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Government has no plans to reduce interest rates in response to a slowdown

PRIME Minister Datuk Seri Dr Mahathir Mohamad said it was not the Government's policy to respond to a slowdown by reducing interest rates.

This was because interest rates was not the only factor that could affect the performance of the economy.

"I don't think we can respond to a downturn purely by reducing rates.

"(But) we have to think of ways and means to prop up sectors which we think are failing. The National Economic Action Council studies the figures every week ... we have been able to identify areas not doing well and devising corrective measures to stimulate them."

Dr Mahathir, who is also acting Finance Minister, said this at a Press conference after delivering a keynote address at the 10th Annual Asia Leadership Forum.

Asked whether Malaysia would experience a recession this year, he said it would not be because growth had been registered in the first two quarters, albeit lower than last year's.

"There is growth but lower. Unless we have negative growth for two consecutive quarters, then we can talk about recession."

Asked whether the criticism against foreigners at the Umno general assembly recently could be seen as Malaysia being "anti-foreign", Dr Mahathir, who is Umno president, said Malaysia had welcomed foreigners since independence.

"We are not anti-foreign at all. There are a lot of foreigners still investing here and we continue to provide incentives to those wanting to invest here," he said.

To a question on the new Finance Minister who would succeed Tun Daim Zainuddin, Dr Mahathir expressed confidence that the person would be able to manage the country's economy despite setbacks caused by the slowdown in the United States.

He said the question on whether the person would be able to match Daim's track record in bringing the economy back on track did not arise.

"We don't work alone, we work together. Even when Daim was in the Government, it was not his decision alone. We have the NEAC which discusses ways and means of managing the economy. The council is still around and meets every week."

On the decision by the bus company Intrakota to suspend services in 17 areas, Dr Mahathir said:

"I don't think this was due entirely to inefficiency. Probably they are not getting enough passengers and we could not ask them to be charitable."

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