A little over a month ago the Central American Integration System held a conference in Guatemala focused on regional security. At this conference, Secretary of State, Hillary Clinton, made the controversial statements "true security cannot be funded on the backs of the poor," urging that "businesses and the rich in every country [within Central America] must pay their fair share of taxes," to combat what the Pentagon has called the deadliest region in the world outside of active war zones. The conference was part of a necessary effort by the Central American community to produce a joint security strategy, but the outcomes missed the target. While promises of more cooperation and more cash were abundant, what was missing was an actual strategy. A comprehensive regional security strategy must address the political, economic, and social dimensions fueling the security crisis. Jumping directly into defense tactics and activities, such as enhanced police training and acquiring high-end technology, is putting the carriage before the horse. Despite the lack of a discussion on strategy, the major highlight of this conference was the promotion of a new security tax to be levied on the private sector, which was implied in the aforementioned statement by Secretary Clinton. The Secretary's statements were rapidly seized upon by the governments in the region, who are now in the midst of the difficult discussions aimed at seeking a way to implement this security tax.

Specifically, Honduras, El Salvador, and Guatemala are in the process of introducing new legislation. The tax is, naturally, not without controversy. The proponents of the tax point to Colombia, and the success it has seen since implementing a 1.2% "Tasa de Seguridad," on the private sector in 2002. While the Colombian security tax was a major factor in driving out the drug cartels and organized crime that ruled the streets, there are two important differences between Colombia then and Central America today:

1.The Uribe administration worked to build credibility with the private sector by simultaneously implementing a program of fiscal responsibility alongside the security tax, and had a track record of success dealing with both security and fiscal issues when he served as the Governor of Antioquia before being elected as president.

2. Then of course there is President Uribe himself, who turned out to be an extraordinary leader that made a credible commitment to resolve Colombia's security crisis, regardless of whether the proposed tax was approved or not. Both of these factors earned the Colombian government legitimacy with the private sector, which in turn made an investment into the Uribe administration to bolster public security. This leads to two important questions regarding the Central American security tax: 1) Have the leaders within the Central American isthmus earned this same level of credibility with the private sector? 2) Are they just as committed to resolving their security issues, even without the tax, and if so, why haven't started yet? From the answers to these

questions arise the controversy. The record of the current governments' in the northern triangle of Central America is abysmal in terms of fiscal responsibility and public security. Perhaps this is why their median tax revenue falls well below the average for not only Latin America, but also Sub-Saharan Africa, making it one of the worst in the world. What this means is that the governments credibility is not just weak with the rich— its weak with everyone. In the 2010–2011 Global Competitiveness Report (produced by the World Economic Forum), which ranks countries according to business leaders' beliefs about how complex and distortionary the tax system is on their business decisions, Guatemala, El Salvador, and Honduras all rank in the bottom half of 139 countries. In the same report, entrepreneurs cited tax regulations as "the most problematic factor for doing business." As a result, tax evasion has become a national pastime in Central America, as entrepreneurs continually innovate new ways to skirt the tax system, simply because the onerous tax regulations imposed by their governments make it too burdensome to play by the rules. Simply stated, the payoff for unproductive and evasive activities in Central America is relatively higher than working through the system. This is the underlying root problem for the lack of public security; therefore, this is where the conceptualization of a regional security strategy must begin. For the governments so keen on taking from the rich, they must remember that the "wealthy elite" or the private sector did not accumulate their wealth by making bad investments. With the fiscal irresponsibility, lack of results on public security, and the instability of political parties—the governments of the northern triangle have proven to be bad investments. Secretary Clinton's assertion that insecurity in Central America arises primarily from the lack of capital is off the mark. The governments of Central America must, like Colombia, prove that they can administer what they already have before they seize more of their citizens' money. Read original article on Fox News Latino: http://latino.foxnews.com/latino/politics/2011/07/31/is-security-tax-good-investment-for-central-american-private-sector/#ixzz2IxL0PvUw