

THE ECONOMIC CLUB

O F W A S H I N G T O N, D. C.

**Prime Minister Lee Hsien Loong of Singapore Discusses Trade,
TPP, and his Message to the U.S. During his Visit to Washington**

**Lee Hsien Loong
Prime Minister
Republic of Singapore
Monday, October 23, 2017**

DAVID M. RUBENSTEIN: It's our pleasure today to have the prime minister of Singapore here. It's a country with which I am reasonably familiar. I first went to Singapore in 1970, and have gone back at least once a year every year since then. Currently, my firm has reasonably good relationships in Singapore; and we have close relationships with the government of Singapore investment company; and also with Temasek¹, the head of Temasek, which is a government-owned company, is – Madam Ho Ching, who is right here as well. Thank you very much for coming, as well.

And I wanted to just – for those who are not familiar with Singapore, it is an incredible story. It was a British colony for over a hundred years, merged with Malaysia briefly in the early '60s. That didn't quite work as well as people had thought, and so Singapore became independent in 1965. Their first prime minister was Lee Kuan Yew, who is the father of the current prime minister, who serves as the third prime minister in Singapore's history.

The current prime minister was educated at Cambridge², got a degree in mathematics. Later, came to the United States, got a degree from the Kennedy School at Harvard. And then went back to Singapore, went into the military, became a brigadier general, resigned from the military, and then later got involved in government affairs. Elected to the parliament and served in a variety of positions in the Ministry of Trade and Industry, Ministry of Defense, ultimately became the head of the Ministry of Trade and Industry. Subsequently, he became the head of the Monetary Authority of Singapore, and also has served as deputy prime minister, and became prime minister in 2004, and has served continuously since then.

And I think, as you will hear in a few moments, he's an extraordinarily gifted leader, very articulate, knows a great deal about not just Singapore but the entire world. And his views on what is going on in Asia, as well as around the world, are well-regarded by people throughout Asia and around the world. And later today he'll communicate his views to President Trump in a meeting that he'll probably talk about in our interview discussion.

So it's my pleasure to have now the prime minister, Prime Minister Lee, make some opening remarks. Thank you. [Applause.]

PRIME MINISTER LEE HSIEN LOONG: Thank you, Mr. Rubenstein.

The last time I was in Washington was in August 2016. Since then, many things have changed in Washington. [Laughter.] You have a new administration with a radically different approach to government and to the world. But the substance of U.S. relations with Asia have not been turned upside down.

U.S. economic interests in Asia are substantial and growing. Your transpacific trade exceeds transatlantic trade – it has been for some time, and continues so. Your multinationals have major investments in many Asian countries, including Singapore. And your economic ties are complemented by major strategic and security interests. Major U.S. allies are in Asia: Japan,

¹ Temasek is an investment holding company incorporated in 1974 in the early years of Singapore's independence to own and manage its assets and investments on a commercial basis.

² University of Cambridge in Cambridge, England

South Korea, Australia, and the Philippines. You have ties with China, which are the most important bilateral relationship in the world. And the peace and stability of the Asia-Pacific is a vital United States national security interest.

Successive administrations, both Republican and Democrat, have developed American relationships with Asia and strived for stability in the region, and contributed to the stability in the region by your military presence, by your security focus, by your comprehensive diplomacy and economic relationship. It's the right thing to do, because Asia is one of the dynamic – most dynamic regions in the world economy.

The hype about an “Asian Century” has cooled off, but Asian economies are still among the most vibrant in the world – fastest-growing, accounting for two-thirds of global growth today. If you look at Chinese companies like Alibaba³ or Huawei⁴, or Indian companies like Bharti Enterprises⁵ or The Mahindra Group⁶, these are not just big companies; they are world-class multinationals. And there will be more.

Not only are individual Asian economies doing well, but the region as a whole is becoming more integrated and more interdependent. So, different parts of Asia are linking up. In Southeast Asia, the ASEAN⁷ countries have an ASEAN Economic Community. And by 2030, they will be the fourth-largest market – single market in the world. ASEAN, together with its Asian regional partners – China, Korea, Japan, India, Australia, New Zealand – we are forming an FTA⁸, a Regional Comprehensive Economic Partnership. And the key thing is that it includes ASEAN and it will include China and India. And it is a way to bring the countries in Asia closer together, and increase the interdependence and incentive to work together rather than to collide with one another. It will cover half the world's population and a third of global GDP⁹.

