

# NOMINATION OF EMMETT J. RICE

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HEARING  
BEFORE THE  
COMMITTEE ON  
BANKING, HOUSING, AND URBAN AFFAIRS  
UNITED STATES SENATE  
NINETY-SIXTH CONGRESS  
FIRST SESSION  
ON  
THE NOMINATION OF  
EMMETT J. RICE TO BE A MEMBER OF THE BOARD OF  
GOVERNORS OF THE FEDERAL RESERVE SYSTEM

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JUNE 5, 1979

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Printed for the use of the  
Committee on Banking, Housing, and Urban Affairs



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(II)

## NOMINATION OF EMMETT J. RICE

TUESDAY, JUNE 5, 1979

U.S. SENATE,  
COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS,  
*Washington, D.C.*

The committee met at 9:40 a.m. in room 5302, Dirksen Senate Office Building, Senator William Proxmire, chairman of the committee, presiding.

Present: Senators Proxmire and Lugar.

The CHAIRMAN. The committee will come to order.

Dr. Rice, will you come forward, sir? Will you raise your right hand.

Do you swear the testimony you are about to give will be the truth, the whole truth and nothing but the truth?

Dr. RICE. Yes, sir.

### TESTIMONY OF DR. EMMETT J. RICE

The CHAIRMAN. You have a remarkably fine background. I am very impressed. It is good to have a nominee for the Federal Reserve Board with the kinds of qualifications you have. You have been an academic economist. You have your doctorate in economics, is that correct?

Dr. RICE. Yes, sir.

The CHAIRMAN. What was your dissertation on?

Dr. RICE. Sources and the uses of capital for economic development in the public sector of the Indian economy.

The CHAIRMAN. Of what?

Dr. RICE. Public sector of the Indian economy. It was a dissertation on an aspect of Indian public finance. We were at the time looking at how the Indians were using public funds to promote economic development in the country, and that is what the dissertation was about.

The CHAIRMAN. And you have been adviser to the Central Bank of Nigeria; and what did you do in that connection?

Dr. RICE. I was part of a group of foreign central bank staff, two of us from the Federal Reserve, about seven from the Bank of England and four from the Reserve Bank of Australia, who formed a cadre to establish and get the Central Bank of Nigeria started as a central bank.

I worked really in setting up a research department for the bank and also as an adviser to the governors of the bank, advising them on monetary policy. I also helped the governors develop tools of monetary control in the development of a treasury bill market, and

helped develop an institutional framework in which the Central Bank could begin to do open market operations.

The CHAIRMAN. You were on the staff of the Federal Reserve Board for some time.

Dr. RICE. The Federal Reserve Bank of New York.

The CHAIRMAN. For how long?

Dr. RICE. Two years.

The CHAIRMAN. You were also an adviser of the Treasury?

Dr. RICE. I was on the staff of the Treasury. I was in the International Affairs Division of the Treasury Department.

The CHAIRMAN. How long?

Dr. RICE. Two years.

The CHAIRMAN. The World Bank?

Dr. RICE. Four years.

The CHAIRMAN. What did you do at the World Bank?

Dr. RICE. I was the Deputy U.S. Director on the Executive Board of the World Bank.

The CHAIRMAN. You have been a commercial banker?

Dr. RICE. Yes, sir.

The CHAIRMAN. Tell us about that. What bank did you work for and what were your functions and how long did you work at it as a commercial banker?

Dr. RICE. I have been employed by the National Bank of Washington since December 1971. During that period, I have worked as the officer responsible for the money trading operations of the bank, what we call the money center at the bank, where we buy and sell Federal funds, where we make purchase agreements with and for customers, where we issue certificates of deposit, where we trade in securities, government and municipals, for our own portfolio.

In addition to that, I have at times, at various times in the past, been responsible for the long-range planning for the bank, as well as responsible for the preparation of the budget of the bank, which is, of course, short-run, 1-year planning.

I have also at various times been in charge of the bank's community development program.

