

## American Council on Consumer Interests The Public's Right to Government Information

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\* Views expressed here are those of the speaker and in no way reflect the views of the Federal Reserve Board

### Introduction

The government is the holder of significant amounts of information. While a good deal of it is shared with the public, much of it is not. Even with information that is made available to the public, the vast majority of it probably isn't available in a way that is easily accessible or understandable by consumers. Numerous public policy issues are involved in this area, even though the matter may seem pretty direct; but the policy issues are there--and they pose stumbling blocks. For example:

- How should data be given out? Should it be provided in hard copy? Should it be available electronically? Should it be provided via a telephone recording whenever possible?
- In what format should information be provided? Should data be provided in its raw state? Should value be added to it? Should efforts be made to try to figure out how data would be most useful to the public? And if so, how do we do that?
- Who is the public? Who decides who is entitled to information and who is not--and what standards are used to decide? Given that individuals' needs can be quite different, should information be packaged so that anyone and everyone is assured of being able to digest and use the information? Is this feasible?
- Should the government charge for information? A basic but critical question is whether the government should charge for its product--i.e., information--or whether it has a responsibility to make it available for free. If it is appropriate for the government to charge, should it charge a public interest group or an academic institution the same amount as Chemical Bank or Proctor and Gamble? Some argue that

charging can be chilling; that it can stop members of the public from asking for the information and put empowering information out of the reach of consumers.

And once you are past the policy issues, logistical issues--which oftentimes are difficult to accommodate--come into play. Does payment have to be made in advance; and if it does, will that pose disruptive delays on the public's ability to obtain data? If billing rather than advance payment is the right course, do government agencies have billing systems in place or will they need to be developed?

### Why Information Is Important

What we have all heard and what we all know is that information is power. Information is what gives consumers at least a fighting chance in this day and age to make responsible, reasonable decisions that are good for them and for those who depend on them--such as their children or their parents.

We're living in a wild time; we're living in a time when we have no time for ourselves, little time for our children and loved ones. And in those cases where there are two- parent households, we often have two parents working. They've made decisions all day at work; they've had to think, and weigh, and worry; they're probably in an office or other work environment that is understaffed, so they're pushed all day. And then they get home, and instead of Ozzie and Harriett, we have... you know what we have! It sure isn't calm, cool and collected Ozzie and Harriett.

Granted that the decision about what to have for dinner is probably not critical; but the decision a consumer has to face about a new car--a decision one often doesn't have time to deal with--is critical. It's an expensive proposition. Lord knows, you want to know if a car is reliable. You want to know if it's safe. You want to know if the monthly payment is going to cost you more

than your first mortgage payment--which at the time you thought was all the money in the world!

So, you say: "Call the Center for Auto Safety. Get your hands on that wonderful consumer magazine that rates all the cars; or that wonderful book that digests the government information on reliability, maintenance, safety." "What's the big deal?" you ask.

Well, the big deal is that you're informed; and that most people aren't. The big deal is that you're probably one of the most savvy groups in the world when it comes to consumer issues. The big deal is that you're probably like me--you don't buy a can of chicken soup without reading the label to find out what's in it, reading the cost information to find out exactly how much that soup costs per ounce. In fact, you probably carry around the Consumer Reports article that tells you how many pieces of carrot are in that chicken soup. But you and I are weird. We take two hours to buy three items in the grocery store. Did you ever notice that everyone else in the store is flying down the aisles, grabbing anything that's convenient, rushing madly into the check-out line and out the door? And you and I--well, we just moved from chicken soup to kidney beans--where we'll think a little more. After all, we know the government data on how many grams of protein are in those little beans, and exactly where they fall on the government-released food pyramid!

### **The Challenge of Providing Information Effectively**

The government as the holder--and, hopefully, the provider of important information--should consider just how information can be effectively conveyed to the public, to the taxpayer. The government is often the one--through the Congress or through regulatory actions--that requires the private sector to provide information, and oftentimes to provide that information in very, very specific and detailed ways. But the ways in which the government has required the private sector to provide information haven't always been very effective for the average consumer. In fact, many would say that the government hasn't been very effective at all. Many would argue that consumers today are bombarded with too much information; that they can't possibly absorb it all--and so they absorb nothing at all. So often decisions are made without the benefit of information--information that exists and would be tremendously helpful if only we could find the right balance in providing information to consumers.