India is making progress with [Prime Minister] Mr. Modi¹⁰ and getting its economy moving, getting its bureaucracy trimmed back, getting its taxes rationalized, bringing in investments and linking up with the rest of the world. It has been less active than the Chinese in developing its external relations, but I think as its economy grows its incentive to do that will grow. And they have a slogan, “Look East.” Now, it's “Act East.” And we think that is to the good.

³ Alibaba Group Holding Limited is a Chinese e-commerce company that provides consumer-to-consumer, business-to-consumer and business-to-business sales services via web portals. Its headquarters are in Hangzhou, China.

⁴ Huawei Technologies Co. Ltd. is a Chinese multinational networking and telecommunications equipment and services company headquartered in Shenzhen, Guangdong.

⁵ Bharti Enterprises is an Indian business conglomerate headquartered in New Delhi, India. It was founded in 1976 by Sunil Bharti Mittal and it operates in 17 countries across Asia and Africa.

⁶ The Mahindra Group is an Indian multinational conglomerate holding company headquartered at Mahindra Towers in Mumbai, India, with operations in over 100 countries around the globe.

⁷ The Association of Southeast Asian Nations, founded in 1967 and comprised of Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

⁸ Free Trade Agreement

⁹ Gross Domestic Product

¹⁰ Narendra Damodardas Modi is the Prime Minister of India (since May 2014).

China itself has been vigorously promoting its interlinkages with the world, particularly with the region. It has the AIIB, the Asian Infrastructure and Investment Bank. And now they have what they call the Belt and Road Initiative – basically, ways in which China can contribute to the regional economy and it can link up itself with its neighbors in a way which is mutually beneficial.

China has been the most important single driver in Asia's prosperity and integration. The growth rate has slowed but still, at six-plus percent, it is very impressive. And it has become the largest trading partner of nearly every Asian country, including nearly all America's treaty partners. Whether it's Japan, whether it's Australia, whether it's South Korea, their biggest trading partner is not the U.S. It's China. You can draw different conclusions from that. You can say therefore, why is the U.S. protecting them? Or you can say, well, why shouldn't the U.S. do more business with them to strengthen the relationship? And there are different views. And I can tell you that I go with the second view.

Asian countries want to benefit from the trade and economic opportunities that China offers. They welcome China's initiatives – the AIIB, the Belt and Road – to develop win/win partnerships with its neighbors. And they do so because these schemes meet needs of these Asian countries, urgent needs for financing, for better infrastructure, for better connectivity in Asia. Also, from a strategic point of view, these schemes are constructive, stabilizing ways to accommodate China's growing influence in the international system.

China is growing. Its influence will grow. Its desire to have a say in world affairs will grow. And the question is – how can this be accommodated? And I think doing so in a way which brings in its neighbors and benefits its neighbors – I think that is the right approach to go about it. It will still be a difficult transition, but I think that is the most promising approach.

Asian countries will participate in this, but at the same time they want an open and inclusive regional architecture. And they don't want to see a world divided into rival blocs. Because they have prospered under the global multilateral system of trade and finance, they have substantial economic links with the U.S., with Europe, and they want to maintain and to grow these links, even as they deepen cooperation within the Asian region.

The TPP¹¹ was one way to deepen economic cooperation across the Pacific, and to achieve a strategic objective, which was to bring the Pacific countries closer together and enhance the chances of stability and security. But because of domestic imperatives, the U.S. decided to withdraw from the TPP. The remaining TPP countries are naturally disappointed, but they're continuing to work among themselves to take the TPP-11¹² forward. They also hope that America will continue to maintain and enhance its economic ties with Asian countries in other ways.

It is – [background noise, laughter] – I don't think that's from me. [Laughter.] This is not the time to start major new trade initiatives, but America should still uphold free trade. It

¹¹ Trans-Pacific Partnership, a trade agreement between Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. (The U.S. was a signatory until January 2017.)

¹² Refers to the remaining 11 members of the Trans-Pacific Partnership.

should still – it should tackle trade issues which arise, and they will arise, cooperatively with its partners, and it has to continue to adopt a policy of sustained economic engagement in the region. Asia has abundant opportunities for U.S. businesses. The investment and technological gaps in Asia as economies grow rapidly are opportunities for American companies to step into. The growing middle classes that purchase innovative and high-quality U.S. products are another growing market. There is great scope for American businesses to grow new markets, to make fresh investments, and create prosperity on both sides of the Pacific.