The CHAIRMAN. As I say, I am very impressed. I wonder where you have been all these years. We should have appointed you years ago to the Federal Reserve Board, with the remarkable background you have. All the years I have been on the Banking Committee, and I have been on the committee more than 20 years, I can't recall a better qualified candidate. I really can't.

Dr. RICE. Thank you.

The CHAIRMAN. You are most impressive.

Now, what do you feel is the principal role of the Federal Reserve Board as our principal central banker? What do you feel it can best do now to serve the public interest?

Dr. RICE. That is a very general question.

The CHAIRMAN. It is indeed.

Dr. RICE. Perhaps I can start by saying what I think a central bank cannot do, as well as can do. For one thing, I don't think that monetary policy can do all of the functions, can perform all of the functions, can accomplish all of the results and objectives that many people nowadays set for it.

For example, many people hold the Federal Reserve responsible for stopping the inflation. They feel that this is the responsibility of the central bank, and it can do it by itself. I happen not to believe that. I don't think monetary policy by itself can accomplish miracles or can fully offset developments that are really outside the influence of monetary policy.

I think really the most a central bank can do through its monetary policy is to keep matters from getting—well, to avoid doing any real harm, by promoting conditions of monetary stability, by insuring that the supply of money available to the economy is adequate, is not excessive, is not deficient.

The central bank can, in this way, avoid doing a great deal of harm.

The CHAIRMAN. Do you disagree with the thesis, as I understand it—and I certainly don't want to misstate the position of Milton Friedman. But there are some economists who argue, if you persist in a conservative monetary policy long enough, that you will achieve a situation in which you can bring inflation under control. That may take years to do and you may have to pay a tremendous price in various ways, but it can be done; that after all, if you persist enough in simply increasing the money supply at a very moderate rate, the availability of credit will be sufficiently limited so that interest rates will just hold down the economy and you will come to a point where inflation will come under control.

You don't espouse that view?

Dr. RICE. No. But I certainly do not disagree that eventually you will get inflation under control. But as you said, at perhaps an enormous price, and at a price that our society would probably find unacceptable.

But I think over the long run, if you restrict the money supply severely enough, of course, you can throw the economy into deep recession, perhaps depression, and in that way wring all of the inflation out of the economy.

The CHAIRMAN. I see.

Dr. RICE. In these circumstances, of course, I believe you have paid too high a price, perhaps a higher price than would be necessary. But of course, I agree you can use monetary policy.

This is precisely what I had in mind when I said you should try to avoid doing harm. Of course, if you restrict the quantity of money enough, you can, of course, slow down growth. You can, as I said, push the economy into deeper recession, prolonged recession or depression.

The CHAIRMAN. As I say, I am very impressed with your background and qualifications. I would be curious to know what you feel would be the most practical and desirable way that we can cope with the very puzzling and difficult problem of inflation.

What would you think would be the best public policy, the most important public policy that we can follow?

Dr. RICE. Let me say first, I don't have an answer to our present dilemma. I think we have to try to give the administration's wage-price guideline program a chance. I certainly hope it will work.

The CHAIRMAN. You say that in spite of the court decision of just the other day?

Dr. RICE. Yes, sir, I do.

The CHAIRMAN. You think it still has a chance to be a useful influence in holding down prices?

Dr. RICE. Yes, I do. I still think it has a chance. I don't think the court decision itself makes the program unworkable. I never really attached a great deal of importance to the implied threat of withholding Government contracts. I don't think that was a strong element in the program in the first place.

I think the really strong element is the consensus that it might be possible to extract from the business community and from strong labor groups to try to stay in line, and if you can get this commitment, get this agreement and persuade them to stick to it, even though from time to time it may seem very unfair to individuals or individual groups, nevertheless, by persuasion and constant appeals to their sense of responsibility, it might well work.

Now, if it doesn't work, I think we are then in very deep trouble. We might try some version of TIP. At one time I would have been in favor of trying either the Okun version or the Wallach version.

The CHAIRMAN. We tried to have a beginning of that, as you know, with the President's proposal of a tax rebate for those who would accept a wage at the guideline or below. The difference would be made up by a rebate on income taxes and a refund. But obviously, the Congress isn't going to do that. The House is taking a position that makes it unlikely that we will.

