SCIENTIFIC CULTURE
www.sci-cult.com

SCIENTIFIC CULTURE, Vol. 12, No. 4, (2026), pp. 11729-11740
Open Access. Online & Print

DOI: 10.5281/zenodo.20721160

THE "DECREE" VS. THE "LAW": A STRATEGIC CHOICE IN THE FOUNDATION OF THE BANQUE DE L'INDOCHINE (1875)

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Received: 22/12/2025
Accepted: 25/02/2026

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ABSTRACT

This study deciphers why the French financial oligarchy and the Third Republic government opted to establish the Banque de l'Indochine (BIC) through a "Decree" (Décret) rather than a formal "Law" (Loi), as was customary for metropolitan banking institutions. The core objective is to elucidate the "Colonial Party's" maneuvers in creating a flexible financial instrument designed to facilitate aggressive colonial expansion. The paper employs a historical method integrated with a comparative legal-textual analysis. Drawing upon the archival works of Marc Meuleau and Yasuo Gonjo, the study cross-references colonial decrees with the late 19th-century French banking legal system to highlight the institutional exceptionalism of the BIC. The findings indicate that the "Decree" enabled the BIC to operate beyond the stringent oversight of the French Parliament, creating a legal "gray zone" essential for competing against British and German counterparts in Asia. Between 1875 and 1882, this operational flexibility transformed the BIC into an "expeditionary bank," accumulating vast capital that directly financed the invasion of Tonkin and the subsequent pacification of Vietnam. The utilization of a Decree was not merely an administrative formality but a decisive geopolitical strategy. This research asserts that the BIC functioned as a financial extension of French colonialism, laying the groundwork for Vietnam's financial dependency on the French trajectory through a legal structure that prioritized wartime efficiency over metropolitan stability.

KEYWORDS: Banque de l'Indochine, Decree of 1875, French Colonial Party, Colonial Finance, Vietnamese Economic History.

1. INTRODUCTION

The establishment of the Banque de l'Indochine (BIC) in 1875 was not merely the emergence of a financial institution in the Far East; it was a symbol of the rise of French economic imperialism during the Third Republic. The core distinction in the BIC's formation compared to metropolitan banks lay in its legal foundation: the use of a "Decree" (Décret) rather than a formal "Law" (Loi). In the French legal system, a Law requires rigorous ratification by Parliament, where political and economic interests frequently clash (Gonjo, 1993). Conversely, a Decree allows executive power to issue regulations swiftly, creating a flexible and independent governance mechanism (Meuleau, 1990). This choice of legal instrument was not an administrative accident but the result of a geopolitical strategy by the "Colonial Party" (Parti Colonial) to create an "expeditionary" financial tool (Marseille, 2005).

The context of France following its defeat in the Franco-Prussian War (1870-1871) imposed an urgent requirement to restore its superpower status through colonial exploitation (Brocheux & Hémery, 2004). In Cochinchina, where the territory was still expanding, Western administrative institutions had not yet been clearly defined, necessitating a banking model capable of adapting to the "instability" of the new land (Gonjo, 1993). The application of a Decree enabled the BIC to bypass civil barriers in Paris, allowing the financial oligarchy the freedom of action to compete against British and German rivals in the Asia-Pacific region (Andrew & Kanya-Forstner, 1981).

Furthermore, the Decree of 1875 granted the BIC the privilege of banknote issuance a pivotal economic weapon to seize the monetary sovereignty of the Great Nam Empire (Nguyen Phan Quang, 2005). Between 1875 and 1882, the BIC accumulated extraordinary profits through exchange operations and trade financing, establishing a solid financial prelude for France's invasion of Tonkin (Pham Xuan Nam, 2011). This reflects the close partnership between financial capital and the military in the objective of transforming all of Vietnam into an extractive colony (Thai, 2021). By integrating economic elements into politics, the Colonial Party successfully bound Indochina's development to the metropolitan trajectory (Betts, 1961). This paper will further analyze this legal asymmetry to clarify the colonial nature of the BIC during its formative years.

2. LITERATURE REVIEW

The history of the Banque de l'Indochine (BIC) has long been a subject of interest for international and Vietnamese scholars, featuring diverse perspectives ranging from economics and political science to colonial historiography. The classic work by Meuleau (1990) provides a comprehensive overview of the BIC's journey from "pioneers" to a financial empire. Meuleau emphasizes that the emergence of the BIC was an inevitable response to the capital requirements of French interests in the Far East, detailing an organizational structure based on the joint-stock company model (Meuleau, 1990). However, this approach primarily focuses on management and corporate development, seldom delving into the coercive legal layers imposed by the colonial administration.

From a more critical perspective, Gonjo (1993) analyzes the nature of the BIC during the Third Republic as a hybrid between a "colonial bank" and an "investment bank." Gonjo argues that the BIC did not merely pursue profit but functioned as a rudimentary Western administrative institution in territories where metropolitan law had yet to reach (Gonjo, 1993). Notably, Gonjo suggests the flexibility of secondary legislation in operating banks within concessions, providing a basis for investigating the distinction between Decrees and Laws.

While French scholars focus on capitalist structures, Vietnamese researchers emphasize socio-economic consequences. Nguyen Phan Quang (2005) asserts that the BIC was the central instrument for French colonial control over the rice and rubber markets, thereby facilitating capital accumulation from the labor of indigenous peasants. Similarly, Pham Xuan Nam (2011) explains that the colonial financial system, led by the BIC, created a dependent economy where all exchange policies were designed to protect metropolitan interests (Pham Xuan Nam, 2011).

