

HUDSON INSIDER



A Letter from Our President

John P. Walters, President and CEO, Hudson Institute

Seven months have passed since the United States and Israel launched military operations against the Islamic Republic of Iran. Every president since Jimmy Carter has faced the threat of Iran destabilizing the Middle East and exporting terrorism; every president since George W. Bush has confronted the danger of a nuclear-armed Iran intent on dominating its neighbors, ending the American presence in the region, and eliminating the State of Israel. Since 1979, Hudson Institute experts—both in their work here and during periods of government service—have argued that the United States could not simply manage the Iranian threat but had to confront and resolve it.

This conflict has lasted far longer than many assumed back in February. Among our own experts, there is healthy discussion and debate over the best path forward for the Trump administration to secure the Strait of Hormuz and make certain that Iran can never restart its quest for nuclear weapons. When you see or hear Hudson fellows—Mike Doran, Rebecca Heinrichs, Walter Russell Mead, Nikki Haley, Joel Rayburn, Zineb Riboua, and Bryan Clark—offering analysis and advocating strategy through television, print, podcasts, or radio, their expertise reflects not only rigorous research and years of experience but also the discussions, and sometimes disagreements, they have with one another. This environment—which sharpens thinking through collaboration, discussion, and debate—is among the many things that make Hudson so special and our work so important.

At the most basic level, the conflict has shown that the challenges we face are not easily solved. But it also confirms something Hudson's experts have argued for years: The threats confronting America

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A Letter from Our President (continued)

and our allies are deeply interconnected, and our adversaries are coordinating far more closely than most Americans realize. Beyond ending the nuclear threat from Iran, my hope is that this conflict finally awakens the public—and politicians on both the left and the right—to a basic reality. We are not facing Iran, Russia, China, and North Korea each in isolation; we need to see them as a single, coordinated force—what our Hudson colleague H.R. McMaster calls the “Axis of Aggressors.” Russia uses Iranian drones and North Korean troops in its effort to subjugate Ukraine. Iran targets American installations with satellite and intelligence data from Russia and China, who supply Tehran with much of its military equipment. And Beijing continues to throw Russia and Iran economic lifelines by buying their oil and helping them evade sanctions through its financial system.

Over the past few months, Hudson’s experts have continued to lead by taking on this threat matrix directly. In May, a Hudson delegation traveled to Ukraine to meet with President Volodymyr Zelenskyy and other senior leaders for an update on their fight to defeat Russia and free their country. Our Center for Defense Concepts and Technology has been working closely with the Pentagon and Congress to understand the revolution in unmanned systems and to help fund and equip our own armed forces accordingly. Alongside that work, our experts are developing creative approaches to expand and strengthen the defense industrial base so that the United States and our partners can sustain deterrence worldwide while the munitions America uses in the Middle East do not come at the expense of what Europe and the Indo-Pacific need.

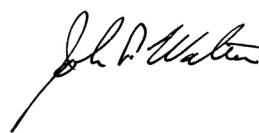
Closer to home, Hudson graduated the latest cohort of our Political Studies Summer Program, which brings gifted students from across the country here for a rigorous six-week course in political theory, history, and leadership, taught by our experts alongside celebrated professors as well as political and military leaders. It offers these students an education that is all too rare on college campuses today, and I am continually inspired

by their hunger to understand our nation’s history and the craft of sound policymaking. This year we welcomed our largest cohort yet, with more than 100 students across two sections.

It was also a pleasure to see so many of you at our Walter P. Stern Policy Conference in June. Two days of rich discussion brought together Hudson experts—including Peter Rough, Patrick Cronin, Mike Doran, Nikki Haley, Walter Russell Mead, Nadia Schadow, Mike Gallagher, David Feith, and Bill Drexel—alongside Senator Bill Hagerty, Congressman Mike McCaul, Ambassador Kang Kyung-wha, and defense, media, and technology leaders from around the country.

Looking toward the fall, I hope to see you at Hudson’s annual Herman Kahn Award Gala in New York City on October 29, where we will honor our longtime friend Ken Griffin, founder and chief executive officer of Citadel. Ken has been an extraordinary champion of American exceptionalism and American values. He has defended free-market capitalism at great personal risk—standing by the system that has lifted millions out of poverty and provided the engine for American leadership, even as figures like New York Mayor Zohran Mamdani and Senator Bernie Sanders try to demonize him. He has also made the case for an America engaged abroad against the threats posed by the Axis of Aggressors. Ken has been far more than a remarkable businessman; he has been a true patriot. We hope you will join us at the gala to celebrate him.

As always, please accept my profound thanks, on behalf of everyone at Hudson, for your friendship and support. We could not be more grateful for all you do to make our work possible—work devoted to strengthening America and advancing security, prosperity, and freedom.



John P. Walters
President and CEO, Hudson Institute



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EXPERT SPOTLIGHT

Q&A with Nadia Schadow

Nadia Schadow is a senior fellow at Hudson Institute

How prepared is the US defense industrial base (DIB) for emerging geopolitical challenges?

