Center for Strategic and International Studies

TRANSCRIPT

Online Event

"The Final Approach? A Fireside Chat with Scott Kirby, CEO of United Airlines"

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FEATURING

Scott Kirby

Chief Executive Officer, United Airlines Holdings, Inc.

CSIS EXPERTS

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J. Stephen Morrison: Good afternoon, good morning, good evening, wherever you may find yourself. A special welcome to our online audience. I'm J. Stephen Morrison, senior vice president here at the Center for Strategic and International Studies, CSIS, in Washington, D.C., where I direct the Global Health Policy Center.

Today I'm honored and thrilled to join in conversation with Scott Kirby, chief executive officer of United Airlines, a position he's occupied since May of 2020. Thank you, Scott, for being with us again here today.

Scott Kirby: Thank you, Steve.

Dr. Morrison: Earlier, Scott served as United's president 2016 to 2020. Prior to that, served as president of American Airlines 2013 to '16 and U.S. Airways 2006 to 2013. So, while Scott may look young – (laughter) – don't be fooled. He's been a standout airline industry leader for over three decades. He's a graduate of the U.S. Air Force Academy with a degree in computer science and operations research, and has a master's degree – Master's of Science in operations research from George Washington University.

Before we get started, just a couple of words of thanks to our staff here, Humzah Khan, and from our production team here today: Mary Wright, Dhanesh Mahtani, and Alex Brunner. And at United, special thanks to Terri Fariello, a long-term, longstanding friend dating back to the Clinton administration who's senior vice president for government affairs and global public policy here in Washington, D.C. And also, thanks to her colleague Max Slutsky, who helped us a great deal in putting this all together.

We've got an hour of conversation and we'll be covering a lot of ground. We're joined in the studio today by several guests, and we're going to set aside time in our program to hear from you so please do think about coming forward to the microphone. We're going to try and use the bulk of the second half of our program to hear from you and get you into the conversation.

Scott, you and I met at the very front end of the pandemic in early 2020, when we struggled to understand what was going on and what the future was going to look like. In retrospect, much of what we thought at that point really wasn't very correct, but we made some big changes pretty fast. And at different intervals since then, we've had a chance to connect and compare notes. And so it's great to be able to do this today.

Mr. Kirby: Yeah.

Dr. Morrison: I must say that COVID-19 must be seared into your brain as the CEO of United. You came in in May 2020, at arguably the worst and most dangerous moment in the – in the pandemic. We knew that the airline industry would be rocked and its very existence would be called into question, really, at different points.

When I was preparing for this conversation and reading over your history and – of the last two years, I was really struck by how many big decisions you made in the past two years, and just how proactive and aggressive you've been in moving United forward in the midst of pretty extraordinary adversity and uncertainty. And on multiple fronts, which I'll quickly recount, you were a man in a hurry, speeding things up, trying to rebuild this industry in the midst of this mayhem.

You had to focus on the resilience of your workforce. In the midst of this, you launched the first training academy in the industry, United Aviate Academy, to address supply shortages of pilots, which was pretty acute, but also to address the imbalance in gender and in people of color, a big – a really big step. You pressed to accelerate the growth of United's fleet, the expansion of the fleet, in the midst of this, when almost every other of your peers was putting their planes in mothballs. And you had to deal with all of the manufacturing and supply chain complexities that Boeing and others were experiencing in that period. You accelerated plans to put United on a pathway to carbon neutrality by 2050. You positioned it to be out in front of the industry in terms of vaccine mandates – which we can talk a bit about, but really put you out in front. To facilitate international travel, United expedited the development of its app, which I had the chance to use about a week ago –

Mr. Kirby: (Laughs.) Thank you!

Dr. Morrison: – in going back and forth to the Munich Security Conference. And you met – you made big bets on the recovery, betting that U.K. and Europe would be a big part but also looking at Africa, Latin America, and elsewhere as places where we needed to rethink.

And along the way, you had the 5G challenges pop up. We've been reading about that recently. You flew out refugees from Kabul at the request of the White House. And you delivered over 150 million vaccines to COVAX, to the vaccine sharing.

So you've been busy, and now you have a geopolitical crisis to face, right? And –

Mr. Kirby: It's never boring to be an airline.

Dr. Morrison: With Russia's invasion. And we all listened to President Biden last night and the announcement of closure – 9 p.m. tonight – of Russia's airspace. That has impact for you.

So let's start with, OK, you've lived through this vortex. And as you reflect back on this, what did this all teach you about running an airline in the midst of today's world?

Mr. Kirby: Well, thank you, Steve. Mostly, I just want to keep listening to you. You're doing it better than me. (Laughter.) Let you keep talking.

Look, you know, it – as tough as the last year was and as difficult as COVID was for airlines, it was also an opportunity. You know, I think we at United made, you know, at least a decade's worth of progress and change in all kinds of areas that you've talked about and a lot of others, more than anything probably cultural change at United about leading, about, you know, doing the right thing, about really a customer service culture that didn't really exist before but that does now.

And you know, as tough as COVID was, you know, we all came together as a team. A crisis either pulls a team apart or brings them together. And you know, I think you look around the world there's a lot of places that teams got torn apart from the crisis, and it brought the team at United together. And so, you know, we're emerging from this, you know, financially challenged from where – what we've been through, but culturally and everything else about the company stronger than when we went in.

And so I think the lesson from it is when you're dealing with – the lessons were when you're dealing with uncertainty like we were, be aggressive. Be decisive even when you don't know everything, because you're never going to know every detail. And the other thing is communicate. I mean, we were so direct and honest with employees that when we had bad news, we told them the bad news. When things looked bad, we told them the bad news and we didn't surprise them. And that meant when we started telling them the good news, they trusted us.

Dr. Morrison: So there was accelerated change in culture internally?

Mr. Kirby: Oh, absolutely.

Dr. Morrison: And how would you describe that?

