

# WebMemo



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## Ecuador: Is Correa Following Chávez Down the Road to Serfdom?

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More than 60 years ago, Dr. F.A. Hayek brilliantly described the final destination of all people living under socialism: serfdom in a cruel totalitarian state. Venezuela is heading in that direction under the leadership of Fidel Castro's star pupil, Dictator-President Hugo Chávez. On Sunday, September 30, voters in Ecuador will decide whether to authorize their President, Rafael Correa, to walk the same path.

Rafael Correa is a U.S.-trained, Ph.D. economist and a radical leftist. Although his designer suits don't quite fit the Castro mold, he has followed the Castro/Chávez playbook since his election in November 2006. Just as Chávez had done in 1998, Correa campaigned on three proposals: convene a Constituent Assembly to write a new constitution; eliminate government corruption; and fight against income inequality and poverty.<sup>1</sup> To reverse Latin America's slide toward socialism, the United States must increase its presence through additional support for democratic, market-based institutions.

**Page One of the Chávez Playbook.** Correa has already delivered on two other campaign promises. First, he has cut off talks about a possible free trade agreement with the United States in favor of Hugo Chávez's "ALBA" socialist trade scheme.<sup>2</sup>

Second, Correa has informed the United States that in 2009, Ecuador will not renew an agreement that permits U.S. forces to use Ecuador's Manta air base for transnational anti-drug operations. Specifically, the agreement permits "a contingent of about 250 U.S. military personnel, including members of the U.S. Air Force, Coast Guard, and Customs and

Border Protection" to use the base "to hunt the skies and seas for traffickers trying to bring cocaine and other drugs into the United States." According to Col. Javier Deluca, the U.S. military commander at Manta, missions from the bases kept 249 metric tons of cocaine from reaching the U.S. mainland in 2006.<sup>3</sup>

This move also keeps with the Chávez pattern. U.S. drug war czar John Walters reports, "Latin American cartels are using commercial airports and ports in Venezuela as a 'safe base' to ship increasing quantities of cocaine."<sup>4</sup>

Ending counternarcotics cooperation could disqualify Ecuador for any extension of Andean trade preferences by the U.S. Congress in February 2008.<sup>5</sup> That would probably be fine with President Correa, since it would make his country even more dependent on Hugo Chávez and Correa's friends from authoritarian capitalist nations such as China, Russia, and Iran. Indeed, Iranian President Ahmadinejad attended Correa's inauguration.

Leading opposition politicians in Ecuador have alleged that Chávez funneled millions of dollars into Ecuador to ensure Correa's election. The news in August 2007 that a Chávez functionary was caught

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flying into Buenos Aires with \$800,000 in cash in his suitcase lends credence to the charge. Many observers believe Chávez is also sending millions of dollars to his friend and fellow leftist, President Nestor Kirchner of Argentina, to finance the Peronist Party campaign of Kirchner's wife, Cristina Fernandez, to succeed her husband in the October 28 election.<sup>6</sup>

**Page Two: A New Constitution.** On page two of the playbook, Correa followed the example set by Chávez right after he took power in Venezuela in 1999. As soon as Correa took office in January 2007, he began laying the groundwork to bring "21st Century Socialism" to Ecuador. Correa's promise to throw out newly elected lawmakers and write a new constitution mirrored Chávez's original script. It would be the 19th constitution in the 180-year history of Ecuador.<sup>7</sup> Severe political clashes throughout the spring of 2007 occasionally spilled over into violence in the streets as Correa's political operatives railroaded through the opposition parties in the National Assembly to set the stage. In March, Correa ominously tightened his grip on power by ousting 57 opposition members of Congress who

attempted to block an April referendum on whether to elect the constituent assembly. The Economist reported, "Though the congressmen were replaced by alternates they themselves had picked, the new deputies have shown themselves loyal to Mr. Correa rather than to their own political parties."<sup>8</sup>

