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Genesis of a growth triangle in Southeast Asia

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Chapter 2

Political Development and Demographic Features

A unique feature distinguishing this region from other places in the world is the dynamic socio-political relationship between different ethnic groups rooted in colonial times. Since then, both conflict and compromise have occurred among the Europeans, Malays and Chinese, as well as other regional minorities, resulting in two regional dichotomies: (1) socially, the indigenous (Malays) vs. the outsiders (Europeans, Chinese, etc.); (2) politically, the rulers (Europeans and Malay nobles) vs. those ruled (Malays, Chinese). These features have a direct impact on economic development. A retrospective survey of regional political development and demographic features are therefore needed to provide a context for the later analysis of economic development.

1. Political development

The formation of Singapore, Johor and the Riau Islands was far from a sudden event, but a long process starting with the decline of the Johor-Riau Sultanate in the late eighteenth century. In order to reveal the coherency of regional political transformations, the point of departure of this political survey begins much earlier than the researched period here.

The beginning of Western penetration (pre-1824)

Apart from their geographical proximity, Singapore, Johor and the Riau Islands had also formed a natural and inseparable part of various early unified kingdoms in Southeast Asia. The kingdoms of *Srivijaya*, *Majapahit* and Malacca had successively incorporated this region from the eighth till the early sixteenth century.¹ Under their influence, the Johor-Riau area emerged as a regional religious and political centre which was not challenged until 1511 when Malacca was conquered by the Portuguese.² After several decades of resistance, another independent kingdom, the Johor-Riau Sultanate was established on the ruins of the old kingdom by the son of the exiled sultan of Malacca, Sultan Alauddin Riayat Shah. The capital was in Johor Lama, located near present-day Kota Tinggi in Johor state. It was moved to Bintan Island in the Riau Islands in 1587.³ This was the origin of Singapore, Johor and the Riau Islands as a unified power. The Riau Islands became the political gravity of the mighty sultanate and was long considered the centre of the Malay sultanate,⁴ whereas the mainland territory of Johor together with Singapore served as one of the fiefs of the sultanate

The history of the Johor-Riau Sultanate is an almost uninterrupted record of wars. Various powers, including the Portuguese, the Dutch, the British, the Acehnese, the Bugis and the Malays fought with each other over both political and economic interests. Temporary peace was not achieved until 1784 when the Dutch recognized the Malay sultan as ruler of the sultanate, and drove the Bugis to a small island, Penyangat, off Bintan Island. Later on, in 1818, the Dutch colonial government stationed, at the capital of the sultanate, Tanjung Pinang, a Resident and a garrison to achieve effective administration of the sultanate.⁵ In this bureaucracy, the Malay sultan⁶ and Bugis viceroy⁷ had to accept their positions as dependent princes. Losing real power and independence, the old sultanate fell into dissolution.⁸ In the early nineteenth century, the temenggong, one of the important Malay officials of the

¹ Abshire, *The History of Singapore*, 14.

² ARFM (1949), 182-3.

³ Lim, *Johor, 1855-1957: Local History, Local Landscapes*, 13.

⁴ For more discussion see the literature about the history of Malays, such as Falarti, *Malay Kingship in Kedah: Religion, Trade, and Society*.

⁵ Matheson, 'Mahmud, Sultan of Riau and Lingga (1823-1864)', 119-46.

⁶ In Malay: *Yang di-Pertuan Besar*, which literally means 'He Who Is Made Great' or 'Great Ruler' in the monarchs of the ancient Johor-Riau Sultanate (c. seventeenth to nineteenth centuries). This was a secondary title, the primary title being sultan.

⁷ In Malay: *Yang di-Pertuan Muda*; in Dutch: *Onderkoning*. It is also known as deputy ruler or crown prince.

⁸ JAR (1930).

sultan, left his settlement on the island of Bulang in the Riau Islands to escape the conflicts and instability in the Malay court. He settled in Singapore, off the southern tip of Johor, and never returned to the Riau Islands.⁹ This situation remained until the British obtained a complete cession of the island of Singapore by virtue of treaties concluded in 1819 and 1824 with Hussein (elder brother of the Dutch-appointed sultan in the Riau Islands) and Temenggong Abdul Rahman.¹⁰ The island gained both political and economic importance in the following decades, largely due to the British free port policy.¹¹

Map 2. Johor-Riau sultanates in the eighteenth and early nineteenth centuries.



The territory covering the approximate territory of present-day Singapore, Johor, the Riau Islands and part of mainland area of Pahang and Sumatra. Source: Pluvier, *Historical Atlas*.

⁹ Lim, *Johor*, 12.

¹⁰ ARFM (1949), 183.

¹¹ CSAR (1956), 315.

The rise of Western sovereignty (1824-c.1870)

The Anglo-Dutch Treaty (also called the Treaty of London) in 1824 was a bilateral agreement which determined future paths of regional political evolution. The earlier Johor-Riau Sultanate was split into two parts: Singapore and Johor under British protection to the north of the Malacca and Singapore Straits; and the Dutch controlled Riau-Lingga¹² to the south of Singapore, including the islands in the South China Sea and inland Indragiri on Sumatra, which also temporarily incorporated parts of the Sultanate of Siak.

According to the agreement, Singapore became fully and securely a British possession.¹³ In 1826, this new settlement was integrated with Penang and Malacca to form a new administrative unit, the Straits Settlements, under the administration of the Governor and Council of the Incorporated Settlements (India).¹⁴ Following the decline and eventual dissolution of the English East India Company (EIC) and intensified communication between Britain and its Asian colonies, the weakness of administration of the Indian Government became obvious. It was also at this juncture that the British government dropped its traditional policy of non-intervention and adopted a policy of protection and guidance in the indigenous Malay states. The plan of the government was to take direct control in administering Singapore. On 1 April 1867, the Straits Settlements area was transferred from control by the Indian Government to that of the Secretary of States for the Colonies (known as the Colonial Office). Singapore became a Crown Colony, playing a primary and leading part in the prosperity of the British colonies.¹⁵

However, there was still conflict among the Malay nobles in British-controlled Malaya. Both the British-appointed sultan and the temenggong claimed the vast territory of Johor, despite the fact that they were both seated in Singapore. Tension between them was not solved until 1855 when the British negotiated a treaty between Tunku Ali (son of Sultan Hussein) and Temenggong Daeng Ibrahim (son of Abdul Rahman). Regulated by the terms of the treaty, Ali received the title of sultan but transferred the sovereignty of Johor to Temenggong Daeng Ibrahim. Sultan Ali and his heirs possessed a small territory between the Muar and Kesang rivers.¹⁶ In 1866, Temenggong Daeng Ibrahim moved his government from Teluk Belanga in

¹² The former Johor-Riau Sultanate was then called Riau-Lingga Sultanate.

¹³ Abshire, *The History*, 45.

¹⁴ ARSS (1921), 5.

¹⁵ CSAR (1956), 317.

¹⁶ Lim, *Johor*, 13.

Singapore to Johor Bahru at the mouth of the Johor River. This marked the beginning of effective administration in Johor.¹⁷

On the Dutch side, the Riau-Lingga Sultanate was transformed into 'the Residency of Riau and its dependencies' according to the contracts concluded in 1784, 1818 and 1830 between the colonial government and local Malay rulers. The sultanate became a fief of the Netherlands Indies government. Nevertheless, the trilateral equilibrium between the sultan in Lingga, the Bugis viceroy in Penyengat and the Dutch Resident in Tanjung Pinang remained relatively stable. The Malay sultan, recognized as the nominal ruler (*bestuurder*), settled in Daik in Lingga and exerted his limited influence in the local court. As a puppet, he had nothing to do but to put his signature on the documents prepared by the judiciary to confirm the decision of the latter.¹⁸ Real power lay in the hands of the Dutch Resident and the Dutch-favoured Bugis viceroy. The latter possessed all commercial and effective political strength as a holder of military power. It was the Resident who ruled this region indirectly by making use of the dissension between the sultan and the Bugis viceroy.

From indirect to direct rule (ca.1870-1940s)

From the second half of the nineteenth century, European colonial rule in Southeast Asia entered a new stage of both intensive and extensive expansion. However, there were different processes of political transformation in the three states.

Singapore was firmly in the hands of Britain. As the capital of the Straits Settlements, it had already been under direct British rule since 1826. This efficient political system was led by a Governor aided by an Executive Council and a Legislative Council. The Governor and the members of the two councils were all constituted and appointed by a Commission. The Executive Council consisted of the Governor as President; the General Officer Commanding the Troops, Malaya; the Colonial Secretary; the Resident Councillor, Penang; the Attorney-General; the Financial Secretary; and the Resident Councillor of Malacca.¹⁹ This political administration remained stable and effective until the outbreak of the Pacific War.

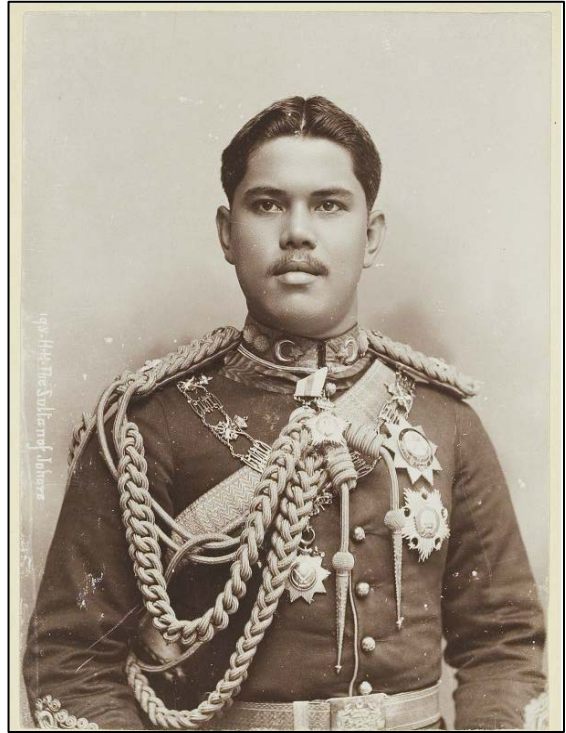
¹⁷ ARFM (1949), 182.

