

## Welcoming Remarks

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In the past, I have opened the Hoover Institution’s Monetary Policy Conference and remarked that the international system—or, as George Shultz called it, the “international global commons” —led by the United States, has been eroding for some time. This erosion has affected both the international economic order and the international security framework.

There was a time when it seemed reasonable to expect that global supply chains could be placed wherever the return on investment was greatest. The integrated international economy was, for the most part, truly integrated, except for a few outliers such as North Korea.

In recent years, as tensions have emerged between the United States and China—not only on the economic front but also on matters of security—the sense of an integrated global economy has begun to break down.

We are now experiencing an avalanche of uncertainty because everything about the international order is in question, including the United States’ role in it. Are the US Treasury and the dollar still seen as safe havens during flights to safety or not? How do we think about the relationships among America’s trade, economic, and longstanding security relationships?

Even our understanding of who our economic and strategic partners are has become less clear. When President Donald Trump displayed a “Liberation Day” tariffs chart on April 2, 2025, the countries were almost indistinguishable from one another in terms of whether

they were friend or foe. That is quite different from the way the United States has conceived its past role in the international system over time. We are moving into a new era, and we haven't fully arrived, which means uncertainty is greater than ever.

A friend used a metaphor to describe how to deal with an avalanche: When you're caught in one, you have to realize that you cannot stop it from happening. Your only move is to figure out how to dig your way out of it. That is the challenge we face today.

The Monetary Policy Conference, attended by so many eminent individuals, explored how monetary policy relates to this changing international environment. This demands a deeper look at how monetary policy fits into a rapidly changing global context. The task now is to think seriously and carefully about how to dig out of the avalanche we are in.