Introduction
INTRODUCTION

In the southwestern corner of Johor, Malaysia’s southernmost state—a new administrative capital has shot up. Nestled amid African oil palms and pockets of red earth where the trees have been peeled away, lies Kota Iskandar. Comprising the state parliament, the offices of the Chief Minister, as well as state and federal government agencies, these buildings bring together elements of Moorish-Andalusian and traditional Malay architecture. Close by and connected via large, but rather empty, boulevards are facilities—many partly owned by Malaysia’s sovereign wealth fund Khazanah—such as private hospital complexes, high-tech industrial parks, and university campuses, all expectantly open for business.

A little further south, four islands are being reclaimed in the Johor Strait, the body of water which separates Peninsular Malaysia from Singapore. Backed by a large private Chinese real estate developer and the Sultan of Johor, the Forest City project is slated to house high-end apartments and a hotel, as well as a private hospital and international school catering to an estimated 700,000 residents. The marketing centre on the first completed island receives busloads of prospective buyers from China that are attended to by Mandarin-speaking sales staff. Barges carrying sand and gravel for the reclamation work constantly ply the Strait—encroaching on traditional fishing grounds and disrupting the livelihoods of nearby coastal communities.

Further east along Johor’s coastline lies Johor Bahru, the state’s economic capital, which is being extensively remodelled. Led by the state government, the revitalization encompasses restoring the historic centre, uncovering and beautifying
a formerly submerged river, and building ambitious mixed-use developments. Work is also underway to connect down-town Johor Bahru to Singapore via a rapid transit system, in order to ease the daily commute of the estimated 300,000 people crossing to the city-state to work. When completed, Johor Bahru’s urban core will be transformed, sparking interest in potential opportunities as well as unease about rising costs among residents.

Even further along Johor’s coast towards the South China Sea, a 20,000 acre project, the Pengerang Integrated Petroleum Complex (PIPC), is being developed. Led by Malaysia’s state-owned oil giant, Petronas, this sprawling compound will house an oil refinery, petrochemical plants, liquefied natural gas import and regasification facilities, as well as a deep-water port. Substantial stretches of coastline were cleared and five villages relocated to make this possible. The incoming labour force for the project has increased demand for local services in the area but also driven up rental prices.

THE FRUITS OF ECONOMIC DEVELOPMENT

Johor is, clearly, undergoing deep and far-reaching change. Much of this is economic, as the state has enjoyed solid and consistent growth in recent decades. In 1990, per capita income stood at US$3,740 and had reached US$5,080 in constant dollars by 2012 (Toh and Bo 2016).1 Recent estimates have Johor’s GDP per capita at US$8,590 in current terms, double the upper-middle-income threshold of US$3,956, as defined by the World Bank.2

This expansion has been driven by a far-reaching structural transformation. In 1990, agriculture, industry, and services accounted for 29, 32, and 39 per cent of Johor’s GDP, respectively. Following a decline in commodity prices, the state embarked on an ambitious industrialization drive. By 2005, agriculture constituted a mere 13 per cent of GDP, with industry generating 43 per cent and services 39 per cent, respectively (Toh and Bo 2016).

This, however, marked the industrial sector’s apex as, after this, Johor’s economy gravitated towards services. In 2012, while agriculture continued to account for 13 per cent of GDP, industry had fallen to 38 per cent and the service sector accounted for almost half of the state’s economy. Looking forward, Johor’s income level is projected to reach US$10,000 per inhabitant by 2030 and the structural transformation process is expected to continue, with industry generating roughly a quarter of GDP and services more than 60 per cent in that year (Toh and Bo 2016).

While economies transition towards services as they grow and mature, this process nonetheless causes disruption as established sectors, many in traditional areas of manufacturing, fade away and displace thousands of workers. Furthermore, while new sectors do emerge, not all will survive. In addition, many of these activities will generate only a few jobs, and a substantial proportion will not map onto locally available skill-sets.

The forces of creation and destruction can be seen at work in Johor. In the 1990s, the state established its reputation as a manufacturing hub for the electrical and
electronics sector. However, over the last fifteen years, the sector’s capabilities have stagnated, with little locally based innovative capabilities, limited automation and upgrading, and almost no autonomy within the affiliates of multinational corporations located there. This, in turn, has generated frustration among policymakers, who are seeking to deepen capabilities and catalyse higher value-added activities in the local economy (van Grunsven and Hutchinson 2016).

At present, the state’s sunrise industrial sector is oil and gas, with multibillion dollar investments from Petronas, a government-linked corporation, as well as a range of supporting companies in PIPC. And, even more than the industrial sector, attention is focused on services, particularly areas such as tourism, education, and health. Despite their relative newness, these activities have been able to capitalize on Johor’s factor endowments and geographic location. These fledgling sectors have been supported by Khazanah through strategic investments and provision of specialized infrastructure, both for their potential to diversify the state’s economic base as well as generate skill-intensive jobs.

Yet, there have also been constants in this process. In spite of an initial dip in the 1990s, agriculture continues to generate a substantial proportion of Johor’s GDP. However, the sector is evolving as it shifts away from labour-intensive to more sophisticated and large-scale production. The nature of what is farmed is also changing and becoming more specialized, implying disruption for smaller and more traditionally focused producers.

Much of this transition is driven by long-term policies regarding trade, human resources, and innovation. However, these processes can also be shaped by shorter-term measures such as modifying incentives and making strategic investments in new areas. In this sense, the Johor state government, the Malaysian federal government, and their government-linked corporations are influential players in the local context.

