

## ■ Overview of Regional Development in Malaysia

Ibrahim Ngah

Department, Urban and Regional Planning

Universiti Teknologi Malaysia

[email: b-ibrhim@utm.my](mailto:b-ibrhim@utm.my)

### **Abstract**

*This paper provides a critical review of regional development in Malaysia since 1970s, including two major strategies of new land and in-situ rural development at regional scale and the more recent initiative to develop economic corridors in several states to curb the rapid growth of the central region of Kuala Lumpur Conurbation. The review provide some insights into how government addresses the issues of continuing uneven development in a multi racial capitalist society, its success, challenges and the future prospects. The development of frontier regions in 1970s was successful in opening-up land for agriculture activities and few agro-based industries lead by government corporations, but the strategy to disperse industrial development through rural urbanization program fail to attract private investments and to foster the development of entrepreneurs among Bumiputera. A few large enterprises suppose to provide catalyst for new townships development in rural region only maintain few functional relations with local petty producers since the inputs or raw material used were not procured from local producers. The benefits from the operation of large capitalist enterprises tended to 'trickle-up' to larger towns and the national metropolitan centers. The only benefit to the new towns economy is their stimulation of local commodity sale by virtue of the wages paid to workers. In-situ rural development tended to benefit the existing land owners, while limited success in addressing those of the landless. It also could not provide employment opportunities to the younger generation and thus out-migration was inevitable. The recent effort of economic corridor development which suppose to covers both major cities and rural regions, lead by large government corporations and foreign capital appear to benefit major secondary cities such as Johor Bahru, Penang and Kuantan. With increase role of foreign and private local capital in the economy and stronger globalization drive, regional development faces major challenge to achieve a more balance development and equity. The development trend appears to converge to a few major centers strengthening existing core region in Kuala Lumpur as well as adjacent global centre of Singapore. The appropriate strategy for the future regional development is to focus on capacity building, improve productivity and quality of life of the rural regions, improve linkages between core and periphery regions, and maintaining environmental conservation of natural resources in the rural areas.*

**Key word: Regional development, economic corridor, global challenges**

## **Introduction**

This paper examines how the government addresses the issue of uneven development in Malaysia through strategies of regional development since 1970s and why the outcome of the intervention have limited impact on reducing disparity. The discussion will focus on the success and failure of two main strategies of frontier area development and *in-situ* development that were implemented since 1970s and the prospect of recent development strategy based on the idea of economic corridors. This paper argues that uneven development is the necessary process and outcome of capitalist system. The limitation of economic development in rural region not only due to structural constraints developed from historical process but also the structure of the capitalist system itself which limits the growth of economic activities in rural region. Given the rapid pace of globalization and increase competition between regions across nations regional development should focus on inclusiveness rather than spatial balance. The strategy has to take advantage of potentials in core regions and to ensure wider inclusion of the locals by enhancing local capacity and improve linkages to the periphery.

## **Uneven Development**

Uneven development is now a widely-used term to describe the process and the outcome of economic progress in developing countries. Morgan and Sayer (1988) for example, used the term not only to describe uneven spatial development, but also the uneven process of development in economic power and capital accumulation. Uneven development is expressed in social inequality, highly visible in the landscapes of capitalism. It is a systematic product of previous capitalist development and the fundamental premise of future capitalism (Smith, 1984).

When Malaysia gained independence from the British in 1957 there was a distinct disparity in development between the different regions of Peninsular Malaysia. The regions along the west coast from Penang to Johor Bahru were exploited first for economic activities and later developed into trading centres. Physical constraints of the Main Range that cut across the middle of the Peninsular Malaysia and distance to the port facilities prevent the exploitation of resources in the east coast region. The gross domestic product (GDP) figures for 1985 show that Selangor, Penang and the Federal Territory of Kuala Lumpur were the most developed states with per capita GDP higher than average of Peninsular Malaysia. On the other hand, the three poorest states of Kelantan, Kedah and Perlis had GDP per capita each of less than national average and with 19 percent of the total population but only 10 percent of GDP. These poorest state have a mainly Malay population.