If you look at iPhones, I think Asia is one of the biggest markets. In Singapore, unlike in many other parts of the world, the iPhone is really the dominant player, rather than a niche upper-end market. Your engines and airplanes sell all over Asia – Boeing sells, Pratt & Whitney, GE. In fact, today Boeing will be signing an agreement with SIA¹³ to sell 39 airplanes to SIA. And that's one of the things we are doing in the White House when I call on President Trump later on. And those are just two of the things. In between it's not just things, but also services, banking, IT services – all enormous opportunities for American businesses, and enormous boons to American consumers who benefit from products, from services in Asia, which will make you competitive and improve your quality of life.

The key is the U.S. stance. What do you believe? Where do you stand? Do you still believe that you still have the most to gain from an interdependent world, open exchanges, and multilateral rules? In particular, how will your relations with China develop? I think they are key questions. And how America answers these questions will determine not just the prosperity, but also the war and peace. And not just in Asia, but in the world.

I am open to your questions from David. Thank you. [Applause.]

MR. RUBENSTEIN: So I'm sorry about that noise. The NSA¹⁴ is supposed to be quiet when it listens in – [laughter] – but I guess it makes some noise sometimes. [But, Keith, you can take care of that? OK.]

So, you're here to see President Trump. Have you met President Trump before?

PRIME MIN. LEE: Yes, I have met him. I met him in Hamburg at the G-20¹⁵ meeting. We had a good call. We talked about the region, talked about our bilateral relations. And I look forward to seeing him again.

MR. RUBENSTEIN: OK, and so you'll sign the agreement – or the agreement will be signed about the airplanes there?

¹³ Singapore Airlines

¹⁴ National Security Agency

¹⁵ The G20 (or G-20 or Group of Twenty) is an international forum for the governments and central bank governors from Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russian Federation, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, United States, and the European Union.

PRIME MIN. LEE: Yes. SIA is signing it with Boeing. It's a private agreement, but it's emblematic of the relationship and of what we hope America will get in Asia, and why America has a great interest in what's happening in Asia.

MR. RUBENSTEIN: So, TPP, as you mentioned, was not agreed to by the United States, but the countries that signed onto it in Asia, they are going to move forward without the United States, in effect?

PRIME MIN. LEE: Well, we are talking to one another about how we can move forward without the United States. Twelve minus one should be 11, but when you make 12 minus the biggest one, you're not quite sure what the remainder is. [Laughs.] And it's complicated, because it was a deal that was on the basis that America would get something considerable out of it. The other countries would get something considerable out of the U.S. And overall, when the U.S. joined, it fundamentally shaped the structure of the package. And now we've taken out the U.S., and the rest of us, having made all these arrangements to satisfy Mike Froman¹⁶ – [laughter] – now that Mike Froman is not there, why are we still doing that? [Laughter.]

Well, we are trying to work out a package which makes sense. I hope something can be worked out. We have been talking about it. I see that the new New Zealand prime minister has some thoughts on this. We'll have to see where she lands.

MR. RUBENSTEIN: OK. So the main message that you want to convey to the president today is what?

PRIME MIN. LEE: That Asia is important to the United States. Asia depends on the United States. There's a lot we can do together and a lot that you can contribute. And your policies need to be based in political support in America, but I hope it would be possible to develop that support in order to pursue policies which will benefit America for many decades, as you have done in bipartisan way for many years.

MR. RUBENSTEIN: Now, historically Singapore has had a very close relationship with the United States, and still does, but also has a close relationship with China. So which country is more important to Singapore, United States or China? [Laughter.]

PRIME MIN. LEE: I think they are both very important. President Xi Jinping¹⁷ last year talked about overlapping circles of friendship. And we hope to be in that overlap.

MR. RUBENSTEIN: OK. Now, you were in China recently. You met with the four most senior Chinese leaders. What impression do you have of what Xi Jinping wants to do in his next five years?

PRIME MIN. LEE: They were busy preparing for the 19th Party Congress. I was there just a few – just a month before that. The Congress is in progress now. Xi Jinping has made his policy – the main speech at the beginning. He's laid out a comprehensive agenda, which goes well

¹⁶ Michael Froman was the U.S. Trade Representative from 2013 to 2017.

