

THE IMPACT OF THE EXTRACTIVE COLONIAL ECONOMY ON DEVELOPMENT IN JAVA

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ABSTRACT

Colonial powers usually organized economic activity within the colonies to maximize their economic returns. Whereas the literature has emphasized the negative impacts of colonial extraction on institutional quality, the changes in economic organization enforced to spur production could have countervailing semipermanent effects. We tend to examine these within the context of the Dutch cultivation system, the integrated industrial and agricultural system for manufacturing sugar that fashioned the core of the Dutch colonial enterprise in nineteenth century Java. we tend to show that areas about to wherever the Dutch established sugar factories within the mid-19th century are nowadays a lot of industrial, have higher infrastructure, are a lot of educated, and are richer than near conditional locations that will be equally appropriate for colonial sugar factories. we tend to conjointly show, employing an abstraction regression separation style on the structure areas around every mill that villages forced to grow sugar cane have a lot of village owned land and even have a lot of colleges and considerably pedagogy levels, each traditionally and nowadays. The results recommend that the economic structures enforced by colonizers to facilitate production will still promote economic activity within the long-term.

Keywords: Long-Run Development, Colonialism, Economic Organization, Java.

INTRODUCTION

Extractive colonial establishments area unit usually thought are a very important reason why some places stay persistently poorer than others. Colonizers whose focus was on extracting resources from the colonies credibly got wind of weak establishments with poor ownership protections to facilitate this extraction. These establishments might successively have persisted, continued to be a tangle on economic performance nowadays. Balance this result, however, is that the proven fact that in several cases colonial powers established advanced economic systems to make the economic surplus that they wished to extract (Acemoglu et al., 2016). Within the case of agricultural extraction, crops required to be grownup, harvested, and processed before being transported to the house country. This usually concerned technology transfer and infrastructure construction, like the large-scale sugar process and transport infrastructure that the Japanese created in colonial Taiwan or the tea plantations, process plants, and railroads that a people established in colonial Bharat Banerjee & Iyer (2005). Extracting an outsized surplus conjointly usually needed a considerable reorganization of the autochthone native economy, and these changes likewise might have had long-term effects that dissent from the macro institutional impacts.

To estimate the results of making a contemporary sugar process infrastructure, we tend to use GIS to construct the locations of different, contrary to fact sites that might be equally plausible locations for sugar factories and thus will function a comparison cluster. We tend to then estimate the results of being getting ready to associate actual plant and reckon p-values by

scrutiny these effects to the distribution of calculable effects of being close to plausible contrary to fact sites Duflo (2001). To spot plausible contrary to fact locations, we tend to exploit the actual fact that whereas there have been varied equally appropriate locations, structure areas were typically adjacent to at least one another (Gennaioli et al., 2013). The factories couldn't be too shut since every needed associate adequately sized drainage basin once one plant was placed, it strained the locations of different close factories. Hence, there have been several attainable equilibria for web site choice Luiten van Zanden (2010).

CONCLUSION

Extractive colonial institutions can have a myriad of impacts, including on agglomeration, infrastructure, and the organization of economic and political relationships within the village. In the case of the cultivation system, the positive impacts on economic activity plausibly dominated in the long-run because of a constellation of factors: processing had to be done on site, and a modern transport infrastructure was built to connect the extensive network of sugar factories to international ports. Processed sugar, some of which was sold on local markets, had dense linkages to industries that remained important after Indonesian independence. In subjected villages, the higher share of village land plausibly raised the village's capacity to fund schools, as education became increasingly important over time.

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