While there are signs of revitalization and reforms underway, the DIB remains fundamentally on a peacetime footing and is likely incapable of sustaining a major-power war. The wars in Iran and Ukraine have shown that we struggle to produce crucial materiel at adequate speed and scale. A small group of large manufacturers continues to dominate the US defense industry, making it harder for smaller firms to compete. American defense production remains slow and encumbered, while modern tactical realities—including mass-produced drones, cheap missiles, and continuous adaptation—demand speed and flexibility. And we still struggle to match how we intend to organize and equip our forces in future wars with the industrial base necessary to support them. Further, while we often talk about an allied industrial base, it remains to be seen if Europe can deliver (Japan and Korea may do better here). So progress is being made, but there is much more work to do.

What is the Trump administration doing to improve the DIB?

If I had to characterize the six most consequential things the administration is doing, I would highlight the following and note that across all of them one common theme is the greater willingness to take risk: (1) Regulatory and acquisition reform by removing rules and processes that slow everything from entry to fielding. (2) New combinations of public and private capital, such as loans and loan guarantees, equity-type arrangements, advance purchase commitments, and other authorities to expand industrial capacity rather than simply procure end items. (3) Targeting chokepoints, including critical minerals, energetics, microelectronics, shipbuilding,

drones, and solid rocket motors. (4) Making speed an explicit requirement by increasingly attaching time and production-rate targets to acquisition and industrial policy. (5) Expanding participation in the defense marketplace by focusing on what commercial firms can bring to the sector, nontraditional contractors, and private capital. (6) Moving toward “good enough” and commercially producible, which means accepting iterative, lower-cost systems that can be manufactured at scale and improved rapidly.

Has the US government done enough to verify that the money it spends to improve the DIB is making an impact?

The short answer is no. My research team and I have repeatedly found that information about the outcomes of government programs and spending, including in the defense industrial sector, remains hard to find. One concrete example is the lack of comprehensive assessments of how Defense Production Act funding has been spent over the last two decades and what that funding actually produced. There is episodic information, but little comprehensive information.

Even when information on the DIB can be found, it is often difficult to interpret. Some of this is understandable. These efforts are complex and often involve sensitive issues. But the US government continues to spend much more time documenting deficiencies than progress. And even when we are making progress, we struggle to determine how much is enough. For example, a recent Government Accountability Office report found that the Department of War does not require offices to provide the data needed to model requirements for more than 40 percent of its strategic and critical materials. Without that data, it’s difficult to know what is needed in the near or long term. The US government should establish and communicate clear metrics and report whether it is meeting them. More focus and more

funding for the DIB are welcome, but we also need to understand and document what is working so that we achieve the necessary improvements.

What is the forgotten element of strategy?

Time is the forgotten element of strategy. A strategy, no matter how brilliantly formulated, is inadequate if it doesn't address its challenges and opportunities or achieve objectives within a reasonable timeframe. The renewed focus on the DIB, and especially on issues related to adaptability and speed, is perhaps beginning to change this. The Standardizing Permitting and Expediting Economic Development (SPEED) Act is one example, as are the specific timelines included in the Pentagon's Drone Dominance Program. The latter includes explicit production targets of delivering tens

of thousands of small drones to the force in 2026, and hundreds of thousands by 2027. That's a good thing. But we need to do this across the force.

We also need to attach time to a much broader range of US objectives and tools. While many praise our non-military instruments of power, if we can't synchronize them and use them on time, we risk being outpaced and outmaneuvered by geopolitical actors who want to do us harm. Moreover, we add to the cynicism of those who believe democracies can't deliver. We have the data to measure time; what we need now is political will to do so.

For more on the importance of time in strategy, see Schadow's "The Forgotten Element of Strategy," published in The Atlantic on June 22, 2023.

NEW BY Hudson Authors

Hudson Institute

THE ARSENAL PAPERS | NO. 1
LESS PROCESS, MORE POWER

New Initiatives at the DoW's Office of Industrial Base Growth

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August 2026

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Introduction

Revitalizing and expanding the United States defense industrial base (DIB) is a top priority for the current Trump administration, which recognizes that "American national power depends on a strong industrial sector capable of meeting both peacetime and wartime production demands." In line with this assessment, the 2025 National Defense Strategy (NDS) set the goal of making the United States "the world's premier arsenal, one that can produce not only for ourselves but also for our allies and partners at scale, rapidly, and at the highest levels of quality." The Department of War (DoW) has been driving this effort by implementing long-standing reforms across the national security ecosystem.

Yet much of this important work is happening out of the public eye. As a result, interested individuals often have difficulty understanding the picture of key reforms and cannot appreciate the progress taking place.

The Arsenal Papers seek to highlight these key policy developments and reforms in the defense industrial sector and explain their significance. The objective is to foster a better understanding of how DoW is working to increase warfighting readiness, supply chain resilience, and the nation's ability to rapidly scale defense production in response to emerging global threats. The reports will not cover all of the DoW's efforts, which would be unrealistic. Rather, they will be focused on key priorities. Hudson Institute's conversations with key policy officials.