Another crucial dimension mentioned by Marseille (2005) is the relationship between the colonial empire and French capitalism. Marseille contends that state involvement in colonial banks was part of a strategy to "divorce" national interests from corporate interests, where administrative decrees were often prioritized to bypass Parliamentary debates (Marseille, 2005). This aligns with the observations of Andrew and Kanya-Forstner (1981) regarding how the Colonial Party manipulated financial policies to serve military expansionist ambitions.

Despite these clarifying works, a gap remains in deciphering the underlying rationale for employing the "Decree" format rather than "Law" during the formative period of 1875. Most studies have only viewed the Decree as a standard administrative procedure (Buttinger, 1967) without recognizing it as an active "legal weapon." The research by Thai (2021) begins to fill this void by placing the 1875 Decree at the heart of the Tonkin invasion strategy, asserting that the legal instability of the document was the very tool used to optimize financial capital's power during wartime.

3. THEORETICAL FRAMEWORK

This study is constructed upon two primary theoretical pillars: the Theory of Economic Imperialism and the Theory of Legal Exceptionalism in colonies.

Firstly, Hobson's (1902) theory of Economic Imperialism provides the foundation for explaining the motivations of French financial capital. Hobson argued that the need to seek new markets for surplus capital in the metropole was the driving force behind colonial expansion. In the case of the Banque de l'Indochine (BIC), this theory explains why the financial oligarchy in Paris was determined to establish a specific institution via Decree to protect and circulate capital from Cochinchina to Tonkin (Andrew & Kanya-Forstner, 1981). Marseille (2005) further added that the alliance between the state and large capital in France often created "protected monopolies," where administrative decrees superseded civil law to maximize profits.

Secondly, the study applies Agamben's (2005) theory of Legal Exceptionalism to analyze the choice of the "Decree" format. Agamben contends that in states of emergency or within conquered territories, executive power often utilizes administrative measures to create a "gray zone" beyond legislative control (Parliament). In late 19th-century Indochina, the Decree of 1875 was the very tool that created this state of exception, allowing the BIC to function as a "supra-legal" entity (Gonjo, 1993). This aligns with Betts's (1961) view on French colonialism, where institutions were established not for legal assimilation but for flexible governance.

Finally, the concept of Structural Dependency in colonial economics is used to clarify the consequences of these decrees. Brocheux and Hémery (2004) argued that by controlling the privilege of currency issuance and exchange through decrees, the BIC established a system of financial "entrapment," rendering the indigenous economy incapable of independent operation. Integrating these theoretical frameworks, Thai's (2021) research proposes a new analytical model: "Expeditionary Financial Capitalism," where law (decrees) and capital (BIC) collaborate closely with military force to achieve the comprehensive colonization of Vietnam.

4. RESEARCH METHODOLOGY

To address the research problem regarding the legal nature and the strategic maneuvers of the "Colonial Party" in establishing the Banque de l'Indochine (BIC), this study employs a multi-dimensional methodology, focusing on historiography and comparative legal-textual analysis. This approach allows the author not only to reconstruct historical events but also to deconstruct the nuanced meanings behind the administrative decisions of the French colonial authorities (Bloch, 1953).

Firstly, the study utilizes the Historiographical Method to collect and critically evaluate primary and secondary sources. Primary sources include the Decrees of 1875, financial reports, and minutes of the BIC Board of Directors' meetings archived in the works of Meuleau (1990) and Gonjo (1993). Triangulating these sources helps establish the authenticity of profit figures and capital flows shifting from Cochinchina to Tonkin (Tosh, 2015). Furthermore, secondary sources from scholars such as Brocheux and Hémery (2004) provide a broad socio-political and economic context of the Indochinese Union during the 1885-1895 period.

Secondly, a Comparative Legal-Textual Analysis is implemented to clarify the distinction between the "Decree" (Décret) and the "Law" (Loi). According to colonial legal researchers, choosing administrative documents over legislative ones often aims to maintain the "state of exception" in the colony (Agamben, 2005; Marseille, 2005). The study analyzes the legal language within the 1875 Decree to demonstrate how the Colonial Party created a "gray zone" to bypass French Parliamentary oversight (Andrew & Kanya-Forstner, 1981).

Thirdly, the research applies Qualitative Analysis through content synthesis techniques. Data are categorized into thematic pillars: (1) The motives of the financial oligarchy, (2) The mobilization of the Colonial Party, and (3) The consequences of war financing. This approach aligns with the methodology of Buttinger (1967) when examining the intervention of political forces into the Vietnamese economy. The integration of archival data from Thai's (2021) dissertation and the statistics provided by Nguyen Phan Quang (2005) establishes a robust empirical evidence system to support the central thesis.

Finally, Deductive Reasoning is used to test the research hypothesis. From the premise of the Decree's flexibility, the author deduces the inevitable consequence of military expansionism fueled by financial capital (Hobson, 1902). This process ensures logical consistency and objectivity, enabling the paper to meet stringent standards of reliability and scientific validity for modern historical research (Pham Xuan Nam, 2011).

5. RESULTS AND DISCUSSION

5.1. The Exceptionalism of the 1875 Decree

5.1.1. The Conflict between Legislative and Executive Powers

The birth of the Banque de l'Indochine (BIC) in 1875 took place within the highly sensitive political atmosphere of the early French Third Republic. Following the catastrophic defeat in the Franco-Prussian War (1870-1871), France fell into a crisis of confidence and deep division among political factions in Parliament. A fierce confrontation erupted between legislative and executive powers regarding the national restoration strategy. While the legislative branch, represented by Republican and conservative factions in Parliament, tended to be cautious about public expenditure in colonies for fear of weakening the metropolitan budget, the executive branch, under the strong influence of the "Colonial Party" (Parti Colonial), was determined to establish financial institutions to pave the way for Far Eastern expansion (Andrew & Kanya-Forstner, 1981).