¹⁸ MvO: Riouw en onderhorigheden (1908).

¹⁹ ARSS (1937), 216-7.

The intention of more efficient colonial administration was also extended to adjacent Johor, when the British government realised that a more progressive and realistic policy was necessary.²⁰ The aim of the policy was to promote free trade and communication between the Straits Settlements and Johor as facilitated by the agreement of 1885 by which the temenggong of Johor attained the title of sultan, and which contained a clause requiring him to accept a British advisor.²¹ The Colonial Office was persuaded to impose more formal control over Johor in order to improve the state's administration.²²

Nevertheless, the process of British interference in Johor was slow and mild. The supply of coinage, defence of the territory, administrative affairs and foreign relations were all handled by the British colonial government.²³ In 1895, Sultan Ibrahim, son of Abu Bakar, undertook to receive a British advisor with the function of a Consular Officer.²⁴ In 1910, the clause of the 1885 treaty was invoked and D. G.



Sultan Ibrahim of Johor.

Source: KITLV/3816.

Campbell was appointed as the first General Advisor with undefined powers,²⁵ although the sultan had an unofficial advisor for some years. Sultan Ibrahim ultimately reorganized his government with the assistance of the Straits Settlements.²⁶

²⁰ ARFM (1949), 186.

²¹ Lim, *Johor*, 93.

²² Turnbull, 'British Colonialism and the Making of the Modern Johor Monarchy'.

²³ CO882/4/22: Straits Settlements: agreement with sultan of Johore regarding relations between HM government of the Straits Settlements and the government of Johore.

²⁴ ARFM (1949), 187.

²⁵ Lim, *Johor*, 93.

²⁶ JAR (1910), 3.

A new agreement was concluded in 1914, giving the General Advisor additional powers similar to those of British Residents in other states.²⁷ Johor was finally drawn into the British system of colonial rule.²⁸ Compared to the FMS under direct British colonial administration, the political regime in Johor was rather a form of indirect rule, although British intervention was more intensive than in the nineteenth century. A series of treaties and provisions made in the early 1910s finally regulated the British-Johor relations as stated by the official government reports:²⁹

- (1) The Malay States agreed to accept British protection and to have no dealing with foreign powers except through Great Britain.
- (2) Great Britain guaranteed the States protection against attack by foreign powers.
- (3) The agreement provided for the appointment to the State of a British Officer whose advice must be taken and followed except in matters concerning the Malay religion and Malay custom.
- (4) Johor then also agreed to have European judges, and to appoint European official members on its Executive Council; Malay and European officers were to be treated on terms of equality. European officers were seconded to the State from the Malayan Civil Service and the joint departments of Straits Settlements and FMS.³⁰

Political development progressed differently in the Netherlands Indies, where a liberal policy was pursued accompanied by an expansion of Dutch political in the Outer Islands. The temporary stability in the Riau Islands was disturbed in 1883 when Sultan Sulaiman died without offspring. After a brief interregnum, the Dutch chose the elder son of Bugis Viceroy Yusuf to succeed him as Sultan 'Abdu'l-Rahman II Mu'azzam Shah. It meant that the direct male line of the Malay royal house became extinct. Unfortunately, the choice by the Dutch authorities did not meet with universal approval by the Malays, since this selection contravened the traditional *adat* of Bugis and Malays which called for a separation of powers and offices between the two ethnic groups. The deteriorating situation reached its climax in 1899 when the Bugis Viceroy Muhammad Yusuf died. His son, the sultan, refused to nominate a new Bugis king and took the position himself.³¹ He left Lingga, where previous sultans had lived, and settled on the Bugis island of Penyengat, which he made his official residence. This behaviour broke the oath of loyalty with the Bugis and again annoyed the Dutch.³² It resulted in the contract of 1905, according to which the

²⁷ ARFM (1949), 187.

²⁸ Lim, *Johor*, 93.

²⁹ ARFM (1949), 187.

³⁰ JAR (1932).

³¹ For more information, see KV (1898, 1899, 1900), Hoofdstuk C, Gewestelijk Bestuur.

³² Matheson, 'Strategies'.

position of viceroy was abolished. Troubled by a new war of succession, the Dutch government took over the administration on 3 February 1911. The sultan of Riau-Lingga fled to Singapore on 11 February, having no wish to live under Dutch colonial rule. On 9 January 1913, he was finally exiled and the whole region came under direct rule of the Dutch. The former sultan received a monthly allowance of 2,400 guilders to cover living costs. Nevertheless, the political administration was still firmly in the hand of the Dutch. Meanwhile, the sultan of Johor and the sultan of Indragiri were still flying their own flags, expressing their Malay dignity!

In conformity with the bureaucratic system of colonial administration in the Netherlands Indies, Riau Residency was ruled through a bureau headed by the Resident. The central bureau was established in Tanjung Pinang, and dealt with daily affairs of the whole residency, while regional administration was implemented in several divisions (*afdeeling*) and subdivisions (*onderafdeeling*) for more effective rule. Reflecting the dualism of indigenous administration (*Binnenlandsch Bestuur* or *Gewestelijk Bestuur*), these divisions or subdivisions were either administered by a Dutch colonial official directly, or by Malay leaders under the supervision of the Dutch at various levels such as Assistant Resident, Controller (*Controleur*) etc.³³ In the local court, administrative and judicial affairs were handled by a council of Judiciary (*Mohakamah*³⁴), the members of which were all Bugis who represented the Dutch. But later on, they gradually lost their limited power and only kept their old position as a court (*rechtbank*).³⁵ Outside the court, *Amirs*³⁶ were established in different places throughout the sultanate, possessing certain autonomy beyond the sultan, whose position was strengthened by the renewed contract of 1905, just a few years before the sultanate was abolished.³⁷

³³ Before 1911, there were two self-governing indigenous states: the Riau-Lingga Sultanate and the Indragiri Sultanate; the latter was a dependency of the former. After the abolishment of the Riau-Lingga Sultanate, the Indragiri Sultanate continued to exist into post-colonial period). See RAN (1870); Cribb and Kahin, *Historical Dictionary of Indonesia*.

³⁴ *Mohakamah*, court dealing with all political and judicial affairs.

³⁵ MvO: Riouw en onderhorigheden (1908).

³⁶ *Amirs, wakils* of the sultan, a title of rank as for instance in Perak.

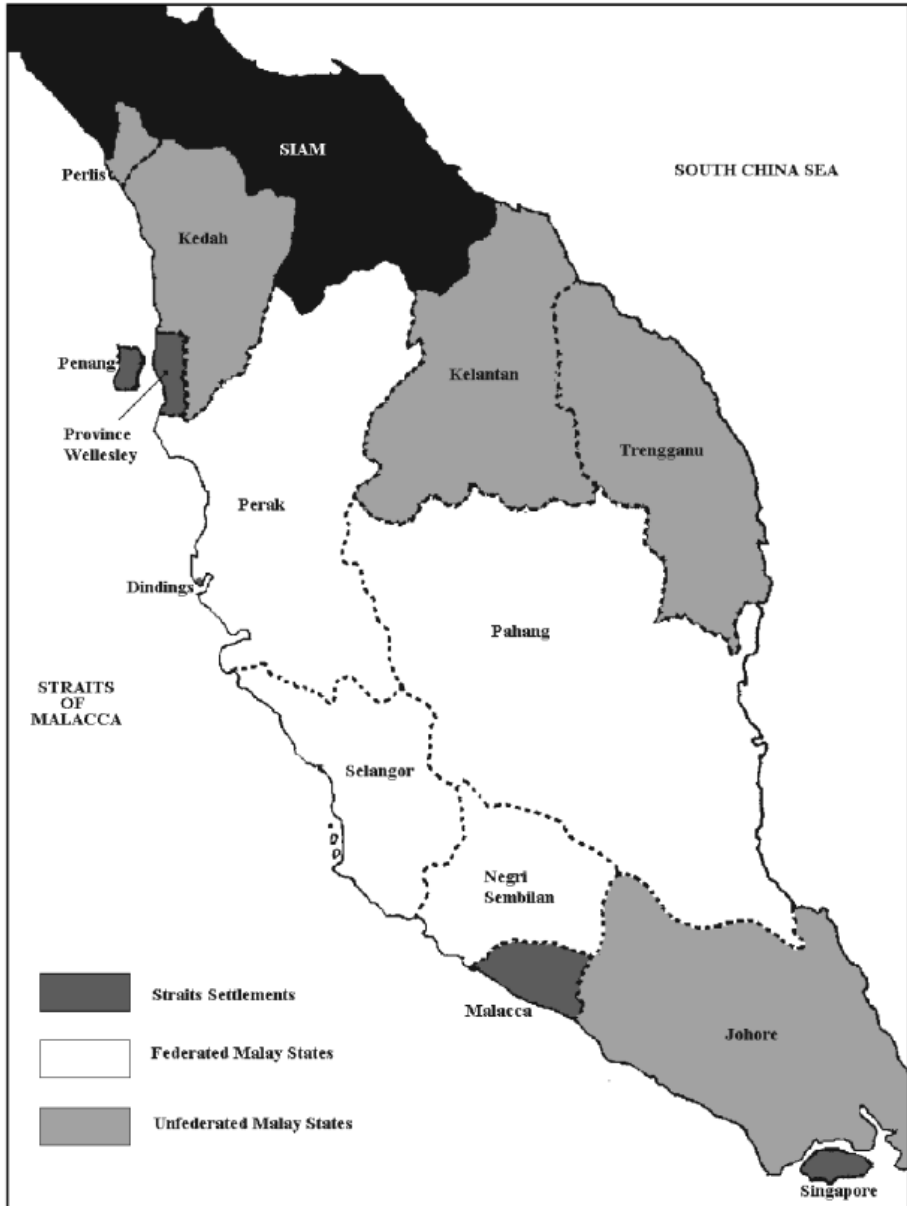
³⁷ MvO: Riouw en onderhorigheden (1908).

