

## Private Loans

We think that those Technical Enterprises Companies which in recent times submit proposals for undertaking large projects directly, without bidding, misunderstand entirely the government's program regarding the economic development of the country and its eventual financing in foreign exchange.

As a justification for such a privilege, these companies present the argument, that they will implement the various investment projects by loans in foreign exchange obtained by them from foreign lenders; however, to obtain these loans they require the Greek Government's guarantee.

Under these circumstances it seems that the role of these companies is purely that of an intermediary; because the money the companies borrow through the Greek Government's guarantee is no longer their own but that of the Greek Government, which also pays interest (in 7 to 10 years). The interest of such loans which is paid to foreign lenders, ranges from 6.5 to 7.2%, but the actual cost is essentially greater if additional charges of about 6% on the total value of the loan is added for commissions payable to the various foreign and local brokers who, wandering around here from one company to the other, offer the foreign loan where they find more advantageous terms. And, as it is to be expected, the interest, the commission and the contractor's profit on the borrowed capital are added to the cost of the construction of the project, which finally are borne by the Greek Government.

But apart that, the relative cost is increased by awarding the investment project to any contracting company without any competition - that is without obtaining any discount through bidding on the cost of the survey, which discount during last year's bidding varied from 26 to 40%. By this opportunity, it should be noted that the same circumvention of the advantages provided by bidding at the expense of the government also occurs in the event of awarding the projects to technical companies by extension of previous contracts. The old prices increased under provisions of law regarding revision of old prices, arrive at prices so high, which in effect are prices without any discount.

All this is convincing, that the construction of projects through loans granted under the above terms is not to Greece's benefit. It is also questionable, why should the loans be prepared by intermediary citizens and not directly by the Greek Government through a Greek bank, for example, taking into consideration that the "harrowing" technical company is not considered least safe by the foreign lenders without the government's guarantee. There is no doubt that the foreign loans are desirable, but the financing of projects managed in this way should always be effected through bidding in which all the well known technical companies may participate and always with the same government guarantee for the irrevocable lower bidder.

