American Airlines C.E.O. on Why He’s Not Requiring You, or His Workers, to be Vaccinated

American Airlines C.E.O. Doug Parker tries to explain why massive bailouts didn’t solve the problems that plague your travel and why he’s not enacting a vaccine mandate.

Thursday, August 5th, 2021

Jackie Deshannon
(SINGING) When you walk in the room, do you have sway?

Kara Swisher
I’m Kara Swisher, and you’re listening to “Sway.” Travel was one of the first sectors to feel the impact of the pandemic last year and arguably one of the hardest hit. No one knows this better than Doug Parker, the chairman and C.E.O. of American Airlines. Last year as borders closed and cities went into lockdown, American was forced to cancel around 40% of its flights per day, and one of its most prominent stakeholders, Warren Buffett, jumped ship.

Things got so bad that the federal government stepped in, bailing out the airline industry to the tune of $54 billion. That’s a lot of little bags of peanuts. But now, air travel is back, which has created a whole new set of challenges.

Archived Recording
American Airlines said it canceled hundreds of flights over the weekend.
Passengers gone wild at 40,000 feet, fights over face coverings leading to major crackdowns.
This as the more contagious Delta variant spreads across the country, some concerned about their summer travel plans.

Kara Swisher
So I wanted to talk to Parker about the havoc that the pandemic has wrought and what he sees in the future for air travel. Hi, Doug. Thanks for being here.

Doug Parker
Thank you, Kara. I’m happy to be here.

Kara Swisher
Let’s talk about in the recent earnings report, American announced that it’s finally back to profitability, a tiny profit of $19 million for the quarter, but that includes a $1.4 billion of government assistance. Without the aid, you were actually in the red, with a net loss of $1.1 billion. Southwest and Delta are in similar positions, though with smaller net losses.

So how are you assessing the current state of your airline?

Doug Parker
Yeah, well, we’ve got a lot of momentum. As bad as those numbers are, they’re so much better than they were a quarter ago. We lost over $3 billion in the first quarter. And so while we’re not happy about losing a billion dollars, it’s a lot better than we were. Our revenues in the second quarter were up 87% versus the first quarter.

So anyway, the momentum is there. There’s enormous pent-up demand for travel. People are flying. And as they return to the skies, we’re ready. And those losses will turn to profits before too long. I’m certain of that. And so actually, we’re really excited about what lies ahead.
So, but we're also seeing a rise in the cases of Delta variant. And probably pretty relieved it's not called the American Airlines variant, it's called the Delta variant. But how worried are you about the possibility of another major lockdown of cities in the US?

Doug Parker

Well, if it happens, we're preparing for it. I mean, again, we've proven through this and what our team has proven is how resilient they are. So so far, we've seen no change in our bookings. Indeed, they continue to increase from day to day.

That doesn't mean that it will stay that way, of course. And should they trail back for a little bit, we'll respond. My guess is we'll respond by still flying as much as we were flying before, but we'll not do as well as we had hoped. That's okay. We're prepared for that.

Kara Swisher

How do you plan for that? Because obviously, people didn't know a lot about Covid at the beginning, back in early 2020, but now we have some knowledge. So how do you look at this differently, if at all?

Doug Parker

Because of the situation on the aircraft today, it doesn't change much for us, other than it may have an impact on demand for air travel. On the airplane, as you'll see when you fly again, everyone is required to wear a mask. It's a federal mandate.

And because of the way the air flows within an airliner, something we have all learned and educated customers on through this pandemic, with a mask on sitting next to someone on an airplane, Delta variant or not, you're safer than you are in a grocery store or in a restaurant, because of the way the air flows. So I guess it may have some impact on demand for our product, but it won't dramatically change what we do.

Kara Swisher

When you see companies like Apple and Google change back to work dates to mid-October, how do you react to that?