Map 3. Riau Islands and Indragiri in the nineteenth and twentieth centuries.



On mainland Sumatra, the vast region of Mandah and Reteh between the Kampar River and the Tungkak River was ruled by the Sultanate of Indragiri, which existed as a dependency of the Riau-Lingga Sultanate but was declared to be under Dutch suzerainty in the 1838 contract with the Dutch. The renewed 1843 contract provided the Dutch with more power over domestic affairs. From then onwards, the succession of the throne had to meet with the approval of the Dutch and the sultan of Riau-Lingga. The final decision was stated on the Government Decision (*Gouvernement Besluit*). Another kingdom, the Sultanate of Siak, confined to the valley of the Siak River, north of Indragiri, was also part of the Riau Residency before 1873 when the Residency of East coast of Sumatra (*Residentie Oostkust van Sumatra*) was formed. Source: MvO: Riouw en onderhorigheden (1908); RAN (1870, 1942). Map: Leiden University Library/Colonial Collection (KIT) Maps/ KK 054-01-01.

Map 4. Malay Peninsula in 1925.



Regarding political changes of the three regions in this period, it is necessary to give a snapshot of their communities and regional differences. This especially concerns the administration of the Chinese. In the colonial era, they brought with them distinctive forms of social organization, which continued to characterize their life in Nanyang, the lands of Southeast Asia bordering the South China Sea. They gradually attained a high economic status as early as at the time of the foundation of Singapore. Attributed to their growing number and importance, both British and Dutch colonial governments adopted various measures for an efficient administration of the Chinese population. In British Malaya, the Chinese were incorporated in a system of self-organization under various names, such as *kongsi*, *hui*, or secret society, which were all known as the variety of Triad (The Heaven and Earth Society).³⁸

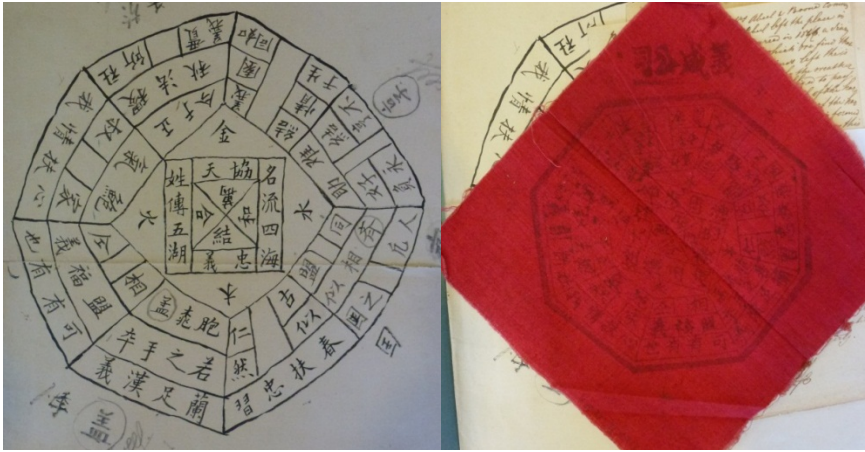


Sultan Sulaiman of Riau-Lingga (1857-1883)
Source: KITLV/30493.



**Sultan Abdul Rahman II of Riau-Lingga
(1883-1911)**
Source: KITLV/6200.

³⁸ Thorough studies about the Chinese *kongsi* in Southeast Asia have been conducted by Carl A. Trocki. Here we give a supplementary description about them in the Riau Islands in the second half of nineteenth century, based on the collective documents by M. Schaalje, a Dutch official in the Riau Islands at the time. These documents are kept in the Special Collection of Leiden University Library.



A diploma of Yicheng Kongsu registered in Singapore. It could also be written on a red piece of cotton cloth. Collected by M. Schaalje in the Riau Islands.

Source: BPL 2106.II.12.E3, E5.

These *kongsu* had their origins in China, where they appeared in times of hardship and weak administrative control when discontented men from the lowest strata of society were drawn together by a combination of mutual need and rebellious resentment of authority.³⁹ *Kongsu*, in its various manifestations, formed the principal means of social solidarity among the Chinese. In addition, it also performed a key role in the recruitment of overseas Chinese to the community, the absorption of newcomers, the maintenance of discipline, and the organization of new economic enterprise.⁴⁰ Large societies registered in Singapore included Ngee Heng, Yi Fu, Fuxing, Songbai, Guangzhao, Cunxin. Among them, the Ngee Heng *Kongsu* was largest Chinese community, particularly of Teochew Chinese in Johor.

In 1877, the British set up a body in Singapore called the Chinese Protectorate, which was responsible for the welfare of the ethnic Chinese.⁴¹ It indicated direct British control of the Chinese in the colony. The establishment of the Chinese Protectorate triggered the decline of Chinese secret societies in Singapore and Johor. In 1890, the British colonial government enacted a Dangerous Societies Suppression Ordinance to put an end to these secret societies. These *kongsu* or secret societies began to be dissolved by the government in the 1910s. Ngee Heng *Kongsu* came to an end without any trouble in 1916. By then, there were only two secret societies left in

³⁹ Lim, 'Continuity and Connectedness: The Ngee Heng Kongsu of Johore, 1844-1916', 302.

⁴⁰ Chandler and Steinberg, *In Search*, 171.

⁴¹ ARSS (1877).

Johor.⁴² After suppression, the Chinese Association of Johor Bahru, which was a modern-style organisation, was formed. It played a similar role as the secret society for Chinese communities afterwards. The same process also took place in Singapore, as the boundary between Singapore and Johor during that time was very weak. After the ban of secret societies, the Chinese community there continued in the form of the Singapore Chinese Chamber of Commerce which was established in 1906. These new Chinese organizations were well operated up to the post-war period, but lost both their economic and political importance which they obtained during the pre-1920 period.

Such a pattern of autonomy still existed in the Riau Islands and was organized in a more systematic way, known as the Chinese *kapitan* (*kapitein*, capitan) system. Although *de Ambtenaar voor Chineesche zaken* (The Official for Chinese Affairs) was established in the residency and became the interface between the Chinese community and the Dutch, the Chinese here, mostly originating from Guangdong and Fujian, were still headed by a *kapitan*, who were usually rich merchants with good reputation appointed by the Dutch. The *kapitan* had his seat in Tanjung Pinang on Bintan Island (before 1904 there was also a *kapitan* settled in Lingga)⁴³. In divisions or subdivisions, several assistants of the *kapitan* were appointed as lieutenant and secretary. Through this system, the Chinese possessed certain autonomy and both the Malays and the Dutch managed to guarantee peace and reap economic benefits from this system. There was an official election and resignation of new *kapitans*, but like the *kapitan* system in other regions, the position was passed down within local distinguished families who possessed political and economic authority.⁴⁴ Meanwhile, the position of lieutenant was in the hands of the Tan clan. Tan Ah Cho, a Teochew, came to the Riau Islands (Senggarang) in the later nineteenth century. Gradually he started his own gambir cultivation and became prominent, both economically and socially. He and one of his sons were successively appointed as lieutenant during the Dutch period.⁴⁵ By virtue of obtaining the leading position, *kapitan* in the Chinese community, these Chinese capitalists also obtained the right of to farm opium, and collect tax revenues. The high-ranking officials in this

⁴² JAR (1916), 7.

⁴³ The seat of the *kapitan* was in Tanjung Buton. *Gouv. Bt. 21 Oct. 1904 no. 17 (Ind. St. no. 414)* decided that the Chinese administration in this region would be led by a lieutenant instead of a *kapitan*. See KV (1905), 135.

⁴⁴ In the Riau Residency, most of the *kapitans* and lieutenants came from the families of Oei and Tan. The first *kapitan* with a recorded name was Tan Hoo (*Kapitan Tua*). Other early *katipans* included Tan Yuanjiao and Tan Hengjing in Senggarang in the early nineteenth century. Tan Jincheng was appointed as *kapitan* by the Dutch colonial government in the middle nineteenth century. See RAN (1870), Ng, *The Chinese in Riau: A Community on an Unstable and Restrictive Frontier*, 17-31.

⁴⁵ *Ibid.*, 55.

system of indirect control – the Chinese council were without exception the leaders of *kongsis* in the Riau Islands and vice versa.⁴⁶

All sorts of evidence show that the organization of *kongsi* in the Riau Islands had frequent contacts and various relations with those in British Malaya, as all the above-mentioned secret societies established their branches and had members both in the British and Dutch colonies. Following the decline of the societies in British Malay, similar organizations were also established in the Riau Islands, such as Chung-hua tsung-hui (Chinese General Association), indicating the continuation of the relationships with Singapore and Johor.

Concerning the government's economic policies in the SIJORI area, in the colonial period, the general condition in this area was one of intensified colonial expansion and intervention. Nevertheless, the general economic policy was explained as a kind of 'liberal policy', although from the late 1920s, a gradual protectionism became apparent represented by the introduction of 'restriction schemes' of rubber and tin. The 'free' attitude of the colonial governments in both British Malaya and colonial Indonesia towards economic growth was expressed in the belief 'that free trade, accompanied by government provision of essential services, would in some undefined way increase the wealth of the business in the colony and its government revenue.'⁴⁷ Such protectionism was somewhat weaker in British Malaya than in the Netherlands Indies. The British colonial government was opposed to all monopolies. As a result, the mobility of migrants was stimulated by the development of the plantation economy and mining, especially in Singapore and Johor. The subsequent high mobility of population resulted in a strong connectedness both between the three areas and with the outside world.

In all, the Western colonial expansion in this area showed more similarities than differences in the transformation from indirect rule to direct rule, while the different measures taken by the British and Dutch reflected the institutional boundaries between Singapore, Johor and the Riau Islands as imposed by the colonial rule.