¹⁷ President of China and General Secretary of the Communist Party of China

beyond the next five years and stretches to 2050, of all the things that he'd like to do for China. And these are, none of them, Earth-shaking new goals, because they've been talking about them for some time – whether it's economic growth, whether it's improving living for the middle-income, whether it's talking about social support, whether it's environmental, whether it's anticorruption – all, most importantly, and item number one, whether it's continuing vitality of rule of the Communist Party of China.

MR. RUBENSTEIN: So when you were growing up your father, as I mentioned earlier, was the first prime minister of Singapore. Did he say, I want you to go into government? Or did he say you could do whatever you want? Or did you –

PRIME MIN. LEE: No, he didn't plan for me to go into government. When I was about completing high school, I wanted to get a government scholarship, because all the good students wanted government scholarships. And if you didn't, you thought something was wrong with you. [Laughter.] And I got a government scholarship. And then a year later, we were building up the armed forces at that point. And the armed forces needed talent. And they introduced an armed forces scholarship, which is something new. And I decided to apply for that. My father encouraged me. So I went to Cambridge on an armed forces scholarship. And after that, I came back, I served in the armed forces. Some years later I spent a year – which not many of you – at a place not many of you will have been to, which is Fort Leavenworth¹⁸ in Kansas. [Laughter.]

MR. RUBENSTEIN: There are some people in Washington who probably have spent time there. [Laughter.]

PRIME MIN. LEE: Now I have kindred souls, or some of them went to Quantico. [Laughs.]

MR. RUBENSTEIN: OK, so –

PRIME MIN. LEE: So, and that was where I was headed. And beyond the armed forces, well, we didn't think quite that far, but probably somewhere in the civil service or in the public sector. But in 1984, or around then, my predecessor, Mr. Goh Chok Tong, who was then my minister in the defense ministry, asked me – he says: Would you be prepared to come into politics? And my wife had just died. And it took me a while to think over. But I said, yes, I will do that. So I resigned from the Army. I stood for election, was elected. I went into government and I've been there for now more than half my life.

MR. RUBENSTEIN: OK. And did your father tell you this was a difficult line of work? Or he didn't discourage you, your father?

PRIME MIN. LEE: No, he didn't discourage me, but he did say it's going to be difficult because I'm his son. And people will make comparisons.

MR. RUBENSTEIN: So now you have announced, I think publicly, that after the next election you probably will not stay for a full term. Is that correct?

¹⁸ A U.S. Army installation and location of the Department of Defense's only maximum security prison

PRIME MIN. LEE: No, I do not want to stay the whole term. I've said that soon after the next election I strongly hope that there will be a successor ready and in position to take over from me. And I really shouldn't be prime minister beyond 70 if I can help it at all.

MR. RUBENSTEIN: So when you do step down as prime minister, what might you consider doing?

PRIME MIN. LEE: I will think about it then. [Laughter.]

MR. RUBENSTEIN: OK.

PRIME MIN. LEE: I hope I will still have something valuable to contribute.

MR. RUBENSTEIN: No private equity positions for you? [Laughter.] No? So today can you explain to people who haven't been to Singapore how Singapore is managed? With a relatively small population – 5.6 million people – to become one of the economic powerhouses of the world, really. You've got a – I think the third-highest GDP per capita in the world. How did Singapore do this, from a running start in 1965 when Malaysia really didn't really think Singapore could actually grow very much?

PRIME MIN. LEE: Well, first of all, our backs were to the wall. Either we did this or we died. And there were a lot of people who fought we wouldn't do this. And there were some people who hoped we couldn't do this. So we decided we'd show them. So we got together. We worked hard. We pursued policies which at that time were unconventional.

And in particular we decided to allow ourselves to be exploited by multinationals, because in the 1960s the conventional wisdom was that multinationals were evil. They exploited the populations and they were to be kept out and kept down, and you should promote your own indigenous economic development. And we decided if by exploiting us they created jobs for us and they generated markets for us and they brought in technology and organization, I think so be it. And we were very happy to do that. And it led us to take off. So that was one very important factor.

