

allowed them to introduce new financial products without having to wait until they had been tried and tested elsewhere. I would listen carefully but did not intervene because I believed we needed more time to establish our standing and reputation.

After I stepped down as prime minister in 1990, I had more time to delve into our banking sector and had working lunches with our Singapore bankers. One of them was Lim Ho Kee, a shrewd and successful foreign exchange dealer who was managing a major foreign bank in Singapore. He persuaded me to reexamine our policies which he said were overcautious and prevented our financial center from expanding and catching up with the activities of the more developed centers. I also had several brainstorming sessions in mid-1994 with other top Singaporean managers of foreign financial institutions. They convinced me that we had too much of our national savings locked up in the Central Provident Fund and that our statutory boards and government-linked companies were too conservative, placing their surpluses in bank deposits. They could have higher returns investing through experienced and well-qualified international fund managers in Singapore. This would expand the fund management industry and bring in more fund managers who in turn would attract foreign funds for investment in the region.

My views on our regulatory environment and banking practices began to change after 1992 when former U.S. secretary of state, George Shultz, who was chairman of the international advisory board of J. P. Morgan, a blue-ribbon U.S. bank, had me invited to be a member of this board. Through briefings and interaction with J. P. Morgan bankers in biannual meetings, I gained insights into their workings and saw how they were preparing themselves for globalized banking. I was struck by the quality of the members of this board which included the bank's directors. There were able and successful CEOs as well as former political leaders from every major economic region of the world to give them different inputs. I was useful to them because of my personal knowledge of our region. Other members brought intimate knowledge of their own regions or their specialties. I learned how they viewed Southeast Asia compared to other emerging markets: Latin America, Russia, other members of the Soviet Union, and the other countries of Eastern Europe. I was impressed by the way they welcomed and prepared for innovation and change in