So it seems to me, under those circumstances, with inflation running at 12 and 13 percent and with the guidelines at 7 percent, it is hard to see how we can expect workers to accept an enormous differential and take a 3- or 4- or 5- or 6-percent cut in their real income. That's what we are asking them to do.

Dr. RICE. I agree.

The CHAIRMAN. If you go higher than that, if you go to a guideline of 8 percent or 10 percent, then it is not much of a guideline.

Dr. RICE. I agree.

The CHAIRMAN. Before I yield to Senator Lugar, I would like to ask what role, if any, you see fiscal policy playing, Government spending and taxing, in inflation.

Dr. RICE. I see an important role to be played by fiscal policy. I would hope that we can continue to reduce the deficit and move quickly toward a balanced budget. I think that is important in this present situation. I believe that in a time such as we are in right now, that fiscal policy can perhaps—fiscal tools can perhaps be more effective in bringing the inflation under control.

The CHAIRMAN. You say fiscal policy can be more effective than monetary policy?

Dr. RICE. Probably, in the present circumstances, yes.

The CHAIRMAN. Senator Lugar?

Senator LUGAR. Mr. Chairman and Mr. Rice, I appreciate very much the opportunity to meet you the other day and have a visit with you. I have admired afar your achievements for a long time, and will vote for your confirmation.

I do want to take this opportunity in the hearing, however, to pursue some of the things that Senator Proxmire was pursuing in his questions, because in your response about the inflation situation and monetary policy, if I gather what you were saying correctly, you said that it would be possible, in the event the Fed was

determined to do so, to raise the rediscount rates, take other steps, that could push the economy into deep recession and could in fact, at least in your judgment, reverse the course of rampant inflation, but at a very grievous cost.

Your general philosophy was one of trying to avoid doing harm, if I quote you correctly.

Dr. RICE. That is correct.

Senator LUGAR. This appears to be the policy of the Fed, as one looks at it from this vantage point, for several months, even for several years. There has been an accommodation, albeit a rough one, with some fluctuations, in which the Fed has simply allowed whatever was going to occur to occur, without trying to do harm. That is, supply enough money literally—and then we have proceeded on.

I suppose the basic question I have of you is, who knows really what the circumstances will be, as you make decisions sitting around the Board; but what if we come into a situation in which inflation really does remain as persistent as it is now? And let's say that we have a downturn in the economy, even a recession, shallow or deep, as the case may be, and we continually have a built-in rate.

Some economists have testified before our committee that it is sort of fixed at 7 to 8 percent now, and goes to double digits under bad conditions. Is that likely to influence your decisionmaking at that point?

In other words, could there come circumstances in which you decide that there are all sorts of harms being done, all sorts of evils, and that monetary policy will really have to take a more dramatic course in order to change the inflationary spiral?

Dr. RICE. As I understand your question, you are asking if I can conceive of a time when the central bank might have to take a decision to throw the economy into recession?

Senator LUGAR. Or at least a more unorthodox course, if what I have been describing has been the orthodoxy of recent times.

Dr. RICE. Well, let me say first that certainly I am capable of learning, I am capable of changing my mind. I like to think of myself as flexible. And I would certainly be prepared to do what seemed to be the most reasonable and feasible thing at the time.

I would say even now that if I thought a mild, short recession would wring the inflation out of the economy, I would favor one. I think that might well be the cheapest price that we could pay to end this inflation.

However, I don't believe that is at the present time a reasonable route. I don't think we could wring all of the inflation out of the economy by means of a short, mild recession, and therefore I wouldn't favor that at the present time.

If we got into a Latin American style inflation and the economy ceased to grow, and we had still growing inflation, with economic stagnation, I might well have to reassess my view and favor a more Draconian program or policy.

Senator LUGAR. I appreciate that degree of flexibility.

My own viewpoint—I mention this so you will know at least from where I am coming—is that last October, when the President suggested his three-part program, I applauded the fiscal and mone-



tary aspects of what he was saying, which I gathered he was moving toward a balanced budget. And I wish that he had done so abruptly, really dramatically. And I think maybe he wishes he had done so now. But that did not occur.

