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23-4-2015

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Citation

Pakshong, Michael Wong. Michael Wong Pakshong [Singapore, Managing Director of MAS]. (2015). 1-12.
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Interviewee: **MICHAEL WONG PAKSHONG**

Interviewer: Lim Lai Cheng

Date: 23 April 2015

Location: Singapore

0:00:21

[Lai Cheng](#)

Michael, thank you very much for being with us this morning. I just want to have a sense first of your early days. You grew up in Durban. How did your family land up there?

0:00:32

[Michael](#)

My grandfather brought my father to South Africa. He was only about... barely eleven years old. He grew up and went back to China to marry my mother. Then, they came to Durban via Mauritius. That's where they ended up, in Durban. Because, strangely enough, the Chinese in Durban were mainly Hakkas. They didn't go on to Johannesburg, where most of the Chinese went to work in the gold mines. So, that was the difference. We stayed in the port city. This was the major port of South Africa. We stayed there. That's where we grew up.

0:01:25

[Lai Cheng](#)

Were you conscious of apartheid at that time?

0:01:28

[Michael](#)

I would say, when I was young, I didn't really know anything about it. It was only when I started going to school, then one had to be careful, because there were what they called, there were buses painted green, which we called colloquially, the Green Mambas. We didn't want to be there because then we would be with the Africans.

So, in the early days, apartheid wasn't all that strict. It was only when the Nationalists came in, the Afrikaans-speaking Nationalists got the majority in parliament, that then they began to implement apartheid, that is, a separate development for the various races.

0:02:13

[Lai Cheng](#)

Were there some sort of influencers or people who influenced you in your early days even in South Africa?

0:02:23

[Michael](#)

Fortunately, I really give credit to the schooling system, university system in South Africa and in Durban. I went to school—we were taught by Caucasian teachers, mainly from Britain. They gave us a good basic education. The only disadvantage was that we didn't have Latin or Science. But apart from that, I could use the... what I call the South African matriculation to get into Bristol.

0:03:01

[Lai Cheng](#)

Tell us next how did you then get to London and then to Singapore to start work?

0:03:07

[Michael](#)

That was indirectly a consequence of apartheid. Training to be a chartered accountant, you had to be articled or apprenticed to a chartered accountant. There were South African chartered accountants. I made applications to various firms and didn't get any reply. So, my father said, "Look, you better go to England." Because at that time, my future brother-in-law was articled to a one-man firm and he said, "Look, if you want to be articled, come to London." So, I went there and was articled. It so happened that the scheme was just introduced, whereby if you had a university degree that covered Law, Accounting, and Economics, it entitled you to be exempted from the intermediate examination of the Institute of Chartered Accountants in England and Wales. That is the option I chose, and I'm glad I did that, because by virtue of that, I could work during the long summer vacations and this meant that I qualified as a chartered accountant a year ahead of my contemporaries at Bristol who graduated in 1957. I became a chartered by 1959.

0:04:43

[Lai Cheng](#)

So, you came to Singapore, how did that happen?

0:04:48

[Michael](#)

Since I grew up in the West, in what I would call the old Commonwealth country of South Africa and studying in England for about six to seven years, it meant that I had become very much anglicised and I thought to myself, “Look, I must see what the East is like.” So, I applied to Price Waterhouse for a post that was advertised in Singapore. But before accepting that job I had friends who I met in London, we stayed at a place called London House, which has now changed its name to Goodenough College. I checked with him and said, “What is Singapore like?” He said, “Well, it’s not very developed. You’ll find it a contrast from England and South Africa.” So it was, when I arrived here, I found it completely different. One of the changes that I noticed was that instead of many White or Caucasian faces, I now saw many Chinese and this was really an eye-opener for me.

0:06:11

[Lai Cheng](#)

With Price Waterhouse, again, what then got you involved with the Monetary Authority?

