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## Business Activities of Vietnamese People in Hanoi (Vietnam) from 1919 to 1929 Through Business-License Tax

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### Abstract

*Purpose: The article accurately assesses the business activities of Vietnamese people in Hanoi in fierce competition with European and Asian capitalists through the payment of Business-license tax from 1919 to 1929 in tax categories set by the French colonial government from their ruling policy in Vietnam. Method: Historical method, logical method, statistical and comparative methods are the main means used to research and clarify the problem, and are the basis for the author to consider, evaluate, and draw the nature, laws or trends of movement and development of historical events, phenomena and characters. Results: Although the business of Vietnamese people in Hanoi in the period 1919-1929 increased significantly compared to the previous period, it still accounted for a small proportion of Hanoi's total business-license tax revenue at that time. In Hanoi, business-license tax is both a source of local budget revenue and a means to manage business activities of the colonial state in Vietnam, and a tool for the colonial government to control and regulate the business and trade activities of the Vietnamese bourgeoisie and petty bourgeoisie. Conclusion: Scholars' comments and assessments on the research issue show that through the business-license tax, business and trade activities of Vietnamese people in Hanoi in the period 1919-1923 have developed and increased in quantity, quality and business scale. Along with the increase of occupational groups, economic management through taxes is strengthened and tightened by the government. The establishment of the business-license tax, on the one hand, demonstrates the tax collection nature of the new tax system for newly established and developed business and production sectors within colonial society. On the other hand, this tax also reflects the formation and development of the Vietnamese bourgeoisie and petty bourgeoisie. At the same time, the motives are clearly seen when the authorities propose and implement a policy in any country under their rule.*

**Keywords:** Business-license tax, Hanoi, Vietnam, France, 1919-1929; Vietnamese, Europeans, Asians.

### Introduction

Business-license tax is one of the direct taxes that is quite common in many countries. The Vietnamese name of the tax comes from the Chinese word, meaning "door card". All people engaged in business and production activities (trade or production in industries such as industry, handicrafts, transportation, construction, services, catering...) after declaring, registering to practice and paying taxes, they will be given a card to hang on the doors of shops, stores or production and business establishments. That card is called the business-license tax card. The business-license tax rate is not calculated according to the results of business and production activities but is based on the following factors: Nature of occupation (trading or production); conditions for practice (retail or wholesale); means used to practice (manual or mechanical); location of the business establishment; rental value of the store.

In Vietnam, in 1870, the Nguyen Dynasty planned to establish a business-license tax in the northern region of Vietnam to tax the Minh Huong people (Chinese) but failed. In 1890, after completing the invasion of Vietnam, the French colonialists began to establish a business-license tax regime. However, during this period, there were very few Vietnamese traders and producers, but in order to control and

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manage trade and business activities in Vietnam, the French colonialists imposed many types of taxes such as indirect taxes and direct taxes, of which indirect taxes include export tax, import tax, alcohol tax, salt tax, opium tax... and direct taxes include income tax for Europeans, Asians, indigenous people, land tax, business-license tax... Indirect taxes are for the Indochina budget, while direct taxes are for local budgets (countries in Indochina). The French colonial government advocated strengthening the budget with revenue from direct and indirect taxes levied on indigenous people. Among direct taxes, business-license tax is one of the basic tools for the French protectorate to increase revenue and manage the production and business activities of the petty bourgeoisie in Vietnam.

In the northern region of Vietnam, Hanoi was a large city, the largest commercial center of the North at that time and also the place that paid the most business-license tax to the Tonkin budget in general and the Hanoi budget in particular. However, those participating in business activities in Hanoi are subjected to pressure and fierce competition with the French bourgeoisie, Europeans and overseas Asians, and at the same time, their business activities are strictly controlled by the French through Decrees and circulars issued by the French protectorate. Therefore, although the business of Vietnamese people in Hanoi in the period 1919-1929 increased significantly compared to the previous period, it still accounted for a small proportion of Hanoi's total business-license tax revenue at that time. All of those activities affected the results of Vietnamese people participating in business activities in Hanoi from 1919 to 1929 through paying business-license tax and were reproduced through the author's research.

During the process of searching and collecting source data to serve the research for the article, the author realized that research on tax policy implemented in Indochina is an area of content in the governing policy system of the French colonial government in Indochina during the French colonial period, so this is one of the top areas of interest for scholars around the world. This topic is discussed directly or indirectly in a number of academic works, such as "The economic problem of Indochina" by Bernard Paul (1932); "French Indochina Federation" by Agard A (1935); "The economic recovery of Indochina" by Bourbon André (1938); "Taxation of Indochina" by Guermeur (1909); "Governments and public services in Indochina" by Galembert J.de (1931); "The present progress of the financial regime of the colonies" by Merat (1927); "Monopolies in Indochina" by Peyrouton(1913); "Fiscal Federalism and Indochina Finances" by Touzet (1935); "Legislation and Colonial Finance" by Hanberg (1926); "Research on the budgetary organization of Eastern France" by Grenard A.-F. (1904); "The formation of classes in the An Nam people" by Dumarest André (1933); "Indochina, trade and ports" by Moreux René (1929); "Indochina" by Maybon (1926); "The salt and opium monopolies in Indochina" by Jacques Dumarest (1938)...In general, the works are at the macro level from the French rule policy in Indochina, the regime Taxes for each business sector within Indochina. Where did the establishment of Indochina finance come from? How? Tax revenue from direct and indirect taxes?... However, mentioning the business activities of a specific area, Hanoi (the capital of the northern region of Vietnam) in Vietnam through a survey of paying business-license tax is still a new topic, it needs to be studied systematically and in-depth to contribute to a broader and more accurate understanding of the business activities of Vietnamese people in Hanoi during the period 1919-1929 through business-license tax from the French rule policy in Indochina during this period. It is important to clearly see the motivation when the government proposes and implements a policy, whether radical or moderate, as well as the flow of critical opinions that create public opinion of praise and criticism, whether it truly comes from integrity and humanity. Is it just a smoke screen hiding the colonial capitalists' attempts to compete for influence or demagogic habits to gain political and economic benefits?