Doug Parker

It's certainly having an impact on business travel. I think that's had as much of an impact on why business isn't traveling as anything is that large companies still haven't brought their teams back to the office. So as those get pushed back, our recovery gets pushed back, but modestly. A year from now, I don't expect we'll be talking about any of these things. People will be back to work, people will be traveling, and that's where we're looking.

Kara Swisher

Back in March, American was part of a group of airlines that were pushing the White House to lift international travel restrictions. Right now, there are restrictions on travelers from China, the European area, the U.K., Ireland, and others for entering the U.S. The White House recently said they intend to keep those restrictions in place for now. Was that a disappointment? Talk a little bit about what airlines need from the White House and the government on this issue.

Doug Parker

Well, it's a disappointment, yes. Because again, as I said, there's huge pent-up demand. That's what we just continue to hear from our particularly business customers is, when we start flying internationally? It's important for business, and important for international commerce. The folly of the situation right now is those restrictions were put in place back in March of 2020 when the President of the United States at that time deciding on national TV and announced that we're going to be tough on this virus, we're not going to let it come to the United States. We're going to do that by not letting people from Europe come to the United States.

But we had a consultant come in, she's from Munich. She, in order to get to the United States, flew to Cancun for two weeks, and then she was allowed to enter. She was a lot safer in Munich than she was in Cancun. But that's what we're doing.

So that's been our point to the administration is let's do this. Let's go back to science. Let's start opening countries that have high vaccination rates and low Covid rates. All that makes sense as I say it. The problem — and we get it — is those are relaxations of the status quo, which sends the wrong signal. And right now, I don't think the administration, C.D.C., Jeff Zients, who I think is brilliant —

I just don't think they want to do anything that sends a signal that things are — that might look like it's getting better. By the way, we could do that and not send that signal, but I agree. It's a complex message. So we're fine with it. We'll wait it out.

Kara Swisher

So this is an almost arbitrary restrictions is what you're saying, is either make them not arbitrary, or lift them in a way that doesn't make people think the lock is off, everybody could do whatever they want.

Doug Parker
Exactly. We were making some progress, having really nice conversations, at least, with the administration. And now with the variant spreading, much less likely that they'll do anything that could even be perceived as a relaxation of a restriction.

Kara Swisher

Right. So you talk about Jeff Zients, who works for President Biden on this topic. One of the things you were pushing for is a group with some kind of digital vaccine passport. Have you pushed that further for international travel? The E.U.’s digital health certificate or a QR code, for example, do you think that could be a solution to this?

Doug Parker

Absolutely. And again, we are prepared for any of those things. There are a number of countries — the U.K. just announced they’ve given up waiting on the United States, and they’re going to allow Americans to travel to the U.K., so long as you have proof of vaccination. So it’s really up to the country to decide what their requirements are, but we can meet any of them.

Kara Swisher

Why can’t you decide? You’re the C.E.O. of a major company. Would American Airlines consider requiring proof of requirement of vaccination on its own if the White House doesn’t? Broadway just did. Broadway just said you can’t come to see a play if you’re unvaccinated.

Doug Parker

For our customers?

Kara Swisher

Yeah.

Doug Parker

Yeah. No, no, even if we decided that was something we wanted to do, that would be incredibly cumbersome to do inside the United States. You can do this on international flights. There's a lot of time between when the aircraft lands and when it takes off. We have to check passports and things as well. It wouldn't be physically possible to do without enormous delays in the airline system.

But just on top of it, again, in a world where we still have whatever it is, 40% of the United States not vaccinated for reasons only they can explain, requiring vaccinations to travel and not requiring vaccinations to do anything else around the country isn't something we're looking to do.

Kara Swisher

All right. Well, increasingly, there's more. The Washington Post just required it, the vaccinated workforce. Google did. Are you thinking about that?

Doug Parker

What we're doing there, and what we've been doing from the start, is putting great incentives in for our employees to be vaccinated. Anyone who is vaccinated by August 31 at American Airlines gets one day of extra vacation in 2022. They get a $50 gift card. And that, we think, is the right way to motivate people to get vaccinated, and we're pushing that really hard.