Beyond opportunities and costs, rapid and sustained economic growth also generates other changes. As argued by Huntington in his seminal *Political Order in Changing Societies*, societies do not simultaneously evolve economically, politically, and socially. Rather, these aspects can, and do, develop at different speeds and according to distinct logics. Indeed, rapid changes in one facet of a society can generate disruption in others. For example, high rates of economic growth can generate political and social turmoil, as traditional relationships and institutions are undercut. Conversely, dysfunctional political or social institutions can impede or retard economic growth.

Echoing Huntington, Johor’s political structures are in flux. In May 2018, the erstwhile ruling coalition, Barisan Nasional (BN), was roundly defeated nationally as well as in the state. The former ruling coalition had been in power at both levels since 1955, when the first elections were held under the aegis of the British. Over the ensuing five decades, BN secured crushing majorities at the parliamentary and state levels in Johor.

Yet, in the 2008 general election, this political compact began to come undone, as opposition candidates began to make inroads, first in urban and then semi-urban
areas. This process deepened in 2013, when the opposition coalition won the popular vote but could not secure a parliamentary majority. In 2018, BN was routed, as the reformulated opposition grouping, Pakatan Harapan, retained its existing holdings and made substantial gains in UMNO’s rural heartland. Johor exemplified this process, with Pakatan Harapan securing thirty-six out of fifty-six seats in the state parliament (Hutchinson 2018).

This result was unexpected, given the coalition’s unblemished electoral performance, strong economic track record, and “developmentalist” campaign platform. In particular, the 2018 result goes against: the “performance legitimacy” hypothesis, which holds that voters acquiesce to relinquishing political freedoms in return for consistent economic growth (Stubbs 2001); as well as the “economic voter” hypothesis, which contends that citizens prioritise the overall performance of the economy and their material welfare most of all in casting their vote (Monroe 1979).

Rather, part of the explanation for this political upheaval lies in the ensuing societal changes that have occurred in the wake of Johor and Malaysia’s economic transformation. This includes higher rates of urbanization and literacy, more sophisticated methods of information gathering, and evolving priorities that have come to include aspects such as the quality of governance. These structural changes were alluded to in Loh and Saravanamuttu’s work on new politics in Malaysia (2003), and have made Johor and many parts of Malaysia less fertile terrain for BN.

Beyond changes in the state’s political environment, Johor’s social context has also changed in important ways—not least the size and composition of its population. In 1990, the state’s population was 2.1 million and, by 2017, had reached 3.7 million—constituting an increase of 75 per cent in less than three decades. This expansion has been due to natural population increase, but an important additional driver has been migration from other parts of Malaysia as well as other countries. In 2017, a recorded 356,000 non-Malaysians were residing in the state (DOS 2017, p. 35). This does not include a substantial fraction of the estimated 4.6 million undocumented foreigners living and working in Malaysia (Bernama, 11 November 2014).

Always at the intersection of trade routes in the region, Johor is now even more cosmopolitan. With greater movements of people, traditional institutions come under pressure in the face of new mores, customs, and religious practices. In addition, inflows of people, investment, and urban development can drive up prices for basic necessities and housing. A survey conducted by ISEAS in 2017 revealed considerable consternation among Johoreans over inflation and housing affordability (Chong et al. 2017).

Greater numbers of people, regardless of their provenance, also place stress on the environment. Once water-abundant, Johor is now having to reconcile demands from multiple sources for this precious resource (Ewing and Hangzo 2016). This is further compounded by large-scale projects such as those in Forest City and Pengerang which entail significant costs in the form of affected natural habitats, pollution, and displaced communities.

Thus, taking the rapid growth launched by Johor’s turn towards industrialization in the late 1980s as a point of departure, this book studies how its economy
has developed and diversified, before turning to assess the political, social, and environmental effects of this economic transformation.

While internal dynamics are important, Johor does not exist in a vacuum. It is not an independent nation, but rather a constituent part of the Federation of Malaysia. Thus, while it enjoys a degree of autonomy on certain matters such as land management, investment promotion, as well as religion and custom, decisions regarding education, trade, and macroeconomic policy are decided at the national level. Furthermore, Johor occupies a very specific geographic location, situated as it is at the southern tip of Peninsular Malaysia, bordering Singapore and close to several Indonesian provinces.

Consequently, while agency in the form of policy frameworks, investment decisions, and local context has played a role in the changes seen in Johor, they have also been shaped by national dynamics and decrees as well as spillover effects from the state’s neighbours. To this end, the next section will situate Johor within its Malaysian context. The subsequent one will place it within the SIJORI Cross-Border Region, comprised of Johor, Singapore, and the Indonesian province of the Riau Islands. The final section will then set out the aims and structure of the book, relating its questions and themes to existing literature in the process.

**JOHOR IN MALAYSIA**

Johor is located in the southern part of the Malaysian peninsula, abutting Singapore to the south and three Malaysian states—Malacca, Negri Sembilan, and Pahang—to the north. It is a geographically large state, spanning some 19,200 square kilometres, and has a number of urban centres, as well as a vast rural hinterland in its middle and along its eastern seaboard. Nonetheless, 72 per cent of Johor’s inhabitants live in urban areas, roughly in line with the national average—making for a well-connected and literate electorate (DOS 2010).

With 3.7 million inhabitants, Johor has the country’s third largest population, after Selangor and Sabah. Of its 3.3 million citizens, 60 per cent are Malay, 33 per cent are Chinese and 7 per cent are Indian (DOS 2017, p. 35). The remainder is comprised of foreign residents, including Indonesian, Nepali, and Myanmar nationals, among others (Weerasena, this volume).

The state’s urbanized and ethnically diverse composition is a product of its colonial experience, geography, and deep enmeshment in Malaysia’s political life.