The concept that I know you've heard about is "information overload". We started to hear about this a good fifteen plus years ago. In the financial services area, we were told then--and we've never stopped being told--

that regulators were requiring the private sector to provide consumers with tons of information about mortgage transactions, credit cards, lease arrangements--and that this information was too much, too complicated, too, too, too...

And I think they're right. I think it is too, too everything. And certainly if the government is also going to provide information to consumers (some would say that the government had better not shy away from providing information when they've required the private sector to do so), then the government should learn from the past. The government should do everything it can to provide information:

- that consumers will find useful to them--not what the government thinks is best for them to know;
- in ways that consumers regard as useful to them--not in ways the government thinks is best; and
- at the time in the decision-making process that consumers think is best for them--not when the government thinks it's the best time.

As more and more public debate occurs about the government's responsibility to release information to consumers--and the public is increasing its demands that government-held data be shared with them--it's critical that government agencies listen and respond--not only in a timely way, but in a useful way. Mounds of data dropped on the public accomplishes little if anything. We've seen that the amount of information provided in a mortgage transaction or in a refinancing can be staggering.

And when was the last time you enjoyed a little light reading and read your credit card agreement or the back of your monthly bill? Since I wrote a lot of those regulations I'd like you to say that you find it some of the best reading ever! But I know that's not true--even though when I was writing those regs I thought that it was some of the best stuff in the world. I was a lot younger then, and now I know the truth!

Consumers do have a right to information--whether it's information from the private sector like what the terms are of a credit card plan or a mortgage, or why a consumer was turned down for credit--or whether it's information from the government like where your neighborhood bank is making its loans and where it's not, or what the safety records are of automobiles, or pharmaceuticals, or toys, or businesses. But consumers

have a right to that information in a way that can be understood and absorbed. And where the government is the provider of information--like safety records or financial institutions' lending records--serious, serious thought has to be given as to how to make the data available to the public easily and at a reasonable cost, and how to make the public aware that that data is available to them.

### **The Solomon's Conferences**

Over the past several years, representatives from both the government and the private sector have met to discuss the policy issues involved in making government data available to the public. These meetings have become known as the "Solomon's Conferences"; the fifth conference was held last fall.

When these conferences first began, only government agencies were represented. Over the years, private sector representatives were invited to participate--a clear indication that public access issues cannot and should not be solved or addressed solely by the government. The important role of private sector intermediaries--bridges between the government and the consuming public--is evident from the inclusion of private sector groups in the Solomon's discussions.

Agencies across the federal government are struggling with the issues relating to public access to government information. The conferences have provided long overdue forums for bringing into focus the issues and problems that present stumbling blocks to getting information into the public's hands. And maybe even more importantly, the conferences have provided participants with a way to formulate, share and discuss ideas about solutions.

The Solomon's Conferences evidence the importance being placed on the public access area. Through discussions at the conferences it has become clear that electronic access to data is not the answer for everyone. Portions of the general public want hard copy; they don't have computer capability available to them, and they don't have the training to use data in an automated format. While the big news is the information superhighway and automated access, it's just not for everyone. Public access to government information simply is not a "one size fits all" proposition.

Through discussions at the Solomon's Conferences we know that the packaging of information is a critical step in making data usable. And we know that the government cannot take on the responsibility of doing all that packaging itself. Here's where the private sector can often step in and make things happen. Certainly, the government has to step up to the plate and

identify the information it has that could be useful to the public; and it has to have the foresight to involve the private sector in getting that data out and into the public's hands.

Through the discussions at the Solomon's Conferences, we also know that finding out from the public what they want to know, what will be useful to them, and how they want to know it are all critical to being truly responsive to the public's needs and the public's right to know. And the public interest groups are out there to work with the government agencies in honing in on the real needs of the public and helping the agencies formulate effective plans to get information out. Those public interest groups participated in the Fifth Solomon's Conference. They may not have been included in the first of the conferences, but they're included now--and that in and of itself is progress--significant progress--in my opinion.

### **The Home Mortgage Disclosure Act: A Classic Public Disclosure Law**

Let me give you an example of something we've been struggling with at the Fed.