The existence of regional disparities can be illustrated by economic structure of the states (Table 1). the richer states of Selangor, Penang and the Federal Territory of Kuala Lumpur tended to have a higher percentage of GDP in the secondary sector (I) and a lower percentage in the primary sector (A). The less-developed states have a greater share in primary activities, except Terengganu because of discovery of off-shore oil. Services form the highest component of GDP for all states which reflects the state of the economy as a whole. The share of urban population in the richer states was also higher than the poorer states.

Table 1: GDP per capita, sectoral shares of GDP and income distribution by states of Peninsular Malaysia, 1985

State	Sectoral Shares of GDP (%)*			Ratio of mean household income to national average	Incidence of Poverty (%)**	Share of urban population (%)
	A	I	S			
Johor	28	32	40	0.97	12.2	39.4
Kedah	48	14	38	0.63	36.6	15.2
Kelantan	39	16	45	0.57	39.2	29.8
Melaka	19	32	49	0.95	15.8	23.2
Negeri Sembilan	28	37	35	0.95	13	37.2
Pahang	45	20	35	0.87	15.7	25.4
Perak	22	39	39	0.8	20.3	32.9
Perlis	42	19	39	0.63	33.7	9.9
Pulau Pinang	5	46	49	1.08	13.4	54
Selangor	11	53	36	1.45	8.6	45.7
Terengganu	19	58	25	0.69	28.9	47
W.P Kuala Lumpur	0	23	77	1.75	4.9	100
Peninsular Malaysia	19	43	38	1	18.4	41.1

\*A: Agriculture, forestry, mining

B: Mining, manufacturing, construction, utilities

C: Transport, commerce, government, other services

\*\* 1984

\*\*\* Urban is defined as gazette settlements with population of more than 10,000.

Source: Adapted from Ngah (1993:107)

The disparities among various states of Peninsular Malaysia are also reflected in the level of services and other social indicators, such as infant mortality rate, proportion of the population supplied with electricity and piped water as well as the distribution of health facilities (see Government of Malaysia, 1986:170-171). The acuteness of disparities exists not only in term of income but also as regard social welfare. Another important point to be highlighted is that the level of poverty in those poorer states such as Kelantan, Terengganu, Kedah and Perlis was higher than in the richer states (eg. Selangor, Penang and the Federal Territory of Kuala Lumpur). In 1984, Kelantan recorded the highest percentage of households in poverty (39.2 per cent) while the Federal Territory of Kuala Lumpur had the lowest (4.9 per cent).

There is also a marked association of race with economic indicators such as income, employment, economic sector and corporate ownership (Mat, 1983). The Malays are predominantly involved in the primary sectors (agriculture, forestry and fishing), while the Chinese dominate the manufacturing, commercial, mining and construction sectors, The Indian population is distributed throughout all sectors (Mohamad, 1987).

This problem of inequalities is indeed not uncommon in other developing countries. The existence of regional disparities and income inequalities in Thailand, the Philippines and Indonesia had been well documented by Salih (1978). For example, there is a comparable concentration of economic activities in Java in Indonesia; the Central Region, in particular the Greater Bangkok, in Thailand and Southern

Tagalog (including Metropolitan Manila) in Philippines. Golbert and Gugler (1981) also mention the occurrence of regional and rural-urban disparities in Latin America and other less developed nations. However, in Peninsular Malaysia the many dimensions of disparity have been claim to be the root of political instability which led to racial riots in May 1969. The tragedy alerted the leaders of the alliance parties and a long term solution, known as the New Economic Policy (NEP), was formulated to overcome the problem of inequalities.

## **Regional Development**

Under the NEP (1970-1990), regional development planning had been seen as one of the ways to achieve the goals of eradication of poverty and the restructuring of society in term of social, economic and spatial components. Among the strategies adopted by the Malaysian government to correct uneven regional development were the development of new land in the frontier regions, the development of existing rural settlements or “in-situ” rural development, the dispersal of industrial activities to the less developed regions and the creation of new growth centres or new townships in the rural areas (see Alden and Awang, 1985; Mat 1983).