As with other parts of the Malayan peninsula, Johor came under British control. However, because British expansion occurred over a long time period, from the late eighteenth century to the early twentieth century, and took a variety of forms, it gave rise to three different types of governing structures. This included: the Straits Settlements in Singapore, Penang, and Malacca, which the British colonized first and were geared to trade; the Federated States of Selangor, Perak, Negri Sembilan, and Pahang, which the British colonized later, and which were centred on mining; and the Unfederated Malay States (UMS) including Johor and the four northern territories of Perlis, Kedah, Kelantan, and Terengganu, which they colonized last
and whose economies were based on agriculture. Unlike the first two categories, the UMS retained more features of independent political entities, receiving fewer British advisers and civil servants (Emerson 1937; Gullick 1992).

Johor’s unique identity was further due to its lineage of entrepreneurial traditional rulers who proved very apt at cultivating British favour, particularly to cement their contestable claims over the sultanate’s territory. Yet, they were also able to generate substantial amounts of revenue and maintain a maximum degree of autonomy. Consequently, the sultanate had its own bureaucracy, the Johor Civil Service (JCS), which retained top positions within the government, including senior positions such as those of the chief minister, state secretary, and state financial officer. Relative to other sultanates, Johor also retained control over more government departments and was able to enshrine vestiges of independence in agreements with the British, such as the right to dismiss unwanted colonial administrators and retaining preference for Malays from Johor in the public service (Trocki 2007; Zainah 2011).

Johor’s vast swathes of flat fertile land also played a defining role in its identity. The felling of rubber wood and cultivation of pepper and gambier drew people into the territory’s interior from the 1830s (Trocki 2007). After 1900, the sultanate began to cultivate and export rubber, whose profitability translated into considerable levels of state revenue, which enabled social services to be expanded. By the end of the 1930s, Johor’s per capita spending on health and education rivalled that of the Straits Settlements, and it had the largest education system of the Unfederated Malay States (Statistics Department 1939, pp. 143–44). The commodity-based economy also changed the demographic composition of the territory—away from a Malay-majority to a more diverse population, drawing in immigrants from China, India, Java and Sumatra. After the Second World War, Johor had the second largest population in Malaya following Perak, and also had one of its largest Chinese communities (del Tufo 1947).

Upon their return following the end of the Second World War, the British sought to fuse the various settlements and sultanates into one entity, called the Malayan Union. This initiative sought to drastically reduce the role of the Sultans, transfer sovereignty of the various territories to the British Crown, and extended very liberal citizenship requirements to those living in Malaya at that time. This measure stoked Malay nationalism and helped consolidate a pan-Malay identity (Noordin Sopiee 1974; Amoroso 2014).

In this context, Johor came into her own, as her cadres of senior civil servants, literate population, and location between Singapore and the Federated Malay States made the territory a seedbed of political activity. A number of influential local Malay political organizations were established by members of the JCS, most of which then joined UMNO when the party was founded in Johor Bahru in 1946 (Hutchinson 2015b, pp. 145–48).

Consequently, Johor supplied a disproportionate number of the party’s leaders, who, in turn, negotiated with the British and governed Malaya upon her independence. Notable leaders from the sultanate included: Onn Jaafar, founder of
UMNO; Hussein Onn, the third prime minister; Ismail Abdul Rahman, the second deputy prime minister; as well as Mohamad Noah bin Omar, the first speaker of the house. Delegates from Johor also dominated the Supreme Council, the party’s prime decision-making body, and headed the party’s Youth and Women’s wing for the first two decades. Johor-based politicians also supplied three out of the ten members of Malaya’s first cabinet (Hutchinson 2015b, p. 127).

However, while Johor supplied many senior leaders to the fledgling country, the territory itself was subsumed into greater Malaya. Thus, in 1948, Johor was included as a signatory to the Federation of Malaya agreement. In so doing, the sultanate became a state government within the federation and transferred many aspects of sovereignty, such as responsibilities for defence, trade, and foreign affairs to its central counterpart. This process was taken further at independence in 1957, when Johor also relinquished the delivery of education and health services, retaining responsibilities for issues such as local government, natural resources, land management, as well as religion and custom (Shafruddin 1987, pp. 132–33).

Furthermore, despite Johor’s over-representation within UMNO, leaders from the state were unable to influence national party decisions unduly. This is because during the 1950s and 1960s, the party underwent an internal reform process that prevented large states with large grassroots organizations such as Johor from dominating it. The power of state branches was broken through decentralizing key decisions to lower levels of the party’s machinery, as well as centralizing the choice of national and state-level candidates at its apex (Azeem Fazwan 2011).

Beyond UMNO, the Malaysian Chinese Association (MCA) has a deep association with the state. The demographic weight of the territory’s Chinese community has meant that almost every leader in the party has either hailed from Johor or led the state branch of the party during his career (Lee and Chan, this volume).

Beyond its close ties with UMNO and MCA, Johor’s diverse ethnic make-up mapped well onto the consociational model that BN developed in the run-up to independence. Under this framework, UMNO, MCA, and the Malaysian Indian Congress joined to form the Alliance to compete in municipal, state, and national elections held under the stewardship of the British. This “grand coalition” proved very effective, as the grouping was able to pool candidates to contest in a maximum number of seats and usually match candidates with the prevailing ethnicity in each constituency. In addition, members of other communities were still comfortable voting for the coalition, as they knew that their interests were represented within the grouping (Horowitz 1993, p. 33).