Mr. Kirby: So I'll take it two ways. Probably the most – well, they're both important.

I think the most enduring change that's going to come from COVID that'll be most obvious to people is the customer service culture change that's

happened. We had over a 40-point improvement in our net promoter scores. I hear it, like, everywhere I go. I flew on a different airline today and there was a customer who recognized me who lives – I live in Dallas – who lies in Houston most of the time. And that customer was, you know, like, just telling me how – he saw me and said, are you Scott Kirby? And, like, it is so different, how great – I get those anecdotes all the time. We see it in our NPS. And you know, we – I really think we have changed the culture.

A lot of what we did was we also got rid of policies that got in the way of customer service – things like eliminating change fees, which got in the way of customer service; something called Connection Saver. Getting rid of – like, all these things, though, that for employees felt inconsistent. Like, you tell me you want me to do the right thing for the customer, but yet you have these policies that make me do the wrong thing for the customer. And I think that will be the most enduring culture change that people see, and it feels so much better. If you're an employee, you love it.

Like, you know, our employees are proud. I told our board, actually, this year in my review that I – turns out I have the easiest job of anyone at United. Please don't think of that when you do my comp package, but I actually have the easiest job of anyone at United because I really only have one responsibility, which is make our employees proud. If our employees are proud of United Airlines, they're going to want the customers to feel like they do about United. And when something happens – when there's a weather delay or there's a maintenance issue or anything happens, even if it's bad – they don't want customers to walk away thinking that's the norm. They want the customers to feel better, and they go out of their way to take care of the customers. And I think that's going to be the most enduring change from a culture perspective.

And it's more fun. I mean, getting on an airplane and the employees want to tell you how great they think United is and stopping you in a terminal – now I have to leave for the airport early when I'm in Chicago because – (laughs) – it's hard to get through to my gate sometimes because people are – you know, feel really good about what we've done. And to have that coming out of a crisis is good.

Dr. Morrison: Yes. Now, your style of leadership is very consistent with what some surveys are showing. And what I mean by that is the 2022 Edelman Trust Barometer came out, and it was 28 countries that they surveyed, and they found that business holds onto its position as the most-trusted institution. In the United States, it's particularly acute in terms of the decline of trust in government and in media. And they're finding that CEOs – the expectations around CEOs have shifted to seeing them as leading on key societal issues, whether we're looking at climate change, economic inequality, racial inequality, workforce reskilling. And so they also are emphasizing this is not without its risks. And

what we've seen on vaccine mandates was you getting out in front doing something that was very important, but it was occurring – you got out in front in August making that announcement, and it was in the midst of a year where American opinion was really becoming polarized and politicized across the whole spectrum of all tools of combating this pandemic. And you got out in front on that, and it wasn't without drawing criticism, which is part of what – the Edelman Barometer.

And so I wanted you to talk about that a little bit.

Mr. Kirby: Sure.

Dr. Morrison: Like, some of that criticism was particularly harsh. I mean, you were not – you were falling victim to what a lot of public health and scientists were experiencing at the same period. How did that feel? And did it hurt United commercially, do you think?

Mr. Kirby: Well, first, I think you're right. You know, I view my role as not just being the CEO of United. I went to the Air Force Academy and, you know, military background, and I think any of us in leadership positions – whether we're in government, the private sector, anywhere – have a responsibility to lead and do the right thing. And a lot of times leading and doing the right thing means doing things that people are going to disagree with you on. It's easy if everyone agrees on something. You make a difference when you do things that people don't always agree on.

And it became increasingly clear – I mean, I hope I – I think I would have done it anyway, but going through the crisis that a simple metric of doing the right thing always works out. And you know, the vaccines was one of those that I started talking to our employees in January of last year. There weren't enough vaccines available to have a mandate, but I – and I've followed the science really closely from day one on this, that I thought it would be the right thing to do. And the – we weren't going to do it right away because we couldn't. It was logistically impossible. But they shouldn't be surprised if at some point in time we were amongst the first to do it.

One of the other things I did was I wrote a letter to the family of everyone – every United employee that lost their life to COVID. That also made it really personal for me, which it should be for a leader, because I had to learn something about the families – kids, their grandkids, and things like that – to write the letters. And I stopped writing letters in March of last year, and then when Delta kicked up again I got notified of the second death of an employee – we'd gone months without anyone dying – the second death, and us – had a track of how many people were in intensive care, and it was a growing list of employees in intensive care, all of them unvaccinated. A hundred percent of the employees that were intensive care were unvaccinated. And I was on

vacation, and I walked around for half an hour, and then I talked to my wife, and then I called our team and, like, said, we're going to do it because – just because it's the right thing to do.

And you know, if you want I can give you all the data. I have the data. But there's –

Dr. Morrison: So how many lives have you saved? How many lives have you saved?

Mr. Kirby: It's pretty clear there's 20 to 39 employees who are alive today because of our vaccine requirement. And that, at the end of the day – I don't care about any of the pushback I get or anything. It doesn't make me feel bad, you know. Anyway, it –

Dr. Morrison: Now, you –

Mr. Kirby: But saving lives, like, there's nothing – there's never a decision I'll make in my career that's as important as that one or that I'll ever feel as good about.

Dr. Morrison: Yeah. And you – I mean, you – I remember watching a hearing up in the Senate in mid-December. It got pretty ugly. You didn't change your posture.

Mr. Kirby: No, look, it's just the right thing to do. And like, I knew the data, and you know, perhaps some of those senators didn't know the data. It was fewer people then, but I could see how it was going to evolve. And you know, knowing that 20 to 30 people were going to be alive today and all I had to do – you know, I got yelled at a lot when I was a cadet at the Air Force Academy – (laughs) – all I had to do was get yelled at for five minutes, like, that's a pretty small price to pay. (Laughs.)

