

HUDSON INSIDER



A Letter from Our President

John P. Walters, President and CEO, Hudson Institute

Dear Friend of Hudson,

It was a pleasure to see many of you at Hudson's headquarters in April for our annual Walter P. Stern Policy Conference. The dominant theme of those two days was that the current policy environment is marked by uncertainty. The direction of American policy and the way our adversaries might test the United States during the second Trump administration remain dangerously ambiguous. One of our main goals at Hudson is, of course, to provide clarity through the development of sound policy, and the first half of 2025 has shown that our work is devoted to the areas of greatest need.

At this year's Stern Conference, we made it a point to include high-level officials from some of our closest allies, including Australia, Bahrain, Taiwan, and the United Kingdom. In hearing from all of them, one thing that struck me is the hunger for American leadership and partnership around the world. To a country, the message we received was that our allies see their own destinies intertwined with ours. Despite—or perhaps because of—the dangers we are facing, America has friends who are looking to us, and we would be wise to take advantage of this unique moment to create diplomatic, economic, and military force multipliers to deter the increasingly cooperative axis of China, Iran, North Korea, and Russia.

For the second time in the last 18 months, I joined Hudson's Center for Europe and Eurasia for a study trip to Ukraine. Starting in Odesa, we worked our way northeast to within a few kilometers

continued on page 2

A Letter from Our President (continued)

of the front lines in Kherson, meeting with senior Ukrainian government officials and military leaders along the way. While it was heartbreaking to see once again the wanton destruction that Vladimir Putin has unleashed, we learned that the Ukrainian Armed Forces remain stronger and more resilient than most media outlets would have the public believe. We also met with senior Ukrainian leaders in Kyiv, and they have been on my mind since the extraordinary drone strike that destroyed a whole host of Russian strategic aircraft deep inside Russia. In addition to Europe, Hudson's experts and management team have also met with key leaders in Israel, Azerbaijan, Japan, Singapore, South Korea, and Taiwan over the past few months.

Hudson has also hosted a series of major policy events featuring senior officials from Washington and around the world. We were pleased to host Polish President-elect Karol Nawrocki, European Union High Commissioner for Foreign Affairs Kaja Kallas, Croatian Prime Minister Andrej Plenković, Singaporean Foreign Minister Vivian Balakrishnan, Tokyo Governor Yuriko Koike, and Japanese Agriculture Minister Shinjiro Koizumi, to name a few. Just a week after the Trump administration announced sweeping new tariffs, we hosted a major event with Dr. Stephen Miran, chairman of the Council of Economic Advisors and architect of Trump's tariff policies. Also visiting Hudson these past few months have been our longtime friend Senator Tom Cotton, along with Senator Jim Risch, chairman of the Senate Foreign Relations Committee; Rep. Ami Bera; Rep. Jeff Crank; and Alaska Governor Mike Dunleavy. I'm proud of the work our experts do every day to make Hudson an important destination for foreign and domestic

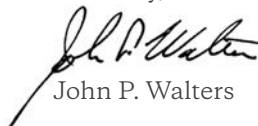
polymakers seeking to exchange ideas and receive policy options for the most pressing problems facing the United States and our allies.

The first six months of the second Trump administration have reminded us that there are no dull moments when Donald Trump occupies the White House. The massive reorganization of the federal government, the overturning of the decades-long international economic consensus, the evolving Chinese Communist threats, the US and Israeli air strikes against Iran, the talks over Ukraine's future, and the artificial intelligence revolution all make Hudson's work of understanding and countering threats more important than ever. My colleagues and I remain grateful to you and all other generous friends who help make our work possible. We also seek to earn your support in the months ahead.

Finally, I am delighted to announce that we will be honoring Dr. Alex Karp, cofounder and chief executive officer of Palantir Technologies, with our Herman Kahn Award at our annual gala in New York City on November 11. Dr. Karp has been a visionary leader in ensuring that the United States remains not just the undisputed global military leader, but the indispensable technological leader as well. Few people alive today are as worthy of receiving an award named after Herman Kahn, and I hope that you will make plans to be with us in New York as we celebrate Hudson and honor Dr. Karp this November.

Thank you for your friendship and support.

Sincerely,



John P. Walters



In the Issue

Expert Spotlight Q&A with Nikki Haley	4
Events at Hudson	6
New by Hudson Authors	7
Walter P. Stern Policy Conference	8



EXPERT SPOTLIGHT

Q&A with Nikki Haley

Nikki R. Haley is the Walter P. Stern Chair at Hudson Institute. She previously served as the US ambassador to the United Nations, as a member of the president's Cabinet, and on the National Security Council.

Why did you decide to become the Walter P. Stern Chair?

When it came to joining a policy organization, there was no question about who I wanted to work with. When America fails to stand with our friends and stand up to our enemies, the world is less safe. Hudson understands that deeply. Everyone in DC, regardless of political party, highly respects Hudson because its experts are committed to providing our leaders with clear, fact-based solutions that promote security, freedom, and prosperity. Most importantly, they are just as passionate as I am about the future of America.

