

THE DINNER HOSTED BY THE BANK OF ENGLAND
ENGLAND, 24 MAY 1989

Rt. Hon. Robin Leigh-Pemberton;
Excellencies;
Ladies and Gentlemen,

First, let me thank the Rt. Hon. Robin Leigh-Pemberton, Governor, Bank of England for hosting this dinner for me and the group from Malaysia, who are here on the occasion of the official opening of Bank Negara Representative Office in London.

2. The opening of the Malaysian Central Bank's Representative Office in London should further strengthen the already excellent relationship between our two countries and our two Central Banks. I would like to take this opportunity to thank the Bank of England for all the assistance provided to us in the setting-up of Bank Negara's Representative Office.

Ladies and Gentlemen,

3. As some of you may be aware, way back in the 1950s, the Bank of England played an important role in the establishment of Bank Negara Malaysia. After all, the Watson Caine Report of 1956 that led to the setting-up of Bank Negara Malaysia in 1959 was co-authored by Mr. G.M. Watson, who was then the head of the Overseas Department at the Bank of England.

4. We have, of course, come a long way since then. One of the recommendations of the Watson Caine Report, was that the Malaysian ringgit should be equivalent to 2 shillings 4 pence, which was then the prevailing exchange rate. Today the external values of the pound sterling and the ringgit vary from day-to-day, depending on the mood of the foreign exchange market and the shifting sentiments of the dealers. Given the present volatility in the foreign exchange market, one cannot but reflect on the good old days when Governments could fix exchange rates and they will stay there until Governments decided otherwise. How much easier it was to do business then. Now one can borrow a million and find, the next day almost, that he has to pay back two million. Such is the world of finance today.

5. Notwithstanding the various changes that have taken place during the last 30 years, I am told that the relationship between the Bank of England and Bank Negara Malaysia has continued to strengthen and I hope that the setting-up of the Representative Office in London will help to bring the two Central Banks even closer.

6. Since London is one of the biggest international financial markets, we thought that it is desirable for Bank Negara to be physically present here. It is true that one is always able to obtain the latest financial information through the communication networks, but the man on-the-spot is always able to feel the environment and the mood, and this is important.

Ladies and Gentlemen,

7. Once again, please allow me to thank the Rt. Hon. Robin Leigh-Pemberton, Governor, Bank of England for hosting this dinner for the Malaysian group, and I wish you all a pleasant evening.