

Congress of the United States

Washington, DC 20515

December 16, 2025

The Honorable Scott Bessent
Secretary
Department of Treasury
1500 Pennsylvania Avenue NW
Washington, D.C., 20220

Dear Secretary Bessent,

We write in regards to your comments two months ago on defense companies and stock buybacks.

On October 15, 2025, you spoke at CNBC's "Invest in America Forum" about your plans for American industrial policy amid China's dominance over the production of technology and minerals.¹ You stated,

I do think our defense companies are woefully behind in terms of deliveries. So, we may have to -- as their biggest customer may have to prod them to do a little more research, do a little few *[sic]* stock buybacks."²

You continued, describing stock buybacks as "really what got Boeing into trouble," and reiterating the importance of "prod[ding]" these contractors because "sometimes we're... their only customer."³

We agree with your views that defense companies should spend less on stock buybacks and I look forward to a potential partnership in working together with you and the Trump Administration on these issues.

In recent years, stock buybacks in the defense industry have increased while research and development expenditures have declined.⁴ A 2023 review by the Under Secretary of Defense for

¹ CNBC, "CNBC Transcript: U.S. Treasury Secretary Scott Bessent Spoke with CNBC's Sara Eison at CNBC's "Invest in America Forum" in Washington, D.C. Today, Wednesday, October 15," October 15, 2025, <https://www.cnbc.com/2025/10/15/cnbc-transcript-us-treasury-secretary-scott-bessent-spoke-with-cnbc-sara-eisen-at-cnbc-invest-in-america-forum-in-washington-dc-today-wednesday-october-15.html>; The New York Times, "U.S. to Take Control of More Companies to Counter China," Alan Rappeport and Ana Swanson, October 15, 2025, <https://www.nytimes.com/2025/10/15/us/politics/us-government-companies-china.html>.

² CNBC, "CNBC Transcript: U.S. Treasury Secretary Scott Bessent Spoke with CNBC's Sara Eison at CNBC's "Invest in America Forum" in Washington, D.C. Today, Wednesday, October 15," October 15, 2025, <https://www.cnbc.com/2025/10/15/cnbc-transcript-us-treasury-secretary-scott-bessent-spoke-with-cnbc-sara-eisen-at-cnbc-invest-in-america-forum-in-washington-dc-today-wednesday-october-15.html>.

³ *Id.*

⁴ The Department of Defense, Office of the Under Secretary of Defense for Acquisition and Sustainment Defense Pricing and Contracting, "Contract Finance Study Report," April 23, 2023, pg. 19,

Acquisition and Sustainment Defense Pricing and Contracting found that “despite increased profit and cash flow, defense contractors chose to reduce the overall share of revenue spent on [research and development]... while significantly increasing the share of revenue paid to shareholders in cash dividends and share buybacks.”⁵ For instance, the defense industry spent 5.9% of its revenue on research and development and capital expenditures from 2010 – 2019, down from the 6.2% of revenue spent on research and development and capital expenditures from 2000 – 2009.⁶ In contrast, the defense industry spent 6.4% of its revenue on dividends and buybacks from 2010 – 2019, a significant increase from the 3.7% it spent on buybacks from 2000 – 2009.⁷

This trend has only continued. From 2021 – 2024, the top four defense contractors, Lockheed Martin, RTX Corporation, General Dynamics, and Northrop Grumman, spent a combined total of \$89 billion on stock buybacks.⁸ Approximately two-thirds – or \$58 billion – of the \$89 billion spent on buybacks was funded by U.S. taxpayers.⁹ The largest contractor, Lockheed Martin, spent five times more on buybacks from 2021 – 2024 than on capital expenditures from 2021 – 2024.¹⁰ In October 2025, Lockheed Martin announced it would authorize \$9.1 billion in stock buybacks for its fourth quarter.¹¹

DoD pays an exorbitant amount of money to defense contractors each year.¹² Contractors should be prioritizing investments in research, development, and their workforce to help strengthen America’s innovation. Shortfalls in defense contractors’ workforce increase delays and spending for DoD. For instance, an April 2025 report found that the Navy’s shipbuilding program has been consistently over budget and delayed, despite DoD investing billions of dollars into the program.¹³ A key challenge that the private companies that are building and repairing the Navy’s

<https://www.acq.osd.mil/asda/dpc/pcf/docs/finance-study/FINAL%20-%20Defense%20Contract%20Finance%20Study%20Report%204.6.23.pdf>.

⁵ *Id.*, pp. 19-20.

⁶ *Id.*

⁷ *Id.*

⁸ Polygraph, “Taxpayers bankroll military contractors’ buybacks and dividends,” Stephen Semler, November 3, 2025, <https://www.stephensemle.com/p/taxpayers-bankroll-military-contractors>.