Given Johor’s diverse make-up, this grand coalition model worked in the state and delivered consistent victories. This was further boosted by the successful roll-out of the Federal Land Development Authority (FELDA) in the state, which enabled vast numbers of poor, rural Malays to receive land, credit, and training to begin producing oil palm and generate higher incomes. At the state level, UMNO leaders were closely associated with the programme through selecting beneficiaries. In addition, prominent Johorean politicians such as Musa Hitam took senior leadership positions in FELDA (Bahrin and Lee, 1988, p. 3). Indeed, from 1959 until 2013, levels
of popular support for BN in Johor were consistently 10 percentage points higher than the national average (Hutchinson 2018, p. 12).

The importance of Johor at the national level has been magnified over time by parliamentary redelineation exercises, which have favoured the state’s rural, Malay-majority hinterland. Consequently, despite its population being substantially smaller than Selangor’s, Johor has twenty-six parliamentary seats as opposed to the bigger state’s twenty-four seats. Indeed, Johor’s parliamentary constituencies are second only to Sarawak, whose vast rural areas have been carved into thirty-one constituencies.

These factors have made the state one of the country’s most important political battlefields, with non-BN parties targeting Johor. The Democratic Action Party (DAP), Pakatan Harapan’s oldest component party, has long been active in the state’s Chinese-majority areas, winning its first parliamentary seat in 1978 (NTSP 1990). The Islamic party, PAS, has also sought to establish a presence, fielding candidates for the state parliament in every election since 1959. In 2013, the previous opposition grouping, Pakatan Rakyat, made a concerted effort to target Johor, through fielding high-profile candidates such as Lim Kit Siang and Salahuddin Ayub in competitive seats. And, in 2018, new Malay-majority parties such as Parti Amanah Negara and Parti Pribumi Bersatu Malaysia also sought to make inroads in the state’s rural constituencies (Wan Saiful, this volume).

Beyond the various political parties and elected office-holders, Johor retains its traditional ruler, the Sultan. Under Malaysia’s constitutional arrangements, while executive power at the state level lies with the Chief Minister, the Sultan has responsibility for religion and Malay culture. In addition, his symbolic importance means that his power and influence extends beyond this. In particular, the Sultan enjoys particularly close ties to the Johor Civil Service that pre-date independence. In certain circumstances, the Sultan ruler is able to argue positions based on historical precedent, referring to the territory’s pre-independence period when the sultans enjoyed a considerably expanded remit. Thus, the Sultan has weighed in on a variety of state-level and national issues, from education to transport links between Singapore and Johor (Hutchinson and Nair 2016; New Straits Times, 8 August 2017).

In addition to its enmeshment within Malaysia’s political life, Johor is also an important composite part of the country’s economy. The state has the fourth largest GDP, following Selangor, the Kuala Lumpur Federal Territory, and Sarawak. Its per capita income is somewhat below the national average, at RM34,360 in 2017 versus RM41,093 (Ministry of Economic Affairs 2018, A-6). Yet, despite this, Johor has a diversified economy and ranks among the top three states in terms of the contribution of its agriculture, manufacturing, and service sectors to the national GDP (Bait-al-Amanah 2017, p. 14).

With regard to agriculture, Johor is a very important producer of oil palm, generating the most output in West Malaysia and trailing only Sabah and Sarawak at the national level. The state is also a very important producer of chicken, fruits, vegetables, freshwater aquaculture, as well as ornamental plants and cut flowers (Pakiam, this volume).
Johor also has a tradition of manufacturing, dating back to its successful drive to diversify its economy following a collapse in commodity prices in the mid-1980s. Over the course of the 1990s, the state cemented its reputation as a major hub for Malaysia’s electrical and electronics (E&E) industry. While the E&E sector’s growth has flattened out of late, Johor has a substantial presence of petroleum and petrochemical producers, as well as chemical and plastics makers. The state regularly figures amongst Malaysia’s top destinations for manufacturing FDI, and has the largest concentration of SMEs outside the Klang Valley (Bait-al-Amanah 2017, p. 41).

In the early 2000s, Johor began to promote its services sector in a more concerted fashion. In 2006, the state, in conjunction with the federal government, rolled out the Iskandar Malaysia (IM) region. This 2,200 square kilometre swathe of land in southern Johor is one of the country’s five economic corridors, which are large-scale regional development initiatives to catalyse growth and new industries outside the Klang Valley. The main emphasis of IM has been to develop a range of new sectors, from logistics to finance and from education to creative industries. While existing manufacturing activities are incorporated into the area’s strategic plan, additional incentives are reserved for new service activities (Khor 2011). To date, Iskandar Malaysia is the country’s most successful corridor, having attracted RM41.8 billion and generated 32,000 jobs, in both cases double the second most successful such initiative, the East Coast Economic Region (Ministry of Economic Affairs 2018, pp. 7–11).

A significant part of Johor’s economic development has been due to local-level agency and autonomy, as the state was not a federal government priority up until the mid-2000s. Following independence, the national government attention focused on Malaya’s rural, northern states, which received higher levels of development expenditure, as compared to the more urbanized and developed states such as Selangor, Penang, and Johor. From the 1970s onwards, this focus on rural areas was complemented by emphasis on Greater Kuala Lumpur, with the aim of creating a world-class urban centre (Hutchinson 2017).

Furthermore, relative to other state governments on the peninsula, Johor retains important vestiges of autonomy. Unlike many other state governments, it has retained its own civil service and civil service commission. Johor also has its own economic planning office, investment promotion and liaison arm, as well as a bevy of state-owned corporations (Hutchinson 2012). Consequently, up until the establishment of Iskandar Malaysia, many of Johor’s key economic decisions and priorities were the result of autonomously developed plans and initiatives, including investments by the state government’s corporate arm, JCorp (UPEN Johor 1989; RMA Perunding Bersatu 1996; PKENJ 1991).