On Sunday, September 30, voters in Ecuador will go to the polls to decide whether to grant President Correa's proposed special constituent assembly the authority to rewrite the constitution to reduce the power of political parties and enlarge that of the president. Correa is betting that his "Movimiento País" party will win enough seats to control the 130-member special assembly. Correa blames the "political mafia" that controls the current legislature for the country's problems. He has said, "the assembly should have the power to dissolve congress and other elected officials."<sup>9</sup> One Venezuela critic has noted that the single most dangerous export of Castro to Venezuela was the National Constituent Assembly, which "allowed Chávez to subvert democracy with a pseudo democratic mechanism that wasn't even part of the constitution."<sup>10</sup>

1. Steven Dudley, "Exit polls show leftist holds lead in runoff," *The Miami Herald*, November 27, 2006, at [www.lexis.com/research/retrieve?\\_m=c2a4f7dd24c6cf33ae93c67612e35218&-docnum=2&-fmtstr=FULL&-startdoc=1&-wchp=dGLzVlz-aSkAk&-md5=b0d7711233583ebf2605cb9a34304212&-focBudTerms=&-focBudSel=all](http://www.lexis.com/research/retrieve?_m=c2a4f7dd24c6cf33ae93c67612e35218&-docnum=2&-fmtstr=FULL&-startdoc=1&-wchp=dGLzVlz-aSkAk&-md5=b0d7711233583ebf2605cb9a34304212&-focBudTerms=&-focBudSel=all) (September 25, 2007).
2. Pablo Bachelet, "U.S. official to discuss trade, energy on Ecuador trip," *The Miami Herald*, May 7, 2007, at [www.lexis.com/research/retrieve?\\_m=769d992f209627b25145e3608cfc9a2a&-docnum=29&-fmtstr=FULL&-startdoc=21&-wchp=dGLbVzb-zSkAt&-md5=66ac4c1b9935ce5ed889fcd13ff59815&-focBudTerms=&-focBudSel=all](http://www.lexis.com/research/retrieve?_m=769d992f209627b25145e3608cfc9a2a&-docnum=29&-fmtstr=FULL&-startdoc=21&-wchp=dGLbVzb-zSkAt&-md5=66ac4c1b9935ce5ed889fcd13ff59815&-focBudTerms=&-focBudSel=all) (September 27, 2007).
3. Abraham Mahshie, "Ecuador Action May Hurt Drug War; U.S. Use Of Air Base Expected To End," *Sun-Sentinel* (Fort Lauderdale, Florida), February 25, 2007, at [www.lexis.com/research/retrieve?\\_m=8c56c22aa7624a1586251df9e07097eb&-docnum=3&-fmtstr=FULL&-startdoc=1&-wchp=dGLbVzb-zSkAt&-md5=6d12714bdcec5645b90152454451c2d5&-focBudTerms=&-focBudSel=all](http://www.lexis.com/research/retrieve?_m=8c56c22aa7624a1586251df9e07097eb&-docnum=3&-fmtstr=FULL&-startdoc=1&-wchp=dGLbVzb-zSkAt&-md5=6d12714bdcec5645b90152454451c2d5&-focBudTerms=&-focBudSel=all) (September 25, 2007).
4. Marc Champion, "U.S. Raises Heat on Venezuela over Drug Trafficking," *Wall Street Journal*, May 9, 2007, p. A1.
5. Stephen Johnson, "What Correa's Win Means in Ecuador," Heritage Foundation WebMemo No. 1267, November 29, 2006, at [www.heritage.org/Research/LatinAmerica/wm1267.cfm](http://www.heritage.org/Research/LatinAmerica/wm1267.cfm).
6. Andres Oppenheimer, "Suitcase of cash shows Chávez's ways," *The Miami Herald*, August 16, 2007, Page A9.
7. *The Economist*, "A wannabe Chávez short of oil; Ecuador" September 1, 2007, at [www.lexis.com/research/retrieve?\\_m=13a1fe3ddf3150a833607d569800749f&-docnum=10&-fmtstr=FULL&-startdoc=1&-wchp=dGLbVzb-zSkAt&-md5=e4e4fe5889a3e1e98e67776b2f3d05c2&-focBudTerms=&-focBudSel=all](http://www.lexis.com/research/retrieve?_m=13a1fe3ddf3150a833607d569800749f&-docnum=10&-fmtstr=FULL&-startdoc=1&-wchp=dGLbVzb-zSkAt&-md5=e4e4fe5889a3e1e98e67776b2f3d05c2&-focBudTerms=&-focBudSel=all) (September 26, 2007).
8. *The Economist*, "Tightening his grip: Ecuador's Rafael Correa," April 21, 2007, at [www.lexis.com/research/retrieve?\\_m=5d172edc33a19935dba012d4b08c0c67&-docnum=33&-fmtstr=FULL&-startdoc=31&-wchp=dGLbVzb-zSkAt&-md5=c2b7c6c34387888f1a0bfd68d5d6edf2&-focBudTerms=&-focBudSel=all](http://www.lexis.com/research/retrieve?_m=5d172edc33a19935dba012d4b08c0c67&-docnum=33&-fmtstr=FULL&-startdoc=31&-wchp=dGLbVzb-zSkAt&-md5=c2b7c6c34387888f1a0bfd68d5d6edf2&-focBudTerms=&-focBudSel=all) (September 26, 2007).
9. Alexandra Olson, "Ecuador's president says he has no interest in perpetuating himself in power as part of reforms," Associated Press, September 25, 2007, at [www.lexis.com/research/retrieve?\\_m=c2a4f7dd24c6cf33ae93c67612e35218&-docnum=9&-fmtstr=FULL&-startdoc=1&-wchp=dGLzVlz-zSkAk&-md5=b0d7711233583ebf2605cb9a34304212&-focBudTerms=&-focBudSel=all](http://www.lexis.com/research/retrieve?_m=c2a4f7dd24c6cf33ae93c67612e35218&-docnum=9&-fmtstr=FULL&-startdoc=1&-wchp=dGLzVlz-zSkAk&-md5=b0d7711233583ebf2605cb9a34304212&-focBudTerms=&-focBudSel=all) (September 25, 2007).