So once again, it was an incremental, gradual push in that direction. Monetary policy, it seems to me, might have adopted a course of similar drama as was evidenced in our assistance to the dollar abroad and the programs that were taken with the assistance of the Fed at that point.

My own judgment is the cost and price-wage control situation was a disaster in the beginning and is a disaster now. The President would have been well to jettison the whole business and get on with those things that make a difference, which I think are fiscal and monetary policy.

That is a prejudice of mine.

I am interested in your good soldier approach, that given the chance in this type of thing, in response to the Chairman, although it seems to me by this time the least embarrassing way to get rid of it would be the best, and to concentrate on those things that make a difference.

But in raising this question with Secretary Blumenthal the other day, he said that the so-called blockbuster approach, that is, a dramatic change in the rediscount rates or a dramatic change in the budget policy, the President going on TV and saying: My fellow Americans, we are going to balance the budget this year, not 5 years down the trail—in other words a change in expectations—simply has not been in the cards for the Treasury, for the President or anyone else.

I gather from you what you are saying, for the moment it would not be in the cards for you, either.

Dr. RICE. That is correct.

Senator LUGAR. You are a gradualist, hoping no harm will be done, even though it appears to me, as I say, a lot of harm is being done. I am afraid even much more so will occur if inflation does not come down while a recession occurs.

I am asking—and I think you have answered as best you can—it is not beyond the realm of the possible, as you survey the disarray, that you might come to viewpoints that are more dramatic, at least with your one vote on the Board?

Dr. RICE. That's correct.

Senator LUGAR. Thank you very much.

The CHAIRMAN. Dr. Rice, in your position as senior officer at the National Bank of Washington, you have had responsibilities for money trading and investment operation?

Dr. RICE. Yes, sir.

The CHAIRMAN. In that capacity, you had a chance to observe Fed policy. What, in your opinion, is the most appropriate indicator or indicators of Fed monetary policies? We are having difficulties with that because of the changing significance of  $M_1$ , demand deposits being less significant than they were before with transaction accounts.

We are puzzled as to how to proceed to really get an understanding of just what Fed policy is now that is operating. Maybe you can help us with that.



Dr. RICE. The Fed funds rate on a day-to-day basis, changes in the Fed funds rate would, I think, be the best indicator on a day-to-day basis.

Now, let me say that you try to find out what other people are thinking in the market as well. You read the minutes of the previous month's Open Market Committee meeting to check on your views, the views that you held the previous month.

At any particular time you think, when you are engaged in money trading, you have a feel for what Federal Reserve Reserve policy is, you check it.

The CHAIRMAN. I am looking at it differently. There is not a day-to-day kind of operation that might concern you in the bank. This committee has to be concerned with the overall year-to-year operation, and that Fed funds rate may be useful to us in a daily basis, but less useful if we are looking at it for long-term policies and so forth on the part of the Fed.

Dr. RICE. Well, for longer term policies I look at the statements of the Federal Reserve Board and the FOMC themselves. I look at the minutes they issue every month. I look at the—well, the annual report and now the semi-annual report that it is required to issue.

The CHAIRMAN. Are the statistics that you focus on, do you have  $M_1$ ,  $M_1 +$  and  $M_2$ , the level of interest rates generally? What specific elements do you think are the most significant indicators, the most reliable indicators of Fed policy long term?

Dr. RICE. I have trouble with the question.

The CHAIRMAN. We are having trouble getting an understanding of how the Fed is operating.

Dr. RICE. I think the best way to find out what Federal Reserve policy is is to look at what they say policy is and see if what they do is consistent with what they say. I don't think it helps any to look at, say, the structure of interest rates and infer from the structure of interest rates what Federal Reserve policy has been. I don't think it is wise to look at the changes in the money supply figures, even over a period of a year, and say that this tells you what Federal Reserve policy has been.

The reason for that is that the figures, the money supply figures, don't always come out the way, of course, the Federal Reserve wants them to come out.