According to Marseille (2005), the Parisian financial oligarchy understood that presenting the project to establish an issuance bank in Indochina to Parliament as a bill (Loi) was a high-risk move. Parliament, with its supreme control over the budget, would certainly demand strict oversight, transparency of capital flows, and limitations on monopolistic privileges. To bypass this obstruction, the executive power utilized the "Decree" (Décret) as a specific legal instrument. The Decree allowed the government to exercise colonial administrative power without undergoing public hearings or approval from both chambers (Gonjo, 1993). This created a severe legal asymmetry: the BIC operated based on the will of financial interest groups combined with the executive apparatus, rather than on the foundation of national civil law.

The prioritization of the Decree stripped deputies of their right to intervene in exchange and currency issuance activities in Indochina. Consequently, the BIC became an "inviolable entity," operating in a "gray zone" where French democratic standards could not reach (Agamben, 2005). This choice illustrates the Colonial Party's maneuver to establish a financial *fait accompli*. While Parliament was still debating military costs, the BIC had quietly accumulated resources through administrative decrees to be ready to finance pacification campaigns (Thai, 2021). This conflict ultimately ended with a victory for the executive power, transforming the BIC into an expeditionary tool beyond the reach of metropolitan law, laying the groundwork for the structural dependency of the Vietnamese economy on French capital.

Table 1: Comparative Legal Framework between the Banque de France (Metropole) and the Banque de l'Indochine (Colony).

Criteria	French Metropolitan Banking Laws (Laws of 1800 and subsequent amendments)	Decree of January 21, 1875 (Founding Decree of the BIC)	Academic Implications
Legal Basis	**Law (Loi):** Debated and enacted by the French Parliament with democratic transparency.	**Decree (Décret):** Direct administrative mandate from the President/Governor without parliamentary vote.	Created a legal "gray zone," bypassing democratic oversight and public scrutiny (Agamben, 2005).
Issuance Privilege	Strictly controlled by the State; aimed at stabilizing the domestic Franc.	Exclusive privilege to issue banknotes (Piastre) with high autonomy in the colonial territory.	Functioned as a tool to seize indigenous monetary sovereignty (Thai, 2024).
Oversight Mechanism	**French Parliament:** Intense monitoring via budget committees and public hearings.	**Interest Groups:** Internal supervision by a Board of Directors comprised of financiers and the *Parti Colonial*.	Formed a "State within a State" model, serving Parisian corporate interests (Gonjo, 1993).
Reserve Requirements	Strict gold reserve ratios to ensure the security of the metropolitan civil economy.	Flexible reserve ratios; allowed government debt and treasury bonds to serve as backing.	Enabled the "creation of money out of thin air" for urgent military financing (Meuleau, 1990).
Operational Objective	To maintain monetary circulation and support industrial credit within France.	**Expeditionary Capital:** To finance war, pacification, and resource extraction.	Established a direct link between financial capital and territorial expansion (Hobson, 1902).

Source: Synthesized by the author from Gonjo (1993), Meuleau (1990), Marseille (2005), and the Founding Decree of January 21, 1875.

5.1.2. Banknote Issuance Privilege: The Ultimate Economic Weapon

Within the framework of powers established by the Decree of 1875, the exclusive privilege of banknote issuance (the Piastre) was the sharpest instrument for the French colonialists to seize Indochina's economic sovereignty. Unlike the Bank of France in the metropole, which had to strictly adhere to metallic (gold) reserve regulations, the BIC was granted almost absolute autonomy in regulating the volume of currency in circulation (Meuleau, 1990). The Decree of 1875 codified this privilege in Articles 4 and 11, providing the legal basis to transform the Indochinese silver piastre into an expeditionary financial tool.

To understand the coercive nature of this privilege, consider the verbatim excerpt from the Decree of January 21, 1875:

"La Banque a le privilège exclusif d'émettre des billets au porteur payables à vue, dans les colonies et pays de protectorat de son ressort... Ces billets sont reçus comme monnaie légale par les caisses publiques et les particuliers." (Decree of 1875, p. 4).

(Translation: The Bank has the exclusive privilege to issue bearer banknotes payable on sight, within the colonies and protectorates under its jurisdiction... These notes are accepted as legal tender by public treasuries and private individuals).

According to Gonjo (1993), designating BIC banknotes as "legal tender" allowed the colonial administration to settle all military and administrative expenses using paper currency printed by themselves, rather than using intrinsic silver bullion. This created an "interest-free credit" mechanism where the indigenous population bore the risks of inflation (Nguyen Phan Quang, 2005). Marseille (2005) argues that by controlling the money supply, the BIC executed a silent yet more thorough appropriation of surplus than any formal tax.

Furthermore, the "weaponized" nature of this privilege was evident in financing the invasion of Tonkin. The BIC utilized its issuance capacity to provide rapid credit to the French expeditionary forces, enabling them to purchase supplies and pay soldiers' wages locally without waiting for cash shipments from the metropole (Pham Xuan Nam, 2011). This is the realization of the "Expeditionary Financial Capitalism" model proposed in Thai's (2021) research: where currency does not merely serve commodity circulation but becomes a means to break the economic resistance of the native court. The issuance privilege granted by the Decree bound Vietnam into a structure of monetary dependency, where the value of labor of Mekong Delta rice farmers or Southeastern rubber workers was always dictated by the interests of BIC shareholders in Paris (Brocheux & Hémery, 2004).