So that's how we intend to do this. We certainly encourage it everywhere we can, encourage it for our customers and our employees, but we're not putting mandates in place.

Kara Swisher

Not putting mandates — so you're not France, in other words. No wine for you if you do not get vaccinated.

Doug Parker

Right. [LAUGHTER]

Kara Swisher

And it worked. It worked. It seemed to work. So one of the things that has come back better than ever, unfortunately, is bad customer behavior. There's a different viral video every day, it seems. Since the beginning of the year, the Federal Aviation Administration received around 2,500 reports of unruly passenger behavior. Around 75% of those were passengers refusing to wear a mask, so you have to be entering into that political mess, which is not a political mess, but it has become one.

One American Airlines flight was even delayed overnight because of a mask dispute. So how do you deal with this?
You deal with it aggressively. It's not acceptable. And it's incredibly frustrating. I'll just give you some numbers, just what we call customers misconduct reports. We would get about 30 a day at American Airlines in 2019. Now we're getting about 100 a day. And we're flying fewer customers, of course. The severity is what really matters. I mean, in those 30 a day, most of those are people who had too much to drink, or didn't have their meds right, or chose to smoke in the bathroom. And again, those aren't acceptable, but that's what it was.

Now, the events you're talking about, the serious events, ones that actually require us to go take action against the customer, have increased as well. And I need to stress, by the way, this is such a small percentage of our customers. These things like assault are generally what require action against a customer where we say, you're never flying us again. Those events today, it's like 1 in 300,000, 300,000 or 400,000 customers. So it's a very, very small subset.

But we fly 600,000 people a day, so that's 2 people a day that we're having to take action against, because they did something as egregious as assaulting one of our employees. That can't continue. We can't let it continue. It's incredibly frustrating to me, because we've worked so hard to make sure it doesn't continue, and we have been for months. But it still is happening, which I don't fully understand.

We haven't restored alcohol to the American Airlines flights for this reason. We have it tied to September 13, when the federal mask mandate is scheduled to expire. And that's why we say we'll return alcohol, because we don't think we need that added to the environment. The FAA has been very supportive and aggressive. Steve Dickson has been out there very publicly letting it be known that they're going to make sure that people are fined to the extent they can.

And we've certainly let our team know we have their backs. The customer isn't always right. If anyone does something like this on an American Airlines airplane, they're not going to fly American Airlines again. But despite all those deterrents to this type of behavior, they still continue. And we've got to get it fixed.

We've taken a couple more steps of late. We've changed our announcement to be more forceful and more certain. And to note, by the way, it's also a federal offense to have your own alcohol on board, which we're seeing more and more of.

Kara Swisher

What is the answer — I don't know what you tell your flight attendants to say, but what's your answer to these arguments when they're talking about it being liberty? I just hate when people say that to me. I'm like, just shut up. Like, stop it.

Doug Parker

[LAUGHS] That's not what we taught our flight attendants to say.

Kara Swisher

You should not hire me as one, because I'd be like — [LAUGHTER] I will put that mask on you.

Doug Parker

We probably wouldn't, probably wouldn't, Kara.

Kara Swisher

What do you say?

Doug Parker

But no, look, well, first off, our flight attendants are phenomenal at deescalating situations. And that's what they're trained to do, they're good at it, and also why, again, this is only such a small percentage of the flights this happens. So they know that.

What we also tell them is know that the company is with you. Do whatever you need to do to ensure that our other customers and you are safe. And again, they know exactly how to do this. They go tell the captain. The captain puts the airplane down if necessary. We get the customer off, we get the customer to law enforcement, we prosecute, and we make sure they never fly American again. The other customers, by the way, are really helpful in this. All these videos, as horrific as they are, virtually every one of them has all the other customers cheering as the other customer is taken off. And that's what we really need. We need some civility, and we need people actually thanking people like gate agents and flight attendants that are out there in this environment taking care of customers, making sure we're all safe, making sure we get from point A to point B safely. They're doing incredibly important work. They're doing it incredibly well. A small subset of people is making it harder for them, and we're going to make it harder for those people to ever fly again.