While BN was in power at the national and state level from independence until 2018, differing priorities at different points in time have given rise to disagreements between the two levels of government. For example, during the 1990s, federal–state friction emerged due to Johor’s desire to maximize investment through enacting education, training, and marketing initiatives. Despite their potential to attract
greater flows of investment, federal leaders took a dim view of such autonomy. Regardless of Malaysia’s federal system of government, internal UMNO procedures by the party’s national leadership were used to replace the Chief Minister of Johor (Hutchinson 2015a).

Conversely, Johor has resisted federal policies perceived to go against its interests, as seen with the establishment of the Iskandar Malaysia region. In its incipience, the corridor was exclusively a federal initiative. Consequently, feasibility studies were carried out by Khazanah, the central government-owned sovereign wealth fund, with little involvement from Johor agencies. Furthermore, the corridor’s planning processes duplicated the state government’s, and the remit of the agency entrusted with managing Iskandar Malaysia overlapped with an existing state government organization. Iskandar Malaysia also entailed a shift in economic weight from Johor’s east to the west, wrong-footing the state government’s plans for a new state capital. And, the entry of central government-linked corporations effectively ended the monopoly the state government enjoyed on the sale of industrial land (Hutchinson 2015c).

Leveraging its constitutionally stipulated mandate over land planning and permission, the state government implicitly threatened a slow-down of investment permits and approvals and also deployed its Chief Minister to lobby federal authorities. The end result was that Iskandar Malaysia is now jointly chaired by the Prime Minister and Chief Minister of Johor. Beyond this, the Chief Minister has an effective veto over the head of Iskandar Malaysia’s regulatory agency, IRDA, and state government officials are also seconded to the entity to ensure adequate information flows (Hutchinson 2015c).

Consequently, Johor is a central part of Malaysia’s political and economic make-up. However, while the state is enmeshed in the country’s political life and there has been policy and party congruence at the national and local level over the past six decades, Johor’s degree of autonomy within the Malaysian federation is not uncontested.

**JOHOR AS PART OF SIJORI**

While linkages with Malaysia are certainly a key part of Johor’s identity, it also has deep connections with other territories. In the 1990s, the SIJORI Growth Triangle, comprising Singapore, Johor, and the Riau Islands was used by authorities in the city-state, Malaysia, and Indonesia to market the three territories as a destination offering complementary attributes and differing cost structures in close proximity. However, the connections between these entities are rooted much deeper in history.

From the early 1700s until 1824, the areas along the Johor River and its close connections with the Riau Archipelago constituted at the heart of the Johor-Riau kingdom. The kingdom was, in fact, a sultanate, the predominant political entity in archipelagic Southeast Asia at the time. In contrast to Western conceptions of a nation-state with a fixed population and borders, these were more fluid entities.
Wealth and power flowed from attracting and retaining a large population as well as controlling and taxing trade along maritime routes and waterways (Milner 2011). This sultanate was in a strategic location, at the crossroads of two important maritime trading routes—the first running east and west, linking India and China; and the second north and south, connecting Java and the islands east of it with the South China Sea. The precise borders of the Johor-Riau kingdom waxed and waned with time but, at its apex, encompassed what are now: the states of Johor and Pahang in Malaysia; Singapore; and part of the Sumatran coast as well as the Riau Archipelago in Indonesia (Wee 2016, p. 246). During this period, the capital city moved back and forth between Johor and Bintan, one of the islands in the Riau Archipelago (Carruthers 2018, pp. 22–25).

This same strategic location attracted other interests. Following the end of the Napoleonic Wars, the Dutch sought to reassert their control over trade routes through Southeast Asia from their bases in Batavia and Malacca. For their part, the British sought to contain Dutch influence and secure control over trade routes to China. They thus aimed to establish a trading post at the bottom of the Straits of Malacca. Singapore, because of its location, was seen as particularly desirable (Andaya and Andaya 2017, p. 124).

In order to secure control of the island, Stamford Raffles, an agent of the East India Company, capitalized on a succession dispute within the Johor-Riau Kingdom. The sultanship had been passed from the previous sultan, Mahmud, to his younger son, Abdul Rahman, bypassing the eldest son, Hussein. In addition, while the territory of what is today Singapore and Johor was within the sultan’s realm, his control over this territory was nominal. In reality, he had ceded power to the Temenggong, the holder of a hereditary chieftainship who had territorial rights to the waterways around Singapore, the northern part of the Riau Archipelago, and part of the Johor coastline (Trocki 2007).

In 1819, the British negotiated a treaty with the sultan’s elder son, Hussein, and the Temenggong, Abdul Rahman. In return for allowing them to establish a port on the island and forgoing the right to sign treaties with, or allow settlements from, other powers, the British recognized Hussein as the Sultan of Johor and agreed to pay him and the Temenggong yearly pensions. While this treaty entailed effective shared rule between the three parties, two subsequent treaties signed between the British, Sultan, and Temenggong dispossessed the latter two of their control over Singapore in return for a financial settlement (Allen, Stockwell, and Wright 1981, pp. 35–41).

The Dutch sought ineffectually to limit the increasing influence of the British, and the latter’s claims to Singapore were settled by the Anglo-Dutch Treaty of 1824. This established Dutch and British control to the west and east of the Malacca Straits, respectively. Regarding the Riau-Lingga archipelago, the Dutch retained Riau, and British control over Singapore was recognized (Allen, Stockwell, and Wright 1981, p. 287).

The partitioning of the Johor-Riau kingdom also split the Temenggong’s realm in two, and left him dependent on the British for revenue and legitimacy. However,
while he and the Sultan had given up any claims to Singapore, the Dutch had relinquished control of Johor in 1824—meaning that this territory was unclaimed. While Temenggong Abdul Rahman could lay claim to the territory of Johor, he was—in theory—a subject of the Sultan and subordinate to him.