A second important factor is that we built up our armed forces through national service and draft. And every male citizen age 18 would do national service for two years – at that time, two or three years. And we built up a credible armed force. And Singapore was seen as being defensible and not just a walkover, as had happened during the – when the Japanese invaded. And in the process of building up an armed force through national service, we also built a nation. Because the people, having served together with comrades of all different walks of life, came out. And it changes your attitude towards the country.

MR. RUBENSTEIN: But today, who do you see as your military rival that might actually invade?

PRIME MIN. LEE: Well one of the reasons we have so many friends is because we have a good armed force.

MR. RUBENSTEIN: OK. [Laughter.] Now, let's talk about inside the country. You have a reputation for producing students that score extraordinarily higher on math tests. Is there something that Singapore is doing in its schools that have such high math scores from your students?

PRIME MIN. LEE: We are not sure. I think our students work very hard. And their parents put a lot of emphasis on education. That's one part of it. Another part of it is that our math curriculum – somehow we seem to have found the right formula for how to – the right combination between drilling and thinking. Because you do need to learn certain things and at the same time you do need to know how to jump out of the box and solve problems. And we seem to have got the formula right. And other countries, including some American jurisdictions, have tried out our textbooks and seem to be happy with them.

MR. RUBENSTEIN: OK. Now, you were a math student yourself, is that right?

PRIME MIN. LEE: Yes.

MR. RUBENSTEIN: And are you an expert still in math, or can you keep up with what the students are doing today?

PRIME MIN. LEE: No. I'm a voyeur. I just read what mathematicians do and wish I understood what was up. [Laughter.]

MR. RUBENSTEIN: Now, a number of years ago, to some controversy at the time, Singapore invited gaming companies, or gambling companies, to enter Singapore. And some people were concerned about that. How has that experiment worked?

PRIME MIN. LEE: I think it has worked out well. It is contentious. It still is not unanimously welcome. But it something which we thought would be a plus for us, because we convince ourselves that if you want to develop the tourism market, this was one way to do it. And it could be done in a way which would limit the social impact and which would generate dividends beyond the gambling profits, because it's really a comprehensive resort. You've got conventions. You've got hotels. You've got retail. You've got restaurants. You've got shows. You've got a lot of other activities and spinoffs, which makes sense.

And so we decided that we could take the chance. Our people were already exposed to gambling. There is all sorts of gambling legally happening in Singapore. There's gambling online, which is impossible to shut out. There's gambling illegally, which happens all around us. And we are not that virginal to be impossible to be exposed to temptation. So we decided to allow this. We made a market solution. We said if you are Singaporean and you go into the casino; it's \$100 for 24 hours of exposure. It's a fee paid to the government.

MR. RUBENSTEIN: So in other words, if you're a Singaporean you pay extra. If you're from China, you don't pay extra.

PRIME MIN. LEE: That's right. And hopefully you'll gamble more from China and you'll end up paying something to us. And that has worked out very well. The result is that it's mainly a foreign market. The impact on Singaporeans has been limited. And the impact on jobs in terms of GDP, in terms of revenues, has been considerable. So I'd say it's a plus.

MR. RUBENSTEIN: Have you ever been in gambling yourself, or?

PRIME MIN. LEE: I went in once to take a look. I paid \$100 and was very regretful that I didn't do anything with it. [Laughter.]

MR. RUBENSTEIN: OK. Now, Singapore, years ago, received some international attention. I think your father was against chewing gum.

PRIME MIN. LEE: Yes, he was. Implacably.

MR. RUBENSTEIN: And so he didn't want anybody chewing gum in Singapore, and you could be fined for that. Is that still the policy, or?

PRIME MIN. LEE: No, you can't be fined for chewing gum. What we did was to ban the import of chewing gum. And fortunately, we are not a native producer.

MR. RUBENSTEIN: Oh. So how do you get it, then?

PRIME MIN. LEE: Well, some people smuggle it in.

MR. RUBENSTEIN: Oh, OK. [Laughter.] I thought the concern was – he was concerned that people were taking it on buses and putting it under the bus chairs.

PRIME MIN. LEE: Well, I think the final – I'm not sure if it was the final straw or the final wad, was when somebody took a lump of chewing gum and stuck it on a train door, and the train stalled. And so he decided that was a good reason to pursue the matter, which he had wanted to do for a very long time.

