

**MESSAGE FROM PRIME MINISTER LEE KUAN YEW
TO THE HERITAGE FOUNDATION**

An institution dedicated to the generation and propagation of ideas must stand the test of open competition in the intellectual market place. The Heritage Foundation has passed this test. In the process it has helped to redefine the parameters of intellectual debate in America, and in other free market economies of the world.

Southeast Asians are more acutely aware of the uncertainties of U.S. policies than other regions of the world. They remember the American retrenchment in the 1970s followed by a decade of self-doubt. Hence ASEAN countries drew towards each other to seek greater strength in self-reliance. They found that together in ASEAN, they could better overcome their problems; but they still need the United States to balance the strength of the Soviet ships and aircraft. The renewal of self-confidence in America has reassured us that America will help maintain the peace and stability of the region. It is this balance of power which has enabled the free market economies to thrive.

Meanwhile, new technology and changes in comparative advantage between countries have caused problems that can only be solved by structural adjustments in many countries. Large or small, these countries have to restructure their economies. By demolishing the arguments of those seeking simplistic solutions to the trade deficits, the Heritage Foundation has reaffirmed America's commitment to free and fair trade, and has helped to avoid a systemic failure, like the one during the great depression of the 1930s.

Perhaps it is now time for the Heritage Foundation to move beyond simple defence of the system. The Heritage Foundation can explore and expound the merits of increasing bilateral free trade arrangements between the United States and countries committed to free and fair trade. When the tendency is to retreat into protectionism, re-affirmations and demonstrations of the benefits of free trade has a bracing effect. Your institution can lay the intellectual underpinnings for such arrangements.

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Mr President, I congratulate you on your successes. I wish you well for the future, for your success will advance Singapore's interests in an open competitive world where ideas are traded and tested, and goods and services become abundant because they, like the ideas, will be tested in the free market.

UNITED STATES OF AMERICA

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