

Opium Finance in French Indochina

Vietnam was one of the first stops for Chinese emigrating from overpopulated Kwangtung and Fukien provinces in the late eighteenth and early nineteenth centuries. While the Vietnamese emperors welcomed the Chinese because of their valuable contributions to the nation's commercial development, they soon found the Chinese opium habit a serious economic liability. Almost all of Vietnam's foreign trade in the first half of the nineteenth century was with the ports of southern China. Vietnam's Chinese merchants managed the trade efficiently, exporting Vietnamese commodities such as rice, lacquerware, and ivory to Canton to pay for the import of Chinese luxury and manufactured goods. In the 1830s, however, British opium began flooding into southern China in unprecedented quantities, seriously damaging the entire fabric of Sino-Vietnamese trade. The addicts of southern China and Vietnam paid for their opium in silver, and the resulting drain of specie from both countries caused inflation and skyrocketing silver prices.¹⁵³

The Vietnamese court was adamantly opposed to opium smoking on moral as well as economic grounds. Opium was outlawed almost as soon as it appeared, and in 1820 the emperor ordered that even sons and younger brothers of addicts were required to turn the offenders over to the authorities.¹⁵⁴

The imperial court continued its efforts, which were largely unsuccessful, to restrict opium smuggling from China, until military defeat at the hands of the French forced it to establish an imperial opium franchise. In 1858 a French invasion fleet arrived off the coast of Vietnam, and after an abortive attack on the port of Dangang, not far from the royal capital of Hué, sailed south to Saigon, where they established a garrison and occupied much of the nearby Mekong Delta. Unable to oust the French from their Saigon beachhead, the Vietnamese emperor finally agreed to cede the three provinces surrounding Saigon and to pay an onerous, long-term indemnity worth 4 million silver francs. But the opium trade with southern China had disrupted the Vietnamese economy so badly that the court found it impossible to meet this onerous obligation without finding a new source of revenue. Yielding to the inevitable, the emperor established an opium franchise in the northern half of the country and leased it to Chinese merchants at a rate that would enable him to pay off the indemnity in twelve years.¹⁵⁵

More significant in the long run was the French establishment of an opium franchise to put the new colony on a paying basis only six months after they annexed Saigon in 1862. Opium was imported from India, taxed at 10 percent of value, and sold by licensed Chinese merchants to all comers.¹⁵⁶ Opium became a lucrative source of income, and this successful experiment was repeated as the French acquired other areas in Indochina. As the French annexed Cambodia (1863), Annam (1883), Tonkin (1884) and Laos (1893), they founded autonomous opium monopolies to finance the heavy initial expenses of colonial rule. While the opium franchise had succeeded in putting southern Vietnam on a paying basis within several years, the rapid expansion of French holdings in the 1880s and 1890s created a huge fiscal deficit for Indochina as a whole. Moreover, a hodgepodge administration of five separate colonies was a model of inefficiency, and legions of French functionaries were wasting what little profits these colonies generated. While a series of administrative reforms repaired much of the damage in the early 1890s, continuing fiscal deficits still threatened the future of French Indochina.¹⁵⁷

The man of the hour was a former Parisian budget analyst named Paul Doumer, and one of his solutions was opium. Soon after he stepped off the boat from France in 1897, Governor-General Doumer began a series of major fiscal reforms: a job freeze was imposed on the colonial

bureaucracy, unnecessary expenses were cut, and the five autonomous colonial budgets were consolidated under a centralized treasury.¹⁵⁸ But most important, Doumer reorganized the opium business in 1899, expanding sales and sharply reducing expenses. After consolidating the five autonomous opium agencies into the single opium monopoly, Doumer constructed a modern, efficient opium refinery in Saigon to process raw Indian resin into prepared smoker's opium. The new factory devised a special mixture of prepared opium that burned quickly, thus encouraging the smoker to consume more opium than he might ordinarily.¹⁵⁹ Under Doumer's direction, the opium monopoly made its first purchases of cheap opium from China's Yunnan province so that government dens and retail shops could expand their clientele to include the poorer workers who could not afford the high-priced Indian brands.¹⁶⁰ More dens and shops were opened to meet expanded consumer demand. By 1918 French Indochina was home to 1,512 dens and 3,098 retail shops. Business boomed.