The development of new growth centre in the resource frontier regions of Peninsular Malaysia was based on John Friedmann’s resource frontier strategy, which has been applied to South America in the 1960s (Friedmann, 1966). According to Wong (1989) the adoption of the growth centre concept in Malaysia, as means to disperse development from metropolitan centres to less developed regions, was due to the fact that that concept, promoted by several prominent western scholars such as John Friedmann, Nile Hansen and Lloyd Rodwin received the most attention during the 1960s. More important, the concept was introduced in Malaysia by western consultants who were involved in formulating national policies and preparing regional development plans. However, some adaptation has been made to mould the concept to the New Economic Policy, particularly to facilitate Malay urbanization.

Several statutory regional development authorities were established to implement the development strategy in the resource frontier areas, mainly virgin forest situated in the less-developed parts of Peninsular Malaysia, such as in the Southeast of Pahang, Southeast of Johor, the South of Kelantan and the middle parts of Terengganu (Figure 1). A brief profile of the Regional Development Authorities (RDAs) is given in Table 2. Most RDAs, particularly those related to the development of new towns, were established in the 1970s not long after the NEP was launched.

Apart from the main goals of poverty eradication and restructuring of society, the RDAs were given the following mandates: to redress economic and structural imbalances between regions; to utilize resource strengths/endowments of less-developed states towards national economic development; to strengthen agricultural and industrial development in lagging regions; to redirect new development and growth to less developed regions and finally, to urbanize rural agricultural regions by development of towns in the rural areas (Quazi, 1987:4).

Figure 1: The Distribution of Regional Development Authorities in Malaysia

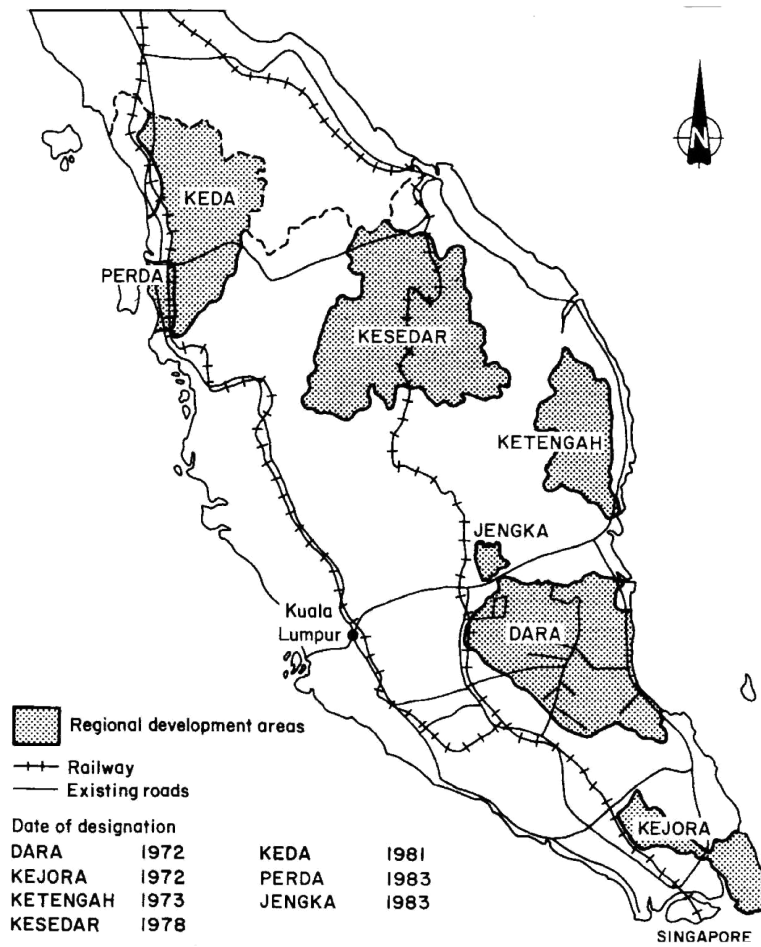


Table 2: The Regional Development Authorities (RDAs) in Malaysia

Project (State)	Year Taken Up	Area in million hectares	Population in 1984	Financial Allocation 1981-1985 (RM)
JENGKA (Pahang)	1971	0.197	180,000	n.a
DARA (Pahang)	1972	1.012	126,800	290 M
KEJORA (Johor)	1972	0.3	110,000	194 M
KETENGAH (Terengganu)	1973	0.444	55,400	240 M
KESEDAR (Kelantan)	1978	1.233	171,300	230 M
KEDA (Kedah)	1981	0.834	n.a	21 M
PERDA (Pulau Pinang)	1983	0.073	n.a	n.a

Source: Ngah (1993:112).