War and independence (1940s-1970s)

The gradually achieved stability was brought to an abrupt halt when the Imperial Japanese 25th Army, which had previously operated in China, invaded Thailand and North Malaya on 8 December 1941, opting to approach Singapore overland through the Malay Peninsula.⁴⁸ With this 'back door' approach, supported by air and naval superiority, Japanese troops advanced rapidly to the south. By the end of January

⁴⁶ Lim, 'Continuity', 305.

⁴⁷ Courtenay, *A Geography*, 132.

⁴⁸ Kratoska, *The Japanese Occupation of Malaya: A Social and Economic History*, 36.

1942, Japanese forces moving down the east and west coasts had arrived in Johor, and on 8 February, they launched an assault on Singapore, which surrendered on 15 February.⁴⁹ The Netherlands had declared war on Japan on 8 December 1941, the same day the Japanese armed forces launched the attack on British Malaya. Without serious resistance, the Dutch surrendered on 8 March 1942. The Riau Islands with mainland Sumatra fell to the Japanese.⁵⁰

Following the capture of Malaya, Singapore and Sumatra, the Japanese 25th Army served primarily as a garrison force for the occupied territories. The whole area of Singapore – renamed *Syonan-to* – was governed through a Military Administration Inspection Bureau of the army.⁵¹ The territory under 25th Army's rule, where the SIJORI area was included, was described as 'the nuclear zone of the Empire's plans for the Southern Area' because of its strategic importance as well as its economic value as a source of oil, rubber, and tin.⁵² In April 1943, the 25th Army relinquished responsibility for Malaya, focusing its particular attention on Sumatra, and a new 29th Army was established in Taiping in northern Perak in January 1944 to handle military activity between the Kra Isthmus and the Riau Archipelago, and to run the Malayan military administration. Later, on 13 April 1944, the 29th Army was placed under a newly created 7th Area Army which assumed responsibility for the defence of Singapore and Johor, defined as the Singapore Perimeter Zone.⁵³ The 25th Army left Malaya in 1943, but its headquarters remained in Singapore until the middle of 1945 when it was transferred to Bukit Tinggi in the highlands of West Sumatra, where it stayed until the surrender of Japan in August 1945.

⁴⁹ *Ibid.*, 36-41.

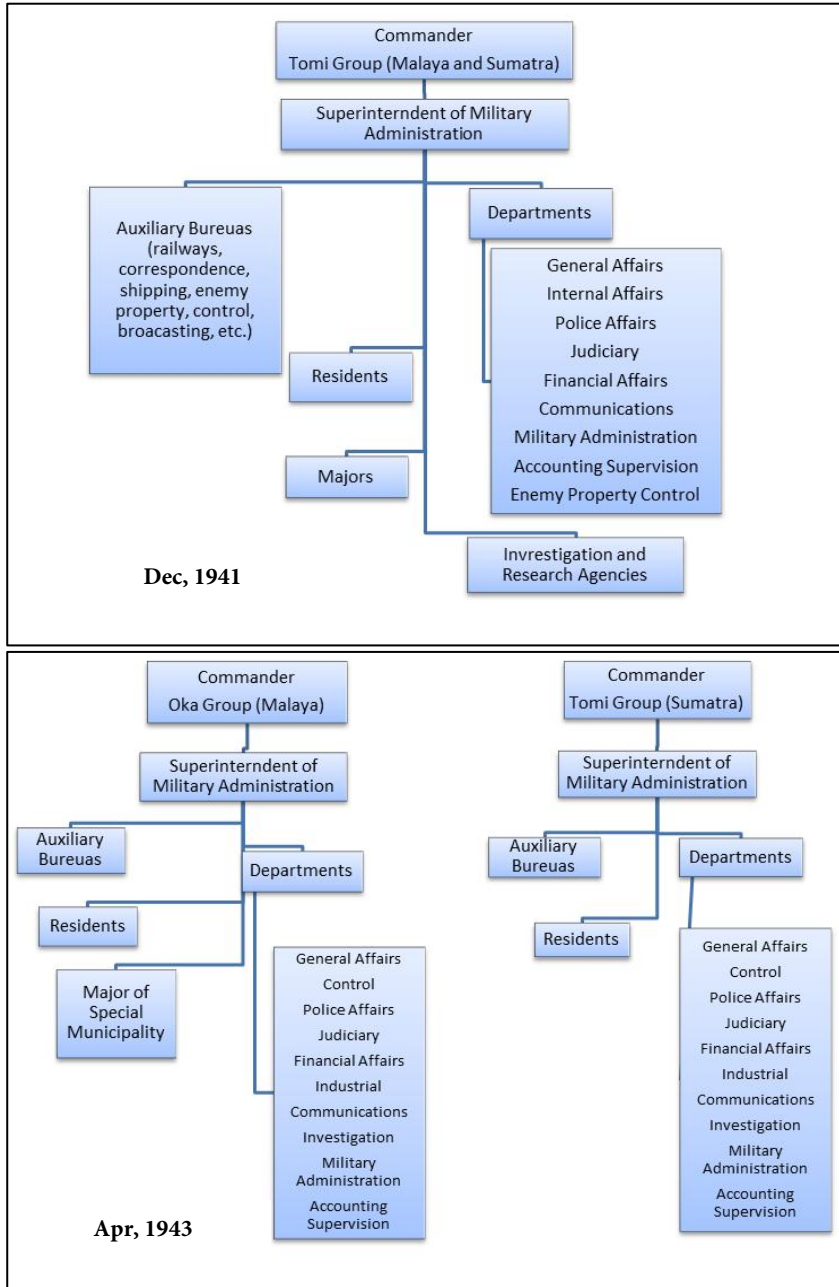
⁵⁰ The Riau-Japanese relationship was formed even before the war. For example, one sultan and his followers in Riau sought Japanese assistance to carry out an anti-Dutch resistance movement which failed owing to lack of popular support. See: Goto and Kratoska, *Tensions of Empire: Japan and Southeast Asia in the Colonial and Postcolonial World*, 108. Considering the fact that the Riau-Lingga Sultanate was abolished in the early twentieth century, the sultan here probably refers to the sultan of Indragiri.

⁵¹ Kratoska, *The Japanese Occupation*, 54.

⁵² Reid, 'The Birth of the Republic in Sumatra'.

⁵³ Kratoska, *The Japanese Occupation*, 54.

Chart 2. Structure of the Japanese military administration in army-occupied areas in Southeast Asia, in December 1941 and April 1943.



Source: Benda, Irikura and Kishi, *Japanese Military Administration*, 53, 57.

Although the Japanese policy aimed at annexing Malaya and Sumatra, different strategies were adopted concerning regional conditions (Chart 2). In Malaya, the civil administration remained in the hands of the pre-war bureaucracy throughout the occupation, with the Japanese military administration exercising overall control and Japanese filling senior positions. Beyond the formal administrative structure, communal organizations, neighbourhood associations and paramilitary groups helped control the population.⁵⁴ Singapore became the Syonan Special Municipality under a Japanese mayor. The pre-war distinction between municipal and rural board areas was eliminated. In the Riau Islands, where an efficient bureaucratic body did not exist, law and order was maintained by the Residents sent from the 25th Army.⁵⁵ A major effect of the Japanese occupation of Sumatra was to end all organizational activities there.⁵⁶ The circumstances of administration in both Malaya and the Riau Islands favoured the military, and civilian officials found it difficult to assert their authority.⁵⁷

The British historian David Gilmour uses the term 'moral deterioration' to describe the Japanese occupation during the Pacific War, represented by 'a decline in respect for law and duly constituted authority, a loss of traditional values, and an overriding selfishness.'⁵⁸ During this period, the great majority of government servants were either interned or suffered the rigours of occupation. Nevertheless, it is worth mentioning that within the concept of the Japanese 'Greater East Asia Co-Prosperity Sphere', these three regions were under a unified Japanese military and political administration in order to take their advantage of regional strategic location and rich natural resources, which would serve both economic and military aims. Therefore, it ironically became the nearest prototype to SIJORI decades later!

On 5 September 1945, Lord Louis Mountbatten bloodlessly recovered Singapore. The Riau Islands remained under the British Military Administration, but civil government was resumed on 1 April 1946. Singapore was no longer part of the Straits Settlements, but became a British Crown Colony.⁵⁹ Singapore then began its search for independence, prompted by the nationalist movement. It achieved self-government within the Commonwealth in 1959. In 1963, Singapore declared independence from the UK and joined with Malaya, Sabah and Sarawak to form the new Federation of Malaysia, from which Singapore departed in 1965, gaining independence as the Republic of Singapore, but still in the Commonwealth. Singapore became a sovereign nation-state with the People's Action Party (PAP)

⁵⁴ *Ibid.*, 55.

⁵⁵ Sluimers, 'The Japanese Military and Indonesian Independence'.

⁵⁶ Reid, 'The Birth'.

⁵⁷ Kratoska, *The Japanese Occupation*, 58.

⁵⁸ *Ibid.*, 348.

⁵⁹ CSAR (1956), 318.

firmly in charge to establish tight state control.⁶⁰ Politically, this aroused the will of the government to achieve self-consciousness, self-discipline and self-development.⁶¹

Map 5. Japanese operation plan during the Pacific War.



Source: Rottman, *Japanese Army*, 16.

⁶⁰ Turnbull, *A History*, 11-2.

⁶¹ CSAR (1960), 1.

In British Malaya, after the unconditional surrender of the Japanese, Johor, together with other states, experienced political and military upheaval for decades. Various provisional governments were organised in the peninsula and Johor was incorporated. In September 1945, a military administration was established under the command of the Supreme Allied Commander Southeast Asia. This administration remained unchanged until the establishment of the transitional Civil Government of the Malayan Union on 1 April 1946. The Federation of Malaya, which succeeded the Malayan Union, came into being on 1 February 1948 on the conclusion of the Federation of Malaya Agreement of 1948 between Britain and the rulers of the Malay States.⁶² The Federation gained independence in 1957. Johor has remained as one of the states of the federation ever since then.

