

country in its entire history. Forty percent of the increase in the Federal debt has occurred in the last 4 years.

Who is lending the Federal Government these funds? Ask yourself that question. That is a lot of debt out there. Some of it is internal. The U.S. Government borrows from Social Security, and we all know that pretty soon those chickens are going to come home to roost. We can't do that much longer. We will have to start paying back all that is due to Social Security—and that is an awful lot. Much of the borrowing is from American citizens and businesses.

But what is more alarming is the trend where much more of the debt is held by foreigners and central banks in foreign countries; that is, the amount of debt held by foreign governments is much worse. Five years ago foreigners held about \$1 trillion of our Federal debt.

What is that number today? It is double. In over 5 years the amount has doubled. The number held by foreigners has now doubled to \$2.2 trillion.

Today, Japan holds two-thirds of a trillion dollars of our foreign debt. China holds a quarter of a trillion dollars. China's reserve is scheduled to be about \$1 trillion by the end of this year.

The rate of increase in Federal debt held by foreigners—simply by foreign banks, central banks—is alarming. I tend not to be an alarmist. In fact, sometimes people say: Max, you are kind of easy going, you don't get too upset, and so on. But I am quite concerned about these trends. They are worse.

I might also add that the debt held by foreigners after World War II was extremely high, too. It was. But the composition of that debt—investments held by foreigners—was just that: investment in infrastructure in the United States and capital assets; that is, investments foreigners made in the United States after World War II. The composition was not much debt. It is securities to finance the borrowing by Uncle Sam, and we have to pay back the interest on that borrowing.

The question is, How long can we continue to borrow all of that money? That is the basic question.

What are the implications to our foreign policy as foreigners increase their holdings of U.S. debt? What does that mean? What might happen?

Try to be wholly analytical about this. What does that mean? What percentage of the American taxes are being used to pay interest on that debt? How much are American taxpayers paying to foreigners directly through interest on the national debt?

I think that should be debated. That is something I think is quite concerning, particularly with the large numbers.

These are just some of the issues I think we should debate. We also should remember—this is not rocket science—that ordinarily there are limits on

debt. Ordinarily, credit card companies or businesses or banks just do not automatically increase debt, which is happening in this country in the last 4 years as I showed in that chart. It has been automatic. We have increased the debt.

Think a little bit about the limits an institution holds on a family and what the family wants to borrow. What about a credit card and a maximum balance. Most Americans have credit cards. Most Americans know there is a maximum balance on that credit card. You can only borrow so much. After a certain limit, you can't borrow any more. That is it.

Wouldn't it be great if each individual could say: We are going to ask the credit card company to increase the debt, and do it as the Congress is doing right now. We will just increase the debt limit. A person can't ask a bank willy-nilly to increase the maximum allowance on a credit card. There is a good reason for that. There have to be limits. We have to live within our means.

Take an ordinary business, a bank loan to a business. The bank pays a lot of attention to how that business is being run, whether it is being run well. It pays a lot of attention.

One could ask: Is the Treasury or foreigners or someone who holds the debt asking how well we are running our business?

I urge the majority leader to schedule time to hold a thorough debate on this issue.

This is real. This is really real. We all know this cannot continue. We really do not know at what point, if we continue to increase the debt, there might be some cataclysmic event. We just don't know that. But we do know that with every debt limit increase we are accelerating the time when something nasty or bad might happen economically.

Already, some countries are starting to move out of dollars into other currencies. China is on the margin of looking at holding currencies other than the dollar. Many countries worldwide are becoming more self-sufficient. They don't need the United States as much now as they once did. They are becoming more independent. They are going more in their own direction. They are doing what they think makes sense for them economically.

Clearly, the bottom line is we have to live within our means. Every time we increase the debt limit we are not within our means.

I urge us to have a debate so we can know what we really should be doing.

I thank the Chair.

The ACTING PRESIDENT pro tempore. The Senator from North Dakota is recognized.

Mr. CONRAD. I thank the Chair and I thank my colleagues.

DEBT AND TAXES

Mr. CONRAD. Mr. President, the New York Times, in its Monday edition editorial, said:

There's nothing Congressional Republicans would like more than to escape the inescapable need to raise the Nation's debt limit. The upcoming increase, from \$8.18 trillion to nearly \$9 trillion, will be the fourth major hike in the last 5 years.