The last objective of urbanization of the rural areas is conceptually intertwined with the industrialization and commercialization of rural areas. This involves the creation of new townships in rural areas with the following underlying purposes;

- a. To introduce an urban type of environment, facilities and services into agricultural and rural areas;
- b. To foster the development of commercial and industrial activities in rural areas particularly in designated 'new growth centres';
- c. To induce active participation of Malays in commercial and industrial activities (Quazi, 1987:5).

Two decades after RDAs were established, more than 40 new towns have been developed. Twenty-three new towns are in the Pahang Tenggara Development Authority (DARA) region, twelve in the Johor Tenggara Development Authority (KETENGAH) region and one each in Jengka Regional Development Authority (JENGKA) and the South Kelantan Development Authority (KESEDAR) region. These towns were mainly developed by RDAs and FELDA. Two RDAs, the Penang Regional development Authority (PERDA) and the Kedah Regional Development Authority (KEDA) do not involve new township development and their main programmes are in-situ rural development projects such as improvement of the physical conditions of existing settlements and rural industrialization.

*In-situ* regional development covers several large-scale agriculture development projects under the Ministry of Agriculture such as the MADA, Kemubu and the Besut Irrigation Schemes and the West Johor Scheme. These package projects were started to be implemented largely in 1970s, to improve productivity and the living conditions of the rural population. Among the components of the projects included capital intensive measures such as providing irrigation, farm machinery and high yielding crop varieties and the provision of infrastructure and services.

### **Evaluation of the Achievement of the Regional Development Strategy of the NEP Period (1970-1990)**

Several studies which evaluated the implementation of the resource frontier strategy in Malaysia have revealed that the objective of Malay urbanization was not attained. However, the living conditions of those settlers who migrated to the new towns or FELDA settlements in frontier regions, have improved (Wong, 1989; Muda, 1989; Salleh, 1991; Nor 1992). For example, in DARA the Master Plan Studies proposed 36 new townships nine of which were abolished later by DARA due to lack of finance, delay in construction and other social and political factors (Mohd Rusli, 1982). However by 1987 only 23 towns were developed with a total population of 112,713. One town, Bandar Tun Razak, had a population of 22,000 but most others had less than 5,000 each. The lack of population was one of the major problems faced by DARA in developing the new towns. Because of the rapid expansion of industrial activities in the existing larger towns, migration into new towns had been less satisfactory. Most new towns in DARA are caught up in the vicious circle—fewer settlers, no justification for facilities—no facilities and services—no prospective settlers willing to move in.

Generally business activities in the new towns in DARA are not thriving, although businesses in some towns tend to be more successful than others. A study done by Muda (1989) has shown that the development of business activities in the new towns in DARA was related to the size of the town and also the stability of income sources of its inhabitants. Among the new towns dominated by agriculture, those of the FELDA schemes performed better than those surrounded by private plantation estates. The latter due to low income and the presence of non-permanent foreign labour force did not encourage business development.

Wong (1989), who evaluated the resource frontiers strategy of DARA and KESEDAR, revealed that the economy of the frontier regions, which depends on rubber and palm oil production, created relatively little value added within the regions. These commodities are strongly tied to the world market and served the interest of national metropolitan centres. The development of DARA and KESEDAR has not boosted Malay urbanization nor reduce regional inequality. He also observed that most FELDA settlers have improved their standard of living since moving. However, the benefit has been restricted to first generation settlers since a few non-agricultural jobs have been created in the region.