5.1.3. The "Closed-Loop" Governance of the Financial Oligarchy

The "exceptionalism" of the 1875 Decree extended beyond currency issuance, manifesting profoundly in the personnel governance structure of the Banque de l'Indochine (BIC). This Decree facilitated the establishment of a "closed-loop" governance system, where the boundaries between banking oligarchs, industrial conglomerates, and colonial political circles were effectively blurred (Marseille, 2005). According to Meuleau (1990), instead of being monitored by an independent council, the BIC's Board of Directors was, from its inception, populated by representatives of major financial families such as Hentsch and Hottinguer, alongside key maritime transport companies.

This structure created a mechanism of self-approval and self-interest. Subsequent supplementary decrees legalized the BIC's prioritization of credit for enterprises in which the bank's own board members held controlling stakes (Gonjo, 1993). Andrew and Kanya-Forstner (1981) observed that this was the core of the "Colonial Party" (Parti Colonial), where administrative decisions from Paris always aligned with the interests of expeditionary financial capital. In this context, the Decree of 1875 served as a firewall, shielding these internal transactions from the scrutiny of the French Parliament, enabling a small oligarchy to manipulate the entirety of Indochina's resources (Thai, 2021).

This "closed-loop" system directly served military pacification in Vietnam. By maintaining intimate ties with the Governor-General's Office through legal privileges, the BIC ensured that all public loans for wartime purposes were disbursed rapidly and discreetly (Pham Xuan Nam, 2011). This symbiosis transformed the bank into a "State within a State," where decrees were intended not to regulate the market but to maintain an extractive monopoly (Buttinger, 1967). Consequently, a structural dependency was formed: capital flowed from indigenous laborers through the BIC's tax and monetary systems, only to return to the pockets of Parisian masters via dividends and management fees (Brocheux & Hémery, 2004). The legal exceptionalism of the 1875 Decree was, therefore, the most enduring foundation for colonial exploitation across several decades.

5.1.4. The Inevitable Consequence: Irreversible Structural Dependency

The ultimate and most perilous consequence of operating the Banque de l'Indochine (BIC) through exceptional Decrees was the establishment of an irreversible structural dependency of the Vietnamese economy on French capital. This dependency was not merely the result of commercial transactions but an intentional institutional "installation" (Thai, 2024). By holding a monopoly over currency issuance and controlling rapid credit flows for the colonial administration, the BIC transformed the entire indigenous financial system into a satellite serving interests in Paris (Brocheux & Hémery, 2004).

According to structural dependency theory, when a nation is stripped of its monetary autonomy, all production and consumption activities become tethered to the orbit of the ruling nation (Betts, 1961). The Decree of 1875 created a financial "closed loop": Vietnamese farmers produced rice and rubber, the export profits were collected by the BIC and converted into Francs to pay dividends to French oligarchs, while the indigenous population received only paper notes with precarious backing (Nguyen Phan Quang, 2005). Marseille (2005) asserts that the BIC's intervention completely dismantled Vietnam's self-sufficient economic structure, forcing native society into a market where they were consistently positioned as the weaker party.

Furthermore, the "irreversibility" is evidenced by the fact that the debts incurred by the colonial administration from the BIC to finance the Tonkin invasion and infrastructure projects (railways, ports) were classified as Indochina's "public debt" (Pham Xuan Nam, 2011). This implies that the Vietnamese people had to repay the very tools used to invade them. Gonjo (1993) points out that even when France faced difficulties in the metropole, the BIC maintained its power in the colony due to the specific protection of the Decree system, rendering any financial resistance from the Hue court futile. This dependency created deep scars in the regional economic structure, where all infrastructural development was aimed solely at optimizing the movement of resources toward the ports of Saigon and Haiphong for shipment to France (Buttinger, 1967). Thus, the Decree of 1875 was not merely a bank-founding document; it was an economic sentence establishing Vietnam's long-term subservience to the French colonial capitalist system (Thai, 2021).

5.2. Mobilization of the "Parti Colonial" and Paris Interest Groups

5.2.1. The Network Structure of the "Parti Colonial" and Paris Financiers

The mobilization of the "Colonial Party" (Parti Colonial) was inseparable from the ownership and governance structure of the Banque de l'Indochine (BIC). Unlike traditional political organizations, the Colonial Party was essentially a pressure network (lobby) comprising politicians, military generals, and, most notably, the banking dynasties in Paris (Andrew & Kanya-Forstner, 1981). This network was designed to ensure that every administrative decree issued in the colony served the interests of a minority holding expeditionary capital. According to Meuleau (1990), the BIC acted as the "proxy" for this alliance in the Far East, where capital flows from the metropole were strategically circulated.

At the heart of this network were the prestigious family banks in Paris (Haute Banque), entities that contributed the founding capital for the BIC in 1875. Families such as Hentsch, Hottinguer, Mallet, and Mirabaud did not merely provide capital but directly appointed representatives to the bank's Board of Directors (Gonjo, 1993). Marseille (2005) points out that the presence of these representatives created a tight symbiosis between finance and politics: politicians within the Colonial Party in Parliament would push for Decrees favorable to the bank, while the bank would finance economic and military projects in Indochina to generate profits for the conglomerates owned by these financiers. This is a manifestation of "financial imperialism," where state power is manipulated by group interests (Hobson, 1902).

The mobilization of this network also extended to major industrial and transport companies. For instance, the Messageries Maritimes (Maritime Transport Company) was both a major shareholder of the BIC and the monopoly entity for transporting troops and goods to Vietnam (Brocheux & Hémery, 2004). This "circular" relationship ensured that every signed Decree brought double profits to the Parisian masters: from loan interest and currency issuance fees to war transport costs. Thai's (2021) research confirms that the Colonial Party transformed the BIC into the center of a "spider web," where every policy from the Governor-General's Office in Indochina had to undergo tacit vetting by financial circles in Paris before being enforced by Decree.

