the other, the vast majority of impoverished sharecroppers. This stratification was not merely economic but socio-spatial, as the boundary between the landed and the landless became a deep chasm threatening regional stability.

From the perspective of the "Moral Economy," Scott (1976) emphasizes that the financialized landlord class shattered traditional commitments to patronizing peasants during crop failures. Under pressure to meet repayment deadlines to the BIC, these landlords were forced to ruthlessly squeeze peasants to maintain cash flow. Murray (1980) points out that the modernization of financial management by the bank "mechanized" exploitation, turning debt into a legal tool for livelihood dispossession. The formation of this class exemplifies Amin's (1976) theory on social structure distortion in the periphery, where the intermediary class does not drive industrialization but instead becomes a force maintaining dependency on the Parisian financial center (Brocheux & Hémery, 2004; Gonjo, 1993; Popkin, 1979; Stiglitz, 2002; Harvey, 2003).

6.2. Demographic Shifts: Migration and the "Proletarianization" of Peasants

The financialization of the rice value chain not only restructured capital flows but also triggered profound demographic shifts within the Mekong Delta. One of the most direct consequences was the "proletarianization" of the peasantry, as they were stripped of their land due to systemic debt from the Banque de l'Indochine (BIC). According to Duong (2021), as rice was transformed into a financial asset, farmers ceased to be autonomous production subjects and instead became a transient labor force within the very value chain they once commanded. Massive land alienation pushed tens of thousands of households into waves of forced migration in search of new livelihoods.

These migratory waves followed two primary directions. The first was spontaneous urbanization toward Saigon-Cho Lon, where dispossessed farmers hoped to find employment in the rice mills financed by the BIC. However, as Murray (1980) argues, this migration did not lead to the formation of a stable working class but rather created a "lumpenproletariat" living precariously on the urban fringes. The second direction involved migration to rubber plantations in Eastern Cochinchina or coal mines in Tonkin through the labor recruitment system (*mô phu*). Brocheux and Hémery (2004) point out that the BIC, as a major shareholder in numerous plantation companies, indirectly benefited from the impoverishment of Mekong Delta peasants, transforming rice-debtors into cheap labor tools for other extractive economic sectors.

This demographic upheaval fundamentally altered the rural family structure. According to Scott (1976), financial pressure from BIC debts broke the cohesion of extended families, forcing young members to abandon their villages for wage labor. This process not only reduced production population density in several intensive rice-growing regions but also generated permanent social instability. Wolf (1982) noted that the shift from self-sufficient peasants to wage laborers was a painful turning point, illustrating the total dependency of colonial populations on financial capital accumulation cycles from the Parisian center. Consequently, the Mekong Delta under the shadow of the BIC was not only a "rice basket" but also a "labor reserve" stripped of ownership over the means of production (Marseille, 2005; Gonjo, 1993; Stiglitz, 2002; Harvey, 2003; Amin, 1976).



6.3. The Erosion of Village Autonomy and Social Resilience

The intervention of the Banque de l'Indochine (BIC) into the rice value chain exerted a destructive impact on the autonomous structure of villages in the Mekong Delta. Prior to the onset of financialization, Vietnamese villages operated as autonomous entities with self-insurance mechanisms (*social safety nets*) such as communal lands (*công điền*) and relief granaries. However, under the pressure of the colonial credit system, these values were severely eroded. According to Scott (1976), when rice was transformed into a financial commodity to service BIC debts, the "moral" aspect of the village economy was replaced by individual "utilitarianism," weakening social resilience in the face of economic shocks.

The financialization mechanism "depersonalized" debt relations. While previous lending between landlords and peasants was somewhat bound by community norms, the expansion of the BIC's branch network transformed debt into a cold legal instrument. Popkin (1979) argues that market penetration turned peasants into fragmented subjects, forcing them to prioritize cash accumulation for taxes and bank interest over contributing to communal welfare funds. This erosion, as noted by Duong (2021), stripped peasants of their final "shield" against global rice price volatility and the BIC's exchange rate policies.

Furthermore, the BIC's presence distorted local political power. Marseille (2005) points out that village officials often became debt collectors or intermediaries for the bank, creating a rupture between the village leadership and the laboring masses. Wolf (1982) refers to this as forced integration into the world-system, where traditional structures are retained in form but emptied of substance to serve capital accumulation. According to Brocheux and Hémery (2004), the collapse of social resilience in the Mekong Delta during this period served as a precursor to subsequent social crises and resistance movements, as the populace realized that financial "modernization" yielded only permanent dependency and impoverishment (Gonjo, 1993; Murray, 1980; Stiglitz, 2002; Harvey, 2003; Amin, 1976; Gereffi, 1994).