To the south of Malaya, in the closing months of the war, the Riau Islands, which was under the administration of Sumatra at that time, experienced a different process compared to Java. A Republican government was established in Sumatra in mid-1945 but characterized by more autonomous revolutions.⁶³ After four years of fighting against the Dutch after the Japanese surrender and Sukarno's declaration of Indonesian Independence in August 1945, sovereignty was transferred to Indonesia in December 1949. The Riau Islands were incorporated into the Republic of Indonesia in 1950 as part of the province of Central Sumatra. In the meantime, the process of economic and political decolonization started in the Riau Islands just as in other regions in the country as a result of the emerging concept of *Indonesianisasi* (Indonesianization), which figured in the public discourse about how to establish a nation state and achieve economic nationalism.⁶⁴ However, this process was complicated by the anti-government and self-autonomy movement, particularly in Sumatra. It was not completed until the late 1950s when Dutch corporate assets were seized and eventually nationalized.⁶⁵ In 1958, Central Sumatra was divided into the provinces of West Sumatra, Jambi, and Riau. Riau was thus a separate province consisting of both mainland and island areas. The provincial capital was at Tanjung Pinang, on Bintan Islands, and in 1962 it moved to Pekanbaru on Sumatra itself.⁶⁶ Those island territories of the Riau Province were separated administratively from the mainland Riau in 2004 to form the Riau Islands Province, partly attributed to the internal conflict between the Golkar Party (Party of the Functional Groups) and the PDI-P (Democratic Party of Struggle).

In accordance with political separation from Malaysia, there were also differences between the three regions in terms of the economic policies. Singapore

⁶² ARFM (1949), 189.

⁶³ Reid, 'The Birth'.

⁶⁴ Lindblad, *Bridges to New Business: The Economic Decolonization of Indonesia*.

⁶⁵ Lindblad, 'The Economic Decolonization of Sumatra'.

⁶⁶ Esmara, 'An Economic Survey of Riau'.

started the process of the early stage of industrialisation, concentrating on mopping up unemployment in labour-intensive industries and on import substitution – catering to the potential Malaysian common market by a continuation of liberal policies and an amicable attitude towards foreign capital.⁶⁷ By contrast, more intensive government guidance and intervention were shown in both Johor and the Riau Islands by the implementation of economic planning and various government policies which gave particular preference to the Malays.

2. Demographic features

The multi-ethnic character of political development requires a survey of the demographic features of the ethnic groups who played different roles in both the colonial and independent periods. The reconstruction of a demographic history of the three regions during such a long period is a difficult task, due to the lack of reliable statistical sources, particularly concerning the nineteenth century. This section gives a sketch of regional demographic features based on both retrievable primary data and secondary information.

Singapore

Early records of the population of Singapore are scarce. Here we quote four figures for the total population in Singapore to show a rough demographic picture before the 1870s: 11,000 in 1824, 16,634 in 1827, 35,389 in 1840 and 81,734 in 1860.⁶⁸ These figures indicate an extremely high growth rate (more than 4% per annum) which can only be explained by a high immigration rate. The free port policy of Singapore attracted not only a large influx of trade, but also a growing number of immigrants – Bugis and Indians, and Chinese in particular. An increased population in this initial stage was dominated by Chinese immigrants who accounted for around 70 per cent of the total population in 1867. They came mainly from two different places. The first was the nearby Riau Islands, from where quite a number of Chinese were attracted to Singapore for gambir and pepper plantation work, and also for private trade as the followers of the temenggong who had moved to Singapore after the Anglo-Dutch Treaty, or alternatively due to rivalries and conflicts between different Chinese dialect groups in the Riau Islands. Another place of origin was mainland China, especially the southeast. Chinese immigration to Singapore reached a peak after the Taiping Rebellion of 1848-1865 which reflected and exacerbated the worsening conditions of the growing peasant population in China and caused large-scale migration to

⁶⁷ Turnbull, *A History*, 307.

⁶⁸ Tremewan, *The Political Economy of Social Control in Singapore*, 7. Abshire, *The History*, 45-6.

Southeast Asia. As a result of this flight of people, Singapore became the centre of the distribution of labour in the British and Dutch territories.⁶⁹

Singapore's population since 1871 is well recorded by official government reports, and also as estimated by scholars. It has to be admitted, though, that only the figures for 1881, 1891 and 1931 are from official censuses. Other estimates are higher. These statistics show an overall growth rate of around 2.8% per annum during the researched period. This was in conformity with the booming economy of Singapore. The only exception was, during the Pacific War period, which saw a sudden increase (more than 50%) between 1937 and 1947, possibly because Singapore during the war offered a relatively stable and safe environment that attracted a large number of people from other places suffering from chaos. Nevertheless, we can draw a rough conclusion that the higher growth rate of Singapore in the colonial period was mainly attributed to the influx of immigrants, whereas natural growth was only achieved after independence as a result of increasing fertility (Table 2.1).

Table 2. 1. Estimated overall population growth rates of Singapore, pre-1870 to 1970. (average percentage rate)

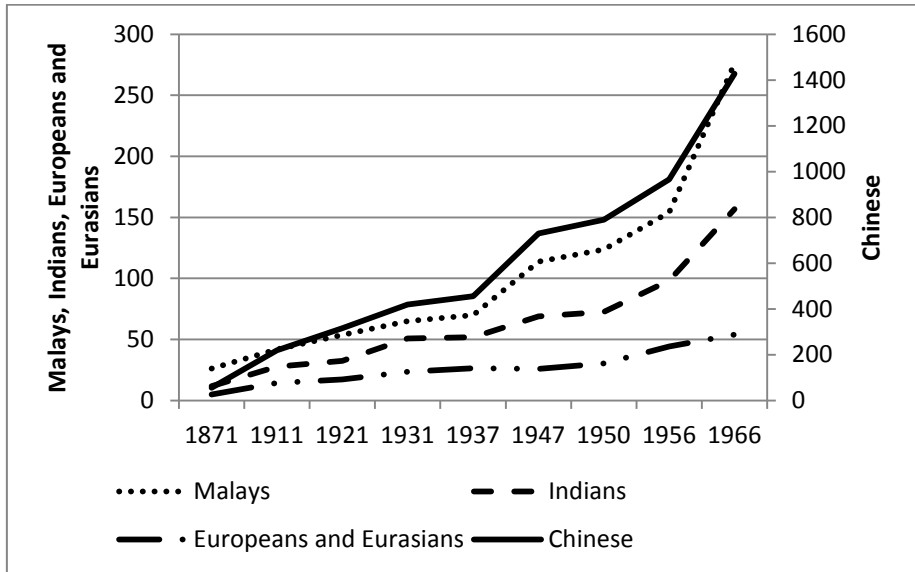
Pre-1870	1870-1910	1910-1940s	c.1945	1947-1970
4	2.9	3.5	> 4	2.4

Source: Appendix i.

For a good understanding of the composition of the population, it is necessary to look further at the different ethnic groups (Figure 2.1). The Chinese had clearly a dominating share in the total population; more than 70 per cent throughout the period. The share of the Europeans, although possessing more political power than the Chinese, particularly during the colonial period, declined steadily from around five per cent in 1871 to just above three per cent at the end of this period due to slower growth in the post-war period than other ethnic groups, especially the Malays, the second largest ethnic group and the one growing the fastest from the 1950s. This trend reveals the rise of Singaporean national identity and political consciousness, particularly while part of the Federation of Malaya.

⁶⁹ CSAR (1960), 17-18.

Figure 2. 1. Composition of the population in Singapore, 1871-1966.
(thous.)



Source: Appendix i.

Johor

Johor, a state covered by dreary forest without human habitation or apparently the marks that there ever had existed any, remained sparsely inhabited until the 1840s.⁷⁰ Political instability in the early nineteenth century further gave Johor a deserted character: in 1847 the capital⁷¹ consisted merely of 25 huts.⁷² But then, some 4,000 Chinese arrived from Singapore for gambir and pepper cultivation. They were the pioneers encouraged by the temenggong of Johor. Since that time, a large number of Chinese labourers have been brought into the plantations. This massive inflow of Chinese, together with Malays and Indians, contributed to a rapid increase in population. They settled on the coast and in the vicinity of rivers where agricultural cultivation was possible. In the absence of roads and bridges, the rest of the state remained largely unoccupied except for some aborigines and other wild tribes.⁷³ The *Sakai* and *Jakun* (described as Proto-Malay) were reported to be found in the central districts of North Johor.⁷⁴ These aboriginal people were poor in material culture and

⁷⁰ Trocki, *Prince of Pirates*, 75.

⁷¹ Referring to the former capital, Johor Lama near Kota Tinggi.

⁷² JAR (1930).

⁷³ *Ibid.* (1910).

⁷⁴ Kirby, 'Johore in 1926', 253.

appeared to have originated in the Riau Archipelago. Another group, the former boat-dwelling *Orang Laut* (sea people) had settled in fishing villages, notably along the west coast of Johor.⁷⁵

Lacking systematic statistics, the real figures of population in the nineteenth century rely very much on estimates which differ from source to source. Nevertheless, fragmentary pieces of information demonstrate a rapid increase of the Chinese population, gradually outnumbering the Malays in Johor.⁷⁶ Even the estimates of 50,000 and 140,000 for Malays and Chinese in 1890 given by Guinness seem far from reality,⁷⁷ considering that the Chinese population was recorded as 63,405 in 1911⁷⁸. There is no other evidence to rely on. Since population growth in Johor in this period shared a similar pattern with Singapore, the lesser economic importance of Johor resulted in a slower population growth rate in Johor, lower than 2.9%.