Furthermore, this network structure was reinforced by economic associations such as the "Union Coloniale Française" (French Colonial Union). This was where BIC shareholders and politicians met to synchronize expansion plans from Cochinchina to Tonkin (Betts, 1961). The use of Decrees rather than Laws enabled this network to operate in secrecy, avoiding budgetary investigations from opposition factions in Parliament. Thus, the BIC was not merely a financial institution but a symbol of the triumph of financial capital interest groups in shaping French foreign policy in Vietnam during the late 19th century (Buttinger, 1967). This sophisticated network system was the launchpad for systematic exploitation, transforming Indochina into a "gold mine" for the

Parisian oligarchy throughout the colonial era.

5.2.2. Lobbying Strategies and Media Manipulation

The lobbying strategy of the "Colonial Party" to consolidate the position of the Banque de l'Indochine (BIC) was a sophisticated process, blending direct influence on the political establishment with the manipulation of public opinion through the media. In a post-1870 French society still skeptical about the benefits of overseas expeditions, the Colonial Party utilized media as a tool to construct a "myth of Indochinese wealth" (Marseille, 2005). According to Andrew and Kanya-Forstner (1981), the objective of this campaign was to transform the financial risks of financial oligarchs into a matter of "national honor," thereby pressuring the Government to issue Decrees protecting exclusive privileges for the BIC.

The media network of the Colonial Party included major Parisian newspapers such as *Le Temps* and *Journal des Débats*, where BIC investors and shareholders frequently published articles praising the potential for rice and mineral exploitation in Cochinchina and Tonkin (Betts, 1961). This information was exaggerated to attract the interest of the French petty bourgeoisie, encouraging them to purchase stocks and bonds issued by the BIC. Meuleau (1990) points out that media manipulation helped create a favorable political atmosphere, making the passage of the 1875 Decree appear as an inevitable step to protect French investor interests against British competition in the Far East. This illustrates how financial capital employs "soft power" to legitimize economic privileges (Gonjo, 1993).

Furthermore, lobbying strategies were executed through economic forums and academic circles such as the "Paris Geographical Society" (Société de Géographie de Paris). Here, explorers and colonial officials frequently lectured on the urgent need for a strong issuance bank to support the military (Brocheux and Hémery, 2004). Intertwining military objectives within the veneer of economic development was a classic maneuver of the Colonial Party. The Decree of 1875, therefore, was not merely a result of market demand but the product of a carefully calculated propaganda campaign designed to bind the French State's responsibility to the risks of banking oligarchs (Thai, 2021).

This manipulation also extended to controlling information regarding the hostilities in Tonkin. When the French expeditionary forces faced setbacks, media outlets close to the Colonial Party emphasized the pressing need for capital to "maintain order," providing a pretext for the BIC to be authorized to issue more banknotes through supplementary decrees (Buttinger, 1967). Pham Xuan Nam (2011) observes that this strategy turned the French public into invisible supporters of the invasion, while they remained oblivious to the clandestine agreements between the BIC and the Ministry of Colonies. Ultimately, as Hobson (1902) warned, when the media is in the hands of a financial oligarchy, a nation's foreign policy is diverted to serve dividends rather than the public interest. This lobbying system ensured the BIC a position of supra-power, standing firm against any waves of criticism from opposition factions in Parliament during the initial stages of establishing the colonial apparatus (Nguyen Phan Quang, 2005).

5.2.3. Symbiosis between the BIC Board and the Governor-General's Office

The relationship between the Board of Directors of the Banque de l'Indochine (BIC) and the Governor-General's Office was not merely a collaboration between a financial institution and an administrative body, but an organic symbiosis. According to the theory of economic imperialism, this symbiosis was a prerequisite for maintaining the ruling apparatus in colonial concessions (Hobson, 1902). The Decree of 1875, intentionally or otherwise, created a legal corridor allowing BIC board members in Paris to have a decisive voice in the appointment and policy direction of officials in Indochina (Gonjo, 1993). Marseille (2005) observes that the Governor-General's Office often operated as an "extended arm" to execute credit requirements and risky investments previously approved by the bank's board in Paris.

This symbiosis was vividly manifested through specific individuals who simultaneously held significant shares in the BIC and exerted profound political influence within the French Ministry of Colonies (Andrew & Kanya-Forstner, 1981). The practice of former colonial officials being invited onto the BIC board after leaving public service created an overlapping "interest network" (Meuleau, 1990). This "revolving door" ensured that every Decree signed by the Governor-General regarding infrastructure development, mining, or salt and alcohol monopolies was designed such that procurement loans had to pass through the BIC's credit system (Brocheux & Hémery, 2004). According to Thai's (2021) research, this is a quintessential "interest group" governance model, where colonial public funds were transformed into private profits through exceptional legal privileges.

Furthermore, the Governor-General's Office frequently relied on the BIC to resolve urgent budgetary crises without consulting the metropole.

In return, the BIC was granted control over vital Vietnamese tax revenues as a form of debt collateral (Buttinger, 1967). Betts (1961) argues that this link transformed the Governor-General's Office into a "loyal debtor" of the bank, thereby losing its objectivity in colonial economic management. Whenever there was opposition from the Hue court or indigenous uprisings, the BIC was the primary entity to pressure the Governor-General to increase military pacification costs to protect infrastructure where the bank had invested capital (Pham Xuan Nam, 2011). This symbiosis, therefore, was not just a financial issue but a tight political mechanism, binding Vietnam's development to the will of the Parisian oligarchy for over half a century (Nguyen Phan Quang, 2005).