The CHAIRMAN. In the previous administration, someone said: Don't listen to what we say, look at what we do. And you are saying: Don't look at what they have done, listen to what they say.

It seems to me that what they have done is more significant than what they are saying or what they would like us to believe they have done.

Dr. RICE. In the case of the Federal Reserve, it is probably wiser to listen to what they say, because the results you get may not be what they want, as I just said. The money supply figures may well be over the target range. So far this year they are running below the target range. So just looking at the facts or the statistics doesn't tell you what the monetary authority wanted or intended.

You are safer taking their word for what they are trying to achieve. To the extent to which it is not achieved, then you would have to ask why.

The CHAIRMAN. I have such great faith in you that I am going to think about that. That is interesting advice. But you are about the only person I could think of who could persuade me to consider the notion that you would not pay attention to what people have done primarily or the results of it statistically, but listen to what they say, and that is likely to be more important.

Dr. RICE. I didn't say that you wouldn't pay attention to what they have done. I didn't mean that if I said it. What I meant to say was that I wouldn't judge what they intended to do by what actually happened.

The CHAIRMAN. I am not so concerned with intent as I am with results. If the result is easier credit when they say they are trying to achieve a more restrained anti-inflation policy, then I would say they have failed in achieving their objective, and therefore I would give them a low grade.

But I get the impression from you that their intention is more important.

Dr. RICE. Well, it is possible to fail in your objectives. It is possible to intend to keep money supply growth within certain ranges, and the growth may exceed these ranges or it may fall below.

The CHAIRMAN. I have a few more questions, and I apologize because there is another hearing scheduled here at 10 o'clock. But I will be very brief on this.

As you know, we now have three separate regulatory agencies regulating the banks. They are the Federal Reserve Board, the Comptroller of the Currency and the FDIC. Critics have said that this system encourages competition in laxity among the regulators, because banks enjoy a privilege no other industry enjoys. They can pick their regulator and pick the one whom they think is most useful for them.

Do you believe we have a consistent Federal policy governing bank capital, bank mergers, definition of problem banks?

Dr. RICE. I think we are working toward a consistent definition of capital needs and consistent policies toward mergers. We haven't always had consistent policies. I don't think I would go so far as to say that there has been a competition in laxity.

But I would say that in the past the vigor with which certain policies or certain regulatory objectives have been pursued has varied.

The CHAIRMAN. Why shouldn't we have a single bank examiner, just one bank examiner, the way we have in all the other areas? We only have two or three people regulating power, regulating transportation. In aviation we have only one.

Why shouldn't we have the same thing with the banks?

Dr. RICE. In principle, I see no reason why we shouldn't have a single bank examiner. But there may be practical reasons why we can't.

The CHAIRMAN. What are the practical reasons?

Dr. RICE. The banking community has gotten adjusted—I should say the community of the 14,000 banks has become accustomed to looking to certain regulatory agencies, and as a practical or maybe semipolitical matter, they might have difficulty adjusting to the change. That is the only thing I can think of.

The CHAIRMAN. One final question. There has been discussion about the Euro-currency markets and the Euro-currency deposits by major central banks, including the United States. Some of the arguments made in favor of such reserve requirements are that unregulated Euro-currency markets add to instability in foreign exchange markets, to excess of world liquidity, and then international inflation; also speculation by international banks; and, finally, potential problems for domestic monetary policy.

Would reserve requirements in Euro-currency set uniformly by major central banks be a useful improvement for the Euro-currency market, in your view?

Dr. RICE. In my judgment, it would.

The CHAIRMAN. It would be?

Dr. RICE. In my judgment, yes. Not that we have had a great deal of trouble with the functioning of the Euro-currency market so far without reserve requirements. But I think it is always a good idea to be able to control a situation, in case it becomes disorderly.

The CHAIRMAN. It might help reduce international inflationary pressures?

Dr. RICE. I wouldn't go so far as to say that. Again, I don't think establishing reserve requirements on the international level in the Euro-currency market can stop inflation any more than it can on a domestic level. But it would be a useful tool to have, just as domestic reserve requirements are a useful tool for the monetary authority to have.

