

Commodity Price Effects on Schooling and Marriage Market: Evidence from Indonesian Oil Palm Plantation

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Abstract

Using satellite data on the expansion of large-scale oil palm plantation in Indonesia and linking the datasets with household survey data, we estimate the social effects of the change in global palm oil price. There are three major findings. First, consistent with literature, farmers in areas with oil palm plantation experienced a boost in income in response to the increase in palm oil price. The income change, however, was occurred limited to farmers those who own farming business. Second, in plantation areas, the school enrollment rate was decreased among the girls of admission ages for high education while the enrollment rates of primary and secondary schools or boys were unchanged over the periods. Third, the marriage rate in plantation areas among teenage girls was increased over the period. With respect to male, the marriage rate was increased among farmers only those who experienced the income increase. This implies that the palm oil industry affected marriage market through the income increase. Our estimations suggest that palm oil industry has brought not only economic impact but also social change such as educational attainment and marriage market thorough the international palm oil price change.

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