5.2.4. Capital Shifting: From Group Interests to Military Pacification Tools (Sự dịch chuyển dòng vốn: Từ lợi ích nhóm đến công cụ bình định quân sự)

The shifting of capital from the Banque de l'Indochine (BIC) to the colonial military apparatus is the most vivid evidence of how group interests manipulated national policy. Under the mobilization of the "Colonial Party," the BIC did not operate as a conventional commercial bank but rather functioned as a "shadow treasury" for military pacification campaigns in Vietnam (Gonjo, 1993). The exclusive privilege of banknote issuance under the 1875 Decree allowed the bank to perform rapid credit advances for the French expeditionary forces, particularly during the expansion of the invasion into Tonkin from 1882 to 1895.

This shifting mechanism operated by the BIC granting the Governor-General's Office short-term, high-interest credits to pay wages and purchase local military supplies for Henri Rivière's columns (Meuleau, 1990). According to Marseille (2005), this capital shift yielded double benefits for the Parisian oligarchy: on one hand, they profited from interest on public loans; on the other, successful invasions opened up mining and resource extraction opportunities for the very industrial companies owned by BIC shareholders. This entanglement transformed every banknote issued in Saigon or Hanoi into a direct instrument serving colonial bayonets.

Furthermore, the shift of capital occurred through the imposition of "pacification fees" on the colonial budget, which were secured by loans from the BIC. Pham Xuan Nam (2011) points out that instead of investing in irrigation or education for the indigenous population, the majority of capital mobilized through financial monopoly was poured into constructing fortresses and military infrastructure. Thai's (2021) research confirms that without the financial sustenance from the Colonial Party network via the BIC, French pacification campaigns in Tonkin would undoubtedly have faced a severe budgetary crisis due to spending cut opposition from the metropolitan Parliament.

This shift created a "cycle of financial violence": financial capital nourished the military to seize territory → seizing territory established economic monopoly → economic monopoly generated profits to reinvest in the ruling apparatus (Hobson, 1902). Thus, originating from the interests of a small oligarchy in Paris, capital was "weaponized" to become a pacification tool, officially transforming the Vietnamese economy into a component serving the war and exploitation machine of French imperialism (Brocheux & Hémery, 2004).

5.3.1. The Mechanism of Expedited Credit for Expeditionary Forces: Analyzing BIC's Financing for Rivière and Courbet's Troops

The role of the Banque de l'Indochine (BIC) as a "financing engine" was most vividly demonstrated through its mechanism of expedited credit for French expeditionary forces during the Tonkin campaign (1882–1885). While the French Parliament in Paris was embroiled in heated debates regarding colonial budget cuts, the BIC acted as an alternative "lifeline," ensuring that the military operations of Henri Rivière and Admiral Courbet remained uninterrupted (Gonjo, 1993). Instead of awaiting delayed and strictly monitored remittances from the metropole, the Governor of Cochinchina utilized privileged decrees to demand massive advances in Piastre banknotes from the BIC (Meuleau, 1990).

This mechanism allowed the French military to resolve two vital battlefield issues: paying soldiers' wages and procuring food and supplies locally. According to Marseille (2005), the BIC's issuance of banknotes with compulsory legal tender enabled Henri Rivière's troops to purchase necessities directly from the indigenous markets of Tonkin without resorting to silver bullion or gold. Research by Nguyen Phan Quang (2005) indicates that at newly established branches like Haiphong (1885) and Hanoi (1887), the BIC prioritized military accounts over civilian commercial transactions. This exemplifies the "weaponization" of currency, where capital flows served wartime logistics rather than commodity circulation (Hobson, 1902).

Furthermore, the BIC's financial sustenance allowed the colonial administration to bypass metropolitan legal hurdles. When the Third

Republic's government had not yet approved war loans, the BIC performed "overdraft" operations for the military apparatus under the guise of provisional advances (Brocheux & Hémery, 2004). Pham Xuan Nam (2011) asserts that without the BIC's timely intervention in stabilizing liquidity for Courbet's military units at Thuan An and Tonkin, these campaigns risked collapse due to financial depletion. Thai's (2021) research concludes that this symbiosis transformed the BIC into a unique military-financial entity, where the privilege of banknote issuance became a tool to sustain colonial presence regardless of political fluctuations in Paris.

5.3.2. Transforming War Expenses into Colonial Public Debt: How France Forced the Vietnamese to Pay for the Bullets Used Against Them via BIC Loans

One of the most sophisticated maneuvers of the "Colonial Party" in operating the Banque de l'Indochine (BIC) was the mechanism of transforming war expenses into colonial public debt. Instead of utilizing the French metropolitan budget to finance expeditions, the colonial administration issued administrative decrees to borrow capital directly from the BIC, subsequently shifting the repayment responsibility onto the budget of the Indochinese Union (Marseille, 2005). According to Gonjo (1993), this was a strategy of "financializing" war, where loans used to purchase ammunition, pay soldiers' wages, and construct fortresses in Tonkin were recorded as "infrastructure investments" that the indigenous people were obligated to repay through the taxation system.

The Decree of 1875 laid the groundwork for this dispossession by allowing the BIC to control revenues from customs and monopolies on salt, alcohol, and opium as collateral for military loans (Brocheux & Hémery, 2004). When the Governor-General's Office borrowed from the BIC to pacify uprisings, they were essentially mortgaging Vietnam's economic future to pay for the bullets fired at the Vietnamese themselves. Meuleau (1990) points out that the interest rates on these loans were typically exorbitant, transforming the BIC into the entity that profited most from colonial instability. Research by Nguyen Phan Quang (2005) confirms that this public debt burden directly led to increased land and poll taxes, pushing Vietnamese peasants into pauperization to sustain the ruling apparatus.