## **Research Methods**

To clarify the research content, the author uses historical method, logical method, comparative method, analytical and statistical method. These methods are considered the main and indispensable means in researching historical issues. In particular, the historical method helps the author "restore" a full picture of historical events, phenomena, and characters participating in business and trading activities in Hanoi through business-license tax in that period as well as the government's decisions directly affected the number of Vietnamese people participating in business and trading activities in Hanoi at that time. The comparative method and statistical method help the author have the most accurate assessment of the increase and decrease in the frequency of business participation of Vietnamese people in Hanoi before and during the same through the lens of relevant historical sources as accurately as possible. The analytical method helps the author review, evaluate, and draw out the nature, laws, or trends in movement and development of historical events and phenomena at that time and the impact on policy planning of the authorities in Indochina.

## Research Results

### Socio-Economic Situation of Hanoi (Vietnam) in The Period After World War I

After World War I ended, the French colonialists began their second colonial exploitation in Indochina, which they considered the most important, most developed and richest colony (A. Sarraut, 1929) because it is rich in raw materials, especially mines in the northern region of Vietnam, fertile land in the southern region of Vietnam. The second colonial exploitation program of Albert Sarraut - Minister of Colonies, former Governor General of Indochina proposed issued to Indochina after the war with the aim of compensating for the losses of the French economy and quickly recovering the French economy after World War I (although France was the victor after World War I, its economy was severely devastated).

Regarding the economy, investment capital for Indochina in general and Vietnam in particular has increased, especially since 1924. *In the six years after World War I (from 1924 to 1929), the total amount of French capital investment in Vietnam increased 6 times more than the amount of capital invested in Vietnam in the 20 years before the war* (Truong Chinh, 1957). France focused on a number of industries such as agriculture, mining and some light industries producing goods such as cotton, wine, matches, milling... Before the war, French capitalists invested capital in economic sectors, such as mining, transportation, trade and agriculture. After the war, agriculture was given the most attention to exploitation. In addition, the new needs of colonial exploitation have promoted the birth and development of a number of industries serving construction such as wood exploitation and production, brick and tile making, porcelain, glass...; serving educational culture such as printing and stationery and serving the lives of the wealthy class such as jewelry, lace rental, garments, photography.

In particular, trade during this period was much more developed than before and during World War I. If during the war, the market was stagnant, production was stagnant, and traffic stagnated, now all conditions have been expanded for Vietnam's business. Therefore, the number of Vietnamese doing business during this period was much more active than in the pre-war period. In Hanoi, during this period, industrial and commercial business activities developed more rapidly. *Particularly in Hanoi, at this time the face of the city changed, the industry and trade of legal capital were promoted after the war, Hanoi's streets became more and more bustling. In addition to French factories and shops that have existed since and during the war, they are now investing more capital and expanding production* (Thang Long, Hanoi, 1995).

During the period 1919-1929, Vietnamese capitalists were present in most business sectors, although their capital was insignificant compared to the amount of capital invested by French capitalists. *Quang Hung Long Company, in 1920, opened a soap making and iron making factory employing more than a hundred workers.*

*Bui Huy Tin, the owner of the printing factory, was a contractor...* (Nguyen Cong Binh, 1959). It was the French capitalist newspaper L'Eeil économique in 1921 that expressed surprise at that development: *A nation has for thousands of years despised trade and did not have a single large merchant just yesterday. It is not always possible to become a trading nation. Those who left the northern region of Vietnam 6 to 7 years ago and now return will see a big change. They had splendid stores in luxurious streets. One of the best printing houses in Hanoi is owned by a Vietnamese person.* (L'Evieil, Capital History, 1960).

During this period, Hanoi's population increased. In 1921, the number of Vietnamese in Hanoi was 75,000 people, the number of French and foreigners was 4,097. By 1929, the number of French and foreigners in Hanoi had increased to 4,551 people (Annuaire statistique de l'Indochine (1913-1922) and (Annuaire statistique de l'Indochine (1923-1929)). Therefore, a number of new business lines appeared in Hanoi to directly serve people's lives, such as shoe and watch repair services, laundry, dyeing, hair cutting... The business efforts of the Vietnamese traders along with objective stimulating conditions such as expanded markets, cheap and large labor sources, established means of transportation, and goods circulating in increasingly large quantities not only in domestic but also foreign markets... that created conditions for merchants, from the role of goods agents for French capital, or contractors for France, to become rich and then move on to open factories and establish trading firms. Many private capitalists have pooled capital together to establish joint stock companies. Some Vietnamese capitalists have pooled capital in companies of French capitalists.