Why is defending Taiwan in America's national interest?

We are living in the most dangerous time in decades. The enemies of freedom are on the move, and, with a few exceptions, the West is in retreat. Imagine if, a decade ago, the US and its allies had recognized the looming threats—China's expansion, Russia's aggression, Iran's ambitions—and acted decisively.

Instead of chasing bigger welfare states, we would have rebuilt our militaries and strengthened our economies. We would have stood united, sent a clear message to our people that strength ensures peace, and prevented war before it started. But we didn't, and now we live with the consequences.

Afghanistan fell. Ukraine is burning. The Middle East spiraled into chaos. And in Asia, China, our greatest threat, tightens its grip.

If the West had been strong, China would not have dared to militarize the South China Sea or harass Vietnam, the Philippines, South Korea, and Japan. Its threats to Taiwan would be greatly diminished. Today, the island democracy would be protected—militarily, diplomatically, economically—because America and its allies would have made it clear that invading is not an option.

But we don't live in that world, and we can't afford to let history repeat itself. The West needs to rebuild its strength—immediately—before it's too late. That means embracing Taiwan, without exception or apology. Our security and prosperity are bound together.

We can right that wrong while there's still time. That means we should sign a free trade agreement with Taipei, push for full recognition of Taiwan at the United Nations, and increase our defense partnerships—that includes more military training and getting Taiwan the weapons it needs to defend itself.

What are your thoughts on the strikes against Iran?

The strikes on Iran were a clear example of peace through strength. For too long, the ayatollahs have been allowed to spread terrorism across the region through their proxies, violate UN resolutions, and mislead inspectors from the International Atomic Energy Agency—all while dangling the promise of a nuclear deal. It was time Iran faced the consequences of its threats and actions, especially after making it clear they would not halt uranium enrichment.

We should be forever thankful to our friends in Israel, who have remained clear-eyed in their mission to prevent Iran from acquiring a nuclear weapon. Over the past four years, while Iran played President Biden for a fool, Israel prepared. They put Iran on

the back foot by decimating its terrorist proxies and dismantling its primary air defenses. Thanks to Israeli forces, the Iranian regime was more vulnerable to a targeted military strike on its nuclear infrastructure than ever before.

But now is not the time to celebrate or let our guard down. While the Iranian regime may be weakened, it is not defeated. It has not abandoned its nuclear ambitions. It still chants “Death to Israel” and “Death to America”—and it means it.

We must remain vigilant about our military bases in the region and our cyber infrastructure. It’s time to trigger UN snapback sanctions. We also need to undercut the regime’s primary source of financing by tightening sanctions on Iranian oil exports.

The regime is weaker than it has been in decades; now is the perfect time to get ahead of Iran’s next move.

In what ways can the US help Israel?

The most important thing we can do for Israel is to always have its back. Our commitment to Jerusalem can never waver. Israel needs to know it can trust us unconditionally. We share the same enemies; our alliance is central to our own security and to who we are as a country.

As I’ve always said, it’s not that Israel needs America; America needs Israel. The Jewish state is the tip of the spear when it comes to defeating terrorism, and it’s a bright spot in a tough neighborhood. Israel is one of our greatest allies when it comes to intelligence, innovation, and security. If Israel succeeds, America succeeds.



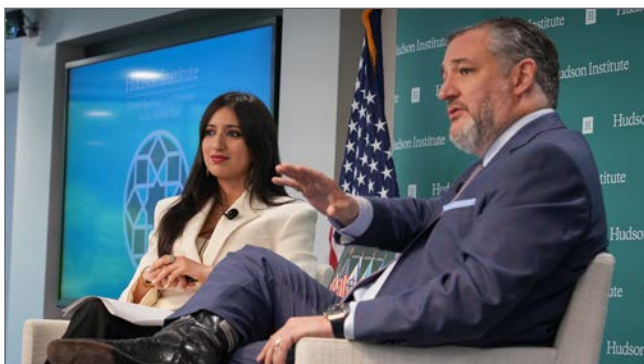
EVENTS at Hudson



Stephen Miran, chairman of President Trump's Council of Economic Advisers, and Thomas Dueterberg talked about the administration's economic agenda.



Peter Rough discussed US-EU relations with Kaja Kallas, EU high representative for foreign affairs and security policy and European Commission vice president.



Hudson hosted a conference on the US-China rivalry in the Middle East, during which Senator Ted Cruz sat down with Zineb Riboua.



Michael Doran and Senator James Risch, chairman of the Senate Foreign Relations Committee, examined American foreign policy in the Middle East.



Croatian Prime Minister Andrej Plenković joined Daniel Kochis for a fireside chat on the importance of deterring Russia.



Bryan Clark and leaders from the US Air Force, Defense Innovation Unit, and defense industry considered how to adapt and scale weapons better.

NEW BY
Hudson Authors

Hudson Institute

MARCH 2025

Ending Self-Imposed Scarcity:
Exploiting America's Commercial
Strengths to Mobilize Weapons
Production

BYRAN CLARK, DAN PATT, AND NADIA SCHADLOW



Bryan Clark, Dan Patt, and Nadia Schadlow identify reforms that leverage America's commercial advantages—particularly in electronics, software, and advanced manufacturing—to prepare the US military for rapid mobilization.