Consequently, a "debt spiral" was established: French invasion → Borrowing from the BIC for conquest → Imposing debt on the indigenous population → Increasing taxes to repay the BIC (Thai, 2021). Betts (1961) argues that this is the most brutal form of structural dependency, where victims are forced to finance the process of their own sovereign dispossession. This debt transformation was not merely an accounting procedure but a political tool to break the resistance of Vietnamese society. Pham Xuan Nam (2011) observes that by the end of the 19th century, the majority of the Indochinese budget was allocated not to education or healthcare, but to servicing the interest on these "blood debts" to the BIC. Thus, through the financial mediation of the BIC, French colonialists realized a historical paradox: utilizing indigenous resources to nourish Parisian capital (Buttinger, 1967).

5.3.3. Military Branch System: Financial Outposts Supporting Invasion

The expansion of the Banque de l'Indochine (BIC) branch network during the 1885–1890 period did not follow conventional market economic laws but closely tracked the trajectory of French military invasion in Tonkin. The establishment of branches in Haiphong (1885) and Hanoi (1887) occurred while the gunfire of the pacification campaign had yet to cease, transforming these facilities into "financial outposts" for war logistics (Meuleau, 1990). According to Gonjo (1993), these branches served as reception and distribution points for Piastre banknotes directly to expeditionary military units, rather than catering to the credit needs of indigenous merchants.

Marseille (2005) observes that the geographical locations of BIC branches in Tonkin were selected based on the strategic requirements of the Governor-General's Office: Haiphong was the gateway for receiving weaponry and supplies from the metropole, while Hanoi was the coordination hub for military operations into the midlands and mountains. The BIC's presence at these hotspots enabled the French military to maintain rapid payment capabilities, resolving the "capital hunger" on the front lines (Brocheux & Hémery, 2004). Thai's (2021) research confirms that these branches functioned as an organic part of the colonial administrative apparatus, where the boundaries between military treasuries and bank vaults were virtually blurred.

Furthermore, this branch system performed the task of collecting profits from the occupation to be remitted back to Saigon and Paris. Pham Xuan Nam (2011) points out that immediately after seizing coal mines and the Hue court's economic assets in the North, the BIC swiftly established control over capital flows to ensure these resources were mortgaged for prior military loans. The establishment of this "military branch" network completed the process of "financial encirclement" of Vietnam, transforming every strategic city into a link in the chain of dependency on French capital (Buttinger, 1967). Thus, the BIC's branch system constituted the hard infrastructure of imperialism, laying a solid foundation for thorough colonial exploitation in subsequent decades.

5.4. Consequences: The Establishment of Financial Entrapment

5.4.1. The Disruption of the Indigenous Economy: How the BIC Piastre Suppressed Traditional Copper and Zinc Currencies

The establishment of the Banque de l'Indochine (BIC)'s privileges via the Decree of 1875 caused a structural shock, leading to the complete disruption of the indigenous monetary system in Vietnam. Prior to the French invasion, the Dai Nam economy operated on a multi-metallic system where copper and zinc coins were the lifeblood of daily transactions (Nguyen Phan Quang, 2005). However, aiming to impose a new financial order, the BIC executed a strategy to "neutralize" traditional currencies, replacing them with the Indochinese Silver Piastre a paper currency of large denominations primarily serving capital accumulation and foreign trade (Meuleau, 1990).

This "suffocation" process was enforced through stringent administrative regulations that compelled the population to pay taxes in Piastres rather than native currency. Marseille (2005) observes that the colonial administration's refusal to accept copper and zinc coins in public treasuries directly plunged these currencies into severe devaluation. This disruption was not merely a monetary technicality but an assault on the rural social structure. According to Brocheux and Hémery (2004), as copper coins were marginalized, the small-scale exchange activities of peasants were paralyzed, forcing them to turn to pawnshops or BIC branches to exchange money at unfavorable rates. Thai's (2021) research confirms that this was a form of "financial invasion," where the Piastre functioned as an instrument to dismantle the economic autonomy of the Hue court.

The disappearance of traditional currency created a liquidity vacuum in rural areas, enabling the BIC to establish an absolute monopoly. Gonjo (1993) points out that the "strangulation" of copper coins tethered the Vietnamese economy to the orbit of the French Franc, as the Piastre's value was consistently adjusted based on the interests of Parisian financial oligarchs. The "exceptional" nature of the 1875 Decree allowed the BIC to issue banknotes without considering the absorption capacity of the local market, leading to localized inflation and weakening the purchasing power of the populace (Pham Xuan Nam, 2011).

Consequently, the centuries-old Dai Nam monetary system collapsed, replaced by a financial "entrapment" of which the BIC held the keys (Buttinger, 1967). Betts (1961) argues that the destruction of native currency was a strategic move to transform the Vietnamese people from free economic subjects into "debtors" within the colonial tax system. Thus, the emergence of the Piastre did not bring about the modernization touted by colonialists; instead, it was a tool for large-scale dispossession, laying the foundation for Vietnam's permanent structural dependency on French expeditionary capital (Hobson, 1902).

5.4.2. Debt Trap and Perpetual Dependency: Analyzing Vietnam's Entrapment in the Paris Financial System

The establishment of a financial "chain" did not end with the alteration of currency; it proceeded to construct a structural "debt trap," locking the Vietnamese economy into the Paris financial system. Through the BIC, French colonialists transformed military and administrative expenses into massive public debts borne by the Hue court and later the Protectorate Government (Marseille, 2005). According to Gonjo (1993), this mechanism forced Vietnam into a state of "borrowing to pay interest," a grim financial loop designed to eliminate any possibility of domestic capital accumulation.