Thus, stemming from the second colonial exploitation policy of the French colonialists in Indochina (1919-1929), economic activities in most economic fields in Hanoi increased, many new business lines appeared in Hanoi and had a great impact on Hanoi's license tax collection and payment activities in all categories.

### **Business-License Tax in The Northern Region of Vietnam**

Business-license tax is one of the direct taxes that is quite common in many countries. The Vietnamese name of the tax comes from the Chinese word, meaning "door card". All people engaged in business and production activities (trade or production in industries such as industry, handicrafts, transportation, construction, services, catering...) after declaring and registering to practice and paying taxes, they will be given a card to hang on the doors of shops, stores or production and business establishments. That card is called the business-license tax card. The business-license tax rate is not calculated according to the results of business and production activities but is based on the following factors: Nature of occupation (trading or production); conditions for practice (retail or wholesale); means used to practice (manual or mechanical); location of the business establishment; rental value of the store.

In Vietnam, in 1870, the Nguyen Dynasty planned to establish a business-license tax in the northern region of Vietnam to tax the Minh Huong people (Chinese) but failed. In 1890, after completing the invasion of Vietnam, the French colonialists began to establish a business-license tax regime. However, during this period, there were very few Vietnamese traders and producers, so the new tax only applied to Europeans and overseas Asians with very low tax rates and no clear regulations. In March 1905, the Protectorate government issued a Decree to regulate the management of business-license taxes in the provinces in the northern region of Vietnam, then supplemented and completed by the Decree on August 3, 1912 of the Governor General Albert Sarraut with specific regulations:

**Taxpayers: all people practicing trade or industrial production in the North.**

***Components of license tax: fixed tax and proportional tax, in which***

Fixed tax: an owner who owns many stores in the same locality or in many different localities must pay

tax for each store. An owner operating in multiple business and technology industries in the same locality must pay tax at the highest rate in the tax schedule. An owner operating in one industry but has many establishments located in many different places, he only has to pay a special tax, provided that those production establishments are not allowed to retail the products.

Proportional tax: 30% of the rental value of a store, shop, factory, warehouse or house (ie premises serving business).

*Subjects exempted from tax:* Salaried officials and employees of the State, province, and commune who are assigned to practice their profession (i.e. selling goods or working for a salary). They have to pay license tax if, in addition to their state-assigned responsibilities, they also engage in other professions. Workers and craftsmen make goods on their own or with their wives and children and sell them themselves. Farmers sell or transport their agricultural products (fruits, animals). Mine owners exploit and sell self-mined minerals. Ship owners who transport or transport goods themselves. People who make and sell bread and butchers. Street vendors on boats or at home with goods worth no more than 1 dong.

*Subjects eligible for reduction:* children under 14 years old and elderly people over 55 years old subject to paying license tax in the 4 lowest levels of the tax schedule will receive a 50% reduction.

To classify the tax class and tax rate for each individual, the authorities base on this practice certificate, which has been pre-determined by the State along with the corresponding tax rate schedule. The tax rates applied to each region and each subject are different, but there is no distinction in the tax rates payable between Europeans and Asians living abroad in Vietnam and Vietnamese people (Vietnamese and Europeans and Asians). All foreign countries have similar tax schedules at all levels and classes. That is clearly shown in the business-license tax schedule in the northern region of Vietnam before 1920.

**Table 1:** Business-License Tax Schedule Applied to Foreign Europeans and Asians in the Northern Region of Vietnam Before 1920 (J.O.I.C, 1914).

Class	Rate	Amount (VND)
Special	1	1500
	2	1000
	3	700
	4	500
Exceptional	1	300
	2	250
	3	190
	4	150
Normal	1	125
	2	99
	3	72
	4	45
	5	22
	6	15
	7	9
	8	6
	9	3
	10	1

	11	0,5
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**Table 1:** Business-License Tax Schedule Applied to Vietnamese People in the Northern Region of Vietnam Before 1920 (J.O.I.C, 1914).

Class	Rate	Amount (VND)
<b>Special</b>	1	1500
	2	1000
	3	700
	4	500
<b>Exceptional</b>	1	300
	2	250
	3	190
	4	150
	1	125
	2	99
	3	72
<b>Normal</b>	4	45
	5	22
	6	15
	7	9
	8	6
	9	3
	10	1
	11	0,5

Source: (J.O.I.C, 1914)

According to State regulations, those who want to do business or industrial production must apply for a license and send it to the Consulate in the districts, villages and communes. Business-license tax is paid once for the whole year. If you apply in the last 6 months of the year, pay in July with an amount of 50% of the yearly tax rate. License cards are personal and can only be used by taxpayers. The legation will publicly post a list of names and tax rates 10 days in advance so that individuals can review and appeal (if necessary).

To manage business-license tax, the State stipulates that license cards must be left at the place of business or production facility to be presented when inspected by Department of Trade. If lost, there will be a fine of from 0.5 to 2 VND. If individuals do not pay business-license tax, they will be fined twice the amount of tax they should have paid, and the goods will be confiscated and auctioned by order of the Governor of the northern region of Vietnam. Those who make false declarations to avoid or smuggle taxes will be fined double or triple the amount of tax they should have paid. If you lose your license card, you can request a copy but must pay a fee of 0.5 VND.