The editorial went on to say:

It will come as no surprise if Senate leaders squelch debate on the debt limit until Congress is ready to begin its next week-long recess on March 17. Then, up against the Treasury's default deadline, the increase would be put to a voice vote so that no individual would have to go on record as approving the measure—

Increase in the debt.

If anybody thinks that the New York Times is just imagining that there will be an attempt to avoid a debate on this massive increase in the Nation's debt, this is what the chairman of the Finance Committee said:

Senator GRASSLEY told Reuters that the goal would be to get the debt limit legislation passed with the least debate.

He went on to say:

I would like to see a bill on any Thursday night just prior to a recess.

Why do our colleagues on the other side of the aisle want to avoid a discussion of the Nation's debt? Perhaps it is revealed in this chart which shows what is happening to the Nation's debt under their leadership.

Our friends on the other side of the aisle have controlled Washington policymaking since 2001. They have controlled the Senate. They have controlled the House. They have controlled the White House.

Here is their record on debt. At the end of the President's first year, the debt was \$5.8 trillion. I think it is fair to leave out the first year. He is not responsible for the first year.

Look at what happened since. The debt has gone up each and every year—and up dramatically. At the end of this year, it is predicted, if the President's budget is adopted, that the debt will have reached \$8.6 trillion.

Every Member of this body will recall when the President embarked on this fiscal strategy. He told us not only that he would not increase the debt but that he would have maximum paydown of the debt. He said his plan would virtually eliminate the Nation's publicly-held debt.

There is no elimination going on here. Instead, the debt has exploded. We anticipate that it will be \$8.6 trillion at the end of this year, if the President's further 5-year program is adopted. The debt will skyrocket to \$12 trillion in 2011, at the worst possible time before the baby boomers retire.

One of the results of their disastrous fiscal strategy is the debt held by foreigners has exploded at an even more alarming rate. It took 42 Presidents—all the Presidents pictured here—224 years to run up \$1 trillion of external debt. This President has more than doubled that amount in 5 years.

This is the legacy of debt that will haunt this country for generations to come. This is the hard reality. This is a fiscal plan and a fiscal strategy that

has failed—failed miserably, and failed by any measure.

The Senator from Montana raised a question of who is holding our debt. Here it is: Japan—we now owe them \$685 billion. We owe China over \$250 billion. We owe the United Kingdom over \$230 billion. And in fourth place—who would have ever believed this—we now owe the so-called Caribbean banking centers over \$100 billion.

Now it comes to this year and a further continuation of the Republican plan to load the Nation with debt. I do not know how else you can term it because here is what has happened.

By the way, from 1998 to 2001, there was no need to increase the Nation's debt limit. In fact, we were paying down the Nation's publicly-held debt under the administration of President Clinton. But in 2002, we had to raise the debt \$450 billion; in 2003, we had to raise the debt \$984 billion; in 1 year, 2004, another \$800 billion increase in debt; and now, in 2006, they are seeking to raise the debt another almost \$800 billion.

You add this up and the debt will have already increased under this President by \$3 trillion. When he came into office it was more than \$5 trillion. And we now know, if his next 5-year plan is adopted, he will add another \$3 trillion to the debt.

This is not a sustainable strategy or plan, and it is time for Congress to face up to it. It is time to begin the debate on what we do to confront these rapidly growing debts.

I hope very much that we will have a chance for a full debate on the debt limit and to consider stringent pay-go legislation, the device which we have had in the past to provide budget discipline.

It simply says: If you want more spending, you have to pay for it. If you want more tax cuts, you have to pay for them. That is a basic notion that we used with great effect in the 1980s and 1990s to reduce what were then record deficits and debt levels—levels that have been greatly exceeded by the massive runup of debt under this administration. I hope we have that opportunity. The Nation deserves as much.

I thank the Chair and yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Pennsylvania is recognized.

THE ISLAMIC REPUBLIC OF IRAN

Mr. SANTORUM. Mr. President, I rise today to talk about some of the recent developments in the Islamic Republic of Iran.

We have a lot of activity today. There is a hearing in the Foreign Relations Committee, as well as some dissidents who are in town to talk about the state of affairs in Iran.

