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Deborah Tyroler

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El Salvador: On Privatization

by Deborah Tyroler

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In early 1980, former president Napoleon Duarte (who came to power following the Oct. 15, 1979 coup which deposed Gen. Carlos Humberto Romero) introduced an agrarian reform program, and brought foreign trade and the banking system under government control. These reforms were part of a US-financed program administered by the US Agency for International Development aimed at reducing support for the rebels. Between 1980 and 1988, Washington spent \$3.3348 billion in economic and military aid for El Salvador. The agrarian reform program was never consolidated. Under President Alfredo Cristiani's government, some of the agricultural lands organized into cooperatives have been returned to their former owners. During his election campaign, Cristiani promised to privatize state-owned enterprises. In 1989, during his first year in office, the coffee and sugarcane export business was turned over to the private sector. In August this year, the country's oil company, PETROCEL, was privatized. In 1987, the government had a 90.2% stake in the national banking system. Employees held 3.4%, and private investors, 6.4%. Cristiani has said privatization of the banks will begin in December. His government is also designing plans to privatize several social service concerns, such as the Salvadoran Social Security Institute and the Urban Housing Institute. (Basic data from AFP, 09/30/90)

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