

OPENING STATEMENT  
**Ranking Member Donald S. Beyer Jr. (D-VA)**  
**of the Subcommittee on Oversight**

House Committee on Science, Space, and Technology Hearing  
Subcommittee on Oversight  
Subcommittee on Research and Technology  
*Leveraging Blockchain Technology to Improve Supply Chain Management  
and Combat Counterfeit Goods*  
May 8, 2018

Thank you, Chairman Abraham and Chairwoman Comstock.

As I said at the last hearing we had on Blockchain in February, I believe Blockchain technologies offer tremendous promise and potential pitfalls. Cryptocurrencies and financial services based on Blockchain may result in more secure and efficient transactions. Blockchain technologies may also reduce costs in supply chain management, improve the security of healthcare records, and the verifiability of government issued documents, such as passports.

True Blockchain technologies are composed of three core components, a distributed peer-to-peer network, the use of advanced cryptography, and a consensus mechanism for determining the contents of new blocks or data added to the Blockchain. As today's witness from the Department of Homeland Security (DHS) has noted, many so-called Blockchain projects fail that test and most organizations don't need a Blockchain to enhance their security, transparency or efficiency.

Blockchain is not a solution to every problem. There is considerable hype and confusion surrounding Blockchain. High-tech company insiders have acknowledged that internally some IT companies are simply rebranding database projects with Blockchain-related terms to feed off this hype and position themselves into the center of this Blockchain buzz.

Some examples of this are extreme. In December, the Long Island Iced Tea Corporation, which produces non-alcoholic beverages, announced they were changing their name to the Long Blockchain Corporation, saying they wanted to partner with Blockchain investors. The company's shares rose nearly 300% as a result. The buzz soon wore off, the company found no Blockchain partners, and the company was recently delisted from the NASDAQ stock exchange.

The ability to use the Science Committee to highlight true Blockchain and other emerging technologies is both powerful and positive. I applaud those efforts. However, we should also ensure that the Committee does not feed the Blockchain buzz in inappropriate ways or add to the hype or confusion about this technology. Leveraging technology to make trade more efficient or to curtail illicit transactions is a worthy effort and when it comes to technical solutions to these problems as we will hear from some of our witnesses today we have a legitimate role in investigating those efforts. However, our Committee should not serve as a forum for trade disputes and we should not confuse trade issues or legal claims with technical issues. I believe issues revolving around counterfeit goods, for instance, are better left to the courts or other Congressional Committees with jurisdiction over those matters.

I *do* believe, however, that we should use the legitimate oversight authority of this Committee to investigate technologies that can help improve our democratic processes and ensure the sanctity and security of our election infrastructure. The Science Committee has a clear role in overseeing standards used for voting machines, for instance, and we should fulfill our oversight obligation to the American public by helping to ensure the integrity of our election infrastructure. We also have an obligation to hold public officials accountable for their mismanagement and unethical actions. Sadly, during this Administration, the Science Committee has failed to do either.

This Committee has failed in its oversight efforts to hold the leaders of this Administration accountable to the public, as we have seen in the case of Administrator Pruitt, who has still not testified before Committee nor been invited. It has also failed to ensure that the technologies we utilize in our most important democratic process – holding free and fair elections – are sound, secure and reliable. As I have now said for the *sixth* time since October, we are willing to help the Majority investigate this issue in a nonpartisan manner that will benefit the public and make our Republic stronger and more secure from foreign influence operations and cybersecurity attacks against our election infrastructure. I once again implore the leadership of this Committee, once again, to stop ignoring these important issues and start addressing them in a meaningful way.

I do look forward to hearing from all of our witnesses today regarding the positive benefits of employing true Blockchain technologies, but I hope that we can turn our attention to these other critically important topics in the near future.

Thank you.