

## **FAIR INFORMATION PRACTICES: A Basic History**

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**Fair Information Practices (FIPs)** are a set of internationally recognized practices for addressing the privacy of information about individuals. Information privacy is a subset of privacy. Fair Information Practices are important because they provide the underlying policy for many national laws addressing privacy and data protection matters.

The international policy convergence around FIPs as core elements for information privacy has remained in place since the late 1970s. Privacy laws in the United States, which are much less comprehensive in scope than laws in some other countries, often reflect some elements of FIPs but not as consistently as the laws of other nations.

### **Origins of FIPs**

Fair Information Practices were initially proposed and named by a U.S. government advisory committee in a 1973 report. The report, *Records, Computers and the Rights of Citizens*,<sup>1</sup> was issued by the Secretary's Advisory Committee on Automated Personal Data Systems. Elliot Richardson, Secretary of the Department of Health, Education and Welfare, established the committee in response to growing use of automated data systems containing information about individuals. The Committee's charge included automated data systems containing information about individuals maintained by both public and private sector organizations.

The chairman of the advisory committee was Willis H. Ware from The Rand Corporation in California. Ware remained an influential expert on privacy matters in following decades. He also served as Vice Chairman of the Privacy Protection Study Commission, a temporary study commission established in the United States by law in 1974.

The central contribution of the Advisory Committee was the development of a code of fair information practices for automated personal data systems. According to Ware, the name *Code of Fair Information Practices* was inspired by the Code of Fair Labor Practices.<sup>2</sup>

The Committee's original formulation of the Code was:

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<sup>1</sup> <http://aspe.os.dhhs.gov/datacncl/1973privacy/tocprefacemembers.htm>.

<sup>2</sup> Willis Ware, Addendum A, *A Historical Note* at page 50 in *Health Records: Social Needs and Personal Privacy* (1993) (Conference Proceedings) (Task Force on Privacy, Office of the Assistant Secretary for Planning and Evaluation and the Agency for Health Care Policy and Research, U.S Department of Health and Human Services), <http://aspe.hhs.gov/pic/reports/ahrq/4441.pdf>.

Safeguards for personal privacy based on our concept of mutuality in record keeping would require adherence by record-keeping organizations to certain fundamental principles of fair information practice.

- There must be no personal-data record-keeping systems whose very existence is secret.
- There must be a way for an individual to find out what information about him is in a record and how it is used.
- There must be a way for an individual to prevent information about him obtained for one purpose from being used or made available for other purposes without his consent.
- There must be a way for an individual to correct or amend a record of identifiable information about himself.
- Any organization creating, maintaining, using, or disseminating records of identifiable personal data must assure the reliability of the data for their intended use and must take reasonable precautions to prevent misuse of the data.

At approximately the same time the HEW Advisory Committee was established, a similar study about privacy and computers was already underway in Great Britain. A Committee on Privacy chaired by the Rt. Hon. Kenneth Younger was restricted in its terms of reference to private and not public organizations that might threaten privacy.<sup>3</sup> To address the potential threats to privacy posed by computerized data, the Younger Committee recommended specific safeguards for automated personal data systems. The main features of the safeguards are:

1. Information should be regarded as held for a specific purpose and not to be used, without appropriate authorization, for other purposes.
2. Access to information should be confined to those authorized to have it for the purpose for which it was supplied.
3. The amount of information collected and held should be the minimum necessary for the achievement of the specified purpose.
4. In computerized systems handling information for statistical purposes, adequate provision should be made in their design and programs for separating identities from the rest of the data.
5. There should be arrangements whereby the subject could be told about the information held concerning him.

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<sup>3</sup> Great Britain, Home Office, *Report of the Committee on Privacy* (1972) (Rt. Hon. Kenneth Younger, Chairman). This report is not available online. See Appendix B of the 1973 HEW Report for a brief review of the Younger Committee report. <http://aspe.os.dhhs.gov/datacncl/1973privacy/appenb.htm>.

6. The level of security to be achieved by a system should be specified in advance by the user and should include precautions against the deliberate abuse or misuse of information.

7. A monitoring system should be provided to facilitate the detection of any violation of the security system.

8. In the design of information systems, periods should be specified beyond which the information should not be retained.

9. Data held should be accurate. There should be machinery for the correction of inaccuracy and the updating of information.

10. Care should be taken in coding value judgments.

The Younger Committee's safeguards contain many of the same elements as the Code of Fair Information Practices proposed by the HEW Advisory Committee. According to one scholar, it is impossible to judge how one committee may have influenced the other.<sup>4</sup>

### **Evolution of FIPs**

In the 1970s, national privacy laws applicable to the public and private sectors began to be enacted, beginning with Sweden (1973), the Federal Republic of Germany (1977), and France (1978). These laws were consistent with FIPs.