During World War I, the French colonialists expanded the rights of Vietnamese bourgeoisie to freely conduct industrial and commercial business. The number of national bourgeoisie is therefore increasingly larger. They participated in business in all fields of industry and competed fiercely with French bourgeoisie and overseas Chinese private individuals. Among them, there were a number of people who became famous bourgeois like Bach Thai Bui... In that situation, in order to increase revenue from license taxes, the French colonialists issued circulars, decrees... changing tax classifications for some industries or changing fixed tax rates for some business lines. On December 1, 1920, Governor of Tonkin Rivet issued a Decree on changing tax rates and classifying industries and professions subject to business-license tax, replacing the 1914 tax schedule. Attached to this Decree is a table categorize industries and occupations that pay business-license tax as special, exceptional, or normal with more than 100 industry and occupation headings, including a special class only for banking business. The exceptional class includes a number of businesses, such as automobile trading, construction wood

trading, hotel business, contracting, etc., while most other industries are in the normal category. This is a quite detailed tax schedule, applicable to many subjects and many business sectors. The business-license tax schedule applied since 1921 is determined as follows:

**Table 3:** Business-License Tax Schedule Applied to Vietnamese People Since 1921.

	<b>Rate</b>	<b>Amount (VND)</b>
<b>Class</b>	1	3000
	2	2000
	3	1500
<b>Special</b>	4	1200
	5	1000
	6	900
	1	750
	2	600
	3	500
<b>Exceptional</b>	4	360
	5	300
	6	250
	7	200
	8	150
	1	125
	2	100
	3	75
<b>Normal</b>	4	55
	5	35
	6	25
	7	15
	8	10
	9	6
	10	3

Source: (National Archives Center I, 30,282)

**Table 4:** Business-License Tax Schedule Applied to Europeans and Asians Since 1921.

	<b>Rate</b>	<b>Amount (VND)</b>
<b>Class</b>	1	3000
	2	2000
	3	1500
<b>Special</b>	4	1200
	5	1000
	6	900
	1	750
	2	600
	3	500
<b>Exceptional</b>	4	360
	5	300
	6	250
	7	200
	8	150
	1	125
	2	100
	3	75
<b>Normal</b>	4	55
	5	35
	6	25
	7	15

8	10
9	6
10	3

Source: (National Archives Center I, 30,282)

With the above tax rate schedule, the French protectorate has classified tax payers in more detail, took advantage of each tax payer, paid attention to high-income subjects. At the same time, they did not collect taxes on small traders and producers. The introduction of this new tax schedule has proven that after the war, business, technology production and trade have developed quite well, starting to appear on the business-license tax payment chart are Vietnamese people participating in trading businesses with large revenues and paying tax rates equal to Europeans.

### **Business Situation of Vietnamese People in Hanoi in the Period 1919-1920 Through Payment of Business-License Tax**

#### ***Business-license tax in Hanoi budget***

In principle, business-license tax is a tax for the Northern budget, but in reality it is partially returned to the Hanoi city budget, *about one-third of the city budget's revenue, an amount of 60,000 VND /year from the amount collected from the poll tax, the partial surcharge of land tax of the European and native people, the Asian residence tax and from the business-license tax provided by the Tonkin budget under the conditions of that tax revenue comes from the city. In addition, Hanoi is also allowed to collect a 10% surtax on the main part of the business-license tax for Chinese people and 5% on the fixed tax part of the land tax, business-license tax and Asian tax* (J.de Galember, 1924).

Hanoi's business-license tax, after being collected, must be paid 2% to the Hanoi Chamber of Commerce, 5% was deducted and paid to the city budget, and the rest was paid to the Tonkin budget. After that, the Tonkin budget poured back into the Hanoi budget an amount of about 60,000 VND/year to cover Hanoi's spending activities. In general, the collected business-license tax accounted for about 20% of Hanoi's budget. During this period, the amount of business-license tax collected in Hanoi increased steadily, as shown clearly in the following table:

**Table 5:** Hanoi's Revenue Budget and Hanoi's Business-License Tax Amount From 1919 to 1929.

<b>Year</b>	<b>Hanoi's revenue budget</b>	<b>Hanoi's business-license tax</b>	<b>Rate</b>
1919	580	122	21%
1920	626	128	20.4%
1921	943	162	17.1%
1922	981	155	15.8%
1923	1162	159	13.7%
1924	1224	168	13.7%
1925	1451	172	11.8%
1926	1497	177	11.8%
1927	1598	207	12.9%
1928	1721	203	11.8%
1929	1476	278	18.8%

Source: (Hanoi's revenue budget (Bulletin municipal de Hanoi, 1927), Hanoi's business-license tax (Mairie de Hanoi - 4853; Villie de Hanoi – Prévisions budgétaires (1920-1929), Prévisions budgétaires pour (1929))

The above table clearly shows that during this period, Hanoi's budget increased steadily and *it was mainly maintained due to the contribution of direct taxes that the local budget allocated to the Hanoi budget at about 23.9%. That increase is due to the increase in business-license taxes* (Bulletin municipal de Hanoi, 1927). This proved



the city's business development.