From 1911 onwards, a relatively complete picture can be obtained from various official records. The Chinese and Malays were dominant in the total population and there was a continued rapid expansion which could be attributed to the prosperity of the plantation economy and the exploitation of mineral sources, resulting in the influx of a large amount of labour forces. In the post-war period, the population growth rate of Chinese and Indians slowed down, whereas the Malay population had a high growth rate, exceeding the Chinese one and becoming the largest ethnic group in Johor (Figure 2.2). The record of the European population is also available from 1911, when a number of 205 Europeans was recorded. The figure rose to 782 in 1932 and further to 1,080 in 1938 as a result of the enforcement of British political interference in the court of Johor. Based on the available information, the estimates of population growth in Johor in this long period are shown in Table 2.2.

Table 2. 2. Estimated overall population growth rates of Johor, 1870-1970. (average percentage rate)

1870-1910	1910-1940s	c.1945	1947-1970
< 2.9	4.5	c. 1.5	2.5

Source: Appendix ii.

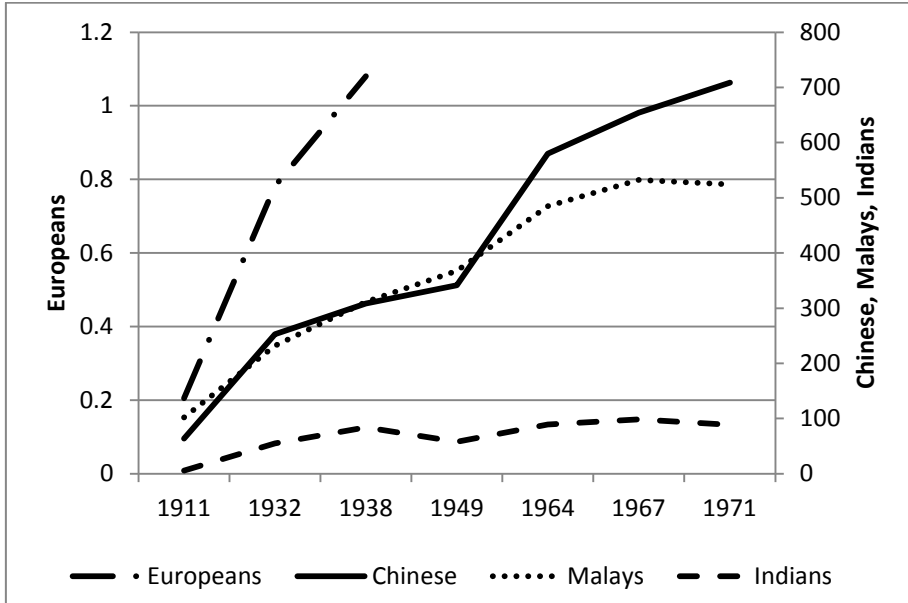
⁷⁵ ARFM (1949), 179.

⁷⁶ *Ibid.*, 1.

⁷⁷ Guinness, *On the Margin*.

⁷⁸ JAR (1911).

Figure 2. 2. Composition of the population in Johor, 1911-1971.
(thous.)



Source: Appendix ii.

Table 2. 3. Birth and death rates, and infant mortality rates in Johor, 1930-1938.
(per 1000)

Year	Birth rate	Death rate	Infant mortality rate
1930	35.84	24.89	186
1932	40.61	21.00	140
1934	43.42	27.14	228
1936	40.87	20.01	181
1938	42.54	19.72	170

Source: JAR (1938).

Like Singapore, Johor in the colonial era was also characterized by a high mobility of people crossing borders. In 1919, 23,549 passengers arrived and 22,588 passengers left the port of Muar, carried primarily by steamers in daily service between Singapore and Johor. Equivalent figures for Batu Pahat in the same year were 15,987 and 17,163; those for Endau were 4,658 and 4,356. The total was 44,194 passengers arriving and 44,107 passengers leaving the state, and these figures did not

include passengers arriving in Johor Bahru by railway.⁷⁹ The movement of these people indicated a frequent communication between Johor and other places, Singapore in particular on the one hand, and suggested a possible large proportion of immigrants in the total population. In 1932, there were 35,303 immigrants, suggesting a share of seven per cent in the total population.⁸⁰ If migration explained the rapid growth of population in Johor in the beginning, improvement in fertility accounted for the continuous growth later on as indicated by the increasing birth rates and declining death rates (Table 2.3). Although there were no exact clues to explain the post-war situation, it has been generally agreed that immigrants made a declining contribution to population growth. If these cross-border immigrants are conceived as an indication of the connection between Johor and Singapore, then, a declining trend is clear. The connection was strong in the colonial period and weak in the post-war period.

The Riau Islands

Compared to Singapore and Johor, the reconstruction of population in Riau is even more difficult. Although various documents present all sorts of estimation, even the official census and surveys are by no means reliable. This difficulty lies in the untraceable population in the inland areas and the ever changeable territories of Riau as an administrative unit, which resulted in the change of statistical units and sudden fluctuations in the population. Therefore, the estimation of population reflects the improvement in the registration of population rather than real growth rates in the entire Riau. Retrievable quantitative information of the population size is presented by Table 2.4.

It is difficult to ascertain the reliability of these estimated numbers, especially concerning the indigenous Malay population, which is distributed widely within the border of Riau. By contrast, recording Chinese and European populations was relatively better because the distribution of these groups was so converged that the registration was easier: the majority of Chinese settled in Senggarang and Tanjung Pinang on Bintan, Penyengat, and Daik, and the Europeans in Tanjung Pinang. The demographic development of these two groups showed a similar trend with Java, although there was still a large deviation between the real numbers of growth rate per annum.

⁷⁹ Ibid. (1920).

⁸⁰ Ibid. (1932).

Table 2. 4. Average annual growth rates of population in Riau Residency, 1880-1942. (average percentage rate)

Ethnic group	Region	Source	1880-1889	1890-1900	1900-1912	1912-1921	1921-1928	1928-1942
Overall	Java	CEI	1.6	1.9	0.9	0.9	1.0	1.5
	Outer Islands	Lindblad	-	-	-	-	1.1	-
		CEI	-	-	-	-	0.95	-
	Sumatra	CEI	-	-	-	-	0.7	-
		Lindblad	-	-	-	0.4	0.4	0.4
	Riau	CEI	-	-	-	-	0.4	-
		Gooszen	0-0.5		1.0-2.0		2.0-3.0	
M	Riau	CEI	-	-	8.3	1.6	0.4-2.6	
		Lindblad	-	-	-	0.36	0.36	0.36
C	Riau	CEI	2.6	-0.01	1.3-2.5		5.5	-
		CEI	0-1.4	4.7	2.7		2.4	-

Note: M: Malays; C: Chinese; E: Europeans

Sources: CEI, vol. 11, 36; Lindblad, *New Challenges*, 245, 251-2; Gooszen, *A Demographic History*, 33, 87-8, 115, 221-3.

Anthony Reid assumes a very slow, long-term population growth (zero to 0.5% per year) for Southeast Asia in the pre-colonial period. And this estimate has been accepted by Hans Gooszen to apply to Central Sumatra in which the Riau Residency was included for the 1880s and 1890s.⁸¹ In the early twentieth century, encouraged by the strengthened colonial presence and the expansion of smallholder rubber plantations, more migrants were attracted to this region. Pierre van der Eng has quoted De Meel's estimate of annual growth rate in Riau: c. 5% for the period between 1930 and 1942, which Van der Eng himself has thought too high.⁸² Gooszen has estimated a growth rate per annum between 0.5% and 1.5% from 1900 to 1920 and a higher one, from 2% to 3%, between 1920 and 1930.⁸³ Although he has emphasized the Banjarese immigrants from southeast Borneo and Buginese from southern Celebes to Riau from the seventeenth century onwards,⁸⁴ the main attention has been paid to the mainland Riau (the Indragiri area) and there was little description of the Chinese population and Chinese migrants in this area. In fact, the Riau Islands area was one of the major Chinese settlements in Indonesia, and as early as 1870, some 17,756 Chinese were recorded as living there, occupying more than 50 per cent of the grand total. From this point of view, the estimated population and

⁸¹ Gooszen, *A Demographic History of the Indonesian Archipelago, 1880-1942*, 223.

⁸² Van der Eng, 'Bridging a Gap: A Reconstruction of Population Patterns in Indonesia, 1930-61'.

⁸³ Gooszen, *A Demographic History*, 224-5.

⁸⁴ *Ibid.*, 27, 33.

growth rates given by Gooszen seem underestimated. The low growth rate of the population has also been questioned by Boomgaard and Gooszen who give an estimated growth rate of 0.4% per year in Riau for the 1920s⁸⁵, one of the lowest in the Outer Islands. This figure is adopted by Thomas Lindblad, who pays more attention to the indigenous population in the twentieth century, based on an assumption of stable demographic development over time. He also admits that the Chinese population did not meet the criteria of this stable growth.⁸⁶ Therefore, here we would rather assume that the overall growth rate lay above his estimates, since well-documented data show a higher than 1% of Chinese population growth per year in the long period.

The reconstruction of demographic features, especially in the colonial period, depends on the quality of the statistical work, which was extremely hard to get in the Riau Islands, the periphery of the Netherlands Indies. Therefore, the real population growth should not be higher than that in Java, considering the general difference between socio-political and economic conditions, whereas the calculated growth rate is higher than supposed, mainly attributed to the deficiency of population registration and the high mobility of migrants. Before the 1910s, the still undeveloped plantation economy was unable to attract a large inflow of migrant labour. The high number of Malays resulted in a more or less same growth rate of Malays in the whole of Indonesia. Under these conditions, we have applied a growth rate of between 1-1.5% per annum for the population growth in Riau.

Entering the second period between the 1910s and 1940s, the development of a plantation economy resulted in a great demand for labour from outside areas. The immigrants/population ratio of Riau in 1930 is estimated at 0.16 by Gooszen, and this implies a higher growth rate and a net influx of more people than normal, as the out-migrants/population ratio of Riau in the same year is 0.017. And this number is little higher than that of Johor in the same period. A higher growth rate was without doubt achieved. However, still attributed to its limited economic importance, the population growth could not be much higher than that of Johor. Therefore, we prefer to accept the estimated growth rate of c. 1.5% annually applied by Lindblad to the population growth of the Outer Islands after 1921. Considering the undiscovered population, we have adjusted it to 1.5-2% (Table 2.5).