MR. RUBENSTEIN: OK. Now, talk about Southeast Asian countries today, and let's talk about yours first. Why is Singapore a good place in which companies should invest – American companies or other companies? Why is it a good place to invest?

PRIME MIN. LEE: Well, if I may be permitted a commercial, it's where you are able to have political stability, a good environment to live, a good business environment to work, a workforce which works very hard and is disciplined and will be cooperative with management. And basically, you are in the middle of a region which is prospering. And from Singapore, you can cover a big part of the region – China, to some extent, India, Southeast Asia, Australasia. And therefore, you come to Singapore not just because of Singapore, but for the region.

MR. RUBENSTEIN: Suppose somebody has never been to Singapore, and they're not interested in being a business person they just want a nice, tourist place. Why should they visit Singapore? What's the appeal of Singapore as a place to visit?

PRIME MIN. LEE: Well, you don't have to go to the casinos. You can just see the city, because the city itself I think is a very gracious place to live, and something which we're very proud of. If you have been to Marina Bay, you have seen what the skyline is like. And walk around and you get a sense of what the people are like, the atmosphere, the absence of anxiety or insecurity. You don't see soldiers on every corner or policemen. But you see people who are working, who are getting business done, who are bringing up families, who are looking forward to the future.

MR. RUBENSTEIN: And do you have a lot of Americans living in Singapore now?

PRIME MIN. LEE: Oh, huge numbers. I think you have one of the biggest American schools in the world in Singapore, which is a very good one. They send a lot of students to Ivy League. So that may be another reason to come. [Laughter.]

MR. RUBENSTEIN: OK. So one of the – your neighbors – let's talk about your neighbors. How is Indonesia as a place to invest? And is that a power – a growing economic power in the region?

PRIME MIN. LEE: It's a big economy. They have 250 million people. They have a lot of natural resources. Their government is working hard trying to bring in infrastructure investments, trying to bring in natural resource investments, trying to create jobs because the population is still growing quite rapidly. Their costs are low. The environment is progressively improving. But it's a big country and those things take time. But we have very big investments in Indonesia. We are one of the biggest foreign investors.

MR. RUBENSTEIN: And when you say investors, this is through the GIC¹⁹, or through –

PRIME MIN. LEE: No – well, GIC will have some proportion of their portfolio in Indonesia, as they are globally diversified. Temasek has some in Indonesia too. But a lot of private-sector investments are in Indonesia.

MR. RUBENSTEIN: Now, for those who aren't familiar with GIC, it's more or less your sovereign wealth fund.

PRIME MIN. LEE: GIC is a sovereign wealth fund.

MR. RUBENSTEIN: And it's generally considered to be about the best managed in the world. It's been around for quite some time now. What is the reason for its success, would you say?

PRIME MIN. LEE: I'm not sure we would put ourselves as best managed. We benchmark ourselves with other countries. I think there are two or three factors which make it work. One,

¹⁹ GIC Private Limited, formerly known as Government of Singapore Investment Corporation, is a sovereign wealth fund established by the Government of Singapore in 1981 to manage Singapore's foreign reserves.

we made it a company rather than part of the government or a quasi-government organization because that means you can set it up on its own terms. You can pay people properly. You can generate the right incentives and bonus structures and corporate culture in order to manage this fund not like a private fund, but as a custodian, as a steward on behalf of future generations of Singaporeans. So that's one part of it.

A second part of it is that we treat this religiously as a fund management outfit. We do not use them as an agent of national service or of government, state policy. So if the government wants to take money to subsidize an industry, or wants to use the money in order to pay for some benefit for the population, well, we vote money on the budget. And then we take the money back. It's ours. We decide what to do with it. But when GIC invests, their limit is long-term, risk-adjusted returns, and strictly that. So they don't worry about political overlay. Our job is to protect them from the politics so that they can do a professional fund manager's job. And that's very, very hard to do inside a government.

MR. RUBENSTEIN: So let's talk about your other neighbors, Malaysia. You know, given your success, does Malaysia ever say, maybe you would like to reunite with them or they want you back now, or not? [Laughter.]

PRIME MIN. LEE: We don't often discuss such possibilities. [Laughter.] I think there was a fork in the road 52 years ago, and we went one way and they went the other. And you cannot turn back. They've gone further in their route, and we have gone further in ours. And if we came back together, I think we would cause enormous difficulty to each other.