0:06:21

[Michael](#)

After Price Waterhouse, I went and joined OCBC (Oversea-Chinese Banking Corporation Limited). It was only years after working with OCBC that I got a surprising invitation to have lunch with Sim Kee Boon and Ngiam Tong Dow, who were then, I would say, probably Permanent Secretary in the Ministry of Finance under Dr. Goh. I think Ngiam was then a Deputy Secretary. They invited me to lunch at the old Cockpit Hotel. When I met Dr. Goh, he said, “You have to start a central bank. It won’t be called a central bank because we will keep the Board of Commissions of Currency—that is the old currency board. It will not be merged with the MAS (Monetary Authority of Singapore). This is to show the world that we did not, as a central bank, we could not print money. This was to instill confidence that the Monetary Authority was independent. So was the currency board. As a young nation, we were starting our way towards building up ourselves, having a reputation of financial probity and integrity.

0:07:59

[Lai Cheng](#)

Did that resonate with you?

0:08:02

[Michael](#)

Yes, but what surprised me was that I did not have any central banking experience. During university, of course you learn something about central banking, but it's all, shall I say very... It's not a subject I went into deeply. I was fortunate in the team, who came from the Ministry of Finance, who were dealing with various aspects of central banking. For example, exchange control was run by a fairly junior officer, economics by others, and Ng Kok Song, who has been a very important figure in the foundation of the GIC (Government of Singapore Investment Corporation Private Limited), was also one who was with us. Francis Yeo, an economist, became the head of our economics department. They all came from the University of Singapore.

0:09:05

[Lai Cheng](#)

What did you appreciate about them?

0:09:07

[Michael](#)

We all knew that we were, in a way, beginners in central banking, and because of that we shared our knowledge so that we all became exposed to the various aspects of central banking. They worked so well, and I learned so much from them, and maybe they learned something from me, and it was a cooperative effort. In my whole working career, I still... that was the most exciting and exhilarating job I have ever had.

0:09:47

[Lai Cheng](#)

Who did you have to report to?

0:09:51

[Michael](#)

That's a strange story also. It was Dr. Goh who recruited me, but he didn't stay on at the Ministry of Finance. He went on to start up the Ministry of Defence.

0:10:05

Lai Cheng

Yes, so you worked then with Hon Sui Sen. Tell us about him then and what he did for you.

0:10:13

Michael

Hon Sui Sen was my most influential mentor in my career. He listened, we discussed, we considered policies. When we came to a decision, these policies were implemented. In a sense, he also protected me, because I knew that some of the local banks did not think that the Monetary Authority favoured them very much and may have tried to undermine me. But I knew that he kept them at arm's length and to that extent, no harm came to me.

0:11:01

Lai Cheng

Definitely today if you mention MAS in Singapore, there's a lot of credibility and trust. What do you think had been laid in terms of foundation that has led to that? In the early days, were there some ethos-building and some approach you could share?

0:11:19

Michael

We were open to both local and foreign banks. This we did by keeping our ears to the ground. For example, we started up discount houses, and this was headed by a very senior officer, Mr. Tang Wee Lip. He listened and interviewed the discount houses who then told him what was going on in the banking and financial world. Then we introduced a series of lunches where, every Wednesday, we'd invite bankers to have lunch with us, and let them say... Keep our ears open. It was a way of keeping in touch with the market, to hear the latest scandal or, shall I say, embryonic scandals that might be building up. So, in that sense, we got to know the people. Once you got to know the people, you could explain to them officially, unofficially, what we wanted to do.

0:12:30

Lai Cheng

You mentioned you had colleagues who were from the Ministry of Finance. Was there any resentment of bringing someone from the outside to head a new setup?

0:12:40

Michael

No. Everybody was trying to find out what is the quality of the people in the MAS when we were starting up. And they could hold their own. We all could contribute our knowledge that we each brought individually. By cooperation, we became all the more stronger.

0:13:05

Lai Cheng

As head, did you feel you had to groom and develop people? Or there was no time for that, you just had to hit the ground running?

0:13:12

Michael

We had to hit the ground running, but in due course, you came to know who was doing better by the results they produced in administering policy. This was why Elizabeth Sam was very influential. She was promoted to be the Chief Manager of the MAS. Because she could handle people. Her area of responsibility was... she produced results. But there were others as well who came to grow in their jobs. But it took time.

0:13:56

Lai Cheng

You spent ten years with the MAS and then things started to change. Could you tell us some of the changes that were taking place? Was the institution evolving, or were there new prerogatives or priorities?