7. CONCLUSION AND RECOMMENDATIONS

7.1. Conclusion: Synthesis of Findings

This research has provided a comprehensive and multi-layered perspective on the financialization of the rice value chain in the Mekong Delta under the dominance of the Banque de l'Indochine (BIC) from 1875 to 1954. Through a deep analysis of financial archives and the political-economic context, the paper has established three core sets of findings.

First, the study confirms that the BIC did not merely operate as a simple lending institution but acted as the "chief architect" of a monetary hegemony structure. Exploiting the discrepancy between the silver-standard Piastre and the gold-standard French Franc allowed the bank to execute a sophisticated profit extraction process via exchange rate arbitrage. Rice, rather than being an agricultural commodity that brought prosperity to its producers, was transformed into a financial instrument for the BIC to regulate liquidity and accumulate capital for the metropole. This finding shifts the traditional understanding of colonial agrarian economics, emphasizing that exploitation occurred not only on the land but also intensely within the bank's vaults and balance sheets.

Second, the combination of physical infrastructure and financial tools (the Warrant system and the branch network) created a "dual monopoly." The BIC successfully controlled both the "physical body" (warehouses, ports, rice mills) and the "soul" (credit flows) of the value chain. Financing Cho Lon's rice mills through "tied credit" mechanisms transformed these industrial hubs into dependent links, where surplus value was drained before it could ever be reinvested into the rural countryside. The expansion of the branch network into the Western provinces completed an "osmotic financialization" grid, allowing banking power to reach the most remote communities.

Third, the research has demonstrated that credit traps and the Comprador intermediary system generated irreversible social and demographic ruptures. The rise of a "financialized" landlord class and the "proletarianization" of the sharecropping peasantry were two sides of the same coin in the process of colonial modernization. Land alienation due to structural indebtedness not only led to forced migratory waves but also destroyed the resilience of the village the traditional welfare foundation of Vietnamese society. In summary, the BIC's financialization-based development model left a legacy of dependency, where the growth of rice export figures was invariably accompanied by the profound impoverishment of the direct producers.

7.2. Policy Implications and Recommendations

Based on the profound analysis of the Banque de l'Indochine's (BIC) expansion, this research derives crucial lessons regarding the security of agricultural financial systems and social stability. The "fallen paths" of colonial



Implications for Financial Sovereignty and Food Security

The greatest lesson from the BIC era is the peril of allowing strategic agricultural value chains to fall under the absolute dominance of transnational finance capital. Once "monetary hegemony" and "exchange rate hegemony" are established, the surplus value of agricultural products will be siphoned toward financial centers rather than reinvested in the countryside. This demonstrates that maintaining a robust domestic agricultural banking system, capable of regulating interest rates and protecting exchange rates for major exports like rice, is a fundamental requirement for ensuring economic sovereignty. Without "public-service oriented" financial institutions, the value chain can easily be "weaponized" by interest groups, leading to the impoverishment of direct producers.

Recommendations for Credit Management and Asset Dispossession Prevention

The study recommends that governments establish "safety thresholds" for the use of land use rights as collateral. The BIC's legacy shows that structural indebtedness is the shortest path to the proletarianization of the peasantry. Therefore:

1. **Diversification of Capital Sources:** Promotion of micro-credit models and internal village credit cooperatives is necessary to reduce dependency on large commercial banks.
2. **Transparency in the Value Chain:** Modern "Comprador" intermediaries must be eliminated by digitizing the supply chain, allowing farmers direct access to market information and capital, thereby avoiding "debt traps" embedded in opaque off-take contracts.

Recommendations for Strengthening Social Resilience

Finally, rather than focusing solely on export turnover growth, policies must return their focus to the people the subjects of demography. The erosion of village autonomy during the colonial period reminds us that community-based social safety nets are the most vital "immune system." Modern policy must invest in rural social infrastructure (education, healthcare, agricultural insurance) so that farmers are not forced to sell their land or undergo forced migration when facing market shocks. A sustainable agriculture must be one in which financial institutions act as "enablers" rather than "extractors," ensuring that the profits from the "Grain of Jade" truly belong to those who produce it.

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