

HUGE PROJECTS NEEDED TO BOOST ECONOMY: PM

HULU LANGAT, Sun. — The Government must now turn to huge construction projects like the special low-cost housing programme and highway projects to stimulate the economy during the recession, Datuk Seri Dr Mahathir Mohamad said today.

The Prime Minister said Malaysia could no longer depend on her exports because of falling prices.

"Our economy may not grow as before and the 5.6 per cent growth rate expected under the Fifth Malaysia Plan may not be achieved because of this," he said.

As a result, he said, the economic growth target was now reduced to between one and two per cent only.

He said that in order to stimulate the economy, the Government must go for "huge" construction projects that have multiplier effects on other related sectors.

These projects would not only stimulate the economy but also create jobs, he told reporters after launching the special low-cost housing

programme here.

Under the programme, \$2 billion was expected to be spent annually to build 320,000 units of low-houses over the next three years.

Dr Mahathir said that the highways projects would cost about \$1.5 billion.

"By investing in these two capitals, we expect the economy to grow between four and five per cent," he added.

Earlier, Dr Mahathir said in his speech that every effort must be made to ensure that the housing programme succeeded.

He said its objective was to stimulate the economy through the multiplier effect on related sectors of the housing industry.

"These sectors will in turn stimulate other sectors of the economy," he said.

Because of these benefits, he said, it was important that it should not be delayed or allowed to fail.

The Prime Minister had directed the State Governments to look for developers to implement the projects either on a privatised basis or through joint-ventures to meet the target

this year.

He also suggested that a "one stop agency" be set up where all the relevant parties — the banks, the Government and the developers or buyers could meet and settle matters pertaining to the approval and sale of houses.

Dr Mahathir also urged the private sectors to play their role to ensure success of the programme.

On the reduction of the prices of low-cost houses to between \$12,000 and \$15,000, he suggested that "core houses" be built.

These "core houses" would initially have one room and the basic structures, he said.

He added they could then be expanded to include more rooms to suit the needs of the buyers.

Mentri Besar Datuk Ahmad Razali Mohamed Ali and his State Exco members, Housing and Local Government Minister Datuk Chan Siang Sun, Labour Minister Datuk Lee Kim Sai and Welfare Services Minister Datuk Abu Hassan Omar were also present.