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( PRIME MINISTER )

EVENT: THE DINNER HOSTED BY THE BRITISH-MALAYSIAN SOCIETY

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TIME:

It gives me great pleasure to meet members of the British-Malaysian Society tonight. Your Society's list of membership is most impressive. A Society such as this can certainly play a key role in further enhancing bilateral relations between our two countries. I am pleased to learn of the various activities undertaken by the Society towards this direction and would like to assure you that the contribution that you have made is indeed appreciated by the Malaysian Government.

2. In developing bilateral relations the role of the government and the private sector are complementary. The quality of the relationship, its breadth and depth, would depend considerably on the private sector of both sides if it is not to become too formal. After all it is the private sector which provides the people to people contact so essential towards upgrading relations between two countries.

3. The quality of the relationship between countries cannot be taken for granted. History, that great but frequently ignored teacher, tells us that yesterday's friends can be today's foes and today's foes can be tomorrow's friends. If we value friendship then we should all work to develop and sustain it. When the private sector has a good content of personal relationship, Governments can be easily influenced by it. I remember when relationship between Malaysia and Britain was strained some years back, it is the non-Governmental people, in particular the members of your society, who paved the way towards an acceptable reconciliation.

4. It is imperative, therefore, that the British-Malaysian Society maintain its interest and love for Malaysia in order that Malaysia/Britain relationship should always be friendly. You are what the Americans call, a lobby. Happily you don't require to be paid for your services. You do it out of genuine concern and friendship. And you are, of course, the more effective because of that. Malaysia is grateful and appreciative.

Ladies and Gentlemen,

5. Let me say something about Malaysia. We are what we are partly because of the contribution by the British. I will not pretend that there was such a country as Malaysia before the British came. We were separate small Malay

Sultanates which had a tendency to break up into smaller states because the Sultans gave away chunks of land which then became Malay states. The British created Malaya and created the preconditions for Malaysia.

6. The Democratic form of Government, Constitutional Monarchy, the separation of the Legislative from the Executive and the Judicial branches was also British. The Civil Service system was pioneered by British officers. The rubber industry and the expansion of tin mining also took place during the British colonial period.

7. But the British were also responsible for the biggest headache that Malaysia faces today -- race relations. The British brought in Chinese and Indians without thinking at all about the effect on the Malays. Today we are saddled with the problem of managing three separate races with three separate incompatible cultures and religions. If today these people are not at each others throat it is certainly not due to any help from others.

8. The British left us this problem. We are independent now and we really do not expect to be helped in resolving our race problems. But it is disappointing that certain sections of the British society refuse to see how successful we have been at managing race relations in Malaysia. Instead, they have gone out of their way to undermine our efforts.

9. We wish to be friends with the British. The British Government and certainly the British-Malaysian Society are a great help. But we do get irritated by what seems to be deliberate efforts to misunderstand Malaysia. One influential opinion maker in Britain derided our production of commodities which it says nobody wants. But this same institution also condemns Malaysia's efforts to industrialise. If you don't produce commodities and you don't industrialise, then what do we do?.

10. I say the failure to understand is deliberate because even someone who is not an old Malaysia-hand would notice the progress that Malaysia has made since independence. Economic growth attained an average of 6% per annum. Clean elections, in which it is possible for opposition candidates to win, are held at regular intervals. Racial tolerance and harmony are well above average. Development is rapid and well spread out. Per capita income rose from about \$300 ringgit in the year of independence to \$4,000 ringgit now. Indeed the whole appearance of the country has changed that many find it difficult to classify Malaysia as a developing country - and consequently charge us higher interest rates.

11. But none of these positive aspects has received any attention from the British media. This is fine. But if there is but one negative aspect or happening, the world will be told about it in vistavision. We know it is not the British Government. We know it is not the majority of the British

people. But the kind of unfair treatment of Malaysia cannot but sour relationship. We cannot do anything, of course. Press freedom is the essence of democracy. We must have it even if it destroys us.

Ladies and Gentlemen,

12. Malaysia has progressed despite the myriads of problems which it has to face. And Malaysia will continue to progress. We are great believers in the market economy -- in free trade. Every country has to protect itself. We accept that too. But the rich and the powerful should not bully the poor and the weak.

13. We believe strongly in interdependence. No country can be so self-sufficient that it can isolate itself, neither the United States nor Russia. We have to trade with each other. To trade we have to have money to buy the goods we need or the luxuries. The only way we can pay for these is for us to be able to sell our produce at fair prices. Impoverishing a country does not help anyone.

14. I used to think that increasing prosperity in the developed countries cannot but enrich the poor countries -- as the commodities that poor countries produce will find better markets. But now I know better. It is possible for rich countries to get richer by forcing the prices of commodities down. That is what is happening now.

15. In addition rich countries meet and fiddle with currencies and exchange rates. The net result of commodity and currency manipulation is that some of our exports now fetch only one-fourth of their former prices. With that kind of earnings we are not likely to buy the products of the rich countries. On the other hand the forced depreciation of our currency has resulted in almost doubling the local cost of our foreign debt.

Ladies and Gentlemen,

16. As a society dedicated to the affairs of Britain and Malaysia, I am sure you would like to see the relationship between the poor countries and the rich be productive and beneficial to both sides. During the early period of Malaysia's independence, British-Malaysia relations was good. But quite early on, a policy of equidistance with all countries was adopted by Malaysia. Gradually Britain and Malaysia drifted apart.

17. The old relationship will never return. But neither should we drift further apart. There is a tremendous reservoir of goodwill in both countries. It should be an easy matter to tap this reservoir. There are bodies in Malaysia and in the United Kingdom who can do this. Certainly the British - Malaysian Society is one of them. Then there are the trade and industry organisations in both countries. Even the press can play a role, if it chooses to

do so.

18. I look forward to a future where Malaysia and Britain would be close and mutually respecting friends. God-Willing, we will both gain by it.

Ladies and Gentlemen,

19. Lastly, I would like to thank the British-Malaysian Society for kindly holding this dinner and inviting me to partake of the sumptuous meal as well as to speak on my particular perception of British-Malaysia relations. I do hope I have been able to contribute towards a better appreciation of Malaysia's views. I pray that our relations will be improved in the process.