0:14:09

Michael

The number one problem really lay in the fact that, Mr. Hon Sui Sen was working towards combining the Monetary Authority with the Board of Commissioners of Currency, the currency board. Herman Hochstadt was brought in to implement that. It became apparent to me, in due course, that this was an area of disagreement between Hon Sui Sen and Goh Keng Swee. This became evident when, in Parliament, Mr. Hon Sui Sen had to say that the division or the coverage of the Finance Ministry was different. This was his reference to the clash of ideas of how the Monetary Authority and the currency board would function in the future. It was put on hold and this never came about while Dr. Goh was at the Monetary Authority.

There was also a political change as well, because I think Dr. Goh, I can't remember who the other person was, left the Executive Committee of the PAP (People's Action Party), and Goh Chok Tong and Tony Tan came in. This so that... Mr. Lee Kuan Yew wanted to change the composition of the members to give them more experience...

0:15:52

[Lai Cheng](#)

Yes, to groom the next...

0:15:54

[Michael](#)

Because he felt that the so-called old guard were out of tune with what was going on, and he wanted a change.

00:16:04

[Lai Cheng](#)

Yes, so how did these differences, how did they affect all of you who were working in MAS?

00:16:13

[Michael](#)

I think because of this instability that was now introduced, we sometimes had mixed messages from Dr. Goh. This meant that we were enabled to implement decisions and policies and we might be countermanded. In my own case, I felt that this uncertainty was not good for me and that it might lead to a breakdown.

00:16:52

[Lai Cheng](#)

But what would have been your own vision for the MAS at that time?

00:16:56

[Michael](#)

Well, if only Dr. Goh had mentioned to us that he wanted to start up the GIC, I think that we would have been able to do that because Kok Song was working in the investment

department with Mrs. Sam. It was probably prescient on our part, in the sense that we sent him to head our London office. That enabled him to build up a network, not only in the investment with the stockbrokers, but also in the Bank of England, and other financial institutions in London. Then, we also sent him to Stanford where he took a degree in Business Administration. At the same time, he later went on to the World Bank and had a stint there under Eugene Rotberg at the World Bank... had a stint there. Because, at that time, the World Bank was the leader in bond sales. They were actually going to the market and getting very good rates from the market through their bond sales. This gave him a grounding, his network in New York, in London, Singapore, and this part of the world. A terrific network to start up the GIC. As you know, he's really made his reputation. He's performed brilliantly at the GIC. It's probably the sovereign wealth fund. But of course, it's also unique in the sense that it was the MAS — originally the Finance Ministry — where Dr. Goh was dealing in equities in the US (United States) and the UK (United Kingdom).

00:19:01

[Lai Cheng](#)

From your earlier sharing I kind of deduced that you appreciated an open sort of communication. You have appreciated bosses who are nurturing and all that. So was it the lack of clear communication that frustrated you and your colleagues at that point in time?

00:19:19

[Michael](#)

Let me put it this way, we did not have the clarity of purpose and objective and goals that we had under Mr. Hon Sui Sen. That's a big difference. It's the environment.

00:19:32

[Lai Cheng](#)

This was, you said, the challenge and the high point of your career because you were doing something, starting from scratch, you had a lot of energetic people. Were there some experiences you had later in your other postings that you want to tell us about that were meaningful to you?

00:19:49

[Michael](#)

In the first year of their existence, that is 1971, the Bretton Woods system broke down when President de Gaulle told the Americans, "Look, I don't want your US dollars. I want

the equivalent in gold.” Of course, the US were shocked, and they refused. This meant the breakdown of the Bretton Woods system of fixed exchange rates. But we were, in a sense, protected during this period because we were still in the Sterling era, so we just invested in Sterling. But after that, after we left the Sterling era, then we really had to learn how to trade foreign exchange. But the presence of the Bank of America and the First National City Bank, which is now Citibank, meant that with their traders, we could learn from them. So, it was a trial by fire. We learnt by doing things that we never did before, or had very little experience, and learnt from and acquired the knowhow to become traders.

0:21:14

[Lai Cheng](#)

Shall we talk about leaders now? You mentioned how you appreciated Hon Sui Sen, his openness...