### **Business Situation of Vietnamese People in Hanoi Through Payment of Business-License Tax**

The second large-scale colonial exploitation of the French colonialists made the Vietnamese market expand more than before. Therefore, trade and business activities developed in large urban centers and cities. Right after the war, when Europeans and Asians had not yet had time to do business, Vietnamese people had the opportunity to participate in many industries.

During the years 1919-1929, increased French investment activities in Indochina contributed to the strong development of this region's economy. Therefore, trading and exchange activities also took place vibrantly. The number of Vietnamese traders participating in paying business-license tax increased significantly. According to statistics of the French colonial government, *in 1914 in the northern region of Vietnam, there were only 450 Vietnamese people doing business and paying business-license tax. In 1919, it increased to 3,958 people. By 1929, that number had increased to 56,789 people. If we add up the number of Europeans (624 people) and overseas Asians (3,675 people), the number of people participating in paying business-license tax in 1929 was 61,088 in the northern region of Vietnam (Imprimerie d'Extrême-Orient, 1931). The amount of license tax collected from Europeans and Asians was 430,000 VND compared to the amount of business-license tax collected from natives, which was 342,000 VND (Imprimerie d'Extrême-Orient, 1931).* However, in reality, the number of native people paying high business-license tax rates was very small. Most natives pay the lowest tax rates on the tax schedule. That reflects the status of small business and trade as well as the small role of Vietnamese traders in the production and trading activities of the Vietnamese economy at that time.

Particularly in Hanoi, Vietnamese businessmen were present in most industries in increasingly larger numbers, which is clearly shown through the data of people registering their businesses and paying business-license tax at Hanoi Direct Tax Department. *During World War I, there were only 450 people registering businesses and paying business-license tax in 1914 (RST-10555: Patentes indigènes (1914)). In 1929 (10 years after the war) that number increased more than 11 times, to 5,343 people, while the number of Europeans and Asians registering businesses in Hanoi during this period has not increased significantly. This is shown quite clearly in the table:*

**Table 6:** Business-License Tax Amounts Paid by Vietnamese, Asians and Europeans in Hanoi from 1922 to September 1929.

<b>Year</b>	<b>Vietnamese</b>	<b>Europeans</b>	<b>Asians</b>
1922	82,340.04	77,580.07	50,051.76
1923	85,507.09	77,412.49	44,615.74
1924	93,461.61	81,012.67	47,698.27
1925	96,895.97	89,421.22	49,767.32
1926	92,737.44	87,556.77	47,441.68
1927	110,659.85	99,149.29	64,899.09
1928	104,935.85	97,628.64	60,927.09
9-1929	106,191.55	113,449.08	57,608.71

Source: (Ville de Hanoi (1923-1929), Mairie Hanoi - 4901, Mairie Hanoi - 4907, Mairie Hanoi - 4924, Mairie Hanoi - 4909, Mairie Hanoi - 4904).

Along with the increase in the number of business people, the number of business sectors and professions was also increasing and becoming more and more diverse. This is clearly shown through the division of business-license tax payment groups into different classes, such as special, exceptional, or normal class to learn about each group through quantitative analysis of data from Hanoi's License Tax Departments, thereby seeing the business scale of each industry, occupation and bustling activities on

the streets of Hanoi during this period. On the tax collection book, there are columns and sections recording main terms, such as name of business tax registrant, business location, business line, fixed tax rate, proportional tax rate, percentage of surcharge paid to the tax collector, percent of surcharges paid to the city budget, percent of surcharge paid to the Chamber of Commerce budget.

### **Special Class (from 900 to 300 VND)**

This is a class for banking and credit businesses. During this period, no Vietnamese businessmen registered their businesses in this group. Meanwhile, *in 1921, among 266 Asians, (mainly Indian expatriates), there were 3 people who paid special class business-license tax (900 and 1000 VND). In 1923, among 259 Asians, there were 2 people who paid special class business-license tax. Among 182 Europeans, there were 21 people who paid special class business-license tax. In 1926, among 284 Asians paying business-license tax, there were 3 people paying in this category* (Mairie Hanoi - 4901, Mairie Hanoi - 4924). Thus, from the above data, it can be seen that only Europeans and a few Indians operated in the banking and credit business sector, mainly Indochina Bank and Indochina Land Credit Bank, headquartered at 5 Bobillot Street (now Le Thanh Tong Street); Hongkong-Shanghai Banking Corporation, headquartered at 16 Trang Tien Street; Chartered Bank, headquartered in Hai Phong...; As for Vietnamese people, no one had the ability to step in and compete in this field. This proves that the position and business scale of Vietnamese people were "too modest" compared to Europeans and Asians.

### **Exceptional Class (from 150 to 750 VND)**

In this group, Vietnamese businessmen account for a very small part. In 1921, among 4,914 Vietnamese cards, only 19 belonged to this group. Meanwhile, there were 266 Asian cards, 69 of which belonged to this group (accounting for nearly 26%). In 1923, there were 259 Asian cards, but there were also 70 cards in this group (accounting for nearly 27%). That same year, there were 182 European cards, and 86 belonged to the foreign group (accounting for more than 47%), while in the same year 1929, there were 5,343 Vietnamese cards, only 30 belonged to this group. Thus, the rate of Vietnamese businessmen paying business-license tax at an exceptional rate is very low compared to the rate of European and Asian businessmen.