⁹ *Id.*

¹⁰ Lockheed Martin, “Lockheed Martin Reports Fourth Quarter and Full Year 2021 Financial Results,” press release, January 25, 2022, <https://investors.lockheedmartin.com/news-releases/news-release-details/lockheed-martin-reports-fourth-quarter-and-full-year-2021>; Lockheed Martin, “Lockheed Martin Reports Fourth Quarter and Full Year 2022 Financial Results,” press release, January 24, 2023, <https://investors.lockheedmartin.com/news-releases/news-release-details/lockheed-martin-reports-fourth-quarter-and-full-year-2022>; Lockheed Martin, “Lockheed Martin Reports Fourth Quarter and Full Year 2023 Financial Results,” press release, January 23, 2024, <https://investors.lockheedmartin.com/news-releases/news-release-details/lockheed-martin-reports-fourth-quarter-and-full-year-2023/#:~:text=Net%20earnings%20in%202023%20were,through%20dividends%20and%20share%20repurchases>; Lockheed Martin, “Lockheed Martin Reports Fourth Quarter and Full Year 2024 Financial Results,” press release, January 28, 2025, <https://investors.lockheedmartin.com/news-releases/news-release-details/lockheed-martin-reports-fourth-quarter-and-full-year-2024>.

¹¹ Lockheed Martin, “Lockheed Martin Declares Fourth Quarter 2025 Dividend,” press release, October 9, 2025, <https://news.lockheedmartin.com/2025-10-09-Lockheed-Martin-Declares-Fourth-Quarter-2025-Dividend>.

¹² Government Accountability Office, “Federal Contracting,” <https://www.gao.gov/federal-contracting#:~:text=Issue%20Summary,for%20the%20Most%20Contract%20Dollars>.

¹³ Government Accountability Office, “U.S. Navy Shipbuilding Is Consistently Over Budget and Delayed Despite Billions invested in the Industry,” April 8, 2025, <https://www.gao.gov/blog/u.s.-navy-shipbuilding-consistently-over-budget-and-delayed-despite-billions-invested-industry>.

ships face is that they don't have enough workers to meet the Navy's demands.¹⁴ Defense companies hurt our national security interests when they prioritize wealthy shareholders by increasing their stock value with buybacks instead.¹⁵

The DoD represents these defense contractors' largest – and as you noted, in some cases, only – customer, and the U.S. has a strategic interest in “prod[ding]” these companies to limit stock buybacks and dividend payouts that come at the expense of building the workforce needed to meet DoD's needs.

During the first Trump Administration, the Department of Defense (DoD) committed to prohibiting progress payments to contractors during the COVID-19 pandemic going towards buybacks or dividends.¹⁶ This helped protect national security and prevented billions of taxpayer dollars paid to defense contractors from being used to enrich executives. We hope we can continue similar work under the second Trump administration. During the Biden administration, the Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act explicitly prohibited companies receiving CHIPS grants from using those funds to repurchase their stock or pay dividends to stakeholders.¹⁷

Americans deserve a defense industry that prioritizes innovation and competition to help the U.S. military protect Americans, rather than one focused on shoveling more money out the door for shareholders and executives. Given our agreement on this matter, we ask that you provide answers to the following questions no later than December 31, 2025:

1. Do you stand by your October 15, 2025, statement that, “we may have to... prod [defense companies] to do a little more research, and do a little few [sic] stock buybacks”?¹⁸
2. Would you support the inclusion of provisions in government defense and other key national security contracts to prohibit or limit stock buybacks?

Thank you for your attention to this matter and we look forward to working with you on this issue.

Sincerely,

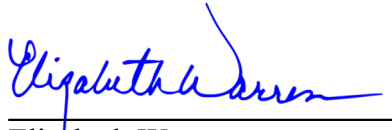
¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ Senator Elizabeth Warren, “After Inquiry from Warren, Department of Defense Says Big Defense Contractors Cannot Divert Increased Progress Payments During COVID-19 to Share Buybacks, Dividends, or Executive Salaries,” press release, July 15, 2020, <https://www.warren.senate.gov/newsroom/press-releases/after-inquiry-from-warren-department-of-defense-says-big-defense-contractors-cannot-divert-increased-progress-payments-during-covid-19-to-share-buybacks-dividends-or-executive-salaries>.

¹⁷ Senator Elizabeth Warren, “Warren, Casten, Foster, Jayapal to Commerce: No CHIPS Funding for Stock Buyback Subsidies,” press release, July 1, 2024, <https://www.warren.senate.gov/newsroom/press-releases/warren-casten-foster-jayapal-to-commerce-no-chips-funding-for-stock-buyback-subsidies>.

¹⁸ CNBC, “CNBC Transcript: U.S. Treasury Secretary Scott Bessent Spoke with CNBC's Sara Eison at CNBC's “Invest in America Forum” in Washington, D.C. Today, Wednesday, October 15,” October 15, 2025, <https://www.cnbc.com/2025/10/15/cnbc-transcript-us-treasury-secretary-scott-bessent-spoke-with-cnbc-sara-eison-at-cnbc-s-invest-in-america-forum-in-washington-dc-today-wednesday-october-15.html>.



Elizabeth Warren
United States Senator



Chris Deluzio
Member of Congress