PRIME MINISTER'S SPEECH AT THE DELEGATES'

CONFERENCE OF THE N.T.U.C. ON 14TH DECEMBER, 1964.

Friends,

I don't want to re-cover the Budget issues because you have had your fill of it this evening. But I want to tackle something more basic, more fundamental.

Is this going to lead ultimately to the collapse, to the disintegration of Malaysia? You know, by the time you can't hold a meeting to protest against the Budget, to protest against Government revenue proposals which will hurt or injure your interests, then there's something gone wrong with the country.

This is the problem we have to face. I do not believe that sane, rational leaders want to stifle criticism; but we must prepare for the possibility that not rational and not very sane leaders may ultimately come into power. Then, there will be a lot of trouble. Then the situation will get very serious and there will be real disintegration in the Malaysia, and all the Police and troops can't keep Malaysia together. It is a very big place, you know. Sabah, Sarawak you've read in the papers -- it's 80,000 square miles there; another 50,000 square miles in Malaya and Singapore. Our job is patiently and persistently to put across the

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sane, rational solution for the country, and give encouragement and help to moderate, rational leadership so that they will triumph.

It could go one of two ways. You get the immoderate, the extreme leadership, communalists, near fascists in their thinking ... people who think well, Taiwan is a good example of how to control, keep the Chinese down, you know. So, learn from them. If that kind of leaders get on top, then it is no use to argue and to reason and to persuade, because they believe force can settle everything; that the powers of the Police and the Army and the Administration can settle every possible problem. Then they have got to learn the hard way: that they cannot. You know the British with all the powers at their resources decided they cannot hold this place.

If any one of the three new territories -- Sabah, Sarawak, or Singapore -- says, "Out with Malaysia", from that day on, the Indonesians become freedom fighters for national independence movements in Malaysia. That means it is "gone" for Malaysia. We do not want that. We went into Malaysia for solid, important reasons, because we knew that was the way for 10-million people, ... a stable basis, factories can expand, everybody has a good life. To go on by ourselves would mean an uncertain future. But, if the situation gets really sour, really bad, people get so fed-up, they don't care about 10 years. They'll say,

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"Why worry what happens in 10 years? Just get out of it, and live day by day. One year, two years does not matter. We will see what happens. Maybe we will be like Hong Kong. Who knows? That is disaster. I am not suggesting that we want to do that, but a situation can arise in which Barisan can persuade the people to do that. And if the leaders of Malaysia are stupid enough to allow that situation to happen, then it deserves to perish, and all will perish.

But it can succeed. There is some hope. If you read some of the speeches that have been made, you see that there is some hope, that there are rational, reasonable men. And we have got to strengthen them, make sure that they come up on top, and not the lunatics come up. There is some hope, that in the end, the majority of the people understand that these economic problems of poverty, under-development in the rural areas, Malay low standards of living, can only be solved by intelligent planning and effective policies; not by a multi-millionaire Finance Minister taking five cents for every bottle that they open. That is not the basis on which you can boost your economy.

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And this is our problem: which side, which kind of leadership comes up to the top? For the time being, I suggest we be patient. There is a long way to go. I still believe that in the end the people are not that stupid; that the last Election

results in April are not a real indication of feeling in the country now, today; nor is it going to be the same in 1969.

And our business is to educate everybody in Malaysia. What is the meaning of socialism? If socialism means we shout slogans, three times Merdeka, then, like Barisan Sosialis, we will collapse. And it is because the Socialist Front in the Federation never did their job to educate the people that today we find a great deal of difficulty.

You read the newspapers on the taxes. You know their MPs do not know that the poor are being soaked. Socialist Front MPs did not say anything; none of the other MPs said anything. The people themselves do not know how by taxation, by taking money from the people and spending money back in certain sectors, you can create a more equal development of all the various classes in your society.

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Tan Siew Sin says we should follow Germany and Japan: thrift and hard work made them prosperous. But what is the first thing he does: reverse our progressive policies. We encourage women to work in Singapore because amongst women and men there are the same amount of fools, the same amount of clever people, the same amount of lazy ones, the same kind of hard-working

ones. So you want to tax the resources of your whole population. And if you go to Japan or Germany, you will find all the women working hard -- from ordinary workers to executive managers; scientists, chemists, doctors. So, here we allow them to earn income and pay income tax on a separate assessment. In other words, the woman is judged or her own merit.

In the Federation, they add the woman's income tax on to the husband's and so increase the tax payable. They want their women to play mahjong, to be lazy. This has affected 10,000 teachers and nurses and stenographers in Singapore. There are about 20 to 30,000 teachers and nurses and stenographers in the Federation whom they can help to emerge as a budding middle-class, lower middle-class, who can buy a little house on instalment, buy a car, perhaps a refrigerator, television, and so on. But no, they smack it down. But for the wealthy, they say, "Pity, you know, they pay 55% income tax; make it 50%. Harmonisation: lower the burdens.

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I am not saying that they could have solved all this tax proposals on the basis of just taxing the rich, because there are not enough wealthy people to pay for all the taxation. But it is immoral to make the poor pay a higher sacrifice than the rich and, in the case of death duties, income tax, gift tax, they literally gave

money back to the wealthy. Can you expect your workers to sacrifice while they see you do this? Where is the moral value? Where is the sense of justice?

All this trouble about payroll and turnover tax is unnecessary, because the Finance Minister had deliberately misled the country and said that they will only get five-million dollars from tin. It is nonsense. If he carries out his tax collection properly, for next year our calculations are he will get over one-hundred-million dollars from the tin industry alone in extra company tax and profits tax. In other words, the sixty-million dollars from turnover and payroll is completely unnecessary. And they have depressed industry, depressed commerce, depressed everybody. You watch the shops. Ten days before Christmas, you found the shops full up last year, even with confrontation. This year, business don't know what is going to happen. Purchasers don't know. They have depressed your market right on the eve of an important festive season.