Dr. Morrison: Yeah. Yeah. Now, the pandemic has changed significantly for the better in some ways, right? I mean, we've got – Omicron swept the world. We've got this wall of immunity built up in our population and others as a result of infection and mass vaccination. We've got antivirals coming. We're seeing plummeting levels of death and hospitalization. We have to still be mindful of the threat of new variants, but we're able to get out of an emergency mindset in this period. What is this going to mean for you and the industry, do you think?

Mr. Kirby: So I think the most likely outcome is that we are shifting into the – we have shifted into the endemic phase of COVID and that COVID is going to be with us for the rest of our lives. There will be more variants, just like there is a new variant of the flu every year. But the variants, while they'll be highly infectious, the history of viruses is in animals and humans they become more infectious but less deadly, because otherwise the viruses don't survive, and so that's just evolutionary.

The vaccines are remarkably effective. I mean, the data at United, we – while every – 99.7 percent of our employees got vaccinated and 0.3 percent left the company, we have some employees on religious and medical exemptions and none of them work in customer-facing areas. But the – I have the data now of what's happened with the 65,000 employees that are vaccinated versus the 2,000 that are unvaccinated. At United Airlines, you have been 1,300 times more likely to die if you are in that unvaccinated group – 1,300 times more likely to die. It's just shocking. We have a really effective tool.

All of which is a way of saying I think the world is moving into the endemic phase from a rational perspective. And psychologically, it's important that we're here in person doing stuff like this. I thought it was a really important moment last night when the president, who I thought gave a great speech – and I appreciated that – on the State of the Union, but that they did it without masks, and that the world is getting back to normal. Not normal in the sense that we ignore COVID – it's still going to exist; it's still going to exact a toll on society – but learning to live with COVID, and particularly because we have such effective tools with the vaccines.

Dr. Morrison: Yeah. May I just ask you on the – you know, there's a lot of debate around whether we should relax the testing requirement to get back in – the 24-hour testing requirement. But vaccination on international – on international trips is a requirement. On the domestic side, we haven't moved that way. Would it make life easier and safer if the federal government moved in that direction? I realize it's a politically very sensitive thing and this administration's stayed away from that.

Mr. Kirby: Yeah –

Dr. Morrison: But from where you sit in terms of safety and flying.

Mr. Kirby: And the short answer is while we've been, I think, probably the leading company in the world on taking safety measures – whether it was our vaccine requirement, one of the first companies to require masks, the whole bit all along – I agree with the administration on this one, that requiring all the customers to be vaccinated isn't the right way to do it.

One, it creates friction. Because you wouldn't just do it on airplanes. You'd do it on buses and trains and everywhere. I mean, you're creating friction for people to be vaccinated. You know, that's the opposite of what you want to do, as opposed to, you know, like what we did, which is get everyone vaccinated at work – one time, one point of contact to do it, and you move on. But it also – it just – you know, I think we're to the point where we need to stop being divisive about this and I think the administration – this is part of it – you know, it doing the same thing, and get to living with this as endemic

and stop talking about it. It should have never been a partisan issue. It's a science issue, to me at least. But to stop talking about it and thinking about it in partisan terms and move on to living with it as endemic.

Dr. Morrison: Yeah. Let's talk about reopening – let's start with what's the implications of the – of the Russian invasion of Ukraine. What's that mean for you and United?

Mr. Kirby: Well, you know, the short-term implications are we're the only U.S. airline right now that's overflying Russian airspace – well, we're not now, but that was before this started. And so our four flights a day to India, you know, we're not going to be able to keep flying all four flights a day to India.

Oil prices, obviously, a big deal. Impact to the economy, you know, a big deal in the long term. All of that, however, is manageable. I'll put that in the, you know, stuff always happens. It's not boring to be an airline.

I mean, it's a tragedy what's happening in Ukraine. You know, I think it's a shock to all of us that something like that could happen, you know, in the post-Cold War era. And what I worry more about is the unintended escalation that could happen. You know, we were talking before we started today.

Dr. Morrison: Right.

Mr. Kirby: Like, big wars rarely start with an intention of being big wars. I mean, you know, the archduke gets assassinated in Sarajevo and the First World War started a few weeks later.

Dr. Morrison: Are you worried about, like, an escalation that would involve cyber disruptions of travel?

Mr. Kirby: You know, I'm always worried about cyber and we spend a lot of time on that. Really, I'm worried about any kind of escalation, that this moves outside of Ukraine, whether it was cyber or active shooting anywhere. I don't think that will happen, to be clear, but once you start down a road like this you kind of lose control of how things can potentially escalate. So I do worry about it.

We do everything we can to protect the cyber. We work closely with the – you know, the U.S. government on that as well. But it's always a risk.

Dr. Morrison: Yeah. Earlier, we were talking about this remarkable transformation of opinion among Europeans – business class, political leadership. Tell us a bit about what you've observed in your conversations with some of your peers in Europe.

Mr. Kirby: Yeah. Yeah, I've been fortunate to talk to a few people, and of course just even reading what's been happening. You know, I think that one of the – at least as we sit here today – war is inherently unpredictable; things can change. But as we sit here today, so far, to me, the most enduring change is the I'll call it reuniting of Europe with themselves and with the United States.

You know, when I have talked to people in Europe, they took security for granted. Not something they needed to think about. There's an emotional change, I think, in Europe, and a recognition that security matters and that their future is inherently tied to the United States. We have the same history, the same culture together, the same value systems. And while we may have things that we disagree on, we have far more that we agree upon. And it's another one that I think, you know, huge kudos to the Biden administration, you know, for setting the groundwork for this to happen and creating unity.

I think, you know, we'll look back from this – again, something could – something worse could happen. But I think we will look back at this 10 to 15 years from now and the Western world will be far more united and cohesive as a result of this than we would have been without it.

