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Remarks Announcing the Financial Privacy and Consumer Protection Initiative

May 4, 1999

Thank you very much, Mari. I just wish we could have found someone with a little energy to make this presentation. [*Laughter*]

Hillary and I are really delighted to have all of you here and delighted to be a part of this announcement today, because it's so important. And I would like to say a special word of appreciation to Secretary Rubin. You know, most people think of the Treasury Secretary as someone who's out there trying to keep the economy going, and he's done a reasonable job of that, I think. [*Laughter*] And they think of Bob Rubin as this sort of big, Wall Street-type brilliant person.

But one of the reasons that I wanted him to come and work here is that he actually understands how big economic decisions affect individual people at all levels of income and all different circumstances in life. And I think it's a good thing for a country to have a Treasury Secretary that understands the big issues and then cares about how they impact individual citizens. And I'm very grateful for that.

I want to thank Senator Bryan and Congressmen Bentsen, Gonzalez, Inslee, Kanjorski, Markey, Lee, Roybal-Allard, and Waters for being here—and Senator Sarbanes, who can't be here, and Congressman LaFalce, who's done so much on this, who is here today. And I thank Chairman Levitt, Chairman Pitofsky, Commissioner Thompson, Assistant Attorney General Jim Robinson.

Tornado Damage in Oklahoma and Kansas

Before I get into the substance of our proposals today, I would like to say just a few words about the terrible tornado devastation in Oklahoma and Kansas, which I'm sure all of you have seen the reports of, and perhaps even the gripping pictures of.

Some of the most powerful tornadoes ever recorded swept through these States last night. At least 45 people are dead, and the wreckage is still being examined. Whole communities have been leveled. Homes and possessions have been turned into splinters and rubble.

I have already spoken with the Governor of Oklahoma, Frank Keating, to tell him that I've declared Oklahoma a Federal disaster area, and we have just completed a similar declaration for the State of Kansas, and I look forward to talking to Governor Graves later today. I had a good talk with James Lee Witt, our FEMA director, who is now in Oklahoma with Buddy Young, his regional director. And they are working on what we can do to provide all the necessary support for people.

We have to make sure everyone's accounted for and that the beginning cleanup can start. Local and State officials, fire and police, emergency services, National Guard personnel have already worked through the night and are doing a terrific job of dealing with an incredibly difficult situation. We're here talking about how people feel when something has been stolen from them. A lot of our fellow Americans have had everything taken from them in those two States, and I know that they will be in your prayers.

The people of Oklahoma City, in particular, have suffered too much devastation in recent years, and they've been hit very, very hard by this. So we'll have more to say about that in the days ahead.

Financial Privacy and Consumer Protection

I would like to just put this issue briefly into historical perspective, to emphasize the importance that I feel the entire Congress, without regard to party, should attach to this matter.

We've been at this experiment in Government for 223 years now. We started with a constitution that was rooted in certain basic values and written by some incredibly brilliant people who understood that times would change and that definitions of fundamental things like liberty and privacy would change and that circumstances would require people to rise to the challenges of each new era by applying the old values in practical ways.

This happened at the dawn of the 20th century. Mari mentioned Justice Brandeis. He said when we change from being an agricultural to an industrial society that laws built

under simpler conditions of living could not handle the complex relations of the modern industrial world.

He and the leaders of the Progressive movement, about 100 years ago, therefore, fought to adapt our institutions to new markets, to update vital protections for our citizens, to uphold the right to privacy, which Brandeis said was the right most valued by civilized men.

Now, that's what's happening today; we're in the midst of another vast economic transformation. Once again, the laws that govern dynamic markets—markets so dynamic they could not have been imagined 200 years ago—are out of date.

I just read—just parenthetically—I read yesterday a quote that said that 60 years ago the prices in London for most basic commodities were the same that they were in 1660, before the outbreak of the great London fire. In the last 60 years, most of us have seen prices go up a thousandfold. Thank goodness it hasn't happened in the last 6 years; we're—[*laughter*]—maybe in a different thing.

But the pace of change is very different—not just the nature of change, but the very pace of it. So once again, we have to respond, applying our oldest values in practical ways that allow them to be preserved and enhanced in modern times.