In KETENGAH, by 1989, six towns have been developed with a total population of 30,789. All townships in KETENGAH but one, had a population of less than 10,000 people in 1989, compared with the projected population of between 10,000-30,000 by 1990. Choguill (1985) has pointed out five factors for slow population build up in the KETENGAH townships:

- a. The effect of petroleum-based development in Paka and Cukai, the coastal settlements which offers alternative employment for potential workers on agricultural estates in KETENGAH region;
- b. The spin-off growth from petroleum-based investment in the coastal region;
- c. The shortages of labour in plantations which relates to a and b above;
- d. The failure of the towns to attract secondary employment due to infrastructural deficiencies;
- e. The agricultural land tenure situation of estate plantation which was less attractive compared to the FELDA schemes.

In addition, a few of the industries established in new towns generated limited linkages with other sectors of the region since they did not purchase material inputs and services from businesses in the new towns. The impact of these industries has been 'trickle-up' to bigger towns outside the region (Salleh, 1991). Also, the workers in plantation estates who were supposed to be residents of the new towns had been settled in the plantation. This is due to the fact that many plantations employed foreign workers who were not allowed to own houses in new towns because of their non-local status.

In 1990s the government has decided dissolve RDAs by stages due to changes of development paradigm at that time which emphasis on private led growth. DARA was privatized to Teras DARA Konsortium and JENGKA to Warisan Jengka Holdings Sdn Berhad. The other RDAs still continue their operation, having less scope for new land development than the development of existing settlements and community.

As for the *in-situ* rural development program, there were some positive outcomes such as an increase in padi production and farmers' income, employment opportunities both on and off-farm and the

reduction of poverty levels in IADP areas. Although the projects were successful to some extent in improving rural productivity, they tended to favour big land-owner or rich farmers Mohd Shukri (1992). A large number of peasants who had no land or owned small plots benefited little from the schemes and still remained in poverty. Chamhuri and Nik Hashim (1988) and Mohd Shukri (1992) also noted that farmer participation also tended to be passive, confined to acceptance of new technology and receipt of government subsidies. Courtenay (1988) observed the reduction of padi cultivated area due to farmer withdrawal from padi growing and a phenomenon of massive migration away from the padi growing districts, reflecting the shortfall of IADP.

### **The Development of Mega Projects in the Central Region**

When the NEP ended in 1990, the government launched the Second Outline Perspective Plan called the New Development Policy (NDP). The NDP (1991-2000) strategies focus on four dimensions:

- a. Shift of focus of the anti-poverty strategy towards eradication of hardcore poverty;
- b. Focus on employment and the rapid development of an active an active *Bumiputera* Commercial and Industrial community;
- c. Rely more on the private sector to be involved in the restructuring objective by creating greater opportunities for its growth
- d. Focus on human resource development as a fundamental requirement for achieving the objective of growth and distribution.

The basic programs for the regional development under NEP were continued but reduced in scale and as mentioned earlier two of the RDAs have been dissolved. To reduce the burden of government, many states agencies which provide public services were privatized including post service, electricity, water supply, telecommunication, ports and airports. The period also saw new initiatives by government to developed mega projects in core region of Kuala Lumpur Conurbation to boost the growth of high tech industries and to attract global investors in services sector. Among the projects were Kuala Lumpur International Airport (KLIA), Kuala Lumpur Commercial Centre (KLCC) with the high rise twin tower and other commercial buildings, the establishment of 50 square kilometer of Multi-Media Super Corridors with state of art cyber optic and other infrastructures to attract ICT companies, the development of Cyberjaya and a new federal administrative centre of Putrajaya. This strategy was in line with the needs to improve the competitiveness of the nation by the concentration of economic and modern infrastructure development at selected areas which have location and agglomeration advantages.

Unlike the NEP period which saw large scale development in less developed regions, the period of NDP witnessed a contrast of emphasis of government which focuses on the development of core region of Kuala Lumpur Conurbation, covering most part of Selangor and Federal Territory of Kuala Lumpur. The development also tended to spill over to the adjacent states such as Negeri Sembilan, Melaka and the southern part of Perak at the border of Selangor State. The impacts were very obvious, where within a decade the concentration of the key infrastructures and economic activities in Kuala Lumpur Conurbations has strengthened the already congested area. The period from 1990 to 2000 saw high population growth of a few core areas with major migration flows to Kuala Lumpur Conurbation, Johor Bahru and Penang. The outcome was increase concentration, resulted in more traffic congestion,



the occurrence of flash flood due to development in the upland area, pollution and pressure on infrastructure including water supply and sewage disposal.