Dr. Morrison: Yeah. Just as an aside, I worked for two years during the Balkan wars, and so I was going in and out of normal Europe versus warzone Europe. And there were – you know, there were substantial numbers of refugees collecting in various places, but what struck me at that time was how you didn't have to get too far away from the front and people weren't talking about this anymore. And yet, this war is of a completely different scale. We're already at 700,000 or 800,000 refugees. We're moving rapidly, and as we've seen we're in an escalatory stage in terms of the violence and the – against the civilian urban centers and the like.

Mr. Kirby: Well, and you know, if you're in Germany, for example, you're not far from the Fulda Gap. And you may not have thought about that – (laughs) – some people don't even know what it is, but – in 30 or 40 years – but people remember it now and they recognize the geographical reality.

Dr. Morrison: Yeah. So tell us what your thinking is on the reopening. Where are we going to see the greatest and quickest progress, you know, reopening markets and travel? And which type of travelers are going to come back? And what's going to be the slow train and what's – you know, how do you think about that?

Mr. Kirby: So we've already here domestically in the United States and in Latin America seen over a hundred percent recovery. We're back – for leisure travel. More than a hundred percent recovery for leisure travel. Business travel's still down call it 40 percent. It was pre-Omicron down 50 percent and on a very

fast increasing pace. It dropped to down 85 percent the first week of January because of Omicron, so it's now back to down 40 (percent), so a huge increase. More and more folks coming back to the office. President Biden talked about coming back to the office, I think, last night as well. You know, I think business travel is going to start to ramp up, particularly domestically and in Latin America.

Europe, leisure travel, as we look out to the summer we're actually going to be double-digit percentage larger than we were in 2019, and our bookings are up something like 40 percent to Europe. Europe is going to be – you know, at least as it currently looks, Europe is going to be gangbusters. That's mostly leisure traffic for now, but we even see corridors like London which are really dependent on business travel, looking out at March and April business travel starting to come back in those places.

So I think the Americas/Europe are going to, you know, be at – leisure will be a hundred percent and business is on its way back to a hundred percent. We've opened new geographies. In Africa, we've added four cities in Africa. Doubled our service to India. We've added cities in the Middle East. All stuff that we probably wouldn't have done in the normal course of business because it's easier to add another flight to London than to, you know, experiment with Accra. Accra, by the way, was our most profitable market across the Atlantic this summer – last summer, which is pretty remarkable. And so we're going to actually have more than –

Dr. Morrison: So you had excess capacity out there –

Mr. Kirby: We had planes we had nothing to do with.

Dr. Morrison: Thinking creatively around where –

Mr. Kirby: So let's try. And those were via foreign markets, so Accra, Lagos, lots of people visiting family and relatives. So different, not dependent on business travel or tourist travel per se, and they worked really well. But they're going to be a part of our system forever.

The hardest place that we – is going to be the slowest to recover is all of Asia and I suspect China. I mean, zero-COVID policy is inconsistent with opening the border, and I don't know if it's going to change. I mean, Xi doubled down on it during the Olympics and, you know, said it was the right policy. Maybe that changes at some point, but you know it's hard to imagine China – China I don't think can open until –

Dr. Morrison: Makes a political decision to do that.

Mr. Kirby: Makes a decision to not have zero COVID, which may or may not happen.

The rest of Asia's starting to slowly come back. Australia just opened. I think New Zealand is inching that way. Singapore is desperate to get open. They're more open than other parts. I think – I think Japan will not be too far behind. But China's the one area of the world that I think is going to be behind or slower.

Dr. Morrison: Yeah. I want to ask a couple quick questions around sustainability and climate, and I want to invite those that are here to come forward and start the conversation with us from the microphone over there.

You've used this period also to move ahead on several fronts on the – environmental sustainability. Some of this I'm not very familiar with, like hydrogen electric engines for regional aircraft.

Mr. Kirby: (Laughs.) Yeah.

Dr. Morrison: That's become a big priority.

Mr. Kirby: Yeah.

Dr. Morrison: Sustainable aviation fuel. You did a – your first flight from Chicago back I think it was in December, right? You've carried forward in a couple of other fronts. You've moved to a hundred percent?

Mr. Kirby: A hundred percent green.

Dr. Morrison: A hundred percent green 2050.

Mr. Kirby: Which means getting there without using traditional carbon offsets.

Dr. Morrison: Yeah. So tell us a bit about using this moment to move forward on those fronts.

Mr. Kirby: Yeah. You know, we had a leadership conference the first week of March of 2020 where we had the whole United leadership team. This was just a few days after the – COVID showed up then. It wasn't called COVID then; the coronavirus showed up in Italy. And it was a weird meeting because we were out kind of rah-rah talking about the future, and there were two things that I told people when I was announced as the CEO that I wanted to be known for when we left. I wanted to build the biggest and best airline in the world, but that was straightforward. The two things that I wanted to be known for was we made a real difference on climate change and we made a real difference on action around diversity.

Meanwhile, I was doing that and then I would go back into the back room and I had a parade of people coming in. And I would say, I don't know why no one else knows it yet, but this is a pandemic. We're going to start preparing for a pandemic and we're going to do it this week. (Laughs.) And they were all walking out shellshocked.

But that was the setup for – you know, climate change is – I'm a geek and I've been interested in the science of climate change since I was in college. And you know, there's these catastrophic tipping points, which was what makes it really interesting although also really risky. And so I always wanted us to take a leadership role, and this is back to the leadership point. It's not just doing what's right for United; it's about changing the conversation and the tone for everyone else.

And so, you know, we're in one of the hardest-to-decarbonize industries around because big airplanes flying long distances like to India are never going to be done with batteries or hydrogen. There's not even anything on the theoretical drawing board that you could do it. They just don't have the energy density. And so what do we do? Sustainable aviation fuel is a big part of it for our industry, and United today, our commitment to sustainable aviation fuel is more than double all the rest of the world's airlines combined – a stat that I hope I won't be able to say when I'm here next year or the next time I'm here because others have caught up with us. But we're really committed to it and investing in it. We're investing in electric, hydrogen for smaller, shorter routes.

