### Economic

<table>
<thead>
<tr>
<th>Issue</th>
<th>Supporting Details</th>
</tr>
</thead>
</table>
| delay in the setting up of the common market | - Malaya continued to impose tariffs on Singapore-made goods exported to Malaya. This measure was taken by the central government in Kuala Lumpur to protect their own interests in the local market.  
- Malaya treated Singapore as an economic rival even though Singapore was part of Malaysia. As a result, Malaya delayed the establishment of the common market.  
- The common market was the main reason why Singapore wanted merger with Malaysia. The failure to establish this meant that there was little, if any reason at all, for Singapore to want to remain in Malaysia. |
| Increase in taxes | - The central government wanted to introduce new taxes to increase Singapore’s contribution of its revenue from 40% to 60%.  
- The leaders in Singapore felt that it was unfair as Singapore was collecting less revenue as a result of the Indonesian trade embargo – Singapore was restricted from trading and having business with Indonesia. |
| Demand to close down the bank of China | - The central government demanded to close down the bank of China as it was believed to fund communist activities.  
- The PAP government was not willing to close down the bank as it would affect the Chinese businessmen greatly. |
| Differences in political views | - Malaya and Singapore practiced different systems of forming political parties and had very great ideological differences.  
- UMNO practiced communal politics.  
  - Politics were organized along racial lines with specific parties representing specific races:  
    1. UMNO (United Malay National Organization) – Malays  
    2. MCA (Malayan Chinese Association) – Chinese  
    3. MIC (Malayan Indian Congress) – Indians  
  - Multi-racial but one race enjoys certain rights and privileges: although the various races were represented, UMNO was still the dominant force that controlled and exercised the levers of political power, this was premised upon the recognition of the Malays as the bumiputra (sons of the soil), so the Malays enjoyed special rights to help them improve their standard of living.  
- PAP practiced non-communal politics.  
  - Politics were organized along ideological lines, with political parties proposing different visions for Singapore’s development. |