The first in this series focuses on industrial base growth at the Office of Industrial Base Growth (OIBG). The office's inaugural head is Deputy Assistant Secretary of War (DASOW) for Industrial Base Growth James Marshall, who is also the director of the



HUDSON INSTITUTE NEW INITIATIVES AT THE DOW'S OFFICE OF INDUSTRIAL BASE GROWTH | 1

Nadia Schadow and Michael Dressler examine the Pentagon's new initiative that seeks to reduce supply chain reliance on China and restore America's industrial capacity.

Hudson Institute

POLICY MEMO

Inertial Confinement Fusion Is Key to America's Nuclear Deterrent

MADelyn CREEDON
Nonresident Senior Fellow, Brookings Institution

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Senior Fellow and Director, Keystone Defense Initiative, Hudson Institute

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August 2026

Executive Summary

The United States' highest national security priority is deterring major-power conflict with nuclear-armed adversaries. In 2025, the bipartisan Strategic Posture Commission warned that the US is on the cusp of entering a threat environment from 2027-2035 that it is not prepared for, in which it must deter two nuclear peer adversaries and control years of underinvestment in the technologies that support the deterrent. Investing in inertial confinement fusion (ICF) is a crucial imperative in this effort, both inside the government and through partnerships with the private sector, especially when it comes to countering China.

China's ongoing nuclear breakout extends beyond the size of its arsenal. Building its fusion facilities

and high-energy-density physics infrastructure needed to improve weapons simulation, effects testing, and future designs.¹

ICF is central both to China's nuclear expansion and to US objectives to adapt its deterrent as quickly as possible. ICF is often discussed as a future energy technology, but it is also a core strategic-deterrence capability.

Since the United States chose to halt explosive underground nuclear testing in 1965, facilities such as Lawrence Livermore National Laboratory's National Ignition Facility (NIF), Sandia Z machine, and the University of Rochester's Omega Laser Facility have helped provide the experimental data needed to validate



HUDSON INSTITUTE INERTIAL CONFINEMENT FUSION IS KEY TO AMERICA'S NUCLEAR DETERRENT | 1

Rebecca Heinrich, Madelyn Creedon, and Abigail Rember explain why the US needs to invest in inertial confinement fusion to counter China's nuclear breakout.

WALTER P. STERN

Policy Conference

In June, Hudson Institute hosted its fourth annual Walter P. Stern Policy Conference. Attendees had the opportunity to meet and hear from Hudson experts who gave briefings on the challenges America faces and how to address them.



EVENTS at Hudson



Hudson hosted US Trade Representative Jamieson Greer for a discussion on tariffs and how the US plans to consolidate its alliance system into an economic group.



Assistant Secretary of War for Industrial Base Policy Michael Cadenazzi sat down with Nadia Schadlow to explain how the US can reboot its industrial base.



Shigeru Kitamura, former secretary general of Japan's National Security Secretariat and former director of Cabinet Intelligence, spoke with Jason Hsu about his country's role in the Indo-Pacific.

HUDSON EXPERTS Visit Ukraine

A delegation from Hudson visited Ukraine, where they met with President Volodymyr Zelenskyy and learned how the country is defending itself from Russian aggression.



FALL 2026

Discussion Series

Exclusively for members of the Chairman's Advisory Board

In-Person Events

NEW YORK CITY

A View from Senate Leadership: The Future of American Power

Monday, September 28

Featuring President and CEO John Walters

The Precarious State of the Russian Economy, NATO, and the Future of Ukraine

Thursday, October 8

Featuring Senior Fellows Tom Duesterberg and Peter Rough

The Changing World Order Through a Strategic Lens

Monday, December 7

Featuring Executive Vice President and incoming President and CEO Joel Scanlon and Center Directors Patrick Cronin, Michael Doran, and Peter Rough

SAN DIEGO

Peace Through Strength: US Foreign Policy Priorities

Thursday, November 12

Featuring Senior Fellow Rebecca Heinrichs

CHICAGO

US Strategy in the Middle East After the Midterms

Thursday, December 3

Featuring Senior Fellow Michael Doran

Virtual Events

Zoom link provided upon RSVP

The Middle East at a Turning Point

Thursday, September 10

Featuring Senior Fellows Michael Doran and Joel Rayburn

The Next Chapter: Inside the 2026 Midterms

Wednesday, October 21

Featuring The Winston Group pollsters Myra Miller and David Winston

American Innovation in the Age of AI

Tuesday, November 17

Featuring Distinguished Fellow Mike Gallagher and Senior Fellow David Feith

Strategic Competition, US Capital, and Economic Power

Tuesday, December 1

Featuring Walter P. Stern Chair Nikki Haley

HERMAN KAHN

Award Gala

Honoring Kenneth C. Griffin,
Founder and CEO of Citadel

Thursday, October 29, 2026
New York City

If you would like to attend any of these events, please contact Elizabeth Heller at eheller@hudson.org to RSVP.