Post-war population growth in Riau is better documented, but only available for a total of all ethnic groups. The growth rate per annum in the 1960s and early 1970s is supposed to be between 2.2% and 3.0% (Appendix iii). This higher growth rate seemed to be due to the rising birth rate and declining death rates resulting from

⁸⁵ CEI, vol. 11, 45.

⁸⁶ Lindblad (ed.), *New Challenges in the Modern Economic History of Indonesia: Proceedings of the First Conference on Indonesia's Modern Economic History, Jakarta, October 1-4, 1991*, 245-52.

improved living standards and declining migration activities, but the real growth rate of population is supposed to be at the same level of the 1970s. This number also seems reasonable for the post-war population growth.

Table 2. 5. Estimated overall population growth rates in Riau Residency, 1870-1970. (average percentage rate)

1870-1910	1910-1940s	Ca.1945	1947-1970
1-1.5	1.5-2	-	2.2-3

Source: Appendix iii.

Our analysis shows that there was a rapid population growth in all the three regions between 1870 and 1970, especially in Singapore and Johor during the period of high colonialism. At the same time, regional difference was also clear. Singapore had the largest total population, followed by Johor and the Riau Islands. In terms of demographic structure, in Singapore, there were more Europeans and Chinese population due to its successful development as a free port, whereas in the Riau Islands, Malays had a dominant part.

3. Ethnic relationships

Political and demographic developments show a strong impact on the change of ethnic relationships, which directly reflects the rise and fall of regional economies and the economic connections between Singapore, Johor and the Riau Islands. The realization of capital investment by both European and Chinese ethnic groups was an ideal combination of political status and economic prominence possessed by the three parties: Europeans, Malay rulers and Chinese capitalists. The mutual relationship between them showed a dynamic pattern in the period being studied here.

In the early period of colonial expansion, by virtue of their political authority and the advantage of global business, the Europeans undoubtedly dominated capital investment through international companies. Internally, although Malay nobles were the nominal rulers of this region, for various reasons, they preferred to gain profits directly from land lease rather than invest by themselves. It was Chinese capital that focused on economic production not only in Singapore, but also in adjacent Johor and the Riau Islands. The predominant political status of Europeans and Malay rulers forced the Chinese to maintain good relationships with other ethnicities. A pattern of mutual benefit thus developed. European capitalists managed to dominate international shipping and regional industries by virtue of their political authority and to penetrate into regional production and shipping by cooperation with the Chinese due to their unfamiliarity with regional conditions. Chinese capitalists on the

other hand were able to maintain their existing capital network and avoid fierce competition with the European by subjecting to the latter. The indigenous, especially the Malay rulers, accumulated their wealth mainly by land lease and later also by participating in some industries.

There was, in general, a friendly relationship among the three main population groups, which could be reflected by the honoured title given by the European and Malays rulers to the Chinese leaders of the community. In the Riau Islands, rich Chinese capitalists obtained their political status by both their wealth and intimate relationship with the Dutch and Malay rulers, reflected by the continuation of the *kapitan* system, in which the *kapitans* or the community leaders always received the recognition of the Dutch. Moreover, Dutch officials were often invited by these Chinese leaders to attend important occasions such as weddings, inaugurations or family get-together. M. Schaalje, the Chinese interpreter of the Netherlands Indies used to receive a rich Chinese businessman to attend a marriage banquet.⁸⁷ The courteous and respectful words and humble manner showed by the Chinese inviter indicated that their relationship was not only intimate, but also subordinate on the Chinese side.

In the self-governed Johor, the Malay rulers and the Chinese were also in a favourable relationship. Tan Yeok Nee, a prominent Chinese in Johor, began his career as a cloth peddler, making daily visits to Telok Blangah, a district in Singapore, where the temenggong's family became his customers, and he struck up a friendship with the Temenggong Abubakar, who afterwards was styled *maharaja* of Johor. By 1866, Tan Yeok Nee had established himself as a prosperous gambir and pepper trader at Boat Quay under the *Chop Kwang Hong*, and obtained extensive *kangchu*⁸⁸ rights in Johor territory. He was



A letter with red envelope from a Chinese leader to M. Schaalje, a Dutch official in the Riau Islands.

Words on the envelope: 綴沙烈老夫子老夫人尊前 (To Mr and Mrs. Schaalje) .

Source: BPL 2106.II12.A.

⁸⁷ BPL 2106.II.12.A

⁸⁸ About *kangchu*, see Chapter 4.

made Major China of Johor by Temenggong Abubakar in about 1870.⁸⁹ Tan Joor Tiam, another Chinese capitalist, came from China in the 1870s. He established himself in business as a gambir merchant under *Chop* Hua Heng in Teochew Street and as a cloth merchant under the *Chop* Kia Heng in Upper Circular Road. For many years he figured as one of the leading gambir and pepper planters in Johor, and he had the honour of being decorated by the sultan of Johor.⁹⁰ Tan A Tjon (or Tan A Tiao), was an opium farmer in Tanjung Pinang. His services were appreciated by the Johor government, and in 1904 he was a S.M.J.⁹¹ He owned considerable landed property both in Singapore and Johor, and his estates in Mersing and elsewhere in Johor were planted with gambir, pepper, tapioca and rubber.⁹²

However, rather than being a peaceful and diligent ethnic group as often perceived, the Chinese community was full of rivalry and conflicts, resulting from their differences in origin and clan, such as that between the Teochew Chinese and Hokkien Chinese. This was well exemplified by the migration of Chinese gambir and pepper planters from the Riau Islands to British Malaya in the early nineteenth century. On the one hand, the migration was attributed to the opening of Singapore and the encouragement of the temenggong of Johor. On the other hand, it was said to be due to the conflicts between the Teochews and the Hokkiens. Most Hokkiens resided in Riau's capital Tanjung Pinang, which they called Hsiao-po or Fu-po, whereas the Teochews lived in nearby Senggarang, known as Ta-po or Chao-po. Considering their difference, the Dutch colonial government appointed separate *kapitans* to administrate their communities. Although the Teochews began their plantation on Bintan in the 1730s, much earlier than the Hokkiens (in the 1730s), the economic position of the latter in the Chinese community rose much faster. Towards the end of the nineteenth century, the Hokkiens replaced the Teochew gambir-producers in Senggarang and grasped the economic leadership of the Chinese community.⁹³

The tension between the Teochews and Hokkiens also showed up in British Malaya, where conflicts between various secret societies arose, especially between Ngee Heng *Kongsi* and Haishan *Kongsi*. With regard to the labour division among the different dialect groups in the archipelago, one may say in general that the Teochews were engaged in the production of commercial crops, while the Hakka

⁸⁹ Song, *One Hundred Years' History of the Chinese in Singapore*, 335.

⁹⁰ *Ibid.*, 35.

⁹¹ S.M.J. stands for *Seri Mahkota Johor*, a decoration Showing loyalty and meticulous service.

⁹² Song, *One Hundred Years' History*, 354.

⁹³ Ng, *The Chinese*, 23.

were mainly miners.⁹⁴ These internal conflicts and disharmony undermined both political and economic importance of the Chinese community in the region.

The relationships between Western countries showed another pattern. In the triangle region, as the most dominant Europeans, the British and the Dutch represented the Western relationships. In their colonies in Southeast Asia, for a long period, their common continental interests have led to a close understanding between the British and the Dutch. This understanding resulted in a cooperative and stable relationship between the two countries, although the natural antagonism could not completely be overcome.⁹⁵

Above-mentioned various patterns of relationship between different ethnic groups were maintained up to the outbreak of the Pacific War. During the Japanese occupation, the Japanese attempted to harness and control the forces of nationalism and ethnicity by promoting an Asian identity, a concept of Asian unity and a pan-Asian nationalism under Japanese leadership.⁹⁶ Before the invasion, Indians and Malays did not have strong feelings about the Japanese, but there was intense hostility among the Chinese.⁹⁷ But the result was that the Europeans were expelled, whereas the Chinese were recognized for their abilities and their significance for Malaya's economic recovery.⁹⁸ However, the Japanese were extremely wary of the Chinese. They dissolved many existing Chinese organizations, notably dialect and clan associations, and created an Overseas Chinese Association (OCA) with branches throughout Malaya as their principal agency for dealing with the Chinese community.⁹⁹ This hostile ethnic relationship was far from conducive for regional economic development.

In the shadow of the Japanese, the relationship between other ethnic groups is not clear. After achieving independence, more regional differences transpired. In Singapore, the Europeans and the Chinese still held their economic importance, in which shows a continuity from colonial times. By contrast, a cleavage between the Europeans and the Chinese on one side, and the Malays on the other emerged because of the advance of Indonesian and Malay nationalism.¹⁰⁰ The status of Malays was purposely enhanced by the government. Such government intention was even more serious in Indonesia. By the end of the Japanese occupation, the dominant Indonesian nationalist force (the Sukarno-Hatta group) was geared towards a socialist economic, which in practice advocated state enterprises and encouraged

⁹⁴ *Ibid.*, 38.

⁹⁵ Jonker et al., *A History of Royal Dutch Shell*, 11.

⁹⁶ Kratoska, *The Japanese Occupation*, 94.

⁹⁷ *Ibid.*, 223.

⁹⁸ *Ibid.*, 93.

⁹⁹ *Ibid.*, 100.