### Page Three: A Bolivarian Republic of Ecuador?

Here's what page three might look like in Ecuador. Using the new Bolivarian Constitution produced by the constituent assembly in Venezuela, Hugo Chávez packed the courts at every level with party hacks.<sup>11</sup> He dissolved the National Assembly and, using rigged election rules, his party gained control of nearly every seat in the new assembly, which "in January 2007 granted him 'special decree powers' for 18 months, under which Mr. Chávez is empowered to issue decrees in 11 key areas without having to seek legislative approval."<sup>12</sup>

Chávez is currently choreographing 33 changes to his Bolivarian Constitution that would permit him to remain in office indefinitely.<sup>13</sup> Other revisions to the constitution will allow Chávez to take personal control of the billions of dollars in Venezuela's Central Bank, dictate what is to be taught in private schools, and to practically abolish private property in Venezuela.<sup>14</sup> For the record, Correa maintains that he will not follow the lead of Chávez and will not seek to abolish limits on his re-election.<sup>15</sup>

A big question is whether Correa will be able to meet the political demands of the electorate for more government spending while maintaining a sound economy. The answer could largely depend on world oil prices staying high. Adrian Bonilla, director of the Ecuador branch of the Latin American Faculty of Social Sciences, maintains that

Correa is no Chávez. Chávez has basically left the banking system alone, while Correa wants only to regulate—not seize—the means of production. Correa and Chávez share the same rhetoric, but Correa doesn't have the resources.

Mr. Bonilla adds that Correa doesn't share Chávez's anti-U.S. views.<sup>16</sup>

Others, however, are far less sanguine about the future in Ecuador under President Correa. Former Ecuadorean president Lucio Gutierrez said that the constitutional crisis may take a turn for the worse. "Violence has been rising in a dangerous way, and it could at some point turn into a civil war," he told Bloomberg News.<sup>17</sup>

**What the United States Should Do.** The U.S. should do the following:

- Reiterate to President Correa that the United States expects Ecuador to continue to respect democratic neighbors, continue cooperation on fighting drug trafficking and international crime, and invest in its own long-term stability and prosperity through policies that favor political and economic free choice;
- Develop new programs to boost personal contact with Americans and counter the armies of Cuban doctors and Venezuelan security advisers streaming into Ecuador;
- Increase support for civil society groups and beef up public diplomacy efforts to strengthen local

10. Aleksander Boyd, "Correa to impose Chávez's mobocracy in Ecuador," VCrisis, January 30, 2007, at [www.vcrisis.com](http://www.vcrisis.com) (September 26, 2007).