As Governor-General Doumer himself has proudly reported, these reforms increased opium revenues by 50 percent during his four years in office, accounting for over one-third of all colonial revenues.¹⁶¹ For the first time in more than ten years there was a surplus in the treasury. Moreover, Doumer's reforms gave French investors new confidence in the Indochina venture, and he was able to raise a 200-million-franc loan, which financed a major public works program, part of Indochina's railway network, and many of the colony's hospitals and schools.¹⁶²

Nor did the French colonists have any illusions about how they were financing Indochina's development. When the government announced plans to build a railway up the Red River valley into China's Yunnan province, a spokesman for the business community explained one of its primary goals:

It is particularly interesting, at the moment one is about to vote funds for the construction of a railway to Yunnan, to search for ways to augment the commerce between the province and our territory. . . . The regulation of commerce in *opium* and salt in Yunnan might be adjusted in such a way as to facilitate commerce and increase the tonnage carried on our railway. [Emphasis added.]¹⁶³

While a vigorous international crusade against the "evils of opium" during the 1920s and 1930s forced other colonial administrations in Southeast Asia to reduce the scope of their opium monopolies, French officials remained immune to such moralizing. When the Great Depression of 1929 pinched tax revenues, they managed to raise opium monopoly profits (which had been declining) to balance the books.

Opium revenues climbed steadily and by 1938 accounted for 15 percent of all colonial tax revenues—the highest in Southeast Asia.¹⁶⁴

In the long run, however, the opium monopoly weakened the French position in Indochina. Vietnamese nationalists pointed to the opium monopoly as the ultimate example of French exploitation.¹⁶⁵ Some of Ho Chi Minh's most bitter propaganda attacks were reserved for those French officials who managed the monopoly. In 1945 Vietnamese nationalists reprinted this French author's description of a smoking den and used it as revolutionary propaganda:

Let's enter several opium dens frequented by the coolies, the longshoremen for the port.

The door opens on a long corridor; to the left of the entrance, is a window where one buys the drug. For 50 centimes one gets a small five gram box, but for several hundred, one gets enough to stay high for several days.

Just past the entrance, a horrible odor of corruption strikes your throat. The corridor turns, turns again, and opens on several small dark rooms, which become veritable labyrinths lighted by lamps which give off a troubled yellow light. The walls, caked with dirt, and indented with long niches. In each niche a man is spread out like a stone. Nobody moves when we pass. Not even a glance. They are glued to a small pipe whose watery gurgle alone breaks the silence. The others are terribly immobile, with slow gestures, legs strung out, arms in the air, as if they had been struck dead. . . . The faces are characterized by overly white teeth; the pupils with a black glaze, enlarged, fixed on god knows what; the eyelids do not move; and on the pasty cheeks, this vague, mysterious smile of the dead. It was an awful sight to see walking among these cadavers.¹⁶⁶

This kind of propaganda struck a responsive chord among the Vietnamese, for the social costs of opium addiction were heavy indeed. Large numbers of plantation workers, miners, and urban laborers spent their entire salaries in the opium dens. The strenuous work, combined with the debilitating effect of the drug and lack of food, produced some extremely emaciated laborers, who could only be described as walking skeletons. Workers often died of starvation, or more likely their families did. While only 2 percent of the population were addicts, the toll among the Vietnamese elite was considerably greater. With an addiction rate of almost 20 percent, the native elite, most of whom were responsible for local administration and tax collection, were rendered less competent and more liable to corruption by their expensive opium habits.¹⁶⁷ In fact, the village official who was heavily addicted to opium became something of a symbol for official corruption in Vietnamese literature of

1930s. The Vietnamese novelist Nguyen Cong Hoan has written an unforgettable portrait of such a man:

Still the truth is that Representative Lai is descended from the tribe of people which form the world's sixth race. For if he were white, he would have been a European; if yellow, he would have been an Asian; if red, an American; if brown, an Australian; and if black, an African. But he was a kind of green, which is indisputably the complexion of the race of drug addicts.

By the time the Customs officer came in, Representative Lai was already decently dressed. He pretended to be in a hurry. Nevertheless, his eyelids were still half closed, and the smell of opium was still intense, so that everyone could guess that he had just been through a "dream session." Perhaps the reason he had felt he needed to pump himself full of at least ten pipes of opium was that he imagined it might somehow reduce his bulk, enabling him to move about more nimbly.

He cackled, and strode effusively over to the Customs officer as if he were about to grab an old friend to kiss. He bowed low and, with both of his hands, grasped the Frenchman's hand and stuttered.

"Greetings to your honor, why has your honor not come here in such a long time?"¹⁶⁸