But the most important thing is that we're an investor or a partner with Occidental – they're the lead on it – in carbon sequestration. And when we – when I say we're going to be a hundred percent green, that is different than almost every other company that says they're going to be net zero because we're doing it without using traditional carbon offsets. And traditional carbon offsets are mostly planting trees, and there's nothing wrong with planting trees. But if we planted the entire surface of the globe that can grow trees, it accounts for less than five months of mankind's emissions. And then we're done. There's nothing else you could do. It's over. You've planted every square inch of the planet. Oh, by the way, you then starve to death because you planted over all the farms. But when every company – almost every company is relying on carbon offsets as their way to get to net zero, we will not get the planet to net zero.

And our kids and grandkids – and I have seven kids, hope to have a lot of grandkids someday though none yet, fortunately – that they, you know, are going to curse us if we don't solve it. But the only way we're going to solve it is real solutions. And so a big part of what I have wanted to do is to use the profile of United, the voice that we have to make a difference on real solutions, not marketing. Any company that has their sustainability group

reporting to marketing, it's a problem. (Laughs.) It's not a marketing issue. It shouldn't be a marketing issue. It's about making real change.

Dr. Morrison: Thank you. We're going to open up to our audience. Please introduce yourself, Joe.

Q: Good afternoon. Joseph Majkut. I'm the director of the Energy Security and Climate Change Program here at CSIS.

Perfect final topic because I wanted to ask you a bit about leadership in the industry when it comes to how we scale those efforts to other competitors and to other countries, right? This is – you're in an industry that is globally diverse. It's got governance all over the world. There are voluntary structures that have been built around reducing emissions, primarily relying on offsets. So I'd be interested in your thoughts on how we can shift those institutions, either bit by bit or wholesale, to focus more on the – on the effective solutions that you've been driving for.

Mr. Kirby: Yeah. It's a great question and it doesn't just apply to airlines. This applies to companies in general.

You know, as I've started to – I used to be really frustrated. I would talk to people and I would say, you know, you did this BS project where you say you're not going to cut down a forest – by the way, that's never been cut in the history of mankind, because the slopes are 50 degrees and you can't cut it – and you claim that that was a, you know, hundred percent carbon offset. Like, you're making things worse. And I eventually realized that it wasn't that they were intentionally doing something wrong; it was they just didn't understand it.

And so a lot of it is education of CEOs because the – if they view it as a simple answer that I checked the box, and you know, wrote a check to the conservancy fund and said, I've got to a hundred percent net zero, then they're actually harming it more because they want to do the right thing. Almost all of them want to do the right thing.

For aviation, I have found just in the last two years, because I've been so public about talking about this, that I had people two years ago almost mad at me about you're saying things that are impossible; like, you've got to stop. And those same people – and I have several examples, which I won't tell you who they were, but several of those people who now call me, email me, want me to talk to them, want me to talk to their teams – which I, of course, will always do – because they realize they need to come up with real solutions.

And so we're not there yet. But I can tell you the ground has shifted, certainly in aviation but I think across industry, that people want to get to real

solutions. The challenge is a lot of CEOs don't know what the real solutions are. That's not what they've been trained in. They're not geeks like me that spent three decades reading about it, and so they don't know what the real solutions are. So a part of it is educating and being honest about what real solutions are.

Public policy could help immensely, too. You know, our public policy is not effective for climate change. I'm an advocate for a price on carbon. I talked to the NDC with Jason yesterday and got asked that and said it. And I say it to my Republican friends, Democratic friends, to everyone. I mean, that's the simple answer, we put a price on carbon.

And by the way, a price on carbon with a border adjustment also, I think, has benefits for the U.S. economy – now I'm going off on a longer speech – but benefits for the U.S. economy in the sense that we are the most productive economy in the world per unit of carbon. We produce more output with less carbon than anyone in the world. And if we had an effective border adjustment, all of a sudden, if you're using coal to produce steel, you know, to power – to produce steel somewhere anywhere in the world, it's a lot harder to compete with steel produced in the United States. If you're producing batteries somewhere else and you're using dirty fuels to help produce the batteries, that becomes harder to compete with the U.S. if you had a real carbon tax with a border adjustment. (Laughs.)

Q: Awesome. Thanks.

Q: It's Jason Grumet. I run the Bipartisan Policy Center.

And, Scott, you described yourself as a climate geek. And like everything, you have authenticated that point, so I appreciate that.

Mr. Kirby: (Laughs.)

Q: I'd ask you a little bit about the politics, because, obviously, you think about this not just within the lens of United but more broadly. So we are now about to see spiking uncertain energy prices. And while, you know, the climate advocacy world likes to say in the long term climate goals and security goals are aligned because we are going to create more domestic production, in the short term high prices tend to pretty much hack the climate debate. And I'm wondering, as you imagine the next, you know, several months of this discussion, how do you see the instability in global energy prices influencing the climate discussion?

Mr. Kirby: Yeah. Well, first, what I'd say on the politics is that I'd make a terrible politician. I know it because like, this just drives me crazy. I talk to people on both sides of the aisle about climate change. And I think there's a lot – I think

there's 80 percent of the country on the two sides of the aisle that are close enough to an agreement that they could do a deal that they thought was a really good deal. And it's literally 80 percent, that they could do a deal that both sides didn't get everything they wanted, didn't think was perfect, but they would both feel good about that would make a real difference. But politically, we can't get that done. So it's maddening and frustrating to me.

I don't – I fear that the short-term doesn't change – it hardens positions on both sides. And part of it – like, my dream job would be – which I'll never do, but would be to be the Department of Energy if the department – run the Department of Energy if the Department of Energy actually could do things that make a difference, because we know how to – this is like a known solvable problem. But you got to have it on both sides. Like, we're going to have to have oil production as a transition. We should have carbon sequestration. Carbon sequestration, by the way, is the secret. Like, as long as you're taking carbon dioxide out of the atmosphere and permanently storing it underground forever, like, you can do it as scalable, you can do as much as you want. It's just a matter of how much money you're willing to spend. But it will work and you can get everywhere to zero.