11. James M. Roberts, "If the Real Simón Bolívar Met Hugo Chávez, He'd See Red," Heritage Foundation *Backgrounder* No. 2062, August 20, 2007, at [www.heritage.org/Research/LatinAmerica/bg2062.cfm](http://www.heritage.org/Research/LatinAmerica/bg2062.cfm).

12. Economist Intelligence Unit, "Venezuela: Threats and Bluster," May 14, 2007.

13. Steven Dudley, "Exasperated by Chávez, More Venezuelans Leave," *The Miami Herald*, May 1, 2007, p. A1.

14. Fabiola Sanchez, Associated Press Writer, "Chávez Foes Rally Against Reform," *USA Today*, August 15, 2007, at [www.usatoday.com/news/topstories/2007-08-16-3582934430\\_x.htm](http://www.usatoday.com/news/topstories/2007-08-16-3582934430_x.htm) (September 27, 2007).

15. Alexandra Olson, "Ecuador's president says he has no interest in perpetuating himself in power as part of reforms," Associated Press, September 25, 2007, at [www.lexis.com/research/retrieve?\\_m=c2a4f7dd24c6cf33ae93c67612e35218&docnum=9&\\_fmtstr=FULL&\\_startdoc=1&wchp=dGLzVlz-zSkAk&\\_md5=b0d7711233583ebf2605cb9a34304212&focBudTerms=&focBudSel=all](http://www.lexis.com/research/retrieve?_m=c2a4f7dd24c6cf33ae93c67612e35218&docnum=9&_fmtstr=FULL&_startdoc=1&wchp=dGLzVlz-zSkAk&_md5=b0d7711233583ebf2605cb9a34304212&focBudTerms=&focBudSel=all) (September 25, 2007).

16. Matthew Clark, "Ecuador moves to cut Interest rates for poor," *Christian Science Monitor*, July 6, 2007, at [www.lexis.com/research/retrieve?\\_m=8eed39ba81b0f6811513a0491bc46a6&docnum=19&\\_fmtstr=FULL&\\_startdoc=11&wchp=dGLbVzb-SkAt&\\_md5=e242ba37fb69cc34e1c9aa1b02a7cc0f&focBudTerms=&focBudSel=all](http://www.lexis.com/research/retrieve?_m=8eed39ba81b0f6811513a0491bc46a6&docnum=19&_fmtstr=FULL&_startdoc=11&wchp=dGLbVzb-SkAt&_md5=e242ba37fb69cc34e1c9aa1b02a7cc0f&focBudTerms=&focBudSel=all) (September 26, 2007).

17. Hal Weitzman, "Ecuador in crisis after violence flares in Congress," *Financial Times*, March 14, 2007, at <http://search.ft.com/ftArticle?queryText=ecuador+constituent&y=2&aje=true&x=11&id=070314009516&ct=0> (September 27, 2007).

voices proposing independent solutions to Ecuador's poverty and governance troubles;

- Demonstrate goodwill regarding possible resumption of free trade talks if the situation improves; and
- Redirect security assistance as necessary and adjust strategies if America loses tenant rights at Ecuador's Manta air base for drug interdiction efforts.

**Conclusion.** The rise of Hugo Chávez marks a depressing return to the days of leftist "caudillos" (strongmen) who ruled Latin America in decades past. Rafael Correa seems an unlikely caudillo, but his actions to date indicate that he is acting more

like the regional governor of an Ecuador that will take its place within Hugo Chávez's vision of ruling a "Socialist Bolivarian Republic of the Andes."

The United States must increase its presence in the region through additional support for democratic, market-based institutions. A strong and resolute U.S. government should seek to avoid repeating past mistakes and encourage true reform in the region.

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