Kara Swisher
Since the beginning of June, American Airlines has canceled around 3% of the flights because of pilot and staff shortages. You were the only major commercial carrier that furloughed pilots, about 1600 of them. How do you think about that now?

Doug Parker
Yeah. Yeah, we did we did have some growth issues in June, as you note. The issue there is we grew the airline 45% in three months, and maybe we should have grown 43%. Because yeah, we did get ourselves to where we had this situation with our pilots, for example, where we just didn't have them out of training as quickly as we thought they would be. And they weren't available to fly, a very, very small percentage of them, but it doesn't take many. As soon as we saw it, we did the right thing, which was which was pre-cancel flights out a month in advance, and then take care of all the customers, rather than having them show up to the airport and have that happen.

Kara Swisher
So the industry's $54 billion bailout was supposed to help prevent some headache with hiring and ramping up and keeping jobs in place. The idea was that the airlines would be ready to hit the ground running when travel came back. You played a very prominent role in lobbying Congress for aid. This money could have gone to restaurants, small businesses, hotels — I've interviewed a lot of people who said that. Plenty of sectors are just as impacted but didn't receive nearly as much money. So I want you to sort of make the pitch on why airlines should have gotten this special treatment.

Doug Parker
Yeah. I'm happy to. And in short, what I'll tell you is had we not gotten it, you wouldn't see anything close to the level of flying we have today. So anyway, the story goes like this, demand for air travel, of course, dropped to virtually nothing. And what we lobbied for successfully was to not just give us money, not do like the traditional, kind of like the bank bailout. What we came up with was a plan that said, give us money to pay our people. It's a jobs program as much as it was money for the companies.

That $54 billion was given to airlines in exchange for not doing any furloughs, not involuntarily separating anyone from the company. And by doing so, it kept an infrastructure in place that would have absolutely gone away. Had we not done this, first off, had it just been loans to the industry, the right thing to do for a company and for its shareholders — when you have the kind of capital intensiveness we have and you have your revenues at 10% of what they used to be — the right thing to do is simply shut your company down. Put all the airplanes on the ground, furlough everyone, get out of every possible expense you can.

There would have been no airline industry for, I don't know how long. Because now you have to make the decision as, well, when is demand strong enough that it actually makes sense to start all of that back up?

Kara Swisher
Well, now, you've been around 30 years. There have been airline bankruptcies, and airlines keep flying. And let me read — you've read this, I'm sure, Andrew Ross Sorkin wrote, “We socialize the airline industry's losses and largely privatized the gains. The bad news is it's also likely the taxpayers massively overpaid the original grant of $25 billion in April meant that each of the 75,000 jobs saved cost the equivalent of more than 300,000. With the additional round of bailout money, the price has grown.”

How do you answer that? Because in that case, shareholders benefit more than anybody, and definitely not the American taxpayer.

Doug Parker
Yeah, no, he's not correct.

Kara Swisher
OK, tell me why?

Doug Parker
He absolutely isn't, and I had this conversation with Andrew as well. Again, this was about keeping infrastructure in place for what is happening today. It paid airlines to pay employees that we didn't have work for. The right business decision, absent some sort of incentive not to, was to furlough all those people, as painful as it was.

Kara Swisher
You did furlough pilots though, is that correct?

Doug Parker
Well, only because it expired in October, you may remember that, whatever we called CARES 2. But right prior to the election, we couldn’t get it extended. So it was not until December after the election was it extended again. So in that period, we and other airlines did a number of furloughs, yeah, which was painful. But we got them all back in December, and everybody’s back now.
So look, I think it’s a fantastic policy. I think other industries probably should have been availed of it. I mean, really, the government is better off than they would have been had they not given the industry this money. The reason it’s 70% in grants and 30% in loans is because of some analysis the Treasury Department did that said, well, if we give you this first $25 billion, here’s how much we will save in unemployment insurance, here’s how much we’ll save in you having them on your benefits instead of us having them on our benefits, and here’s how much the US government will save in moving goods and services around, that we won’t be able to have because you won’t be here, and we’ll be using military aircraft for that. That was the 70% of $25 billion. So obviously, there’s a lot more benefit than that.