The largest number of Vietnamese businessmen in this group are those who trade fabrics, silk, or some have weaving and embroidery factories. The most typical of which is Vu Van An Company at 18 Dong Khanh Street (now Hang Bai street). In 1923, the business-license tax was paid at an exceptional rate of 256 VND. In 1929 it remained at an exceptional rate and the tax payment increased to 309 VND. Le Thuan Khoat at 42 Hang Dao street had a business-license tax rate of 226 VND in 1923, and in 1929, it increased to 230.8 VND. Pham Thi Ca (aka Phuc Loi) wholesaled silk at 7 Hang Ngang and paid a business-license tax of 189.9 VND in 1923, but in 1929 her license tax was reduced to 177 VND. Pham Thi Ca (aka Quang Thanh) sold silk at 10 Hang Dao, with a business-license tax of 152 VND. By 1929, she was no longer in the high business-license tax group. In this group, there is also Pham Van Khoan, an embroidery business at 30 Hang Trong street. During this period, he still maintained the business-license tax level of 292.7 VND and the value of his lace factory was 720 VND.

Next are the printing, paper, book businesses... of which, the most prominent is Le Van Phuc of Dong Kinh An Quan, with a printing shop and book store at 82 Hang Gai street with a business-license tax of 182 VND. Nguyen Van Vinh, owner of Trung Bac Tan Van printing company, headquartered at 63 Hang Bong street with his business-license tax of 177.3 VND. Mac Dinh Tu printing house at 136 Hang Bong street during this period still kept the business-license tax of 156.8 VND (in 1929 changed business registration to Le Van Tan). Ngo Tu Ha had a printing factory at 101 Hang Gai street. In 1923, he paid business-license tax of 121.7 VND, and in 1929, it increased to 128 VND.

In the group of exceptional rate, contractors are people with a very high rate, such as Tran Viet Soan at 12 Hang Voi Street, a construction contractor, paid the tax of 563.3 VND in 1923. In 1929, although he

was still in the high license group, his license fee was reduced to 119.6 VND. Dinh Van Thuan (also known as Phuc Loi) was a wood contractor, at number 9, Hue street, in 1923 had a license tax of 309.5 VND, but in 1929 he only paid a license tax of 37.3 VND. Tran Ngoc Dien is a mechanical contractor, living at 194 Hang Bong street, paying the tax of 280 VND. The most typical in this group is Hoang Kim Bang, representative of Quang Hung Long Company at 79 Hang Bo Street. He is both a contractor and does trading and retailing of domestic and foreign goods. During this period, he was always in the exceptional tax group with a tax rate of 309.5 VND.

Some merchants who wholesale rice, corn, beans, kerosene, household furniture, etc. are concentrated in the area near the Red River wharf, such as To Thi Mui at 64 Tran Nhat Duat Street with a business-license tax rate of 224.5 VND. Nguyen Thi Ca (also known as Phuc An) at house number 66 paid a business-license tax of 220.3 VND. Le Thi Ly (also known as Tin Loi) is a wholesaler at house number 78 and pays a business-license tax of 251.8 VND and Nguyen Kim Lan at house number 84, both a retailer and a contractor, has a business-license tax rate of 150.5 VND. Nguyen Thi Chat (also known as Ms. Ba) at house number 66 sells rice and paid a business-license tax of 146.3 VND. Nguyen Thi Ba (also known as Phuc Long) wholesales and retails paint at 5 Hang Buom street and has a business-license tax rate of 309.5 VND. Vuong Vinh Tuy at house number 38, Ham Tu Quan street, selling household furniture has a business-license tax rate of 181.5 VND, and Cung Dinh Phon (also known as Ich Phong), a kerosene wholesaler at house number 67, has a business-license tax rate of 154.7 VND. Regarding the furniture business, Trinh Xuan Nghia at 13 Hang Gai has a business-license tax rate of 175.7 VND.

Car and motorbike rental businesses also paid high business-license tax, the most prominent of which is Nguyen Huy Hoi's company at 73 Hang Chieu street, which has 350 motorbikes for rent with a business-license tax of 566.5 VND. Vu Tu Duong at 28 Tran Nhat Duat Street both has cars for rent and sells construction materials (lime and bricks), with a business-license tax of 177 VND. Tran Van Thanh (also known as Hung Ky) at 5 Cua Dong street has both a photography business and a construction supplies business. In 1923, the business-license tax was 235 VND. In 1929, he continued to do both a photography business and a car rental, his tax rate is 185.7 VND.

Finally, we must mention a number of hotel, restaurant, and theater businesses. Doan Cac (also known as Hoa Phong), running a hotel business at 9 Nam Bo Street, paid a business-license tax of 226.6 VND. Ngoc Thanh (representative of Quang Lac Hoi) at 6 Hang Buom street had a tax rate of 175.7 VND and Vu Viet Long (owner of San Nhien Dai theater) at 18 Ma May street paid a business-license tax of 134.9 VND. Nguyen Van Lang (owner of a theater) at 42 Hang Bac street had a business-license tax of 175.7 VND.

