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FEDERAL GOVERNMENT PRESS STATEMENT

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FEDERAL LEGISLATIVE COUNCIL

The following is the text of the speech made by the Chief Minister, Tunku Abdul Rahman, at the Federal Legislative Council meeting today (Nov. 16):-

new paragraph

In view of what appeared in the Press this morning which most of the Honourable Members must have seen, I feel it my duty to give you the correct appreciation of the true facts. The paper headlined the fact that the Tax Policy may topple the Coalition Government of the Labour Front and the Alliance in Singapore and went on to say that Mr. Lim Yew Hock makes air dash for talks with me. Hon. members will remember, as has been pointed out earlier by my colleagues, that income tax is a pan-Malayan department and therefore whatever tax is introduced on income in the Federation, this would have to be followed by our counterpart in Singapore. The purpose of Mr. Lim's visit would have appeared therefore from the statement in the Press that since we have approved the second reading of the Supply Bill 1956, Singapore would have to follow suit. In fact, Singapore introduced the first reading of the Bill earlier, but the suggestion that the Chief Minister, Singapore, has come on bended knees to find a way out of his predicament is a complete departure from the truth. Mr. Lim did not plead for help from me at all. He related to me the fact that the reduction in the personal allowance under income tax by \$500 would no doubt cause him some difficulty and would give his opponents the opening for an onslaught on his Government, but he was prepared to see it through because of the previous agreement reached with my colleague, the Minister of Finance. Mr. Lim spoke like a brave man and a gentleman that he is, but I was able to gauge the situation better than he cared to divulge to me and I knew fully well that keeping the promise with the Minister of Finance would cause him untold trouble.

I immediately got into conference with my colleague, the Minister of Finance, and then with other members of the Executive Council; they with one voice agreed to help Mr. Yew Hock out of his difficulty and are prepared to face criticism, if criticism there shall come from the honourable members of this Council. Each and everyone of my colleagues felt confident that the members of our party in particular and the others in general would readily understand and would agree with whatever action we took in the matter.

In the course of the debate on the Budget, many of you felt doubtful about the wisdom of introducing the amendment proposed in Clause 2 of the Bill which in effect reduces the personal allowance under income tax by \$500 and many of you expressed your concern in no uncertain terms. I did not for a moment think that many of you were completely convinced by the argument put forward by the Hon. Minister of Finance but because of your loyalty to the party you have agreed to accept the amendment and therefore passed the second reading of the bill unanimously.

Your loyalty to the Party is a matter of great pride to me and I have cause to bless my good luck in being called upon to lead and to serve such men as you are. I have now to stand by my good friend and counterpart, Mr. Lim Yew Hock, and back the Party which he leads, which is a coalition of our own party - the Alliance and the Labour Front in Singapore. In my opinion, the coalition Government of Singapore and Mr. Yew Hock must be saved if the people of Singapore are to be saved from disaster. Mr. Yew Hock has shown his great and admirable quality as a worthy leader of the Government. He has shown that by his courage and wisdom he could fight and keep out the evil elements from wrecking the country.

I therefore strongly support the proposal made by my colleague, the Minister of Finance, not to proceed with Clause 2 (1) (a) of the Bill.

~~SINGAPORE,~~
~~November 16, 1956.~~

~~(By T/p from K.L.)~~
~~(Issued at 2120 hrs.)~~

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