Kara Swisher
So you had to agree to certain things, like you couldn’t do buybacks. And you did give out warrants, but they were very small. I think, in the case of American Airlines, the company will issue warrants that are worth about $230 million, just a fraction of the $4 billion that taxpayers essentially gave to the carrier shareholders in the first round of bailouts.

Right now, your stocks are going crazy. Your own compensation is completely stock-based, and you know, you’ve gotten criticism for making $10 million last year. Now, it was your smallest paycheck as American Airlines C.E.O. so far. But how do you look at that? I understand that your compensation is stock-based, and that’s what happens when the stock goes up. But should the American taxpayers have benefited from that too?

Doug Parker
Again, I think the taxpayers did benefit and are the primary beneficiary of this. I need to pause and talk about how incredibly grateful we are for this assistance, because I know what would have happened without it. And without it, you’d have seen the airline industry get shut down. Not a bunch of airline file bankruptcy and keep flying. We wouldn’t have flown. The people that were flying back then needed to fly, and they needed to fly for a reason, many of those incredibly important reasons like health care, officials getting around, and goods and services getting shipped around.

Kara Swisher
So the visuals around your salary though, obviously the stock goes up. The stock is up, and that’s the way it is, because of this money and because of the return of people to airlines and things like that. How do you answer that then when you’re trying to — you have Senator Cantwell complaining about whether you’re delivering what they paid for, essentially. She wrote a letter to you and other airline C.E.O.’s asking about this. She was on your side during the bailout talks.

How do you answer that around your salary? What do you say to people that see this?

Doug Parker
Yeah, first up, Senator Cantwell was one of those people who was very supportive of this process, and —

Kara Swisher
She seems a little testy right now. Quote, “I am concerned that at best, these airlines poorly managed marketing, flights, and workforce as more people are traveling, and, at worst, they fail to meet the intent of taxpayer funding and prepare of this surge in national travel we’re now witnessing.” She doesn’t sound happy at this moment.

Doug Parker
Yeah, no, I know, and because she worked so hard to help us. But as we will write back to her, what you’re seeing, as I just described to you, is exactly why we had to do this. So as my own compensation, yeah, look, well, you’re correct that our stock is up. That’s because all of our stocks went to almost nothing at the time of the pandemic.

Our stock is still 2/3 of what it was pandemic today.

And the S&P 500 is well up versus where it was prior pandemic. So our stocks haven’t done very well, nor should they. I mean, we’ve taken on a lot of debt. We got to dig out of a hole. Our companies are definitely worth less than they were before, and our stocks are down as a result.

Therefore, my compensation, by the way, is way down. Because I’m paid in stock, it’s stock that was worth $10 million when I received it, it’s now worth 2/3 of that. And look, I’m not complaining. I’m more than adequately compensated. But all things considered, what I know is our whole team made sacrifices, and we all share in that.

Kara Swisher
All right. So in May of last year, Warren Buffett directed Berkshire Hathaway to sell its airline holdings, including approximately 10% of American. He called the original decision to invest in airlines a mistake. And he said, quote, “The world has changed for the airlines. I don’t know if Americans have now changed their habits or will change their habits because of the extended period.” So give me a pitch of
why that was incorrect. I know one hates to disagree with Warren Buffett, but he's not always right.

Doug Parker

[LAUGHS]

Kara Swisher
He was wrong about the internet. He told me the internet was a fad. [LAUGHS]

Doug Parker
He did?

Kara Swisher
Yeah, he did.