As privacy laws spread to other countries in Europe, international institutions took up privacy with a focus on the international implications of privacy regulation. In 1980, the Council of Europe adopted a *Convention for the Protection of Individuals with Regard to Automatic Processing of Personal Data*.<sup>5</sup> The Convention stated that "it is desirable to extend the safeguards for everyone's rights and fundamental freedoms, and in particular the right to the respect for privacy, taking account of the increasing flow across frontiers of personal data undergoing automatic processing."

The basic principles for data protection in the Council of Europe Convention addressed quality of data, special categories of data, and data security. A data subject should have the right to establish the existence and main purposes of an automated personal data file; the right to confirm whether personal data relating to the data subject are stored in the file; the right to see the data and to rectify or erase the data; and the right to have a remedy for failure to comply with other rights.

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<sup>4</sup> Colin J. Bennett, Regulating Privacy: Data Protection and Public Policy in Europe and the United States at 99 (1992).

<sup>5</sup> Council of Europe, European Treaty Series No. 108, [http://www.privacy.org/pi/intl\\_orgs/coe/dp\\_convention\\_108.txt](http://www.privacy.org/pi/intl_orgs/coe/dp_convention_108.txt).

The Organization for Economic Cooperation and Development (OECD) proposed similar privacy guidelines around the same time. The *OECD Guidelines on the Protection of Privacy and Transborder Flows of Personal Data* were developed by a group of government experts under the chairmanship of The Hon. Mr. Justice M.D. Kirby, Chairman of the Australian Law Reform Commission. The Recommendation was adopted and became applicable on 23rd September, 1980.<sup>6</sup>

The eight principles set out by the OECD are:

#### Collection Limitation Principle

There should be limits to the collection of personal data and any such data should be obtained by lawful and fair means and, where appropriate, with the knowledge or consent of the data subject.

#### Data Quality Principle

Personal data should be relevant to the purposes for which they are to be used and, to the extent necessary for those purposes, should be accurate, complete, and kept up-to-date.

#### Purpose Specification Principle

The purposes for which personal data are collected should be specified not later than at the time of data collection and the subsequent use limited to the fulfillment of those purposes or such others as are not incompatible with those purposes and as are specified on each occasion of change of purpose.

#### Use Limitation Principle

Personal data should not be disclosed, made available or otherwise used for purposes other than those specified in accordance with [the Purpose Specification Principle] except: a) with the consent of the data subject; or b) by the authority of law.

#### Security Safeguards Principle

Personal data should be protected by reasonable security safeguards against such risks as loss or unauthorized access, destruction, use, modification or disclosure of data.

#### Openness Principle

There should be a general policy of openness about developments, practices and policies with respect to personal data. Means should be readily available of

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<sup>6</sup> [http://www.oecd.org/document/18/0,2340,en\\_2649\\_34255\\_1815186\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/18/0,2340,en_2649_34255_1815186_1_1_1_1,00.html).

establishing the existence and nature of personal data, and the main purposes of their use, as well as the identity and usual residence of the data controller.

### Individual Participation Principle

An individual should have the right: a) to obtain from a data controller, or otherwise, confirmation of whether or not the data controller has data relating to him; b) to have communicated to him, data relating to him within a reasonable time; at a charge, if any, that is not excessive; in a reasonable manner; and in a form that is readily intelligible to him; c) to be given reasons if a request made under subparagraphs (a) and (b) is denied, and to be able to challenge such denial; and d) to challenge data relating to him and, if the challenge is successful to have the data erased, rectified, completed or amended.

### Accountability Principle

A data controller should be accountable for complying with measures, which give effect to the principles stated above.

Both the Council of Europe Convention and the OECD Guidelines relied on FIPs as core principles, although neither document used the term. Both organizations revised and extended the original U.S. statement of FIPs, with the OECD Privacy Guidelines being the version most often cited in subsequent years.

## **Statutory Implementation**

The HEW Advisory Committee's recommendation for a federal privacy statute resulted in the first statutory implementation of FIPs. The Privacy Act of 1974<sup>7</sup> applies FIPs to federal agencies in the United States. However, it was not until 2002 that the U.S. Congress first formally referenced FIPs in a statute. In establishing a privacy office at the Department of Homeland Security, the Congress assigned the office responsibility for assuring compliance with fair information practices as set out in the Privacy Act of 1974.<sup>8</sup>

Around the same time that the U.S. enacted the Privacy Act of 1974, European countries began to pass national privacy laws applicable to the public and private sectors. The policies contained in FIPs formed the basis for most national laws. Pressure grew in Europe for more uniformity in privacy law.

In 1995, the EU adopted Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.<sup>9</sup> The reliance on FIPs by the European Union in its data protection directive ensured the spread of FIPS throughout Europe.

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<sup>7</sup> 5 U.S.C. §552a.

<sup>8</sup> 6 U.S.C. §142.

