

Ways and Means Committee: May 11, 2000

Statement of Ron Paul on the Misuse of the Social Security Number Before the Social Security Subcommittee of the Ways and Means Committee

-----

Statement of HON. RON PAUL OF TEXAS

Mr. Chairman, thank you for holding a hearing on the important issue of the misuse of the Social Security number as a uniform standard identifier. For all intents and purposes, the Social Security number has been transformed from an administrative device used to administer the Social Security program into a *de facto* national ID number. Today, most Americans cannot get a job, get married, open a bank account, or even get a fishing license without their Social Security number. Many hospitals require parents to obtain Social Security numbers for their newborns before the hospital will discharge the baby. Moreover, many jurisdictions will not issue a death certificate without obtaining the deceased's Social Security number. The Congress that created the Social Security system in no way intended to create a national identifier. In fact, Congress never directly authorized the creation of the Social Security number -- they simply authorized the creation of an "appropriate record keeping and identification scheme." The Social Security number was actually the creation of the Internal Revenue Service! The Social Security Number did not become a popular identifier until the 1960s. In response to concerns about the use of the Social Security number, Congress passed the Privacy Act of 1974, because "The Congress finds the opportunities for an individual to secure employment, insurance and credit and his right to due process and other legal protections are endangered by the misuse of certain information systems." The Privacy Act of 1974 states that "It shall be unlawful for any Federal, State or local government agency to deny any individual any right, benefit or privilege provided by law because of such individual's refusal to disclose his Social Security number." This is a good and necessary step toward protecting individual liberty. Unfortunately, the language of the Privacy Act allows Congress to require the use of the Social Security number at

will. In fact, just two years after the passage of the Privacy Act, Congress explicitly allowed state governments to use the Social Security number as an identifier for tax collection, motor vehicle registration and drivers' license identification. Since the passage of the Privacy Act, Congress has been all too eager to expand the use of the Social Security number as a uniform identifier. For example, in 1996, Congress required employers to report the Social Security number of employees as part of the "new hires" database, while in 1998, 210 members of Congress voted to allow states to force citizens to produce a Social Security number before they could exercise their right to vote. Mr. Chairman, my legislation, the Freedom and Privacy Restoration Act (HR 220) forbids Federal or State governments from using the Social Security number for purposes not directly related to administering the Social Security system. Since I introduced this legislation on the first day of the 106th Congress, my office has received countless calls, letter, faxes, and e-mails from Americans around the country who are tired of having to divulge their national ID number in order to get a job, open bank account, or go fishing. The strong public outrage over the federal banking regulators' "know your customer" scheme, as well as the attempt to turn state drivers' licenses into a national ID card, and the Clinton Administration's so-called "medical privacy" proposals all reveal the extent to which the American people oppose the "surveillance state." These Americans believe that since Congress created this problem, Congress must fix it. Certain well-meaning members of Congress are focusing on the use of the Social Security number by private businesses. However, this ignores the fact that the private sector was only following the lead of the federal government in using the Social Security number as an ID. In many cases, the use of the Social Security number by private business is directly mandated by the government, for example, banks use Social Security numbers as an identifier for their customers because the federal government required them to use the Social Security number for tax reporting purposes. Once the federal government stops using the Social Security number as an identifier, the majority of private businesses, whose livelihood depends on pleasing consumers, will respond to their customers demands and stop using the Social Security number and other standard identifiers I hope that we in Congress would not once again allow a problem Congress created to become an excuse for disregarding the constitutional limitations of federal police powers or imposing new mandates on businesses in the name of "protecting privacy." Federal mandates on private businesses may harm consumers by preventing business from offering improved services such as the ability to bring new products that consumers would be interested in immediately to the consumers' attention. These mandates will also further interfere with matters that should be resolved by private contracts. Furthermore, as we have seen with the administration's so-called "medical privacy protection" proposal, federal "privacy protection laws" can actually undermine privacy by granting certain state-favored interests access to one's personal information. Finally, I would remind my colleagues that no private organization has the power to abuse personal liberty on as massive a scale as the federal government. After all, consumers have the right to refuse to do business with any private entity that asks for a Social Security number, whereas citizens cannot lawfully refuse to deal with government agencies. Furthermore, most of the major invasions of privacy, from the abuse of IRS files to the case of the Medicare clerk who sold the names of Medicare patients to an HMO, to the abuse of the FBI by administrations of both parties have occurred by government agents. Therefore Congress should focus on the threat to liberty caused by the federal government's use of uniform identifiers. In conclusion, I once again thank the Subcommittee for holding this hearing on the uses and abuses on the Social Security number. I hope that this hearing is the first step toward Congressional action designed to stop the use of

the Social Security number as a national ID number.