There's a federal law that was passed in the late 1970s called the Home Mortgage Disclosure Act. In a nutshell, it requires mortgage lenders to report to their regulators where and to whom they make their mortgage and home improvement loans. It doesn't require that applicants for credit be identified by name, but rather that they be identified by income, gender, race and national origin.

This law is a classic public disclosure law. It says to lenders: you report to the government who you made loans to and to whom you didn't. The law's purpose is to see if lenders are ignoring certain areas in making loans--a practice called "redlining". That term refers to a practice in which lenders would draw red circles around areas of city maps where they didn't want to make loans. The idea of the Home Mortgage Disclosure Act is to see what the demographics look like in areas where lenders are and are not lending.

And it's a classic public disclosure law because the law says to the regulators: "Now after you've collected all this data, summarize it and make it available to the public." And the law also says: "Make it available all over the country in centralized places." So what we do is send the information to libraries, county housing offices, and similar types of places that are then designated as "central depositories" under the law.

Think about this: The government requires a lender to report several pieces of information--race, gender, income--about every mortgage applicant--

whether they're approved or denied. That's a lot of information! As a matter of fact--and some of you may have already heard this--if you print out all the information, it's a stack of paper as high as the Washington Monument.

Anyway, the Fed on behalf of the other banking regulators assembles summary reports about this data and furnishes these central locations around the country with reports about the lenders that are doing business in their areas. The idea is that the public can come into these, hopefully, convenient locations, and look through the reports and see exactly where the lenders in their area are making their loans. And, according to the law, if the public doesn't like what they see, they can "protest" when a lender applies to acquire or merge with another institution. And since this information is public, it can be obtained by academics or newspapers or community organizations who may be very interested in seeing the lending records of particular lenders in their communities.

### **Is Less More?**

Well, this is all fine in theory. But I can tell you that this is hard data to get through. And how does the world, the public, even know it's there to be looked at? And what happens if the person before them dropped the pages on the floor and they got out of order? Or walked off with some of the pages. You get the idea! The regulators have been faced with distributing paper--as high as the Washington Monument--all over the country hoping that the pages stay in order and that all the employees of the local libraries know where it's kept and don't inadvertently throw it away! If you saw all these stacks of computer print-out with all these little numbers on them, would you know what to do with them?

This really is very interesting information when you think about it. You can tell whether your local bank is making loans in its community, and the income levels and race of those receiving loans and those not receiving loans. But it's only useful information if the public knows it exists and if it's in a form that can be handled--pages flying all over a room doesn't cut it--and if it's easily understandable. So we're looking hard at ways to provide the public with this information in easier to use, easier-to-understand ways. As a matter of fact, this data is now being distributed on CD-ROM--a significant improvement for those who can take advantage of this capability.

This information--like any information reported to the government that would be useful to the public--has to be kept simple in order to be used by the average consumer. And there's no doubt about it that keeping

things simple is a real challenge! For example, environmental data, air quality data, car safety data, or data about pharmaceuticals that's reported to the government can't just be given to the public in its raw form only. Although researchers may find data useful in that format, the average consumer just can't.

### **Where Does the Government's Responsibility End?**

So the government has to look at how they can add value to the information--how they can offer an information product that provides information usefully and effectively. And they have to become marketers--something the government is not. They have to advertise their product. They have to get the word out that they have information to share--and they had better make sure that they have a good product! But there's a difference with the government. As I mentioned earlier, unlike private citizens in business, the government has to decide whether they should make the information available for free, or whether they should charge for it. The government has to deal with the issue of how much they should subsidize this process. And the government has to come to grips with issues such as the way the information is offered to the public--in paper, electronically, by recording, etc. Government agencies have to decide whether they should rely on the private sector to take the raw data, the raw information, and digest it, package it, and sell it for public consumption.

### **Conclusion**

Information allows consumers to make deals, to negotiate effectively, to know the score. Information allows consumers to get into the mainstream. These are tough public policy issues we're facing. But tough doesn't mean give up. And that's a temptation--to just say: "Too many issues; we can't possibly deal with this." In my mind, tough means "Buckle down; get the job done." And I think that's exactly how you can be of help. You're experts. Through your experience and your research, you'll be able to advise us; you'll be able to give us ideas on just how we can get the job done.

Government regulators and you, the experts, all need to step up to the plate. Maybe we haven't delivered as yet; but I'm confident that we will.

### **Endnote**

1. Assistant Director, Division of Consumer and Community Affairs