The CHAIRMAN. You are a cautious, thoughtful, careful, impressive and intelligent nominee. As I said, I think you have brilliant qualifications for the job. We will be acting on your nomination promptly.

Thank you very much.

Dr. RICE. Thank you.

The CHAIRMAN. This committee will recess and Chairman Tsongas will take over the next hearing.

[Whereupon, at 10:07 a.m., the meeting was adjourned.]

[Biographical material on the nominee follows:]

## STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: RICE EMMETT JOHN  
(LAST) (FIRST) (OTHER)  
 Position to which nominated: Member, Board of Governors Federal Reserve System Date of nomination: \_\_\_\_\_  
 Date of birth: 21 December 1919 Place of birth: Florence, South Carolina  
(DAY) (MONTH) (YEAR)  
 Marital status: Divorced Full name of spouse: \_\_\_\_\_  
 Name and ages of children: Susan E. Rice, 14 \_\_\_\_\_  
Emmett J. Rice, Jr. 12 \_\_\_\_\_

Education:	Institution	Dates attended	Degrees received	Dates of degrees
	College of the City of New York	1937-1941	B. B. A.	1941
	College of the City of New York	1941-1942	M. B. A.	1942
	University of California (Berkeley)	1947-1951		
	University of California (Berkeley)	1952-1954	Ph.D	1955

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

1950 - Research-Assistant (Department of Economics) University of California (Berkeley)

1951 Teaching Fellow (economics) University of California (Berkeley)

1951-52 Fulbright Fellow (India) Reserve Bank of India

1952-54 Teaching Fellow (economics) University of California (Berkeley)

**Memberships:** List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

SEE SCHEDULE "A"

Organization	Office held (if any)	Dates

**Employment record:** List below all positions held since college, including the title or description of job, name of employment, location of work, and dates of inclusive employment.

1948-50	City Fireman, later fire alarm operator, City of Berkeley, California.
1950-54	See Honors and Awards
1954-60	Instructor, later Assistant Professor of Economics, Cornell University (Ithaca, New York)
1960-62	Economist, Federal Reserve Bank of New York
1962-64	Advisor, Central Bank of Nigeria (Lagos)
1964-66	Deputy Director, later Acting Director, Office of Developing Nations, U. S. Treasury Department
1966-70	U. S. Alternate Executive Director for International Bank for Reconstruction and Development (World Bank), International Development Association (IDA), and International Finance Corporation (IFC). Appointed by President Johnson and confirmed by the Senate.
1970-71	Executive Director, Mayor's Economic Development Committee, on leave from U. S. Treasury Department.
1971 to Present	Senior Vice President, The National Bank Of Washington

**Government  
experience:**

List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part-time service or positions.

Refer back to employment record.

1971-72 Vice Chairman, Mayor's Economic Development Committee,  
Washington, D. C.

1976-78 Member, D. C. Mayor's Overall Economic Development  
Advisory Committee

1976-78 Chairman, D. C. Tax Revision Commission, Government of the  
District of Columbia

**Published  
writings:**

List the titles, publishers and dates of books, articles, reports or other published materials you have written.

Only contributions to institutional publications -- articles.

annual reports, commission reports -- for which I could not  
claim full credit.

**Political  
affiliations  
and activities:**

List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

Registered Democrat; no offices held. No services rendered.



**Political****contributions:**

Itemize all political contributions of \$500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify the specific amounts, dates, and names of the recipients.

No contributions of \$500 or more.

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**Qualifications:**

State fully your qualifications to serve in the position to which you have been named.  
(attach sheet)

See Schedule "B"

**Future employment  
relationships:**

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

Yes, I will sever all connections.

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2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

I have no plans to resume any affiliation.

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3. Has anybody made you a commitment to a job after you leave government?

No

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4. Do you expect to serve the full term for which you have been appointed?

Yes

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Potential conflicts  
of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None

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2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

I own 137 shares of stock in The National Bank Of Washington,  
which I have made arrangements to dispose of, if confirmed by  
the Senate.