We all know that technology and competition have revolutionized the financial services industry. I think most of us believe that, by and large, these changes have been very good. But many people, as you've heard, don't have the knowledge to properly evaluate what is truly a dizzying array of options. Some are falling victim to new abusive practices. Others are being left out of the financial marketplace altogether.

That is why today I am proud to announce our new Financial Privacy and Consumer Protection Initiative, to give all Americans both the tools and the confidence they need to fully participate in a thriving but highly complex 21st century economy.

This initiative is based on five key principles, and it draws on several important proposals developed by the Members of Congress who are here today, and some who are not, whom Hillary mentioned.

The first, clearly, is that we have to do more to protect every American's financial privacy. The Vice President led our efforts to identify areas where privacy is at risk, and financial areas came up over and over and over again as a matter of great concern.

The technological revolution now makes it easier than ever for people to mine your private financial data for their profit. While some of your private financial information is protected under existing Federal law, your bank or broker or insurance company could still share with affiliated firms information on what you buy with checks and credit cards or sell this information to the highest bidder. This law, to put it mildly, is outdated and should be changed to give you the right to control your financial information, to let you decide whether you want to share private information with anyone else. I look forward to working with Members in the House and the Senate on this issue.

To enhance financial privacy, we must also protect the sanctity of medical records. With the growing number of mergers between insurance companies and banks, lenders potentially can gain access to the private medical information contained in insurance forms. So we propose to severely restrict the sharing of medical information within financial services conglomerates.

You should not have to worry that the results of your latest physical exam will be used to deny you a home mortgage or a credit card. There are many other important protections for medical records that ought to be put in place. Because Congress has given me the authority to act if it does not do so by August, one way or another, we will protect the privacy of medical records this year.

Second, we must require greater public disclosure and enhance every consumer's right to know. As the First Lady just pointed out—although every time I hear it, I shake my head—consumers received nearly 4 billion credit card solicitations last year.

Some offers contain new traps for the unwary. For example, sometimes credit card companies advertise low interest rates known as teaser rates, to reel in consumers who then are surprised with unexpected interest rate hikes. We believe any marketing of teaser rates for credit cards should include equally

prominent notice of their expiration date, their eventual annual percentage rate, and any penalties that apply.

Millions of consumers have also found out the hard way that making only minimum payments rarely helps retire a debt and almost always results in very large interest payments. So we will require clear notice of how long and how costly repayment would be if the consumer makes only the minimum payment.

Third, we have to do more to combat consumer fraud. As Mari Frank discovered the hard way, it is remarkably easy now for a thief to take out huge loans in someone else's name, run up enormous credit card debts, and tap into bank accounts. Last October Congress passed—and I was pleased to sign—the Identity Theft and Assumption Deterrence Act. It's a good law, but we need to give it sharp teeth. So today I'm instructing the Treasury and Justice Departments to give higher priority to cases involving identity theft, particularly those involving organized crime groups, with the goal of increasing the number of prosecutions, both at the State and Federal levels. And Treasury will convene a national summit on identity theft and work with the private sector to make it harder to steal someone else's identity in the first place.

We'll also crack down on fraud committed over the Internet. If we want to seize the Internet's full potential, we have to stay ahead of those who would use this open medium to manipulate stock prices, commit fraud in on-line auctions, or perpetuate any other type of financial scam. That's why I've asked the Justice Department to step up prosecutions, to develop a national center for tracking Internet fraud, and to train State, local, and Federal law enforcement officers on how to recognize and root out these schemes.

I find that law enforcement, compared to people who are doing criminal activity in this area, are rather like parents trying to keep up with their children on the computer. [*Laughter*] It is an endless effort, and we need to organize and systematize a continuous training and retraining effort so that we can stay ahead of the curve.

Chairman Levitt is launching an expanded effort to arm investors with the information they need to protect themselves against on-line securities fraud. Listen to this: Complaints of Internet fraud have tripled in the past 6 months—just in the last 6 months. Therefore, I will work with Congress and Chairman Levitt to provide the additional resources for the SEC necessary for enforcement, beyond what I have already requested in our balanced budget.

Fourth, we must provide financial services for those who have been denied access to credit and basic banking services for too long. Today I'm proud to announce that the Treasury Department will soon make available, through private banks, low-fee bank accounts for those who receive Federal benefits like Social Security.

