

Statement of Ron Paul
Subcommittee on Oversight and Investigations and
Subcommittee on Financial Institutions and Consumer Credit
Hearing on “Fighting Fraud; Improving Information Security”

04-03-02

Madam Chairwoman, thank you for holding this timely hearing on the important topic of how to prevent identity crimes. I would also like to thank the Subcommittee on Financial Institutions and Consumer Credit for participating in this hearing. However, Madam Chairwoman, I am little surprised that this hearing seems to be focusing on the private sector's efforts to protect against identity theft while ignoring how Congress' transformation of the Social Security number into a *de facto* uniform identifier facilitates identity crimes.

Since the creation of the Social Security number, Congress has authorized over 40 uses of the Social Security number as an identifier. Thanks to Congress, today no American can get a job, open a bank account, get a professional license, or even get a drivers' license without presenting their Social Security number. Federal law even requires Americans to produce a Social Security number to get a fishing license!

Because of the congressionally-mandated abuse of the Social Security number, all an unscrupulous person needs to do is obtain someone's Social Security number in order to access that person's bank accounts, credit cards, and other financial assets. Every case highlighted in the Committee's hearing memo references whether or not the thieves were successful in obtaining Social Security numbers, acknowledging the importance of the Social Security number to identity thieves.

Madam Chairwoman, the only way to ensure the federal government is not inadvertently assisting identity criminals is to stop using the Social Security number as a uniform ID. I have introduced legislation to address the American people's concerns regarding the transformation of the Social Security number into a national ID, the Identity Theft Prevention Act (HR 220). The major provision of the Identity Theft Prevention Act halts the practice of using the Social Security number as an identifier by requiring the Social Security Administration to issue all Americans new Social Security numbers within five years after the enactment of the bill. These new numbers will be the sole legal property of the recipient, and the Social Security Administration shall be forbidden to divulge the numbers for any purposes not related to the Social Security program. Social Security numbers issued before implementation of this bill shall no longer be considered valid federal identifiers. Of course, the Social Security Administration shall be able to use an individual's original Social Security number to ensure efficient transition of the Social Security system.

Madam Chairwoman, while I do not question the sincerity of those members who suggest that Congress can ensure citizens' rights are protected through legislation

restricting access to personal information, legislative "privacy protections" are inadequate to protect the liberty of Americans for several reasons. First, it is simply common sense that repealing those federal laws that promote identity theft is more effective in protecting the public than expanding the power of the federal police force. Federal punishment of identity thieves provides cold comfort to those who have suffered financial losses and the destruction of their good reputation as a result of identity theft.

Federal laws are not only ineffective in stopping private criminals; they have not even stopped unscrupulous government officials from accessing personal information. Did laws purporting to restrict the use of personal information stop the well-publicized violation of privacy by IRS officials or the FBI abuses by the Clinton and Nixon administrations?

Just this past December, thousands of active-duty soldiers and veterans had their personal information stolen, putting them at risk of identity theft. Imagine the dangers if thieves are able to obtain the universal identifier, and other personal information, of millions of Americans simply by breaking, or hacking, into one government facility or one government database?

My colleagues should remember that the federal government lacks constitutional authority to force citizens to adopt a universal identifier for health care, employment, or any other reason. Any federal action that oversteps constitutional limitations violates liberty because it ratifies the principle that the federal government, not the Constitution, is the ultimate judge of its own jurisdiction over the people. The only effective protection of the rights of citizens is for Congress to follow Thomas Jefferson's advice and "bind (the federal government) down with the chains of the Constitution."

In conclusion, Madam Chairwoman, I once again thank you and the other members of the subcommittee for holding a hearing on this important issue. However, I would hope my colleagues would turn their attention away from private efforts to prevent identity theft and address the congressionally-created root cause of the problem: the transformation of the Social Security number into a national identifier.