Printing business in Hanoi during this period developed strongly and it was also from this business that a number of Vietnamese capitalists were born and developed, such as Nguyen Van Vinh's Trung Bac Tan printing house, Mac Dinh Tu, Le Van Phuc printing house, Dong Kinh An Quan. In addition, business in fabrics, silk weaving, lace rental... also developed relatively well during this period, the most prominent being Vu Van An company. In general, contractors and wholesale businesses combined with retail are subjects with high business-license taxes and they maintained the tax rate throughout this period, typically Quang Hung Long Company of Hoang Kim Bang. At the end of 1929, some businessmen paid lower rates, some even changed to other business fields and lowered it to the normal level, which partly showed the decline in business of some Vietnamese businessmen. There are some people who still maintained the old level or increased it, showing development in their business such as Pham Van Khoan, Le Thuan Khoat, Trinh Xuan Nghia, Pham Thi Ca (ie Quang Thanh), Nguyen Thi Ba (aka Phuc Long). This was an important part of the Vietnamese bourgeoisie at that time.

### **Normal Class (from 3 to 125 VND)**

Among the groups of business license taxes that must be paid, this group of regular business-license

taxes (from 3-125 VND) accounts for 99% of the Vietnamese tax payers. However, in this regular class group, tax rates are also divided into 10 different types from 3 VND to 100 VND. Therefore, for ease of access, the author temporarily divided it into smaller groups to see more clearly the number of Vietnamese people in each group and the scale of their business.

### **The Group of 3-6 VND**

This is the group with the lowest tax rate. This group includes households that retail groceries, salt, water, tobacco, worship items... or repair bicycles. In the early period, after the war in Hanoi, there were not many sellers with fixed locations. It was not until 1929 that many people registered for fixed locations and paid business-license tax. The number of businessmen paying business-license tax in this group is scattered throughout the areas, streets... in the city. However, the number of people paying business-license tax in this group decreased significantly when in 1920 in Hanoi there were about 800 people, by 1929 there were only 47 people.

### **The Group of 6-55 VND**

The majority of Vietnamese businessmen paid this type of business-license tax. In 1921, this number accounted for about 50% of the normal class, by 1929 it was 34%, proving that Vietnamese businessmen paid higher taxes, showing growth in their business. Among them, the largest number are grocery retailers, selling rice, spring rolls, porridge... distributed throughout the streets of Hanoi. Next is the team of tailors gathered on Hang Dieu, Hang Bong and Hue streets; Cloth and silk sellers gather on Hang Dao, Hang Ngang, Hang Duong and Hang Bong streets; Embroidery and lace traders on Hang Trong and Hang Bong streets, including Pham Van Khoan at 34 Hang Trong. In 1923 he paid business-license tax of 34 VND, by 1929 he paid the exceptional rate of 292.7 VND and his business was expanded. During this period, the book and newspaper printing industry was very developed in Hanoi. Among them, Bui Huy Tin at 43 Hang Dau, Director of the Thuong Nghiep brand, paid business-license tax of 54.3 VND.

In addition, we must mention the jewelers concentrated on Hang Bac street, the laundresses concentrated on Hue and Ma May streets; leather workers and leather goods businesses are concentrated in Ha Trung, Hang Bo, Hang Dieu streets...; Scale makers gather in Nam Trang village; tinsmith on Hang Thiec street...; The rest are those selling betel and areca, charcoal, firewood, bamboo, hats, hammock ropes, shoes, rice, fish sauce, tobacco, incense and worship items... serving necessities and utensils for the daily lives of urban people. Including the case of Truong Dinh Long (also known as Thuan Tien), after the war, he started a hat wholesale business at 70 Hang Bo and paid business-license tax of 50 VND. He later switched to selling rented goods and lace, and an embroidery workshop. His lace is very prosperous.

In the early years after the war, there were not many people selling meat and bread in Hanoi. By 1929, with the increase of the Chinese population, as well as the meat-eating habits of Vietnamese people gradually increasing, many butcher shops registered their business and paid business-license taxes.

### **The group of 55-75 VND**

The largest number in this group were fabric and silk traders concentrated on Hang Ngang, Hang Dao, and Hang Bac streets, typically Vu Van An's company. During this period, his business prospered and paid the high business-license tax rate of 71.45 VND. Next is a team of retail and wholesale rice traders concentrated in riverside areas such as Tran Nhat Duat and Ham Tu Quan streets. Contractors, motorbike rentals, housing rentals... also appeared more in the late period (1929), especially the brothel business concentrated in the corners of the capital such as Yen Thai, Tam Thuong, Ha Trung, Dao Duy Tu, Phung Hung... also began to develop along with urban life.

## **The group of 75-125 VND**

This group includes contractors (construction or transportation contractors), printing houses, textile factories, fabric and silk businesses, tailoring, renting, lace, construction woodwork or household furniture, car rental, loans, restaurants, brothels, housing rental.