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They have been getting away with this for years. Tan Siew Sin thinks he puts the tax up today, 5 years' time you would all have forgotten about it. He has found that out in the Federation because the political parties there never explained to the people what is the meaning of this tax, and how it affects the poor. They collected this year over 130-million dollars from sugar, textiles, clothes, shirts, milk bottles, babies' rubber dummy teats, condensed milk -- 130-million dollars. We never collected one cent of this. And this Finance Minister

feels so much for the poor man that he has "upped" our sugar and our black oil in order that we can be in the Common Market. We agreed to that because otherwise he will block our goods from going across the Causeway. And he feels so sorry for the rich people, he has not put up any tax on whisky, brandy, liquors, petrol, tobacco.

I know the poor also smoke cigarettes; they also drink a little bit of beer. I say never mind, put that up. Get your money there is you must get an extra 20, 30, 40-million dollars. It can be got. They are non-essentials. But no; he goes for the essentials.

We must explain to the people of Malaya, and Sabah and Sarawak <u>why</u> these things are daylight robbery. They put a picture of him: he is Robin Hood. How sycophantic can a newspaper become? This man Robin Hood? This is our problem. We have got to start the process of education in dollars and cents.

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What does it mean to you? What it would have meant if <u>we</u> were in charge of the finances of Malaysia ... how we could have uplifted the rural areas, the urban areas, the poor, the slums and made industries that were making money pay for all this. This needs time and explanation.

Malaysia can go one of two ways. If it survives because there are sane, rational leaders in charge, then all will be well because within Malaysia the composition is such that no one group can dominate or oppress the other. It is too big a place: Sabah-Sarawak -- 80,000 square miles; Singapore-Malaya -- 50,000 square miles. And the composition of the population is also such that there must be fair play. No other way.

But the danger is the people who think in terms of the easy solution: Police, Army, Administrative power. You criticise them on the Budget, criticise mildly and politely; they scold you, they get their back-benchers to abuse you, threaten you. And they say, "Ah! I am going to take 60 percent". So they are not going to go according to the law, all the constitutional agreements mean nothing? Your Police, your Army and your Government can do everything, is it? The British Army, Navy and Air Force is a much more powerful one than the Malaysian one, and the British Government did some calculation and decided it is not worthwhile holding this place by force. It cannot be done.

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I tell them quite frankly, and I say this on the record and many times: do not make the mistake of believing that we can be intimidated, because we cannot; we cannot afford to be. If we are intimidated, then the Communists will not be.

I am sure of that. They they will take over the leadership, and that is the end of Malaysia.

I have a special reason why I came today to speak to you. We are going to go through a very difficult phase. But we must have confidence and solidarity. They are trying to reverse politics in Singapore: from talking in terms of socialism, dollars and cents, social and economic policies, free education, upliftment of the people, they now talk about language and religion. Bang the gong: all the Malays come together. Send the MCA, blow the flute, Chinese trumpet: all the Chinese go together. Indians: they get the MIC, get all the Indian together. That way means calamity. If they can succeed, then we deserve to be slaves. We deserve to be oppressed, we deserve to be exploited. You know, first they got the MCP Chinese; then they bring the KMT Chinese from Taiwan. So, they divide up all the Chinese. Then the Malays also they divide; and the Indians they divide. So, they are in charge forever and ever, you see? Very simple. Simple arithmetic.

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But they have not done their calculations right. The stupidities that they have committed in the last few months, leading to a crisis in Sabah now will lead to such a revulsion of feeling and opinion in the country that they are going to be in for a shock in 1969. And what we want is to be patient. Patiently help the

emergence of the intelligent, rational leaders, not the lunatics who shout slogans. They shout slogans, sure die. But we have to show them that we are not afraid of dying. Once they think you are afraid of dying, then every time you argue, you criticise them, they say, "Ah! I'm going to shout and you are going to die." That cannot be.

We do not want to be angry; we do not want to have an unnecessary scrap. What we want is peace and development in Singapore. But I say, my friends, that if we are afraid to die, then we must be prepared to live as slaves. Once they understand we are not afraid to die, then they'll say, "Well, we have got to live peacefully together".

This is basic and fundamental. This is a message which you must get across to your workers. Unionists have more in common with each other, whether they are black, yellow, green, or whatever part of the technicolor landscape they may be. But <u>they</u> want to play it a different way. You Chinese, therefore you, the bus conductor, are the same party as your owner. He is Chinese, see? You Malay, you be same party as member so and so -- UMNO party -- because why? The leader is Malay. A collapse like that; the country must collapse.

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But we have to be patient, and we have to be very firm, polite and firm. Push us: we won't push you back if you really just do no more than a gentle push. But if you really want to have a scrap, then it cannot be helped. This is the message which I hope they understand slowly, reading us in-between the lines. Their "ultras" must understand this. And you have to help us in Singapore to get the message across to close the communal barriers.

Your economic and social common interests must override your race, your language, your religion. If you are poor and you have no money, whether you are an Indian or a Malay or a Chinese, you are poor. If you get this message across to your workers, I say the future is all right. If the workers do not understand this message, in 1969 they can still play this game. Then there will be five more years of misery.

I do not think in Singapore they have a chance. It is too educated already. Everyday, the argument. In Malaya, Sabah and Sarawak we have to work very hard: slowly explain. But the day people understand in dollars and cents what socialism means, what we mean by a more just and equal society, that day we will break through to a new age.

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Thank you very much. Good Night.