Time To Start Over With Social Security Numbers

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It isn't just Social Security benefits that Americans are worried about; it's the Social Security Number (SSN) itself. The widespread misuse of SSNs is a growing political issue.
The Inspector General of the Social Security Administration, John G. Huse Jr., testified on May 22 before a House Ways and Means subcommittee. His frank statement is a wake-up call to Americans who value their freedom from other people monitoring our daily activities and from criminals who steal our money, our credit and even our identity.

Huse called misuse of the Social Security number "a national crisis," and he pleaded that the time has come to put the SSN "back into its box." Since the government created the SSN and permitted it to assume such great power, he said, "it's the government's job to control it."

When Social Security was created in 1935, the SSN's sole purpose was to track the earnings of employed Americans so their wages would be properly credited, and we were promised it would never be used for anything else. Chalk that up to another promise broken by government; the SSN has become a de facto personal identifier.

The temptation to use the SSN for other purposes was apparently irresistible. The Department of Defense uses it for armed forces personnel and draft registration, and the Internal Revenue Service requires it for income tax returns and for our bank deposits to make sure all our income is declared.

The SSN is used by federal, state and local governments for everything from food stamps to driver's licenses to marriage licenses to water and sewer bills. Inspector General Huse warns that this is "a convenience that we can no longer afford."

He thanked Congress for enactment of the Identity Theft and Assumption Deterrence Act of 1998, which enables the feds to prosecute those who misappropriate someone else's identity. It's important to punish identity theft, but Huse says it is more critical to prevent it.

The problem is the everyday and pervasive use of the SSN by others than the Social Security Administration. This includes not only government agencies but schools, colleges, hospitals, banks, insurance companies, credit card companies, and merchants, even for such transactions as joining a health club or buying a refrigerator.

Subcommittee Chairman Clay Shaw remarked, "More and more people are being told their SSN is required for reasons that just don't make sense, like renting a video, making funeral arrangements, or even picking up Girl Scout cookies."

Huse called for legislation that limits the use of the SSN to "purposes that benefit the holder of the SSN." It should not be used for the benefit of "the company that sells an appliance or the state that issues a driver's license."

Huse said that last year his office received 46,840 allegations of SSN misuse and another 43,456 of allegations of program fraud that includes SSN misuse. Identity thieves used to steal credit card numbers one by one from mailboxes and restaurant receipts.

Now they steal wholesale on the internet. A thief can buy someone's SSN on the internet for $39.95, use it within minutes to get a credit card, then buy big-ticket items such as cars and jewelry.

Commercial on-line data brokers collect and sell personal information for legitimate purposes, and their customers include banks, insurance companies, journalists, and law enforcement agencies. The data come from public records or information provided by consumers on credit applications.

But when sold on-line, the brokers have no way of checking the identity or legitimacy of buyers. The majority of applications for credit are made over the phone with the SSN as the only identifier.

The Ways and Means Committee subcommittee heard sad cases of individuals who were victims of identity theft. One criminal got $36,000 worth of goods in a three-month period, impacting the victim's ability to refinance her home, get a line of credit at her bank, and get cellular phone service, not to speak of the countless hours spent in phone calls talking with creditors and police.

A restaurant busboy named Abraham Abdallah was able to penetrate the banking and brokerage accounts of several very wealthy and prominent Americans through the use of on-line providers and internet- based databases. When arrested, he was on the verge of stealing millions of dollars.

The states are beginning to react to public resentment against governmental misuse of SSNs. The Nevada State Legislature just passed a resolution calling on Congress to repeal the law that requires each state to record the SSN on all applications for a driver's license, and the Michigan Secretary of State has filed suit to enjoin the enforcement of this law.

The best solution to the privacy crisis caused by the universal use of SSNs by government and business comes from Rep Ron Paul (R-TX). He proposes assigning every American a new SSN and banning the use of SSNs as identifying tools.