As many of my colleagues know, the Iranian Government's track record with respect to supporting acts of terror inflicted upon innocent persons and

inflicting damage on peaceful relations among Middle Eastern countries is abysmal. Iran's bad activities in the Middle East and, candidly, bad actions in the world—at the head of the list, from my perspective, is promoting terrorism activities and Islamic fascism ideology that undergirds that terrorist activity in the Middle East—have secured a designation by the U.S. Department of State as a state sponsor of terrorism. Iran supports terrorist organizations such as Hezbollah, the entity behind the 1983 suicide terrorist attack against U.S. military and civilian personnel in Lebanon. Hamas is another organization that they are now supporting, the Palestinian Islamic Jihad, and the Popular Front for the Liberation of Palestine-General Command. All of these are reprehensible organizations that the Iranian Government is directly sponsoring as a state sponsor of terrorism.

Additionally, Iran has been implicated in the 1996 attack on U.S. military personnel at Khobar Towers in Saudi Arabia.

Iran's reach into Iraq, which many of us have been complaining about for a couple of years and which is now being recognized by our Government, by our Department of State, and which is now being recognized by the world—Iran is one of the fomenters of terrorism within the country of Iraq. Iran's connection to the Supreme Council for the Islamic Revolution in Iraq and the organization's Badr Brigades means that Iran has a hand in shaping the allegiances of both Iraq's police and military forces.

Iran's human rights violations, in addition to their terrorist activities, are no less chilling. The State Department reported that the Government of Iran engages in widespread use of torture and other degrading treatment and the Iranian Government continues to discriminate against religious and ethnic minorities. They do not discriminate as to who they discriminate against. Other Muslim sects—whether Sunni or Sufi or Jews or Christians, they discriminate against them all.

Iran's record of degradation of women is appalling and should not be tolerated by the international community. Iranian women are severely oppressed and their voices are constantly suffocated by the government. There are numerous examples of Iranian women who have been arrested and severely beaten for the simple fact they are females. One example is Dr. Roya Toloui, a women's rights activist and the editor of a publication that is now banned in Iran. She was arrested last summer in the wake of a 2005 July demonstration in the town of Mahabad. Dr. Toloui was held in prison for 66 days. While she was there, she was raped and she was tortured. Though she has since been released from prison, Dr. Toloui is in constant fear of rearrest and of death.

The State Department also noted Iran's continued restrictions on work-

ers' rights. In short, the Government of Iran oppress its people and terrorizes the world and is a threat to the security of this country and to the security of democracies throughout the West.

The one additional aspect that has now taken a lot of press is Iran's pursuit of nuclear capability. This is very unsettling when you have a regime with this kind of track record to be in pursuit of nuclear capability. Iran, of course, is permitted to pursue peaceful nuclear research under the terms of the Nuclear Nonproliferation Treaty. Its record on transparency and the true purpose of its program, obviously, is very much in doubt. In November of 2003 the International Atomic Energy Agency reported that Iran has been developing an undeclared nuclear enrichment program for 18 years and had covertly imported nuclear material and equipment. Furthermore, the IAEA reported that Iran had conducted over 110 unreported experiments to produce uranium, metal, and separated plutonium, and had possession of designs clearly related to the fabrication of nuclear weapons.

In 2005, in August, following the election of President Ahmadinejad, Iran announced that the ongoing negotiations under the terms of the 2004 Paris agreement, the agreement that suspended activities brokered by the EU-3, were "satisfactory" according to Iran. Then they announced they were resuming the conversion of raw uranium into gas for enrichment. In January of 2006, Iran removed the IAEA seals on the research enrichment plant in Natanz.

Recently, the IAEA board voted 27 to 3 to report Iran to the U.N. Security Council, and in so doing noted Iran's many failures and breaches of its obligations to comply with the Nuclear Nonproliferation Treaty. Iran's aggressive behavior and concealment of ongoing nuclear activities can only lead to one conclusion, and that is that Iran is seeking to enrich uranium to use for nuclear weapons.

In response to this nuclear gambit, I believe we need smart sanctions for the U.N. to impose. For example, the U.N. should consider imposing a travel ban on Iran's leaders, banning international flights from Iranian air, banning the transportation of cargo carried by Iranian Government-owned ships, and possibly to pursue legal action against Iranian leaders responsible for human rights and terrorism abuses, as well as executions.

I recently introduced legislation with my colleague, Senator NORM COLEMAN, that seeks to empower the forces of democracy in Iran and support efforts to foster peaceful change within Iran. It is S. 333, the Iran Freedom and Support Act. It seeks to make it harder for the Government of Iran to have access to revenue and foreign investment. Resources that those investments accrue are used by the Iranian Government to support terrorist organizations and to pursue nuclear activity as well as to repress its people.