From before the war until this period, Le Quang Long's Quang Long textile factory was always in the group of paying high business-license taxes. Right after the war, he paid a tax rate of 91.8 VND. By 1929, his tax rate had increased to 97 dong and the weaving factory was also expanded. Truong Dinh Long (also known as Thuan Tien) switched to renting and lace business at 40 Hang Trong and paid a tax rate of 97 VND. Regarding printing, Ngo Tu Ha printing factory at 101 Hang Gai was still doing well and paid a tax rate of 121.7 VND. In the construction wood furniture business, there was Nguyen Dinh Pham. In 1920, he paid 86.5 VND. By 1929, it had increased to 97 VND, proving that his business was very developed. If, right after the war, there was only one contractor in this group, Tran Dien Giem (American fortune teller) at 66 Hang Bo, paying a tax rate of 86.5 VND, then by 1929 in Hanoi there were 7 contractors like Tran Viet Soan, construction materials contractor at 12 Hang Voi, paid a tax rate of 119.6 VND. Dao Viet Mau is a transportation contractor at 32 Hang Tre, paid a tax rate of 101 VND... Especially in this group, housing rental and brothel businesses developed strongly and many people paid high business-license taxes.

## **Comments**

Through studying the above data on the situation of paying business-license tax of Vietnamese people in Hanoi, we can draw some conclusions:

Along with the continuous increase in the number of people registering businesses in the years after the first world war, in Hanoi, there is an increase in the number of business sectors, mainly commercial and service businesses. Compared to before and after the first world war (1914-1918), during this period, Vietnamese merchants in Hanoi appeared in most business and handicraft production sectors. Hanoi's traditional industries from previous centuries such as weaving, renting, printing paper, lacquer... during this period developed strongly. During this period, a number of large traders also appeared with extensive relationships in the country and with foreign markets. This is clearly shown by the increasing number of trading firms, companies... with high business-license tax rates.

Among the types of business activities, the business of paper and printing, followed by the business of weaving, sewing, embroidery, fabrics, and silk is very developed in Hanoi. Next is the hotel, restaurant, and theater business, which are industries with many people paying high business-license taxes, then come car rental and restaurant business groups, drinking and finally the group of service industries that serve the daily needs of Hanoi people such as laundry, ironing, hair cutting... This situation proves that Hanoi is still just a consumption city, not a manufacturing city.

Most Vietnamese merchants pay normal business-license tax, proving that they are just small merchants. The number of merchants paying exceptional business-license tax accounts for only 1%, while there are no Vietnamese merchants in the special class, proving that middle and large Vietnamese merchants are very few. Thereby, it can be seen that the majority of those participating in business activities are small merchants, the number of wholesalers or agents selling goods to foreign countries is very small and their service customers are mainly foreigners of the city. The number of people capable of trading with other provinces in the country and abroad is very small. Right in Hanoi, they are being competed and oppressed by European and Chinese merchants. Important business sectors that require large capital are all held by French capital, such as the banking sector (held by Indochina Bank and its branches), mining,

railways, electricity, transportation, export... This shows the low position of Vietnamese merchants in the fields of industrial and commercial economics.

Through the above study of the business-license tax situation of Vietnamese people in Hanoi, it can be seen that the business position of Vietnamese people compared to Asians and Europeans is only a relatively small percentage. The business and industrial production activities of Vietnamese businessmen in Hanoi are limited to a narrow scope, much smaller than the commercial sector. This is also the general development situation of Vietnam's economy during the French colonial period, a result of the colonial exploitation policy of the French colonialists in Vietnam.

However, the post-war period was also the period when Vietnamese merchants participating in trading activities increased significantly in quantity and quality. There have been many merchants gradually specializing in goods and gradually moving to "static" activities, that is, opening more stores, both retail and wholesale, with relationships to exchange and trade goods not only with the provinces but also with foreign countries. These are subjects with high business-license tax rates, which proves that large trading businesses have been developed one step further, creating a premise for the birth of companies and trading associations, inevitable development of the commodity economy and the premise for the birth of the petty bourgeoisie in commercial business, the main component of the Vietnamese bourgeoisie born after the first world war.

## **Conclusion**

Thus, in the process of establishing a new tax policy system, since 1905, the Paul Doumer government established a business-license tax, increasing revenue from special direct taxes from 1919 to 1929. A number of Vietnamese ethnic bourgeoisie in Hanoi have participated in business fields and competed fiercely with French bourgeoisie and Indian and overseas Chinese merchants. Therefore, the French protectorate increased revenue from business-license taxes by introducing a new tax schedule (in 1921) to replace the 1914 tax schedule. At the same time, the French protectorate also gradually completed the mechanism for managing and collecting license taxes in the north of Vietnam in general and Hanoi in particular. Through the business-license tax, it can be seen that the business and trading activities of Vietnamese people in Hanoi in the period 1919-1923 have developed, increasing in both quantity, quality and business scale. Along with the increase of occupational groups, economic management through taxes is strengthened and tightened by the government. Business-license tax is both a source of local budget revenue and a means to manage business activities of the colonial state in Vietnam. The establishment of a business-license tax, on the one hand, demonstrates the tax collection nature of the new tax system for newly established and developed business and production sectors within colonial society. On the other hand, this tax also reflects the formation and development of the Vietnamese bourgeoisie and petty bourgeoisie. The tax was issued by the colonial government, with specific regulations on the division of product groups and corresponding tax rates. Business-license tax is a form to show fairness between subjects. But in essence, taxes are a tool for the colonial government to control the business and trading activities of the Vietnamese bourgeoisie and petty bourgeoisie, of which Hanoi is a typical example.

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