¹⁰⁰ Twang, *The Chinese Business Élite in Indonesia and the Transition to Independence, 1940-1950*, 124.

indigenous business, leaving Chinese business in limbo.¹⁰¹ The Indonesian business class was coming very close to gaining state power as reflected in the great political influence of Hatta. The Chinese, who were politically impotent, seemed upset, as they were about to lose the political protection which they enjoyed during the colonial period.¹⁰² It resulted in the decline of Chinese power. Their property rights were denied, undermining their stagnant business position.¹⁰³

The European-Malay relationship was also unsatisfactory, especially in Indonesia. Hostile attitudes of the Indonesian government resulted in the confiscation of foreign assets, and a sharp decline in foreign investment when the process of economic decolonization gained momentum. However, the influence of these ethnic policies on the Riau Islands was not very effective. Firstly, the peripheral location of this area made government policy difficult to implement. Secondly, compared to other places in Indonesia, the economic importance of the Riau Islands was extremely limited. There was a lack of foreign business, so that the process of economic decolonization was scarcely felt. Thirdly, concerning local Chinese businessmen, many of them were Singapore-based. Both formal and informal connections to Singapore provided flexibility. Therefore, a relatively stable ethnic relationship inherited from the colonial period was retained, although the rise of Malays and Malay economic importance must not be neglected.

In both Indonesia and Malaysia, a relatively 'freer' economic environment was not created until the establishment of the New Order by Suharto in 1966 and the implementation of the NEP which was in effect in Malaysia from 1971 onwards. These new policies smoothed ethnic relationships to some extent and resulted in a rapid economic development of the two countries in the late twentieth century.

This pattern of ethnic relationship facilitated the creation of a varying connection within the triangle area. Due to the establishment and expansion of Chinese networks, social connections between the three states were reinforced during the colonial period. It reached the strongest point under unified Japanese military administration. This connection became weak after the Pacific War as a result of the disturbed relationships between Singapore, Malaysia and Indonesia.

4. Overview of socio-political development

The interplay of trade, shipping and capital created by the movement of people and organisations maintain vibrant links with the outside world. The study of the political development and demographic features of Singapore, Johor and the Riau Islands not

¹⁰¹ *Ibid.*, 117.

¹⁰² *Ibid.*, 123.

¹⁰³ *Ibid.*, 150.

only provides a general context, but also demonstrates the key issues in this study from a different perspective.

By comparing political change in the three regions, we found that Singapore experienced a relatively stable political evolution, only disrupted by the Pacific War, even though, the political environment showed a sustainable pattern, which was particularly characterized by the continuation of the free port policy. Johor shows more similarity than difference with Singapore. In the colonial period, there was a process of completing and reinforcing the political system by means of a constitution under indirect British rule. The maintenance of the sultan as ruler of the country during the whole period guaranteed a smooth transition from the colonial period to independence. However, there were drastic changes in the Riau Islands, which successively existed as a puppet sultanate, a residency and an isolated province with changeable bureaucratic institutions, as well as an unstable border region.

From a long-term perspective, individual political transformation was not an independent process but is best characterized as being mutually influenced. For a long period, the British and the Dutch dominated regional political evolution. The 1871 Anglo-Dutch Treaty guaranteed a relatively stable and non-hostile regional political environment. However, this came to an end with the Japanese invasion. Japanese influence was dramatic but temporary. The immediate post-war situation was characterized by intermittent cooperation and confrontation. It reached a peak in the period between 1963 and 1966, known as the Indonesian–Malaysian Confrontation, as a result of Indonesia's political and armed opposition to the creation of an expanded Malaysia federation. Both political and economic unrest befell the three regions. On 1 June 1966, Malaysia and Indonesia signed a bilateral agreement to end the Confrontation,¹⁰⁴ which would result in a new beginning of regional development. But the end of the Confrontation did not signal the end of hardship. It was not until 1968, when relations between Singapore and Indonesia were normalised, that regulated communication began to improve, again as a result of restored cross-border mobility.¹⁰⁵ Nevertheless, colonial influence was not easily eliminated in the three areas under discussion. In the triangle area, socio-economic activities were still frequently conducted in defiance of the central government, although considered illegal or secret. Therefore, the one and a half centuries of political development in the triangle showed more continuity than discontinuity.

Political transformation also had an impact on economic policies. In general, a rather liberal and stable policy was continued in Singapore from the colonial period to the present, whereas in Malaysia and Indonesia, higher priority was given to the Malays in both countries under the guidance of development of the national

¹⁰⁴ SYB (1966).

¹⁰⁵ Kalir and Sur, *Transnational Flows and Permissive Politics: Ethnographies of Human Mobilities in Asia*, 96.

economy after achieving independence. It indicated a shift from liberal policy to government interventionist in Johor and the Riau Islands.

Regarding the relationship between the change of regional politics and demographic development, population growth show a high correlation with economic and political significance. Rapid population growth accompanied economic expansion and rising political leverage. During the colonial period, European political supremacy resulted in a rapid growth of the European population, although absolute numbers were quite small. Under European colonial policy, the Chinese gradually gained importance in the economic field. This fuelled Chinese immigration, which in turn contributed to the growth of the Chinese population in this area. Considering the demographic structure and ethnic relationships, the influx of Chinese was also partly a result of close relations with both Europeans and Malay rulers. The kinship between Malay rulers in Johor and the Riau Islands was an ethnic bond within the triangle region. The Malay population received an impetus in the post-war period as a result of the policy-encouraged higher birth rate, as well as their gradually enhanced political status, but it was at the expense of the Europeans and Chinese.

In short, from a socio-political perspective, the interconnectedness between Singapore, Johor and the Riau Islands shows a first increasing, then decreasing process with the Pacific War as its turning-point. Malay political dominance in post-war Malaysia and Indonesia, however, finally made the mutual connection less and less relevant. This was not changed until the establishment of the SIJORI Growth Triangle.

Regional socio-political aspect corresponded to two factors in the Porter's Diamond Model: social structure and government. The factor of social structure includes two variables: demographic composition and ethnic relationships. Assignments after standardization are shown by Table 2.6.

With regard to demographic composition, the absolute share of different ethnic groups in the total population is not accurate enough to reflect their economic importance. Instead, we need to focus on their growing relative importance and to take consideration also their hierarchy or position in the community, especially the European and the Chinese who possessed economic importance in this region. Although the Europeans only had a small share in total population, they possessed the most economic and political advantage in the colonial period. This advantage was maintained to a certain extent in the post-war period.

Regarding ethnic relationships, the relationships between different ethnic groups can be characterized as rivalry, competitive, or cooperative. It has been widely accepted that a harmonious ethnic relationship has a positive impact on the accumulation of regional competitive advantage, whereas a hostile relationship

brings negative impact. During the colonial era, a relatively stable and plural social order was meant by colonial 'good government', in which Europeans controlled the economy and Malays occupied the land in the context of growing communities of migrant Chinese and Indian labour. After independence, an increasing number of ethnic riots and social inequalities led to a more questionable social order.¹⁰⁶

Table 2. 6. Standardized assignments of social structure in Singapore, Johor and Riau Islands by period, 1870-1970.

	1870-1910 Early imperialism			1910-1940 High colonialism			1942-1945 The Pacific War			1945-1970 Decolonization, independence		
	S	J	R	S	J	R	S	J	R	S	J	R
<i>Demo-compo. – E</i>	1.6	0.8	0.4	3.2	2	0.8	0.4	0.4	0.4	4	2.4	0.8
<i>Demo-compo. – C</i>	2.4	1.6	1.6	2.8	4	2.4	1.2	1.2	1.2	3.6	3.2	2.4
<i>Ethnic relationships</i>	4	4	3.2	2.8	3.2	2.4	0.4	0.4	0.4	4	3.2	1.6
Mean value	2.7	2.1	1.7	2.9	3.1	1.9	0.7	0.7	0.7	3.9	2.9	1.6

The factor of government considers three variables: political stability, policies and effectiveness. Political stability and harmony generally guaranteed rapid growth of the economy despite the change of political regime, whereas political chaos left opportunities for the growth of illegal smuggling trade with political rivalry disturbing mutual connections between Singapore, Johor and the Riau Islands. Regarding policies, regional measures are recognized as a policy contributing to competitiveness. Regions are recognized as actors which make political and economic decisions, and whose local knowledge can be harnessed to improve the performance of the world economy.¹⁰⁷ Generally, liberal economic policies have a more positive effect on the economic environment, whereas interventionist and protectionist are relatively negative, if we adopt the doctrine of economic liberalism which supports and promotes laissez-faire economics, private property, free competition, limited government regulation, but opposes government intervention in the free market that inhibits free trade and competition. Thus a positive evaluation is assigned to laissez-faire policies with limited government intervention, while a negative assignment is given to strong interventionism. During the colonial period, a relatively liberal economic environment prevailed, except in the 1930s when there was a

¹⁰⁶ Gomez, 'The Rise and Fall of Capital: Corporate Malaysia in Historical Perspective'.

¹⁰⁷ Stejskal and Hajek, 'Competitive Advantage Analysis: A Novel Method for Industrial Clusters Identification'.

growing tendency towards protectionism. State intervention was at its strongest point in Indonesia in the 1950s and early 1960s.

Assignments after standardization are shown by Table 2.7. In general, an effective administrative system facilitates the influx of foreign capital, helps implement government policies, improves the investment climate, etc. The effectiveness of government administration varies according to the political and geographical hierarchy of the region in a nation. In Singapore, as the political gravity of the Straits Settlements and later the independent government, there was a high level of effectiveness of administration. By contrast, in the Riau Islands, located on the periphery of Indonesia, there is a tendency away from the central government, resulting in low effectiveness. This was lowered by indirect rule in the second half of the nineteenth century. Therefore, a more effective administrative system was established, allowing the influx of foreign capital.

Table 2. 7. Standardized assignments of government in Singapore, Johor and Riau Islands by period, 1870-1970.

	1870-1910 Early imperialism			1910-1940 High colonialism			1942-1945 The Pacific War			1945-1970 Decolonization, independence		
	S	J	R	S	J	R	S	J	R	S	J	R
<i>Political stability</i>	2	1	½	2	2	1	½	½	½	2	2	1
<i>Policies</i>	1	1	1	2	2	2	¼	¼	¼	2	1	½
<i>Effectiveness</i>	2	1	¼	2	2	½	½	-	-	2	1	½
Mean value	1.7	1.0	0.6	2.0	2.0	1.2	0.4	0.3	0.3	2.0	1.7	0.7