

Opening Statement of Chair Gus M. Bilirakis
As Prepared for Delivery
Committee on Energy and Commerce
Subcommittee on Innovation, Data, and Commerce
Hearing entitled “Building Blockchains: Exploring Web3 And Other
Applications For Distributed Ledger Technologies”
June 7, 2023

Good morning and welcome to today’s Subcommittee hearing.

Cryptocurrencies and certain financial aspects of blockchains have hijacked the public’s attention when it comes to this emerging technology. Today’s hearing will highlight that blockchains are not just impacting Wall Street but are also changing Silicon Valley, and the internet as a whole.

It is essential that Congress accurately understand what it is regulating before it does so.

This is a complicated topic, which is why I’m looking forward to the superb panel of experts educating us here today.

The core issue is about how data is organized, preserved, and protected, which is the jurisdiction of this subcommittee.

As I understand it, a blockchain is a linked list, or ledger, of transactions stored on a network of computers.

Blockchains are composed of building blocks of data chained together cryptographically.

We will walk through these technical components today and discuss what it means for blockchains to be decentralized, immutable, and open.

But to step back from these terms, what we are really discussing here is a new, foundational technology that can provide individuals and businesses new ways to access, record, and validate digital activity online.

Web 1.0, the original World Wide Web, lasted from roughly 1993 to 2004, and was characterized by dial up and AOL. It was replaced by Web 2, which is the current internet we know well, and has been characterized by smartphones and Big Tech platforms.

Web3, which encompasses nonfungible tokens (NFTs) and other use cases, is the emerging internet built on top of blockchains and is characterized by increased user control, decentralization, and transparency.

Using these technologies, developers are building new decentralized social media, new messaging apps, new ways to stream music, and new privacy enhancing technologies just to name a few.

Blockchains are not a crypto casino. In fact, according to one report, despite crypto prices falling roughly \$2 trillion – a 70 percent decline – blockchain developers have only declined 10 percent.

There are respected developers who aren't trying to make a fast buck, but rather they're building a new evolution of the internet.

But this technology goes beyond just Silicon Valley. Blockchains, Web3, and other distributed ledger technologies are just tools. Like the internet, blockchains will impact many areas of our jurisdiction and can help address challenges with our current internet ecosystem, bolster supply chains, verify information, and increase efficiency for businesses.

However, we shouldn't treat this technology as a cure-all.

There are still technical challenges such as scaling, data availability, and cybersecurity. There are also human challenges such as fraudsters and compliance with law enforcement.

As with any new technology, scams do exist in the blockchain ecosystem. As this committee knows well, the number one federal regulator of scams and fraud is the Federal Trade Commission, and that's where we want its focus.

Instead of diverting resources to fight legal battles over possible competition theories, the FTC should focus on protecting Americans from fraudsters, as these bad actors migrate from older technologies to these new technologies.

Last Congress, my bill the RANSOMWARE Act was signed into law. This legislation requires the FTC to increase cooperation with foreign law enforcement and report on Ransomware and other cyber-security-related attacks.

When international hackers target Americans using blockchains, the FTC should take a lead role in ensuring they are made whole.

Blockchains present an incredible opportunity, but also come with unique challenges. Regardless, the United States must lead on the international stage so our adversaries do not have an opportunity to set the rules of the road. We must lead with our values for freedom, human rights, and human dignity.

I look forward to working with members on both sides of the aisle to ensure these technologies are anchored here in the U.S. and we are central to that discussion.