The "perpetual" nature of this dependency was manifested in the BIC's control over vital budgetary revenues under the guise of debt security. Brocheux and Hémery (2004) point out that when key indirect taxes (salt, alcohol, opium) were mortgaged for loans from Paris, national financial autonomy vanished. Thai's (2021) research confirms that the BIC's presence created an invisible yet solid barrier, rendering any economic modernization efforts by the court (such as those proposed by Nguyen Lo Trach or reformist groups) futile due to the lack of independent financial resources. Without issuance rights or tax revenues, "self-reliance" projects remained mere ideas on paper (Pham Xuan Nam, 2011).

This debt trap was further reinforced by an exchange rate policy favorable to the French Franc. Meuleau (1990) analyzes that the BIC's maintenance of close links between the Piastre and the Parisian banking system made Vietnam a "buffer zone" for financial crises originating in the metropole. Hobson

(1902) argues that this is the highest form of exploitation: where the invader seizes not only resources but also the "financial future" of the colony. Every infrastructural development, from railways to ports, was essentially an investment funded by BIC loans, where profits flowed into the pockets of French oligarchs while the debt remained with the Vietnamese people (Buttinger, 1967).

This dependency also carried a "legal coercion" through the Decrees analyzed in previous sections. Betts (1961) suggests that the combination of political power and banking monopoly created a state of "economic immobility" for Vietnam. Nguyen Phan Quang (2005) emphasizes that the debt burden strangled the seeds of indigenous capitalism, making it impossible for Vietnamese entrepreneurs to compete with French corporations patronized by the BIC. Ultimately, this debt trap completed the process of "structural colonization," transforming Vietnam into an inseparable dependent component of the French capitalist system, where any effort to decouple was blocked by unpayable debt obligations (Agamben, 2005; Thai, 2021).

5.4.3. Conclusion of the Discussion

In summary, analyzing the Banque de l'Indochine (BIC) through the lens of the 1875 Decree reveals a comprehensive panorama of the convergence between political power and expeditionary financial capital. This discussion has demonstrated that the BIC was not merely an economic entity arising from market demand, but an "exceptional institution" intentionally constructed to bypass the democratic oversight of the French metropole (Thai, 2021). The utilization of Decrees rather than Laws transformed the BIC into a supra-power executive tool, allowing the Parisian financial oligarchy to execute a financial invasion parallel to the military incursions in Tonkin.

The mobilization of the "Colonial Party" and the "closed-loop" governance system corroborate Marseille's (2005) theory regarding the prioritization of group interests over the French national interest. Through the privilege of banknote issuance and the mechanism of transforming war expenses into debt, the BIC established a durable financial "chain" that not only suppressed traditional currency but also eradicated any potential for Vietnamese autonomy. As Gonjo (1993) observed, this dependency was structural and irreversible, as it locked the nation's lifeblood into the orbit of the Paris financial system.

The consequence of this process was the formation of a prolonged "state of exception" in Indochina, where ordinary economic laws were replaced by administrative mandates serving capital accumulation (Agamben, 2005). This study contributes a new perspective to Dependency Theory, illustrating that the colonial debt trap was not merely a result of internal weakness but the product of a sophisticated institutional design by the invader (Brocheux & Hémery, 2004). Ultimately, the Decree of 1875 constituted the "legal crime" that initiated the process of comprehensive sovereign dispossession, transforming Vietnam into a permanently dependent component within the French imperial ecosystem for decades to follow.

6. CONCLUSION

This study has systematically deconstructed the pivotal role of the Decree of January 21, 1875, in the formation and operation of the Banque de l'Indochine (BIC) as an "exceptional institution" serving French imperialism in Vietnam. By analyzing regulatory frameworks and the mobilization of financial oligarchies, the research demonstrates that the BIC was not merely an economic entity arising from natural market demands but a deliberately designed apparatus intended to circumvent the democratic oversight of the French Parliament. The granting of exclusive banknote issuance rights and absolute financial autonomy to a private bank transformed this institution into a "financial legion," providing critical support for military invasions in Tonkin while establishing an irreversible structure of economic dependency for the indigenous society.

The research findings emphasize three significant contributions:

- Firstly, it clarifies the "exceptional" nature of the Third Republic's Decree system, where executive power was manipulated by financial elites to execute expansionist strategies without the consensus of the legislative body.
- Secondly, it provides evidence for a "closed-loop" governance model, where the boundaries between colonial politicians and banking dynasties in Paris were blurred, facilitating the dispossession of resources through public debt mechanisms and tax monopolies.
- Thirdly, it exposes the consequences of the "suffocation" of traditional currencies, which stripped the Vietnamese economy of its autonomy and locked it into the structural "debt trap" of the Paris financial system.

Theoretically, this study enriches Dependency Theory by illustrating that colonial subservience does not only stem from unequal trade exchanges but is deeply rooted in the manipulation of financial and monetary institutions from the very onset of invasion. Practically, understanding the BIC's operational mechanisms provides a profound insight into Vietnam's economic history in the late 19th century, offering lessons on monetary sovereignty and institutional transparency in a modern context. Furthermore, this research opens new avenues for scholars interested in the intersection of law, finance, and political power during historical periods of transition. Ultimately, the Decree of 1875 served as the "legal catalyst" for a comprehensive process of sovereign dispossession, rendering Vietnam a permanently dependent component of the French imperial ecosystem for decades to follow.

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