MR. RUBENSTEIN: Right. Now, let's talk about Japan. Mr. Abe²⁰ was, in effect, reelected.

PRIME MIN. LEE: Strongly.

MR. RUBENSTEIN: Strongly reelected. So how big a presence is Japan now in Asia, relative to China?

PRIME MIN. LEE: In economic terms, they have big investments. They have substantial MNCs²¹ in Singapore. Their banks are in Singapore. At one time, their banks were among the biggest in the world. Now, less so, but still significant. The Chinese are beginning to invest outbound and they're also present in Singapore, not yet to the same degree. In terms of regional presence, I think the Japanese do a significant amount in terms of ODA²², foreign aid, diplomacy with Asian countries. But somehow I think in the Japanese system it is harder to pull the whole of government together and operate as Japan, Inc., which the Chinese have less difficulty doing.

MR. RUBENSTEIN: Now, because of World War II, is there still some animus towards Japan in Singapore and Southeast Asia?

²⁰ Shinzō Abe is the Prime Minister of Japan and the President of the Liberal Democratic Party.

²¹ Multinational corporation

²² Official Development Assistance

PRIME MIN. LEE: Well, the generation who experienced it will never forget. They're passing on, but the subject has not disappeared. Earlier this year we had a small kerfuffle in Singapore. Because we put out – we made an exhibition in our – in a historic site, the Ford Motor factory where the Japanese – where the British surrendered to the Japanese. And we called it the Syonan Gallery. We called the exhibition the Syonan Gallery. And Syonan is what the Japanese called Singapore when they governed it, when they occupied it. There was a humungous row. And I think it was the wrong – we did the wrong thing. And we changed the name of the gallery. It was – it was not just those who lived through the years who said you are – you are putting the name of the oppressor on our exhibit, but even many others who said, why are we doing this?

MR. RUBENSTEIN: So what about India? Is India becoming a bigger presence in Southeast Asia?

PRIME MIN. LEE: Well, India is growing. Their interest in south – in the outside world is also growing. In relative terms, their GDP is, I think, about a third of China's. Their foreign trade is just one-fifth China's. Their interest has been very heavily focused on the subcontinent, because they have a very complicated environment in the subcontinent, with all of their – with the other – with the neighboring countries. But as their economy grows, and if Mr. Modi's policies work as it develops more interdependence, it will have a growing interest in the region, and a growing activity in diplomacy, in economic relations, in infrastructure. And we hope that it will play a constructive role in the region.

MR. RUBENSTEIN: Now, you're going to be in the United States for a few days. And you're going to be in Washington for a few days seeing other members of the Administration. Can you tell us who else you're going to see and who you're going to see in Congress?

PRIME MIN. LEE: Well, Mr. Tillerson²³ is away. And so is Mr. Mattis²⁴. And I'm going to be meeting the Commerce Secretary Wilbur Ross. I'm going to be meeting Mr. Mnuchin²⁵. I'm going to be meeting Gary Cohn²⁶ and Mr. McMaster²⁷, as well as some congressmen, they're very important, and senators.

MR. RUBENSTEIN: OK. So what your main message you'll convey to them is the importance of Asia for the United States as well?

PRIME MIN. LEE: Yes. And I know you are preoccupied with domestic matters. And every country has its domestic issues to handle. But the external world is moving. Asia is dynamic. And America has its – you not only have a role to play, it's really your game to lose. Don't lose it.

MR. RUBENSTEIN: Now, you flew over here on Singapore Airlines, right? So –

²³ Rex Tillerson, U.S. Secretary of State

²⁴ James Mattis, U.S. Secretary of Defense

²⁵ Steven Mnuchin, U.S. Secretary of the Treasury

²⁶ Gary Cohn, Director of the National Economic Council and chief economic advisor to President Donald Trump

²⁷ H.R. McMaster, U.S. National Security Advisor

PRIME MIN. LEE: Yes. No, actually not.

MR. RUBENSTEIN: Oh, you didn't. [Laughter.]

PRIME MIN. LEE: I flew over on somebody else's airline. [Laughter.]

MR. RUBENSTEIN: Somebody else? OK. Because Singapore wasn't available, I guess, at the time.

PRIME MIN. LEE: Well, we don't fly directly to Washington, alas.

MR. RUBENSTEIN: OK. Well, maybe you could change that.

