

Colonial policy and the impact to the politico-economy stability after independence: The case of Indonesia under the Dutch and Malaysia under the British

Abstract

This paper discusses the colonial policy of the Dutch in Indonesia and the British in Malaysia. Both colonial powers had different economic and political policies in their colonies. The Dutch in Indonesia implemented direct control, integrated development and economic centralisation. The British in Malaysia implemented different policies where the British administration was indirect control. Traditional political structure was not totally abolished by the British. The Malay sultan and local elite still maintained although the real political power in the British resident. The British run the modern and traditional development (Dualistic development) where modern economic activities dominated by the British and immigrant from China and India. Chinese labour actively involved in tin mining and retails business while Indian in rubber industries. The majority of Malays (as native people) stay in traditional village and did not actively involved in modern economic activities. Both colonial policies gave different impact to the Malaysia and Indonesia after Second World War and after independent day. The way how Indonesia gained independent (with five years struggle 1945-1949) and the lack of pro-Dutch dominant political group influenced the instability and the level of Indonesian economic development. The Malaysian peace way (with negotiation) of gaining independent from the British and the existing of dominant pro-West (and anti-communist) political group influenced the political stability and better level of economic development in Malaysia.