This was not to prove a barrier to Abdul Rahman and his son Ibrahim—who, over the next sixty years, strove to establish their claim to Johor. This was done by: courting British favour; tapping the territory for revenue where possible; and seeking to displace the Sultan and his descendants as the hereditary rulers.

In the 1840s, Ibrahim established the nucleus of the Johor government in Singapore. It first consisted of members of Ibrahim’s retinue, who administered taxation revenue generated from pepper and gambier cultivation in Johor. In 1855, the Treaty of Johore was signed between Ibrahim and the British, which recognized him (and not Sultan Hussein) as the ruler of Johor. Following this, the development of the fledgling administrative apparatus began to grow faster. Various offices were opened up in Johor and, in 1866, Ibrahim moved his administration from Singapore to the newly founded capital of Johor Bahru (Trocki 2007, p. 116).

A subsequent agreement, the Anglo-Johore Treaty of 1885, recognized Ibrahim and his descendants as the legitimate rulers of Johor. However, this accord coincided with an increase in British interests in Malaya, and consequently, Ibrahim had to accede to: yield the conduct of foreign relations to the British; commit to not award concessions to foreign interests; and accept Britain’s right to appoint an Adviser if thought necessary (Allen, Stockwell, and Wright 1981, p. 70).

Due to Johor’s central location between Singapore and the Federated Malay States, British pressure over the Sultan increased towards the end of the century. This interest was heightened by plans to integrate the western coast via railroad, as well as the long-term potential of the territory for rubber cultivation (Thio 1967, p. 8).

British control over Johor was formally recognized by a series of amendments to the 1885 Treaty, and a British Adviser was appointed to the territory in 1914. With this, Johor was drawn into the administrative apparatus that linked Malaya’s three Straits Settlements, four Federated Malay States, and four other Unfederated Malay States. Substantial responsibilities pertaining to immigration, labour, police, and the military were yielded to British civil servants posted in Singapore and, to a lesser extent, Kuala Lumpur. That said, the Sultan and his senior civil servants were able to maintain a substantial degree of autonomy over other matters of administration (Hutchinson 2015b, pp. 132–33).

Within this context, many aspects of what were to become bilateral issues between Singapore and Malaysia were actually established between the Johor government and the British colonial administration. For example, after the First World War, the Federated Malay States proposed linking their railway system to Johor’s, to enable direct freight services to Singapore. Initial plans put forward by the British were for the connection across the Strait of Johor to be reserved for train traffic only. The Sultan of Johor proposed that the link cater to vehicles and pedestrians, and eventually contributed two-thirds of the costs of the Causeway, which was eventually completed in 1923 (National Archives of Malaysia/Singapore 2011, p. 58).
The interconnections of Singapore and Johor’s water systems was also established during this period. In 1927, Sultan Ibrahim signed the first water agreement between Johor and the Singapore municipality. Singapore bore the cost of building two reservoirs in Johor and constructing the connecting pipes. This agreement, in turn, formed the basis for the 1961 and 1962 water agreements between the two entities (Tortajada and Pobre 2011).

In 1928, as per the wishes of Sultan Ibrahim, the British administration signed an agreement delimiting the boundary between Johor and Singapore as well as the territorial waters of each (Straits Settlements and Johore Territorial Waters (Agreement) Act). Without this agreement, all of the Johor Strait and areas along Johor’s southern coast would have remained under British and eventually Singaporean control (Lee 1980).

After the Second World War, the Malayan Union brought the Federated Malay States, the Unfederated Malay States, as well as Penang and Malacca into one governing entity. Singapore, for its part, was retained under British control. This was further concretized by the establishment of the Federation of Malaya in 1948. Singapore and Johor were brought together again from 1963 to 1965, when the city was included with Sabah and Sarawak in the expanded Malaysian Federation (Noordin Sopiee 1974).

Following Singapore’s departure from Malaysia in 1965, the city-state and Johor maintained close linkages. However, in an attempt to boost its manufacturing base and develop its own logistics sector, particularly Port Klang, Malaysia imposed tariff barriers and customs controls (Rimmer and Dick 2009, pp. 100–2). This was taken further in the 1970s, when Johor port was built in order to capture some of the freight from Malaysia shipped out through Singapore (Fong 1984).

Yet, in the mid-1980s, Johor began to rebuild its connections with Singapore. As part of its drive to diversify away from commodity exports and develop its manufacturing sector to generate jobs and modernize, it turned to Singapore as a source of capital and technology (UPENJ 1989). The Johor state government was very proactive at liberating land for manufacturing, and opening up a network of industrial parks in attractive locations. Conversely, Singapore was in the midst of its own economic restructuring, and in order to deal with an appreciating currency and increasing land and labour costs, it wanted to offshore lower value-added operations to proximate locations (Hutchinson 2015c).

In late 1989, then Deputy Prime Minister, Goh Chok Tong, put forward the idea of the Growth Triangle. In its incipience, this initiative was restricted to Johor, Singapore, and the island of Batam in the Riau Archipelago. In June 1990, the idea was supported by President Soeharto of Indonesia, and Prime Minister Mahathir of Malaysia, and its scope expanded to include the whole of Riau Province. In 1994, a memorandum of understanding was signed by the Singapore, Malaysian, and Indonesian governments (Phelps 2004, p. 348). The Growth Triangle was used to market the three territories as a “single investment destination” offering: a high level of connectivity; different cost structures; and a significant degree of political capital.
At the national level, Malaysia proceeded to liberalize its investment regulations, and its Malaysian Industrial Development Authority (MIDA) worked extensively with Singapore’s Economic Development Bureau (EDB) to foster tourism and cross-border production. The two countries also began negotiations on a range of issues such as water, free services and the sale of land from Malaysia to Singapore that provided a good context for deepening business links (EAAU 1995, p. 30; Ooi 2009, p. 45).