But we also are going to have to have a reliable grid. I mean, it gets to questions like nuclear energy. You know, it's hard for me to do the math on U.S. energy supply. And so you get to a renewable – you know, to a zero energy supply without nuclear, as an example. We've got to be able to have honest conversations like that instead of, you know, pie in the sky on either side that don't work. But I fear this is causing the two sides, at least publicly, to dig in. I wish we could get, you know, the 80 percent or some group of those congressmen and senators in a room and tell them you don't get to leave until you've agreed to something – (laughs) – and get them to, because a lot – because there are solutions. We've just got to have the political will.

Q: Thank you.

Dr. Morrison: Maybe not a climate question next.

Q: Kristen Silverberg with Business Roundtable. Thanks so much for doing this, Scott.

A lot of major employers are dealing with challenging labor shortages. Can you talk about how you're thinking about that at United and also what you think either corporate America or the federal government ought to be doing about it?

Mr. Kirby: Well, thank you, Kristen, especially as the chairman of the Business Roundtable Workforce and Education Development Committee. That's a real setup for me. (Laughter.)

Look, you know, amazingly enough, at United we, I think partly because we create such great careers for people, don't have – we have pockets of challenges, but mostly we don't have challenges hiring people or finding qualified people. But our – you know, our flight attendants, our gate agents, our ramp workers, you know, they make – by the time they've been there 12 years, they make a six-digit income, and you know, pilots make four times as much – (laughs) – by the time they get – so they're careers that people, you know, stay for their whole lives.

That's, by the way, one of the things that we need to – you know, I think one of the biggest things we need to focus on in the country is rebuilding the middle class. And you know, all of us, probably, our parents, you know, we grew up – most of us probably grew up middle class, but our parents could – you know, we had a future and hope, and we need to rebuild that. A lot of it is creating opportunities for careers for people. A lot of great ideas. A lot around education. I think that's a little harder because it's so local. But things like apprenticeship programs or certification programs where, you know, what we need is policies that are not so bureaucratic that they're impossible to do.

You know, at United we've got the Aviate program, which Steve mentioned earlier. This is a – we decided to set up our own training academy for pilots because there is going to be a pilot shortage. There is a pilot shortage. While we can hire them, our regional partners can't, and so we set up our own academy. You know, we have tens of thousands of applicants. We can pick the best, the brightest, the most motivated young men and women. And importantly, you know, pick the very best people, give them the opportunity to go to training, where they can eventually become a United Airlines pilot, give them the kind of opportunity the United States Air Force Academy gave me. You know, I showed up there. Never – first time I got in an airplane was when I flew there. And gave me the chance and give them the chance, but also address diversity.

At United, over – only 19 percent of our pilots are women or people of color, and I think that's the most of any airline in the country that I know of. Lots of historical reasons and barriers to entry. Eighty percent of the students so far at our United Aviate Academy are women or people of color. So those kinds of programs, but we got to make them functional and easy and not lost in bureaucratic red tape. If we can make those easy – like, Germany does a great job with apprenticeship programs. There's all kinds of opportunities to not just train the next workforce to be a great workforce, to have great careers, but also to make a difference in the world for diversity, to take people that are socioeconomically disadvantaged and give them a chance and give them an opportunity. And when we do that, we not only give them a chance, we not only give them an opportunity; we give their families a

chance, we give their family an opportunity. And those people, I believe, will make a difference in their communities.

Q: Scott, thank you. I think you just answered part of my question, but – (laughter).

Mr. Kirby: I'll resay it. I like saying all this stuff. (Laughter.)

Q: Thank you. I'm Rick Wade, senior vice president of the U.S. Chamber of Commerce.

And you referenced diversity, which I lead on behalf of companies across America through the Chamber. And it's not only a moral imperative, but, obviously, you're leading by example about the business case.

Mr. Kirby: Yeah.

Q: Whether it is domestic or globally, in consumer-facing companies you have to think about diversity. But your Aviate Academy, where you've made commitments to diversity in pilots – my friend Brett Hart, who is the only African American president of a major airline.

And then, finally, I have to just say this because I applaud you for it. I was in Memphis, Tennessee, and just happened to be walking down the street, and I saw a young Black guy who was unloading for Cisco. And we had a wonderful conversation, and he told me that his dream one day was to be a pilot. And I told him about the Aviate Academy. So the bottom line is that you're creating not just pathways for jobs, but to dreams.

Mr. Kirby: Yeah.

Q: And I'd just love to hear you talk about, if you will, why is diversity so important to you, not just domestically but globally? Because you're leading by example.

Mr. Kirby: Yeah. Well, thank you. Thanks for saying all that.

Look, it goes back to you know, vaccine requirements, sustainability. Like, it's just the right – it is the right thing to do. And to me, diversity is about giving people opportunity. Economic opportunity will make more change in our country than any other policy that we can do, giving people economic opportunity. And the truth is, if you're that kid – probably that kid in Memphis, Tennessee, certainly if you're growing up on the South Side of Chicago, you didn't get the same opportunities that I had. You just didn't. And that's not fair. And you know, this is a country that's about, you know, you have opportunity to get – you know, everyone gets a chance. It's one of the

things that's made this country great, is everyone gets a chance and you can start from nothing and be a billionaire someday. And we've got a lot of those in the country. And this is about giving people an opportunity and a chance, and to me it is just the right thing to do.