PRIME MIN. LEE: We hope so. The intermediate stops don't quite agree. [Laughter.]

MR. RUBENSTEIN: So Singapore Airlines has a very good reputation for service and so forth. What is Singapore Airlines' secret? Why is it generally rated about the best airline in the world?

PRIME MIN. LEE: Well, the chairman is here. You can ask him. I think it's because he knows that our reputation is on the line. And furthermore, that they have to earn their bottom line. And if they don't, well, there is no bailout for them. So they work very hard. And they've built up a very strong team. And there's a very strong pride in it amongst the team at SIA, and amongst Singaporeans in our national airline.

MR. RUBENSTEIN: Now, do the European leaders ever call you up and say you should buy Airbus for your airlines, or?

PRIME MIN. LEE: Regularly. [Laughter.]

MR. RUBENSTEIN: OK. OK. And what do you tell them? You tell them –

PRIME MIN. LEE: I say, I will consider it. You make me a good offer. [Laughter.] Which sometimes they do.

MR. RUBENSTEIN: OK. And so today, do you enjoy being prime minister as much as when you first became prime minister in 2004?

PRIME MIN. LEE: Well, you get into your stride. You know what you can do, what you can't, how long things take to do, what are sensitive matters. And you try to push to the limits of what is possible.

MR. RUBENSTEIN: And the greatest pleasure being prime minister of Singapore is, other than this interview – [laughter] – is what? What's the greatest pleasure?

PRIME MIN. LEE: To feel like you have made some contribution to our country, which has been stable, which has been united, and which has been making progress steadily now for more than a decade.

MR. RUBENSTEIN: And the greatest challenge to being prime minister?

PRIME MIN. LEE: The job gets harder in a way because your expectations are higher. You're at a higher level. And it's a much more – it's a more uncertain global environment. Every private equity firm is telling us that it's very hard to make money nowadays.

MR. RUBENSTEIN: But they still tell you to give them money, right? [Laughter.]

PRIME MIN. LEE: Well, if they show good performance we'll think about it.

MR. RUBENSTEIN: OK. And would you like your children to go into government or politics?

PRIME MIN. LEE: It's up to them. They have not shown any interest. I think they have to have the right combination of temperament, character, ability. So we will see. But so far, they have been happily pursuing their own paths.

MR. RUBENSTEIN: And do you think when you're in Washington do you have time for anything other than meeting government officials? Any sightseeing? Any restaurants you want to go to, or?

PRIME MIN. LEE: Well, yesterday I went to have a walk at the Rock Creek Park, a beautiful fall day. Two weeks later would be even more beautiful, but it's very pleasant. And the leaves were turning, beginning to see some color. And then we had lunch at Shake Shack. [Laughter.]

MR. RUBENSTEIN: Oh, OK. How was that?

PRIME MIN. LEE: My children told me I had to do it. [Laughter, applause.]

MR. RUBENSTEIN: OK. Well, on that note, I want to thank you very much for coming to Washington and thank you very much for this conversation.

PRIME MIN. LEE: Thank you. [Applause.]



Lee Hsien Loong
Prime Minister of the Republic of Singapore

Lee Hsien Loong has served as Singapore's Prime Minister since 2004, and was first elected as a Member of Parliament in 1984. Prior to serving as Prime Minister, he held various Ministerial appointments, including Deputy Prime Minister, Minister for Finance and Minister for Trade and Industry.

As Prime Minister, Mr. Lee has launched the Smart Nation initiative to use technology to create a future of better living and more opportunities for Singaporeans. Mr. Lee also launched SkillsFuture, which supports Singaporeans in embracing life skills and learning. Mr. Lee also chairs the Research, Innovation and Enterprise Council, an international panel that provides strategic direction for Singapore's Research and Development Efforts.

Mr. Lee is the oldest son of Singapore's first Prime Minister, Lee Kuan Yew. Lee joined the Singapore Armed Forces (SAF) in 1971, and served as an officer from 1974 to 1984. He rose quickly through the ranks in the Singapore Army, becoming the youngest brigadier-general in Singaporean history after his promotion in July 1983. Mr. Lee left the SAF in 1984 to pursue civilian politics.

Mr. Lee graduated from the University of Cambridge with a B.A. in Mathematics and a Diploma in Computer Science. He later received a Master in Public Administration from the Harvard Kennedy School.