Unfortunately, there are some in Congress who would have us effectively limit, rather than expand, access to financial services in underserved communities. As the Senate debates this issue this week, I want to reiterate what I said in my veto letter to Congress. We will oppose any effort to weaken or undermine the continued relevance of the Community Reinvestment Act.

While that act has been on the law for well over 20 years now, over 90 percent of the lending under it has occurred in the last 6 years, in our administration. I'm very proud of that. It has not done anything to hurt bank profits, and we ought to stay with it. I know that leaders of the civil rights community spoke today on this subject, and I just want to applaud them and to encourage them to stay at it.

Finally, as has already been said, we have to increase the financial literacy of the American people. It's not enough to know how to balance a checkbook anymore. Even those fortunate enough to have the help of accountants sometimes have a hard time understanding all the ins and outs of investing in an IRA, paying off credit card debt, or refinancing a mortgage.

So today I'm directing my National Economic Council—Gene Sperling is here today with us—to work with our agencies to develop a plan to help all Americans improve their financial literacy. I think Hillary said

it adds a year of income to people if they have this kind of training in high school.

School is, of course, the best place to start learning about personal finance. The Department of Education will help all our schools find effective lesson plans and other tools to integrate financial literacy into their basic curriculum.

So that's what we're trying to do: protect privacy, enhance disclosure, combat fraud, increase access, expand education. These principles are the same ones we used to harness the power and benefits of the Industrial Revolution. They are just as vital today, if not more so, than they were a century ago. It's time now to use them to seize the enormous potential of the information revolution for every American citizen.

If we work together, we can help all our families have the benefits of new choices and new technologies. We can help our people thrive in the 21st century, and all we have to do is to remember how we got here over the last 200-plus years.

Thank you very much.

NOTE: The President spoke at 2:54 p.m. in Presidential Hall (formerly Room 450) in the Old Executive Office Building. In his remarks he referred to attorney Mari J. Frank, privacy rights advocate; and Gov. Bill Graves of Kansas.

Remarks on Departure for Brussels, Belgium, and an Exchange With Reporters

May 4, 1999

Situation in the Balkans

The President. Good afternoon. As you know, I am leaving in a few minutes for Europe. But first, I would like to say just a few words about what we've been doing on Kosovo in the last 24 hours and what we intend to do over the next few days.

Yesterday I met with Mr. Chernomyrdin, the Russian envoy. I reaffirmed our support for his efforts and our willingness to seize every diplomatic possibility for Serbian authorities to meet the requirements that NATO has articulated. I reaffirmed what all the Allies have agreed those requirements are, including withdrawal of Serbian security forces from Kosovo and the deployment of an international security force with NATO at its core. Only then will the refugees have the confidence to return, which is, after all, what we are working for. Only then will the KLA have an incentive to demobilize, which will contribute to peace and stability for all of Kosovo's people, including its ethnic Serbs. Only then will we have a chance to achieve a durable solution to the problem of Kosovo.

Tomorrow I will meet with Secretary General Solana and General Clark. We will discuss the progress of NATO's air campaign, which continues to grow in intensity and impact. I will speak with the airmen who are flying missions over Kosovo and Serbia out of Spangdahlem, Germany, and visit our humanitarian relief operations at Ramstein. Our men and women in uniform are doing their jobs with uncommon courage and skill. They have the support of the American people. They should hear unqualified support from their leaders in Washington.

On Thursday I will meet with Chancellor Schroeder and go to a refugee reception center in Ingelheim, Germany. We will hear the stories of the people fleeing the ethnic cleansing in Kosovo. We will assure them of our determination and resolve to see them return with security and self-government. That is what our effort in Kosovo is all about.

We need to remember that there is no middle ground between returning these innocent people to their homes and turning away from their faith. Whatever can be negotiated, it is not that. They have to be able to go home safe and secure. We cannot see what we have seen with our own eyes and take refuge in the false comfort of indifference or impatience. We have to take a stand. We have done that. We have to see our effort through. We will do that.

I want to thank again all of our Allies for the steadfast support that we are jointly giving to our common efforts. We will continue to do that until our simple and plain objectives are met.

Q. Mr. President, what can you negotiate without giving up your core demands?

Q. [*Inaudible*]—any indication at all from Mr. Chernomyrdin that President Milosevic is prepared to move toward NATO's demands at all?