

## A Choice for Latin America

Should the United States continue to subsidize governments that treat it as an enemy?

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WITH U.S. attention fixed elsewhere, a significant part of Latin America continues to march away from the "Washington consensus" of democracy and free-market capitalism that has governed the region for a generation. The latest step came last week in Ecuador, where voters approved a new constitution that concentrates power in the hands of President Rafael Correa. Mr. Correa has adopted Venezuelan President Hugo Chávez's slogan of "socialism of the 21st century" and has largely imported Mr. Chávez's political model. The new constitution repeals a limit on presidential terms that had stood since the country returned to democracy in 1979, and it could allow Mr. Correa to stay in office until 2017. It also grants him control over the central bank and, indirectly, the judiciary and electoral authority. The president already dominates the media after seizing control of three private television networks several months ago; so heavy-handed was government propaganda ahead of the referendum that even the typically timid Organization of American States took note.

In addition to Ecuador, Mr. Chávez's satellites now include Nicaragua, Bolivia and Cuba; Honduras and Paraguay may be swinging his way. Most are moving to embrace 20th-century economic policies that the world outside Latin America almost universally recognizes as unworkable, like the state takeover of industries. Their presidents seek to monopolize power, limit the freedom of the press and independence of the courts, and paint the United States as an enemy. Several are cultivating alliances with Iran, and Mr. Chávez is steadily deepening his military relationship with Russia, which announced last month an agreement to supply Venezuela with nuclear technology.

The Bush administration has struggled for years with the question of how to respond to these developments. For the most part it has chosen to sidestep Mr. Chávez's provocations, calculating that his regime will eventually self-destruct -- a bet that looks better with each drop in the price of oil. The U.S. Treasury has sanctioned individuals in Mr. Chávez's inner circle for supporting terrorism, but the State Department refrained from designating the government as a supporter of terrorism -- a step that could cripple the Venezuelan economy. Last month, the administration moved to suspend trade privileges for Bolivia, after President Evo Morales blocked U.S. aid programs aimed at reducing coca production and expelled the U.S. ambassador. But with administration support the House renewed the same trade preferences for Ecuador last week.

Contrary to the rhetoric of their leaders, the United States retains enormous leverage in Latin countries: Thirty thousand jobs in Bolivia and 400,000 in Ecuador depend on the trade deals, while Nicaragua and Honduras profit through the Central American Free Trade Agreement. That power to punish already-impooverished countries should not be employed lightly. But neither should rulers such as Mr. Morales, Mr. Correa and Nicaragua's Daniel Ortega be allowed to dismantle democratic institutions and attack U.S. interests while benefiting from American subsidies. Sooner or later they must be forced to choose between Mr. Chávez's half-baked socialism and the democracy of the 21st century.