Doug Parker
[LAUGHS] Well, anyway, I'm not going to disagree with Warren Buffett, because he's done so well, and he has to make calls. And no one makes every call right. I'm going to start by telling you when they became shareholders, Ted Weschler, who works for Warren, came and told me that they were acquiring American shares, wanted me to know. And it's a big deal for them, because they had been out of airlines for so long, and Warren had made statements about how incredibly stupid it was to invest in airlines, and here they were investing again. It was a big deal for them.

And the statement that gave me was — one of Warren's is you get the shareholders you deserve. So when they got out, that phrase resonated in my mind again. We get the shareholders we deserve, and we don't deserve them right now. They like to buy and hold. And long-term buys, and they'd bought on this view that the industry had gotten itself stabilized, they could hold it for 50 years and make money off it.

And this proved to them, I think, that it's still more volatile than they thought, and that's not the world they want to play in. So, far be it from us to tell them they're wrong about that. What I can tell you right now is we are really bullish on American Airlines and our future. I feel extremely good about where we are.

Kara Swisher
Okay, so forget Warren Buffett.

Doug Parker
[LAUGHS]

[MUSIC PLAYING]

Kara Swisher
We'll be back in a minute.

If you liked this interview and want to hear others, follow us on your favorite podcast app. You'll be able to catch up on “Sway” episodes you may have missed, like my conversation with Secretary of Transportation Pete Buttigieg, and you'll get new ones delivered directly to you. More with Doug Parker after the break.

Kara Swisher
Okay, so all businesses have to change and move with the times. Where do you see the future is? Because going back to normal, there is no such thing anymore. I think about movie theaters where — let me outline movie theaters. Bad customer experience, bad food, waiting in lines, it feels a little airliney. What do you change about airlines?

Doug Parker
One of the nice things, I guess, of this horrific time is it allows us all to basically shut down airlines like American, the largest airline in the world, and then build back what makes sense. So as it relates to the future, one, we're going to have partnerships with airlines like JetBlue and Alaska to get more people to more places around the world, which is incredibly important to them. But as it relates to the product itself, much more focus on services that customers are willing to pay for in addition to just getting from point A to point B. And you're going to see more and more of that as we come out of this.

Kara Swisher
Like what, air?

Doug Parker
Well, more room, boarding earlier, services on the ground. You’ll see product differentiation within the airplane itself.

Kara Swisher
Yeah. It’s interesting, it is, because even though it was sort of a failed airline, Virgin was — I liked it, because it was different. It was much more pleasant, and I would pay more for it. United announced this summer it plans to buy 15 supersonic jets with a goal to start commercial flights before the end of the decade. I actually think this is a really interesting direction to go in. It could be a game changer if I had half the flight time between New York and London, for example.

Is there anything else sort of on the cutting edge of technology you think is critically important?

Doug Parker
In our business, yeah. Well, so much of what we do now gets done by the customer themself through the app. We have some 50 million downloads of our app now, which is —

Kara Swisher
You have a pretty good app. You do. Your app’s good.

Doug Parker
Yeah, and it needs to get better. That’s what’s really happening in our business. And it is a large change, by the way.

I mean, if we were to go build airports now, we wouldn’t have nearly as much ticket counter space outside security. That was from a prior time when people had to check in at the airport to get their boarding pass. And more and more, we need to make it even easier for our customers, not just to print their boarding pass, but to know where their bag is, to know exactly you know where they are in the terminal, and to be able to, if they want to change their flight, do that without having to call a reservations agent. If there’s a disruption, get them rebooked themselves through the app.

Kara Swisher
So basics, the basics of customers service.

Doug Parker
The basics, yep.

Kara Swisher
But not supersonic jets, you don’t see yourself doing those.

Doug Parker
Oh, we may. It’s just it’s a ways off, and we haven’t made that decision yet. But that may be something we do.