It also makes you feel good on a personal level. You know, you mentioned Brett. I'm fortunate to have Brett. (Laughs.) He's the one that makes me look good all the time. I get to do stuff like this because he's doing the hard work. But you know, I go out to that Aviate Academy. Like, if you're having a tough day, like, if I'm having a tough week about something, like, I want to go out to Aviate and see those kids. Like, there's nothing to pump you up more than seeing those people and knowing the opportunity. And it's not just Aviate. You know, programs like Year Up. We're a big partner with Year Up, 110. And I think of it more as the right thing to do than a business imperative. I do think it's a business imperative. We're better if we – you know, if we have all the different perspectives in the room. But it's just easier to say, well, it's impossible to argue that it's the right thing to do. And if you just start doing the right thing, good things happen.

Q: Hi. I'm Scott Kennedy. I manage the work here at CSIS on China's economy.

So I was going to ask you about your toughest market as things stand now. And partly I'm an interested customer, and I used to ride your planes a lot back and forth pre-pandemic, and I hope to eventually again soon on an ongoing basis. So but to two questions, one about how things are now and one about the potential future.

The first is, over the last several – couple years during the pandemic, the U.S. and Chinese governments have imposed a whole variety of constraints on airlines that have affected the number of flights, the number of passengers. And some of these have been very sudden changes, others rolled out. And we've seen the two governments go back and forth with reciprocal sanctions. And I'm curious – you know, canceling flights and things like that. I'm just wondering how it's been like to live through that element of, quote/unquote, "strategic competition" between the U.S. and China in the midst of the pandemic.

The second is with regard to the – what life might be like after zero COVID. None of us know exactly when that's going to come. I would guess not at least until the end of this year when China has its 20th party congress and they have their own mRNA vaccine in most people's bodies. But at some point, it will. We saw with the auto industry, as soon as there was a big spike in demand they've had troubles getting semiconductors and a whole bunch of things. And I'm wondering, is the – will the revival of business to China or other places be kind of like that, where there's supply chain challenges and it'll be a bumpy ramp up? Or are there way – or should we expect a sort of a

smoother transition where as soon as the light switches to green there'll be a whole, you know, quick revival of flights and access and things like that? Or how to prepare for that. Thanks.

Mr. Kirby: Yeah. So, first, what I'd say is I don't – I wouldn't – I think it's been incorrectly framed in the public, the flight issues between the U.S. and China as strategic competition, I think is the word you used. This is something that's happened in all kinds of countries around – you know, when omicron started we stopped flying – we stopped flights from South Africa. You know, this – tons of uncertainty, governments doing their best, and different approaches and different policies. And so I think it's all been around that. Now, the restrictions in China have been larger than other countries, but that's largely because China has been a zero-COVID policy as opposed to anything that is strategic competition; at least that's my perspective on it, because everything they've done to – it's been consistent; you know, they haven't done anything inconsistent.

To me, the question on China is really how do they evolve from zero COVID to something not zero COVID? I, too, hope they get mRNA vaccines and decide that that's effective and hope that they move away from zero COVID, because I don't know how you open up. I mean, this seems untenable to me to, you know, spend decades, you know, like it is, but it also seems impossible to have zero COVID and not do what they're doing today. So I just don't know how that question evolves. Once they start opening up, I don't think there will be any kind of supply chain challenges or such. There's huge demand to go. I talked to some of the big accounts that have factories over there and they're desperate to get in and see them and get back to normal work. But I mostly think it's really about zero COVID and when they decide to move away from zero COVID before we get back to opening.

Q: Hi, I am Jon Alterman. I'm senior vice president here.

I was really impressed by what you were saying about leadership and really depressed by what you were saying about political dysfunction. I was wondering if you could bring them together. What do you think the role is for people like you in leadership positions with people who pay attention to what you say and how you say it with people with economic decisions to try to deal with a country that can't do what's in its own interests. The political class is getting in the way of what you said 80 percent of the people want to do.

Mr. Kirby: Yeah, look, I think we – I think all leaders have an obligation to rise to a higher level than just what their narrow parochial interests are – my narrow parochial business interests, my parochial interests as a Democrat, my parochial interest as a Republican – and be honest with people about what they think the issues are, what they think the solutions are. They also have to

listen to other people instead of just disagreeing. I mean, my frustration – the political system, to me – well, it's always frustrating to me but, you know, now I don't know that anybody's for anything; they're just opposed to what the other guys are for. And, you know, we should get back – I'll give you one good example.

You know, the U.S. is great when it comes to a crisis. Our government, both sides of the aisle, the House, Senate, presidency, when COVID started did a phenomenal job – you know, everyone in the administration – phenomenal job of responding. Like, if people had known how bad COVID was going to be and think our economy is going to be roaring like it is today and we had unemployment where it is today and we're worried about inflation because the economy's so hot – like, no one would have thought that was possible. They did a heroic thing. Let's just do that when there's not a crisis too. And look, I think there's an opportunity to lead but you've got to be willing to, you know, step out and take some criticism, including taking criticism from your base – my base is my employees, you know, and, you know, they're not going to always agree – and take positions on things that don't have universal agreement and lead, listen, and convince others to find solutions. But I say all that – and I already admitted I'd, like, be the worst politician in the world – (laughs) – because I would say what I think and then I'd have everyone vote against me. (Laughs.) I'd get nobody to vote for me because I made everyone mad. (Laughs.)

Q: Hi there. Katie Mahoney, vice president of health policy at the U.S. Chamber of Commerce.

You mentioned two moral imperatives or issues that are important to you as a CEO, one, making sure that your employees are vaccinated and, two, having a diverse workforce. I wonder if you could talk a little bit about what efforts, if any, you employ to deal with vaccine hesitancy among diverse populations that you may employ.