Over the course of the 1990s, Singapore-based multinationals and Singaporean firms were encouraged to relocate labour-intensive functions to Johor as well as Batam, whilst keeping their capital- and skill-intensive functions in the city-state. The effects of the turn towards manufacturing as well as concerted marketing of the state had a substantial effect. During the 1980s, Johor drew in an annual average of US$210 million in FDI. For the 1990–97 period, this climbed above US$800 per annum (Hutchinson 2015c, pp. 61–62).

By its nature, the Growth Triangle construct was one that had Johor occupying the land- and labour-intensive production spaces. This caused some frustration in the state, which after a time sought to apply a more selective approach to inward investment, and also sought to push Johor towards higher-value activities, even if it meant a more explicitly competitive approach to Singapore (Straits Times, 16 October 1997).

However, in the late 1990s, the Growth Triangle faded from view for several reasons. First, the governments of Indonesia and Malaysia had requests for other states to be included in the Growth Triangle. Thus, in 1997, Malaysia added three more states and Indonesia four more provinces, which diluted the initiative’s attractiveness. Second, the severity of the Asian Financial Crisis undermined collective attempts to attract investment. And, finally, bilateral relations between the three nations went into flux, as Malaysia and Indonesia’s political systems came under pressure following their economic contraction (Hutchinson 2015c).

 Nonetheless, while the trilateral approach to marketing and investment promotion fell by the wayside, the liberalization measures in Malaysia and Johor’s concerted attempt to promote industrialization resulted in a proliferation of cross-border production linkages that have continued until the present. Beyond the electrical and electronics sector, deep networks connect Singapore and Johor in areas such as oil and gas, logistics, as well as aquaculture (van Grunsven and Hutchinson 2016; Breul and Revilla Diez 2018; Lim 2016; Gasco 2016).

Over the past decade, further economic linkages between Johor and Singapore have been promoted by Iskandar Malaysia. Much more focused on services than the previous development framework, the region’s Comprehensive Development Plan seeks to integrate southern Johor into Singapore’s transport networks. While certain priority sectors such as food processing do not overlap with areas that the city-state focuses on, and others such as E&E and oil and gas articulate with other areas in a complementary fashion, aspects of the CDP do imply a more competitive relationship with Singapore (Khazanah Nasional 2006; Hutchinson 2012).

At present, Singapore obtains 40 per cent of its water, the bulk of its fresh fish, and a substantial proportion of its vegetables from Johor. In addition, much of its
manufacturing sector depends on the estimated 300,000 Malaysians who travel to the city-state on a daily basis (Straits Times, 28 October 2018). And, Johor is itself a gateway to Malaysia for flows of people and goods to Singapore. Looking forward, these links look set to deepen, with a planned rapid transit system linking Johor and Singapore and, potentially a high-speed rail link between Kuala Lumpur and Singapore, with three stops in Johor (Hutchinson 2016a).

Notwithstanding the far-reaching and frequent interactions between Johor and Singapore, there are also connections between the Malaysian state and the Riau Islands. These interactions are primarily linguistic and cultural. The Malay spoken in both locations is very similar, with many inhabitants in the Indonesian province taking pride in speaking—not Indonesian—but rather Malay. This legacy is linked directly to the Johor-Riau kingdom. There are flows of people from Johor to the island of Bintan, which contains the graves of its sultans. Furthermore, Raja Ali Haji, one of the foremost scholars of Malay history and culture, who is credited with codifying the Malay language, also lived in the Riau Islands and is buried there (Carruthers 2018). Consequently, for many Johoreans, the Riau Islands are the site of “real” Malay culture.

In addition, as the economies of Johor and the Riau Islands have grown and become more sophisticated, the possibilities for trade and people flows have increased. Recent policy frameworks have promoted a complementarity of sorts, as Johor has sought to develop its services sector, and the Riau Islands is focusing on industrial activities and tourism. Thus, Riau Islanders are increasingly looking to the Malaysian state as a destination for healthcare services and higher education, and Johoreans travel to resorts in their southern neighbour. Moreover, as the populations of Johor and the Riau Islands grow and become more urbanized and affluent, these linkages look to increase in size and complexity (Hutchinson 2016b).

Consequently, Johor also occupies a central place within the SIJORI region. However, as with its position within Malaysia itself, this is open to contestation, as Johor attempts to maximize the benefits accruing to it within the constraints of this construct.

THE AIMS AND STRUCTURE OF THE BOOK

This book is the second in a series of three that looks at Singapore, Johor, and the Riau Islands Province. The first volume, the SIJORI Cross-Border Region: Transnational Politics, Economics, and Culture was published in 2016. The book was the product of a three-year research project which brought together a core of researchers based at the ISEAS – Yusof Ishak Institute as well as a selected group of collaborators to look at interactions between Singapore, Johor, and the Riau Islands.

The project’s theoretical approach was informed by the Cross-Border Region (CBR) literature, which defines these territories as a “unit that comprises contiguous subnational units from two or more nation-states” (Perkmann and Sum 2002, p. 1).

Primarily applied to North America and Europe, well-known CBRs include Oregon-Washington-British Columbia spanning the United States and Canada’s
Pacific Northwest; and the Basque country, which brings together four provinces in Spain and three in France (Sparke 2000; Garcia-Alvarez and Trillo-Santamaría 2013). A subset of the literature looks at the dynamics between capital cities in small nations and contiguous provinces of larger countries, such as Luxembourg and the surrounding areas of France, Belgium, and Germany, as well as Liechtenstein and Switzerland and Austria (Sohn, Reitel, and Walther 2009; OECD 2011).