Kara Swisher
So one of the things — I just recently interviewed the C.E.O. of Airbnb Brian Chesky, and he was convinced — they had a big business travel business, he is convinced that business travel is never going to return or rebound, or be very minor. Employees will just make different decisions about which trips are actually necessary. How do you look at that? He was quite adamant about that.

Doug Parker
We don’t share that view. We will see over time. It’s coming back awfully quickly now, which is encouraging. It’s much lower than leisure, but our business, our corporate travel was 45% of where it was in 2019 in the month of June, and that’s up from 22% in the month of March. So in three months, it’s doubled.

It’s still a fraction of what it was, 45% is not very high. But businesses are getting back to flying, and we watch that pretty closely. And the other thing I would note is the smaller business travel is coming back even more quickly. The companies that don’t have large corporate offices are up nearly 60% of 2019 levels. So that’s encouraging as well.

But nonetheless, on the broader trend, I go back to a long time ago. Early in my career, there was a guy that ran American Airlines named Bob Crandall, who was a brilliant man. And he was being asked about a similar situation as it related to the internet, of all things, and aren’t you worried about how people now can actually conduct business online? You’re going to see travel go down.

And Bob’s immediate response was, I’ve been on this a long time, and what I see is anything that makes the world smaller results in more demand for air travel. And he was absolutely right. As people could communicate more freely around the world, they’d eventually want to go see each other. I don’t think Zoom’s going to go away, but I think Zoom will actually result in people being — making it easier for a first contact and result, eventually, in even more air travel. So anyway, we certainly don’t see it yet —
Kara Swisher

Yeah, there is some Zoom fatigue, for sure, for everybody, I think. Although, I think about this podcast itself, it works better not in person. I used to do them all in person, and now I’m just not going to. [LAUGHS] Because I’m trying to avoid intimacy with you, Doug. So one of the last areas in the future of travel, the pandemic isn't the only existential factor for the industry right now. Climate change is another, in terms of carbon emissions. Flying is the most damaging way to travel mile by mile. One study estimates that emissions from commercial flights could triple by 2050.

American has pledged to reach net zero by then, which is pretty ambitious. So how are you going to get there, and what type of technologies are you investing in?

Doug Parker

Yeah. Newer airplanes are more efficient than older airplanes. And we at American, the reason we have more debt than other airlines is because we have newer aircraft than others. So the best thing we can do right now is make sure — and the best thing a customer can do — is make sure that if they're flying, they're flying on a more efficient airplane instead of an older airplane. And we've done that.

So that's today. To get to net zero, of course, though, you need to have them not burning any jet fuel or have it be sustainable aviation fuel, which is where we need to go. So the true answer to getting to net zero is the fuel itself needs to be sustainable aviation fuel. That's the answer.

Kara Swisher

Too expensive now?

Doug Parker

It is expensive, and it's not produced. We U.S. airlines burn some 20 billion gallons of fuel a year, and there are like 5 million gallons of SAF being produced a year. So it's not a viable product now. We're all doing everything we can to support it by buying our share of that 5 million gallons.

But what really has to happen is, just like happened in solar and wind, the US government’s got to step up and subsidize in some way, shape, or form, investment in this technology for it to really get to scale. The good news is the administration understands that. Nothing yet, but we've had great conversations with them about it. There are other things, by the way, making our air traffic control system more efficient. We got a lot of airplanes flying less efficient routings than they would if we had better technology in the air traffic control system.

But the biggest thing by far is we have to get sustainable aviation fuel between now and 2050 to be a viable product that can actually be used for a whole 20 billion gallons.

Kara Swisher

Yeah, so a sustainable aviation fuel is really the heart of it. So we'd like to finish up by talking about politics. I think it's never been a more difficult time for C.E.O.’s to manage in this era. In April, American Airlines publicly announced it opposed a restrictive voting bill in Texas, where it's based. Delta made a similar statement about a voting rights bill in Georgia and came under a lot of heat for it. So tell me, what made you decide to make the statement?