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3. Describe any business relationship, dealing or financial transaction (other than tax-paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None

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4. List any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

None

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5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items.

I will arrange to sell any property or asset the ownership of

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which would be deemed to be a conflict of interest. I will also resign from all business profit-making organizations as well as all of those nonprofit organizations from which conflicts might possibly develop.

Civil, criminal and  
investigatory  
actions:

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

At the present time, I am a defendant in an action brought by my former wife who seeks to amend or modify the terms of a court approved separation agreement relating to visitation rights and custody of our children. The case is now pending in the D. C. Court of Appeals.

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2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

None

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Emmett J. Rice

Statement for Completion by  
Presidential Nominees

Page 2-A

Schedule "A"

MEMBERSHIPS

<u>ORGANIZATIONS</u>	<u>OFFICE HELD</u>	<u>DATES</u>
Federal City Council	Washington Trustee	1972 - present
Federal City Housing Corporation	Former President and current Board Member	1972 - present
Greater Washington Business Resource Center	Board Member	1974 - present
Minority Contractors Resource Center	Board Member	1972 - 1974
American Red Cross, D. C. Chapter	Board Member	1975 - present
The Center For Municipal and Metro- politan Research Of the National Capital Area	Board Member	1975 - present
Consortium of Universities, Washington, D. C.	Board Member	1974 - present
American Economic Association	Member	1954 - 1974
Council On Foreign Relations	Member	1972 - present
Atlantic Council	Board Member	1971 - 1976 1978 - present
Metropolitan Washington Board of Trade	Member	1972 - present
D. C. Bankers Association	Member	1972 - present
University Club of Washington	Member	1976 - present
Washington Performing Arts Society	Board Member	1977 - present

BUSINESS

Trans World Corporation	Board Member	1979 - present
Trans World Airlines, Inc.	Board Member	1973 - present
Fort Lincoln New Town Corporation	Board Member	1975 - present
District Communications, Inc.	Board Member	1974 - present

Ewmett J. Rice

Statement for Completion by  
Presidential Nominees

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QUALIFICATIONS

Except for the years devoted to teaching economics in a distinguished university, nearly all of my professional career has been spent in financial institutions. As a teacher, I had primary responsibility for courses in money and banking and monetary theory on both the undergraduate and graduate levels. Later, as an economist on the staff of the Federal Reserve Bank of New York, I became familiar with the techniques of open market operations employed by the Trading Desk of the Bank in implementing the directives of the FOMC. One of my responsibilities during this time was the initiation of the first draft of the tri-weekly Report of Open Market Operations to the FOMC. I also prepared for publication in the Bank's Monthly Review the article which regularly described and interpreted developments in money and capital markets.

While serving as an adviser to the Central Bank of Nigeria, I had the rare opportunity to participate in the creation of tools and techniques for Central Bank monetary control in a large developing country. I also helped in the development of the research department of the new Central Bank. Later, in the U. S. Treasury Department's Division of International Affairs, I was actively involved in the formation of U. S. financial policies with regard to the developing countries of Asia, Africa, the Middle East, Australia and New Zealand. As U. S. Alternate Executive Director on the boards of the World Bank and the International Finance Corporation, I gained broad experience in international development banking, while taking part in policy decisions relating to economic development assistance.

For the past eight years, I have been a senior officer in a commercial bank working, among other areas, in money trading and investment operations. In this



Qualifications Cont'd

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capacity, I supervised daily Federal funds trading, repurchase agreements, certificates of deposit and security purchases and sales for the Bank's investment portfolio. This responsibility, of course, required knowledge of current developments in money and capital markets as well as Federal Reserve monetary policy. I have been a member of all of the policy-making committees of the Bank, including the Senior Officers' Loan Committee and the Management Committee.

Considering my academic background, my experience in central banking, development banking, commercial banking and Treasury international financial operations, I believe I am adequately equipped to perform the functions of a member of the Board of Governors of the Federal Reserve System. If confirmed, I will do my best to serve our country well.



OVERSEAS  
ONLY  
LOAN