Hudson Institute

JANUARY 2025

Concrete Sky: Air Base
Hardening in the Western Pacific

THOMAS H. SHUGART AND TIMOTHY A. WALTON



In a conflict with China, American assets at air bases will be vulnerable—but the Pentagon largely ignores this threat. Timothy A. Walton and Thomas H. Shugart lay out how the US can protect its aircraft.

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POLICY MEMO

The US Steel Deal's
Implications for Tariff Policy

PAUL SRACIC
Adjunct Fellow, Hudson Institute

May 2025

Introduction

President Donald Trump's announcement that he will allow a "partnership" to be formed between Nippon Steel and US Steel is a signal policy evolution in the administration's pursuit of a steady supply of domestically produced steel. The term partnership is designed to avoid images and accusations. But it is a significant development that the president has acknowledged how Nippon Steel's investment will benefit the United States' economy and national security.¹

President Trump at one point publicly questioned whether the deal was necessary for US Steel's survival.² This implies that he believed at the time that tariffs alone could make US Steel's economic position sustainable by insulating the company from the pressures of foreign competition.

The president's decision to allow the deal to move forward demonstrates to markets that steel tariffs may provide short-term relief but are unlikely to address the broader and more complex challenges US Steel and other American steel companies face. The sector is grappling with significant structural issues including global overcapacity, foreign

competition's adoption of new production technologies, and shifting demand patterns. These factors strain profit margins and threaten the long-term sustainability of American steel producers.

US Steel is especially vulnerable in the environment due to its reliance on the traditional integrated steel-making process. These facilities are generally more capital- and labor-intensive than modern electric arc furnace (EAF) "mini-mills," which have become more prevalent in the industry due to their cost efficiency and operational flexibility.³

The inherent limitations of tariffs were another flaw in the administration's previous strategy. First, they can be politically difficult to sustain. Moreover, tariffs tend to raise costs for industries that rely on steel as an input, potentially harming US manufacturers and weakening overall industrial competitiveness. Finally, retaliatory tariffs could further erode domestic markets, already facing losses, and contribute to greater economic uncertainty. Therefore, tariffs were unlikely to secure US Steel's long-term viability unless the company subsequently made broader strategic investments in innovation and modernization.

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THE US STEEL DEAL'S IMPLICATIONS FOR TARIFF POLICY | 1



A stable domestic steel supply is vital for US security and economic independence. Paul Sracic explains what the Nippon Steel-US Steel partnership means for America.

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POLICY MEMO

How Israel's Operation
Rising Lion Dismantled
Iran from Within

A Case Study in the Art of Deception

ZINEB RIBOUA
Research Fellow, Center for Peace and Security in the Middle East
June 2025

On June 13, the Islamic Republic of Iran experienced a strategic collapse that altered the balance of power in the Middle East. Israel eliminated key Iranian military and scientific personnel, dismantled the country's missile infrastructure, and neutralized its early warning systems. But more conceptually, Israeli's cyber— dubbed Operation Rising Lion—crushed the Iranian regime's confidence in its own security apparatus.¹

This outcome was the result of years of sustained intelligence preparation, real-time intelligence, surveillance, and reconnaissance (ISR) dominance, and deep operational infiltration.² Israeli planners achieved full-spectrum disruption by dismantling Iran's command and control networks, severing high-level communications, and creating uncertainty over the regime's decision-making processes.

By the time Tehran could react, the damage was already done. Its upper command was dead. Its defensive systems were

disabled, and its internal threat assessments were in shambles. Crucially, Israel did not rely on cross-border operations. It had pre-positioned assets within the platforms inside Iran and destroyed them with surgical precision.

Israeli's operational concept combined a disruption strike with cognitive disruption. The psychological warfare element—that the strike had come from within and—crucially—the attack's kinetic effects, leaving Tehran panicked. Unable to determine whether it had been infiltrated or outmaneuvered, the regime's ability to respond collapsed before it could launch a single countermeasure.

1. Strategic Complacency: How Iran Misread the Coming Storm
The first two campaigns came in July 2024 and September 2024. In July, Israel assassinated Iranian Foreign Minister's top political official and a general of the Islamic Republic—in



Zineb Riboua explains how Israel combined kinetic attacks with cognitive disruption tactics to destroy Tehran's defensive infrastructure during Operation Rising Lion.

WALTER P. STERN

Policy Conference

Hudson Institute hosted its third annual Walter P. Stern Policy Conference at its Washington, DC, headquarters in April. During the event, stakeholders heard policy briefings from Hudson experts as well as a talk with Taiwanese Ambassador Alexander Yui.



SAVE THE DATE

2025

**Herman Kahn
Award Gala**

HONORING

Dr. Alex Karp

Cofounder and CEO of Palantir Technologies

Tuesday, November 11, 2025

To purchase a ticket or sponsor the event,
please contact Abby Schultz
(aschultz@hudson.org).