Table 3: Population distribution, growth, and level of urbanization by states in Malaysia 1980-2000

State	Population (Thousands)			Growth Rate (%)		Urbanisation (% urban)		
	1980	1991	2000	1980-1991	1991-2000	1980	1991	2000
Johor	1,638.2	2,162.4	2,740.6	2.5	2.6	35.2	47.8	65.2
Kedah	1,116.1	1,364.5	1,649.8	1.8	2.1	14.4	32.5	39.3
Kelantan	893.8	1,207.7	1,313.0	2.7	0.9	28.1	33.5	34.2
Melaka	464.8	529.2	635.7	1.2	2	23.4	38.7	67.2
Negeri Sembilan	573.6	722.0	859.9	2.1	1.9	32.6	42	53.4
Pahang	798.8	1,081.1	1,288.3	2.8	1.9	26.1	30.4	42.0
Perak	1,805.2	1974	2,051.2	0.8	0.4	32.2	53.6	58.7
Perlis	148.3	190.2	204.4	2.3	0.8	8.9	26.6	34.3
Pulau Pinang	954.6	1,116.8	1,313.4	1.4	1.8	47.5	75	80.1
Sabah	983.1	1,800.8	2,603.4	5.5	4	19.9	33.2	48.0
Sarawak	1,307.6	1,718.4	2,071.5	2.5	2.1	18	37.6	48.1
Selangor	1,515.5	2,413.6	4,188.8	4.2	6.1	34.2	75.2	87.6
Terengganu	540.6	808.6	898.8	3.7	1.2	42.9	44.5	48.7
W.P Kuala Lumpur	977.1	1,226.7	1,379.3	2.1	1.3	100.0	100.0	100.0
W.P Labuan	27.9	54.8	76.0	6.1	3.6	36.3	48.4	77.7
Malaysia	13,745.2	18,370.8	23,274.7	2.6	2.6	34.2	50.7	62

Source: Department of Statistics, Malaysia (2005).

### The Establishment of Regional Economic Growth Corridors

The regional economic growth corridors were established during the Ninth Malaysia Plan, and were incorporated in the Mid-Term Review of the Ninth Malaysia Plan. The focus of regional development was on raising the standard of living and attaining balanced socio-economic development across regions and states. It involves development of growth centers and growth corridors that transcend state boundaries, modernization and diversification of the economic based on less developed states and reducing urban-rural digital divide (Government of Malaysia, 2008: 65).

According to the Mid-term Review of the Ninth Malaysia Plan (2008), corridor development will reduce regional imbalance and bring about equitable growth, investment and employment opportunities to all regions of Malaysia. The aims were at creating a comprehensive and widespread economic development in a more coordinated and integrated manner. It was assumed that the income generation will be accompanied by accelerated eradication of poverty, restructuring of society and overall wealth creation. To facilitate and expedite the implementation of programs the regional corridors authorities were established. Corridors development will be the private sector driven and the government roles was to provide conducive environment to attract private sector's participation such as competitive package of incentives as well as the establishment of one stop centers to enhance

delivery of services and promote investment. The brief profiles of the regional corridors are shown in Table 4 and Figure 2.