<sup>9</sup> [http://ec.europa.eu/justice\\_home/fsj/privacy/law/index\\_en.htm](http://ec.europa.eu/justice_home/fsj/privacy/law/index_en.htm).

The Directive restricted the export of personal information to third countries that did not ensure an “adequate level of protection”. This encouraged some other countries to conform their laws to the FIPs principles that formed the basis of the directive. National laws found by the EU to be adequate are available at an EU Data Protection webpage.<sup>10</sup>

Canada took a different approach in the early 1990s when it sought to establish a privacy *standard*. The Canadian Standards Association (CSA) led the Canadian privacy effort. Representatives of all stakeholders, including government, business, and consumer interests participated in the process. CSA published the Model Code as a National Standard of Canada in 1996.<sup>11</sup> The CSA standard follows the international consensus on FIPs. The CSA standard has ten interrelated principles that can be readily mapped to the OECD Guidelines. In 2000, Canada enacted the standard directly into law as the basis for its private sector privacy legislation.<sup>12</sup>

### **Comment and Criticism**

While there is broad international agreement on the substance of FIPs, different statements of FIPs sometimes look different. Further, statutory implementations of FIPs may vary in different countries, contexts, and sectors. There can be multiple ways to comply with FIPs for different types of records and record keepers.

In the United States, elements of FIPs are occasionally required by law, but private sector compliance, while slowly increasing, is mostly voluntary and sporadic. Also, shortened or incomplete versions of FIPs have sometimes been offered in the United States by federal agencies or trade associations. In 2000, for example, the Federal Trade Commission recommended that commercial websites that collect personal identifying information from or about consumers online should be required to comply with “the four widely-accepted fair information practices.” The FTC’s version of FIPs includes only notice, choice, access and correction, and security. The FTC’s set of FIPs essentially restates and leaves out some standard elements.<sup>13</sup>

FIPs are not self-implementing or self-enforcing. Actual implementation of FIPs at the statutory, regulatory, or data controller level can vary widely, depending on the country, the data controller, the type of data, other conflicting goals, and other factors. For example, accountability can be met through many different mechanisms, including criminal or civil penalties; national or provincial supervisory officials; other administrative enforcement; various forms of self-regulation including industry codes and privacy seals; formal privacy policies; compliance audits; employee training; privacy officers at the data controller level; and other methods. Similarly, providing data subjects with access to their own records may have different exceptions, depending on whether the records are maintained for employment, educational, credit, or law enforcement purposes.

<sup>10</sup> [http://ec.europa.eu/justice\\_home/fsj/privacy/thridcountries/index\\_en.htm](http://ec.europa.eu/justice_home/fsj/privacy/thridcountries/index_en.htm).

<sup>11</sup> <http://www.csa.ca/standards/privacy/code/Default.asp?language=english>.

<sup>12</sup> Personal Information Protection and Electronic Documents Act, [http://www.privcom.gc.ca/legislation/02\\_06\\_01\\_e.asp](http://www.privcom.gc.ca/legislation/02_06_01_e.asp).

<sup>13</sup> Federal Trade Commission, Privacy Online: Fair Information Practices in the Electronic Marketplace, (May 2000), <http://www.ftc.gov/reports/privacy2000/privacy2000.pdf>.

Critics of FIPs can be found on both sides. Some believe that FIPs are too weak, allow too many exemptions, do not require a privacy agency, fail to account for the weaknesses of self-regulation, and have failed to keep up with information technology.<sup>14</sup> Critics from a business perspective often prefer to limit FIPs to reduced elements of notice, consent, and accountability. They complain that other elements are unworkable, expensive, or inconsistent with openness or free speech principles.

In 1999, Mr. Justice Michael Kirby of the High Court of Australia and former chair of the OECD Committee that developed the 1980 Guidelines spoke at an international privacy conference. He noted the many changes brought about by new computer and communication technologies and suggested that it may be time for a review of the guidelines. Among new rights that he mentioned as ripe for review were:

1. A right not to be indexed.
2. A right to encrypt personal information effectively.
3. A right to fair treatment in key public infrastructures so that no person is unfairly excluded in a way that would prejudice that person's ability to protect their privacy.
4. A right to human checking of adverse automated decisions and a right to understand such decisions.
5. A right, going beyond the aspiration of the 'openness principle', of disclosure of the collections to which others will have access and which might affect the projection of the profile of the individual concerned.<sup>15</sup>

No formal attempt to restate FIPs has been undertaken in recent years.

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<sup>14</sup> Roger Clarke has been a leading critic of FIPs. See, e.g., his paper on *Research Use of Personal Data*, <http://www.anu.edu.au/people/Roger.Clarke/DV/NSCF02.html>.

<sup>15</sup> Michael Kirby, *Privacy Protection – A New Beginning*, (1999) (speech before the 21st International Conference on Privacy and Personal Data Protection), <http://www.pco.org.hk/english/infocentre/conference.html>.