Section 18. United States not liable.—This section provides that the United States shall not be liable for any debts, defaults, acts, or omissions of the Bank.

Section 19. Annual report.—This section would require the Bank to transmit to the President and Congress an annual report of its operations and activities.

Section 20. Amendments relating to financial institutions.—This section would permit Federal Reserve banks, national banks, and Federal savings and loan associations to invest in or deal in obligations of the Bank.

Section 21. Definitions. This section would provide definitions.

Section 22. Separability.—This section would make the provisions and validity of the Act separable if any provision is held invalid.

Section 23. Authorization for appropriations.—This section would authorize appropriations necessary to carry out the purposes of the Act.

EXCERPT FROM REMARKS BY HON. FREDERICK L. DEMING, UNDER SECRETARY OF THE TREASURY FOR MONETARY AFFAIRS AT THE NATIONAL CONVENTION OF THE BANK ADMINISTRATION INSTITUTE, ATLANTA, GA.

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Financing public requirements over the longer term

The preceding discussion clearly suggests that, over the near-term future, the pressure on the securities market exerted by the public section should, in the aggregate, diminish very markedly. The technical task of financing these requirements, moreover, should not present undue difficulties.

When we look ahead to the longer term, however—for the next ten years or beyond—the picture is different. For here, the financing requirements that can be envisaged are truly formidable, and there is a pressing need for finding more imaginative and efficient means of mobilizing the needed capital.

The area that presents the greatest challenge relates to the financing of what I call the infrastructure for social welfare. In this area, needs have risen with dramatic force in the recent past—and promise to advance even more sharply in the years ahead. I include in this category urban redevelopment and renovation of ghettos, enlargement of public housing, restructuring of public transportation facilities, combatting air and water pollution, and enlarged and improved education and health facilities.

Some of these tasks involve continuation of past activities. Others are essentially new in character. But, in the total, the magnitude of the financing requirements will be massive. It may almost be said that the change in quantity is prospectively so great as to make the financing problem a change in kind, as well as in amount.

Some of the activities I have cited may be undertaken and financed entirely by State and local governments. Some others may be wholly within the sphere of Federal responsibility. But, for the most part, these activities will require some form of Federal assistance to, and Federal partnership with, the State and local governments.

What is needed now—and is, indeed, beginning to take place—is a searching and comprehensive look as to how this partnership can be developed in the most effective and satisfactory fashion. It will require a proper balance between orderly over-all direction and financial discipline and ample scope for local independence and flexibility. It will call for broad decisions on the absolute and relative amounts of the new needs to be financed directly from taxation and the extent to which they can be met initially by borrowing. Where taxation is involved, an optimum sharing of the burden between the Federal Government and States and localities is required. In the case of borrowing, questions arise as to the optimum mix between direct Federal borrowing, traditional State and local debt financing, and resort to other, and partly new, types of borrowing arrangements.

In all cases, there is a need to search for the most efficient, economical, and equitable means of financing—means that will optimize the benefits and minimize the overall costs to the taxpayer, means to permit the raising of funds in the capital markets at the lowest cost feasible, and means that can be flexibly adapted to changing needs. And, in my judgment, it is important that the