	Iskandar Malaysia (IM)	Northern Corridor Economic Region (NCER)	East Coast Economic Region (ECER)	Sabah Development Corridor (SDC)	Sarawak Corridor of Renewable Energy (SCORE)
Development Period	2006-2025	2007-2025	2007-2020	2008-2025	2008-2030
Vision	A strong and sustainable metropolis of international standing	World-class economic region by 2025	A developed region-distinctive dynamic and competitive	Harnessing unity in diversity of wealth creation and social well being	Developed and industrialised state
Area of Coverage	2,216 square kilometres (District of Johor Bahru and partial district of Pontian-Mukim Jeram Batu, Mukim Sungai Karang, Mukim Serkat and Pulau Kukup)	17,816 square kilometres (Penang, Kedah, Perlis and Northern Perak-districts of Hulu Perak, Kerian, Kuala Kangsar and Larut Matang-Selama)	66,736 square kilometres (Pahang, Kelantan, Terengganu and district of Mersing, Johor)	73,997 square kilometres (whole of Sabah)	70,708 square kilometres (Tanjung Manis-Similajau and hinterland)
Focus Sector/Industry	Education, Financial, Health care, ICT and creative industries, Logistics, and Tourism	Agriculture, Human capital, Infrastructure, manufacturing, and Tourism	Agriculture, Education, Manufacturing, Oil, gas & petrochemical, and Tourism	Agriculture, Environment, Human Capital, Infrastructure, manufacturing and Tourism	Aluminium, Glass, Marine engineering, Metal-based, Petroleum-based, Timber-based, Aquaculture, Livestock, Palm oil, and Tourism
Corridor Authority	Iskandar Region Development Authority (IRDA)	Northern Corridor Implementation Authority (NCIA)	East Coast Economic Region Development Council (ECERDC)	Sabah Economic Development and Investment Authority (SEDIA)	Regional Corridor Development Authority (RECODA)
Expected Employment ( million)	1.4	3.1	1.9	2.1	3.0
Expected Investment (RM billion)	382	178	112	113	334

Table 4 : Regional Growth Corridors

Source: Government of Malaysia (2008:64)

Figure 2: Distribution of Regional Growth Corridors

**Achievement of the Corridors Development**

Some of the achievement in term of investments in the growth corridor is shown in Table 5. Committed investment has been very encouraging, but as can be seen in the Table the actual investment has been much lower and many are still in progress. Comparing among the five corridors the actual investment in Iskandar Malaysia is far ahead than others. This could be expected since Iskandar Malaysia has advantages for being close to Singapore and development has been concentrated in a few areas in Nusajaya and near the existing urban centers. The other corridors which are considered less developed areas still remain far behind. Sabah development corridor managed to achieve RM 11 billion but it covers the whole of Sabah.

Table 5: Value of Investment in the Growth Corridor, 31 December 2009.

	Target investment (billion)	Committed (billion)	Actual (billion)
Economic Development Corridor			
Iskandar Malaysia	47	59.58	22.64
Northern Corridor Economic Region	28	39.94	1.4
East Coast Economic Region	20	28.3	2.06
Sabah Development Corridor	16	30.06	11.95
Sarawak Corridor of Renewable Energy	34	87.61	2.69
Total	145	245.49	40.7

Source: Government of Malaysia, (2010: 420)

**Views on Regional Corridor**

- The areas cover by the regional corridors is too big and the focus sectors are broad. Some of the sectors are common to all regions. Given limited resources available it will be impossible to implement the development to cover the area.
- Lack of spatial focus because too broad the area cover by the regional corridor.

- Within the corridors the development will be concentrated at the existing large urban centers such as Johor Bahru, Kuantan, Penang. The rural areas within the region will not benefit from the development.
- Private driven development limits the scope for government to intervene to ensure equitable distribution of benefit.
- Political differences between state and federal government and between states of the regional corridor make coordination difficult, in particular the states of Penang, Kedah and Kelantan which were ruled by different party from the federal government.
- Resources constraint for the government to invest in all the five corridors concurrently.
- Readiness of human resource to support the economic development in the corridors. This includes skills, professionals and unskilled workers. In Iskandar Malaysia many foreign laborers were employed not in almost all sectors of the economy including plantation, services and manufacturing.
- The existing region in the corridor still has lack basic facilities to support the growth. Existing infrastructure and facilities are already strain and unable to cater for the increase in demand.
- There is tendency that investment will concentrated in a few potential areas within the corridor such as existing major centers. Regional disparity will widen absorbing resources from the periphery/rural areas.
- At global level growth corridors will face competition from the regional levels. Competition to attract investors with other countries in Asia such as China, Vietnam, Cambodia, Singapore, Thailand and Indonesia.
- Too much dependent on big capital including foreign investors to generate growth. Lack of emphasis on the development of local resources including small businesses development and enhancing community empowerment.

