

Brazil's Package to Boost Economy Includes 1 Million New Homes

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Luiz Inácio Lula da Silva, the president of Brazil, said that his administration will help build one million new homes by 2010 to revive economic growth and as part of a package of measures to bolster the domestic market to be announced in coming days.

Speaking to reporters Wednesday in Brazilian capital Brasília Lula said he's discussing with state and municipal governments how to best use federal resources for the building drive.

"The construction industry is extremely important for generating jobs, and providing dynamism to the economy and steel industry, above all for the least skilled workers in the country," said the president.

Cabinet chief Dilma Rousseff, considered President Lula's closest aide and the candidate he has picked to succeed him next year, will be in charge of the promotion of the housing plan. Among the first decisions of the plan is to cut construction time from the average 33 months to 11 months plus some amendments to the legal framework.

"We're going to make sure houses are effectively built," said Rousseff adding that the funds for the construction will be federal and from other financial programs.

Brazil's economy slowed down dramatically at the end of 2008 as factories curtailed production, commodity prices plunged and demand for Brazilian exports dropped.

By increasing outlays in the construction industry, which accounted for a fifth of new jobs last year and on infrastructure, Lula da Silva's administration feels it can address the impact of the global recession.

To help cope with the wave of layoffs the government on Wednesday extended the period for unemployment benefits to seven months from five months.

Brazil needs to build at least 7 million homes in the next 15 years to meet current demand for families earning less than 2,000 reais (US\$ 870) a month, according to José Carlos Martins, vice president of the Brazilian Construction Industry Chamber.

It is estimated Brazil has already injected about US\$ 100 billion into the banking system in an effort to lessen the effects of the global credit crisis. The government has also cut taxes by 8.4 billion reais to stimulate consumer spending, which is responsible for about 60% of GDP.

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