According to the literature, CBRs have emerged as a part of the rescaling of economic, political, and social processes that began in the 1980s, as the primacy of the nation-state has declined, but no other, clearer alternative for concentrating power has emerged. There are a variety of economic and non-economic drivers behind the emergence of CBRs. They include: metropolitan spillover; the revitalization of a pre-existing economic territory; historical and cultural links between constituent territories; differing cost structures; policy frameworks enacted by national or subnational governments to attract investment, reduce internal income inequalities, or attract funds; cross-border initiatives taken by communities; or measures taken by supra-national entities or organizations (Jessop 2002).

This approach was preferred to the traditional Growth Triangle approach, which: centres exclusively on economic issues; treats borders uniquely as an impediment to business; ignores the power relations between the constituent members; and does not have clearly defined boundaries. Conversely, when applied to SIJORI, the Cross-Border Region: clearly specifies the three territories of Singapore, Johor, and the Riau Islands as the unit of analysis; is open to analysing non-economic dynamics; can be used to analyse power dynamics between the constituent territories; and does not assume away the importance of the border. Indeed, the border is a key aspect of the entity’s identity. To quote the first book, the Cross-Border Region is “simultaneously a whole as well as a number of constituent parts that are divided, yet bound together, by its borders” (Hutchinson and Chong 2016, p. 19).

The project and the resulting book had two guiding questions:

- How have the component territories, namely Singapore, Johor, and the Riau Islands evolved over the past twenty-five years as a result of deeper interactions?
- What will the territories look like in the medium term, if some of the trends witnessed continue?

The analysis was structured around three dates: 1990, which coincided with the launching of the Growth Triangle; 2013/14, which was when data collection for the project began; and 2030, which was taken as the analytical end-point.

The project used Brunet-Jailly’s framework for the analysis of borders and their surrounding regions (2005). The axes of the framework included: the policy frameworks of governments to influence cross-border dynamics and their effects; the political context of borderland communities; the evolving culture of communities in border areas; and market forces and trade flows. The book’s eighteen chapters were grouped into four sections, mirroring these four themes.
Due to its primacy in political and economic terms, Singapore loomed large in the *SIJORI Cross-Border Region* book. This present book—and the following volume on the Riau Islands—aim to complement this initial focus by focussing specifically on the non-core aspects of the CBR.

Consequently, these two volumes are motivated by the same guiding questions, namely:

- What have been the political, social, and environmental impacts on these territories of the rapid economic development set in motion since the early 1990s?
- What can be said about the future of the manufacture for export model, as well as the policy frameworks being put in place to diversify their economies?
- How are these two territories evolving in response to these developments within their respective countries on one hand, and the *SIJORI CBR* on the other?

While analysis on the *SIJORI CBR* may tend to be overly shaped by Singapore’s influence, so, too, work on Malaysia and Indonesia can focus too much on the Klang Valley and Java, respectively. Consequently, these two tomes also seek to redress the geographic imbalance in the study of these two countries by deepening our knowledge of two physically remote, but potentially vital territories.

The Johor project and its Riau Islands Province equivalent ran concurrently for three years, from 2016 until 2018. As with the *SIJORI Cross-Border Region* project, staff from ISEAS constituted the core of the team, which was then complemented by a group of invited researchers from other organizations. For the Johor project, the majority of additional researchers were based in Malaysia. The bulk of fieldwork was carried out in 2017 and early 2018, before Malaysia’s 14th General Elections. While the elections are of seismic importance for the country, the emphasis in this volume is retrospective, focusing on the broad sweep of events from 1990 until the present.

Following this introduction, the book will be comprised of three sections. The first will focus on Johor’s economy through analysing key sectors, including: agriculture and palm oil; sunrise manufacturing activities such as oil and gas; as well as new service activities, such as healthcare, tourism, and education.

The second section of the book will focus on the state’s political context. This involves analysing: the reasons for BN’s long-running success; the development of Chinese-based political parties, in particular the Malaysian Chinese Association; the emergence and consolidation of Malay-majority parties such as Parti Pribumi Bersatu Malaysia and Parti Amanah Negara; and the role of the Sultan of Johor.

The third section will explore key social and environmental issues that have emerged in the state as a result of Johor’s economic growth model, such as: a larger and more diverse workforce; the impact of new religious influences; urban development patterns; as well as the environmental implications of large-scale projects under construction and the ensuing policy response, if any.
The final section of the book will conclude, bringing together the themes raised in the chapters and relating them to the central questions posed above. From there, it will then set out areas for further research.

As with the first SIJORI volume, ISEAS researchers worked with Hans Hortig and Karoline Kostka from the Professorial Chair of Territory and Urban Planning of ETH Zurich to develop a series of bespoke maps to accompany the various chapters. These are grouped and placed at the beginning of each section of the book. In addition, two ISEAS-based GIS specialists, Pearlyn Pang and Benjamin Hu, developed the maps used within the chapters themselves. Consequently, as much as an empirical and theoretical exercise in deepening our knowledge of Johor, this is a cartographic endeavour to pinpoint and analyse relationships within the state and with its neighbouring territories.

Notes

3. Founded as the Alliance, this grouping changed its name to Barisan Nasional (National Front) in 1971.
5. This area has been referred to as the South Johor Economic Region and the Iskandar Malaysia Region. Iskandar Malaysia is its current, official, title.
6. One northern-eastern district of Johor, Mersing, is included in the East Coast Economic Region (Map 2.2, this volume).

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**Periodicals**

*Bernama*

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