## **Conclusion**

The economic development of Malaysia is not evenly distributed. Industrial and commercial activities tend to concentrate in certain regions, where a foundation has been laid during the colonial period, such as Selangor, the Federal territory of Kuala Lumpur and Penang. Regional development during NEP period has been used as a means to encourage some commercial and industrial growth in the less-developed region and to facilitate the participation of Bumiputera in such activities.

An overview of the performance of regional development in several frontier regions generally indicates the failure of the new towns to generate economic growth. The development of new towns has not boosted Malay urbanization nor reduces regional disparity to any significant extent. The development of agriculture and resource-base activities in the new towns has not created the 'propulsive force' to boost the economic base of the towns. These activities have not generated a "trickle-down" effect because they did not purchase inputs from local small businesses and their products are not for domestic use but primarily for export. The new towns are also locationally disadvantageous and lack the necessary infrastructure to attract industrial activities. Policies for

industrial development, such as tax incentives and the development of infrastructure have tended to be biased in favor of already existing large urban centers.

Although it might be too early to assess the impact of the new regional development initiative (regional growth corridors), but early indicators from actual investment received by the growth corridors shows that the development tended to concentrate in major cities, particularly the Iskandar Malaysia region. Iskandar Malaysia being the smallest, covering the core region of Johor Bahru which already has the necessary infrastructure such as ports facilities and international airport. It also has all the advantages for being close to Singapore. In the Northern Corridor, areas around Penang might have good potential, but political factor might pose some constraints. The other corridors will not likely to attract huge investments as they were locationally disadvantaged.

Another shortfall of the growth corridors concept is that the area of coverage of each corridor (except Iskandar Malaysia) is too big and thus lack of focus. Since the main driving force for the development is the private sector, distribution of investment to area far away from the existing centers will be difficult as investors will normally choose the place which already have good infrastructure and facilities, access to port and airport, as well as large pools of labor forces and market. If development is to spread away from core areas it has to be along transportation axis because of easy access and easy/cheaper to provide infrastructure.

The concept of corridor development basically is a linear kind of development, confines to a narrow stretch of transportation networks, particularly major roads linking major cities. Linear kind of development is basically following the natural way of urban expansion according to market processes. This kind of development has the following advantages:

- It creates a compact and continuous development on a linear pattern not far from the main transportation route and minimizes the cost of infrastructure provision.
- The linear form of spatial development will make the service of public transport more efficient.

However, the growth corridor strategy implemented in Malaysia almost covers the whole regions including those in remote rural areas without access and other basic infrastructure. The plans were too ambitious and the scale of development and investments proposed were too large for any government or private sector to bear. The proposed development not only unrealistic in term of the investments that has to provide for infrastructure, but also devastating to the natural environment. For example SCORE proposed another 10 major hydroelectricity dams to be developed in addition to the existing Bakun Dam. The existing clearance of land in central areas of Sarawak has already cause a lot of damage to the natural environment and polluting rivers. The impacts of the additional ten dams would be beyond imagination!

Thus, it is obvious that there is a need to review the regional development corridors. Its scale has to be reduced and its spatial focus of development has to be narrowed down. Each regional corridor has to look into development axis that have most potential for development, particularly those that already have the basic infrastructure that can be utilized.

It is suggested that future direction of regional development which aims at private sector driven growth, should focus development on the existing areas along major transportation routes and nodes that have potential to attract private investments. The development of the periphery regions should

concentrate on human resource and capacity buildings that will cater the need of the manpower of the growth areas. To expedite the process of inclusion transportation linkages and ICT networks need to be strengthened between the growth areas and less developed areas. Measures need to be taken to increase productivity of existing rural areas, emphasizing community initiatives, improve quality of life, better management and protection of natural environment. The new drive of regional development should focus on mobilization of local resources and promoting community oriented economy as can be learned from success story of One Village One Product movement in Japan and other countries in Asia and Africa (Igusa, 2006). Yoshimura, and Hayashi (cited in Kurokawa et al., 2010) also emphasizes the importance of community-oriented nature of any regional development policy and as well as agglomeration, cluster and innovative environment to ensure success.

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