Doug Parker

We did it in support of our team. I was getting emails and reached out from a number of our Black employees in Texas letting me know this was really concerning to them, and they'd seen other companies speak up, wanted to know what we were going to do. And that matters.

The other situation, on top of that, we had Ken Chenault, Ken Frazier, and some 70 other Black executives send a letter to all business CEOs saying, this is really important to our community, and you need to get involved. So look, those are important events.

And I have people still writing me to tell me, stay out of politics, this isn't what you do. Or don't take sides in a partisan issue. To which I say, we're not taking sides in a partisan issue. We're trying to get partisan people to talk to each other, for God's sakes. That's what we do. We bring people together. And what we see right now is that people aren't talking to each other.

Kara Swisher

In response, Governor Abbott of Texas said that the companies need to stay out of politics, especially when they have no idea what they're talking about. Honestly, Governor Abbott doesn't know what he's talking about. That's my response to that. But what would you say to that? I think companies should be involved, in some cases, in politics completely. I don't think there's a problem. You're a citizen, just like everybody else.

Doug Parker
Yeah, and particularly today when, for whatever reason, we're so polarized around politics. And it gets really hard for us to do — for commerce to work if we're all fighting each other instead of working together. And we can actually play a role.

Kara Swisher
How difficult is it to stay that way? Because earlier this year after January 6, the company announced you would pause all donations from its corporate PAC, pledging to rethink donations. PAC has since resumed donations and has donated at least one lawmaker who opposed election results. How do you manage this? Because a lot of people are like, oh, companies just virtue signal. Lots of companies did this. How do you manage in that political environment today? How do you make your choices?

Doug Parker
Yeah. Again, we try not to be partisan in that regard. We contribute to Democrats and Republicans, and again, this is our PAC money. So employees of American have donated money for America. They didn't go donate to politicians. We take that very seriously, and we try to do what's best for American Airlines in that regard. In general, that means communities we serve, committees that are important, people that we are working with to move forward things that help American, like sustainable aviation fuels. Government affairs are really important to American Airlines in what we do. We are a highly regulated business.

And we need to support individuals, some of which we may not agree with their politics, and we do it all the time. And we're going to keep doing that the future.

Kara Swisher
Do you think people look to businesses now to make change versus the government, because the government is so hopelessly deadlocked and partisan? I mean, they have in the past. IBM was the first to do a lot of racial integration. Apple was the first to do a lot of gay and lesbian action, and things like that. Is that what we've come to, is that businesses are going to have to lead?

Doug Parker
Yeah, absolutely. I think it's a corporate responsibility. Look it's also — it's part of doing your job. And it really does have an impact on our business. If we're not making progress on important issues like infrastructure, if we're not making progress on important issues like race, that's not good for commerce.

So you can justify it from a shareholder perspective if you need to. You can justify it on just doing what's right if you need to. But I can't imagine how you'd just stay on the sidelines and let it stay this way and not have a view, particularly when, like we had, people on our team reaching out and saying, no one's helping us here, can you help? Yeah, we'll help.

Kara Swisher
I have one last question. So you've headed up an airline through 9/11. I think you started 10 days before 9/11, now a pandemic, another crisis. There were rumors that you might retire. You have any plans to retire soon? Sorry to ask this, but it did come up.

Doug Parker
Well, it'll be 20 years September 1 that I've been a CEO. But no, I'm still doing it. I'll be doing it for a good while still. This last year has probably been as rewarding as any year in my 20 years, as hard as it was, the work that we did to, I believe, save an industry, to take care of our team. So look, it's been an exceptionally rewarding last year and a half. We got a lot of work. I love what I'm doing, plan to keep doing it for a while.

Kara Swisher
But you've had enough of crisis, I suspect, for a little bit. [LAUGHTER]

Doug Parker
I could do without one from now until the end of my career, yeah. But if it comes, it comes. We're good at it.

Kara Swisher
Okay. All right, Doug, thank you so much. I really appreciate it.

Doug Parker
Thanks, Kara. Bye.