0:21:24

[Michael](#)

I appreciated Hon Sui Sen because he would listen carefully, raise questions, and probe, and think about proposed policies or projects. Once we settled on it, he left me to implement. He kept in touch with what was going on. I still remember one of his sayings to us. He said about people and institutions, “You don’t pull up a plant to look at its roots to see if it’s healthy whenever you wanted to check.” In other words, he said, “Trust the people that you have set up the institution to carry out your policies.” He was a great implementer. Had he not been the implementer of many policies that Dr. Goh suggested or recommended, I think Jurong maybe still be a swamp. But he had able people and so many of the Permanent Secretaries, Deputy Permanent Secretaries, he nurtured and helped them to grow and develop and become important contributors to the civil service.

0:22:51

[Lai Cheng](#)

He sounds fairly diametrically opposite to someone like Goh Keng Swee, who would be more autocratic about...

0:23:00

[Michael](#)

I believe so. Yes, I think Goh Keng Swee was brilliant with his ideas. There’s no doubt about that. It was he who suggested the starting of the Economic Development Board and many

others, but it was Hon Sui Sen who was the implementer. He executed and his judgment and the way he handled people always guaranteed their success. Mr. Dhanabalan was one who certainly grew under Mr. Hon.

0:23:44

[Lai Cheng](#)

Let's talk about our key leader of Singapore. How did you feel about Lee Kuan Yew's passing? That style of leadership, visionary but yet fairly much in control, did you appreciate that? What were some of the key traits you appreciated about him?

0:24:03

[Michael](#)

My appreciation started even before I joined the MAS. You'll recall that we were part of Malaysia. When we became independent, there were riots. Malays were killing the Chinese, and Chinese were killing Malays. We had curfews. I was working at OCBC at the time. That has made me realise the tremendous role he played in bringing out law and order so that the killing stopped. Out of that grew the multilingual, multireligious, multiracial policies that we have inherited and have been implemented rigorously. This is why Singapore is regarded as a place with stability, a haven for many people.

0:25:08

[Lai Cheng](#)

I presume these days you're more an observer of Singaporean leadership with the new generation. Do you feel that the approach is different from the earlier pioneers that you have gotten to know more intimately because of your career?

0:25:27

[Michael](#)

There's one important point that Mr. Lee has held fast to. During my first meeting with him, he questioned the senior officers and the final message he left with us was, "The world does not owe us a living." This is a vitally important point. If we ever forget this, we may run into trouble.

0:26:12

[Lai Cheng](#)

There is someone we haven't quite talked about. You mentioned Tan Chin Tuan as someone you have high regard for. Tell us a little bit about him.

0:26:20

[Michael](#)

I joined OCBC as his personal assistant. One of the most important lessons I had learned was not to express opposition to anything he proposed openly. He quietly took me aside and said, "Look, next time if you disagree with me, speak to me after the meeting and we can discuss it. Maybe if you are persuasive enough, I may change my mind." He said, "That is the way to do it. But open opposition puts me in a difficult spot."

0:27:05

[Lai Cheng](#)

What else has Mr. Tan Chin Tuan sort of left with you in terms of lessons in life? He never got involved in politics, he's always doing a lot more of these social engagements.

0:27:17

[Michael](#)

Yes, but apart from that, what I found amazing was his attention to detail. In many, many things that we did, his looking into the details was meticulous. It's again something I have tried to do.

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[Lai Cheng](#)

Even when he grew older. He's still very hands-on in all his businesses. What about the philanthropic aspect, how did that develop in him? Did it come very naturally because Chinese community leaders used to do that?

0:27:55

[Michael](#)

I think he did. But here it was the Lee Foundation which inspired him, because in due course he became very rich and he started his own foundation, so he has followed this. Of course, Lee Foundation is as the leader in all this, has set the example. Both foundations have become more sophisticated. They just don't hand out money, but now monitor to see

that the money is used usefully for the project and not wasted. All these foundations do not want to see waste.

0:28:37

[Lai Cheng](#)

Michael, thank you so much for answering a lot of the questions, and for pointing us to some of the key traits of leaders you really have high regard for. Thank you very much.

0:28:47

[Michael](#)

It's been my pleasure. Thank you.