Mr. Kirby: You know, we at United, when we did our vaccine requirement, I think we announced it on August 2nd or something, the very beginning of August, and so it was before it became controversial, because we were one of the – if not the first certainly the highest-profile that had done it at that point, and it had helped that we had been talking about it since January. We had been honest, up front, transparent with employees. You know, I do these town halls and I do these videos called Straight from Scott where I film it with my phone and – they probably don't look very good but at least they get the messages. And we've been transparent all the way back to January. Once we decided to do it, we made health experts available; you know, we did all those kinds of – and we'd already done incentive programs to give people pay and things. But we'd still only gotten to 65 percent at that point. But once we decided to do it, you know, the important points, I think, were, one, we just always said

what it was about, which was safety; said why; didn't try to argue with people. You know, I had a number of conversations with employees, like, I respect that you have a different opinion – (laughs) – you know, I don't think bleach is going to solve it for you but I respect that you may think that, and I'm not going to argue with you about it, but my job is to make a safety decision as CEO, and I've made it; now you have a decision to make.

The other thing that I think that wound up happening was the employees wound up convincing themselves. There were some great stories like – one of our most difficult workforces – we have big work groups in Orlando and Houston for maintenance technicians, and those were some of the lowest vaccine places, and there was this town hall where, you know, someone stood up and, you know, was railing against the company, "I can't believe you're making me do this and you're making me give up this job," and someone else stood up in the room, you know, and, like, said: "Joe, like, what are you talking about, man? You made $130,000 last year, you've got six weeks of vacation; you're going to give all that up over this?" Anyway, it sort of devolved into, you know, almost a fight, but it ended up with a bunch of people leaving and employees taking their buddies to go get vaccinated. And so it wound up – and what I think happened is – because we stuck to our guns; we never wavered. I've told other CEOs this; you know, if you're going to do it, you can't waver. If anyone thinks you're bluffing, it won't work, including your own management team. You know, there was a point two weeks before this where we were at 80 percent and, you know, I got a call, like, "We just can't do this, like, if we lose 20 percent of our employees, what's going to happen?" We're going to do it. (Laughs.)

Dr. Morrison: May I just interrupt for one moment?

Mr. Kirby: And then we got to 99.7 (percent).

Dr. Morrison: On this, I mean, when you look at the numbers, you gave 2,000 exemptions, which seems like you were being flexible, I would think. You had to fire 200 employees and only 12 pilots. So it looked like the outcomes were pretty optimal. That doesn't tell us how many people decided to cease working there and departed.

Mr. Kirby: Well, there were 200 people that left.

Dr. Morrison: That left.

Mr. Kirby: So we have 67,000 employees, 200 people left, 65,000 got vaccinated, 2,000 had religious or medical exemptions. And the 2,000 – you know, what we said to them was you're going to have to work in a job where you don't have to be around people, so you can have a job being an at-home agent or, you know, working on the ramp. And we have some of those, but a lot of them

are on leave. If you're a pilot – I don't think any of the pilots decided to do that.

Dr. Morrison: The other point I wanted to raise is when we last had a conversation like this, which I think was in January of 2021, we raised this issue and you said, well, I'm going this direction; this is where we're going to go, but it's very important that the industry come with me. By the time we got to August, you were on your own and that, you know, that invited certain attacks that you had, but you took that position. I mean, you said not bluffing. You had to decide within United alone to go ahead on this.

Mr. Kirby: Yeah, and look, some people have asked, you know, was it hard? The truth is it wasn't that hard for me. I mean, I remember exactly where I was for that 30-minute walk where I debated it with myself. By the end of it, like, I couldn't debate it. Like, I could do the math and I estimated that in the next year, 20 to 30 employees would be alive. I'm pretty good at math and once I'd done the math in my head – and it's going to turn out to be higher because COVID's been worse than it was back then. Once I'd done that math in my head, like, I couldn't have lived with myself saying I didn't make a decision that could have saved that many lives. I couldn't have lived with myself. And so it wound up being easy, you know, once you've done the math.

Q: Thank you so much for that perspective. As you were talking I thought about sort of my words and thinking about vaccine hesitancy, for which I meant communities of color based on historical and cultural concerns versus vaccine abstinence, perhaps, in terms of political concerns, and maybe the answer is the same, but I just wanted to –

Mr. Kirby: I think the answer was the same. I mean, you know, we were respectful of it; we talked to them. You know, our president is an African-American. I think things like that help, you know, when they can have a leadership example like that. He was instrumental in talking to people. But it wound up being kind of the same across the whole company.

Q: Thank you.

Dr. Morrison: We have space for one more. Anand.

Q: Thanks, Steve and Scott. Anand Parekh, chief medical adviser at the Bipartisan Policy Center.

I want to actually just follow up on Steve's question there: 99.7 percent vaccination rate; that's no small feat, you know, and you talked very passionately about saving lives. When you spoke to your peers, other CEOs in the industry, and you told them about your experience, what was sort of

the reaction? Obviously, you had set a bar; others took, perhaps, other paths, but tell us a little bit about, if you can share your –

Mr. Kirby: Yeah, OK, I'll try to be polite. (Laughs.) You know, I bet I talked to a hundred CEOs, not airline – I talked to several airline CEOs, but a hundred CEOs, many of whom, you know, pursued – sometimes not quite as far as us but pursued policies and were helpful. I think for everyone, whether it was airlines or other CEOs, they – I would say this to them and it never worked but it seemed right to me – or rarely worked. They viewed it through a different prism. Most businesspeople viewed the vaccine requirement through the prism of, what is everything that could go wrong? I'm going to lose employees; I'm going to have PR backlash; I'm going to have political backlash. And can I solve all those problems? If I can't solve all those problems, I can't do it. That's how we make most business decisions. Think about all the downsides, and if you can't solve them, don't make the decision. I viewed it through the opposite prism, which is it's the right thing to do because it will save lives; therefore, we will figure out everything else, and if it's a problem, we'll deal with it. But I came at it from the other side, which made it a lot easier. But that's not the normal way of making business decisions; the normal way is think about all the downsides and if you can't solve them, you don't do it, and I think most people – like, I talked to so many people that wanted to do it and they were incredible – you know, the plaudits they gave me for doing it, like, "but I just can't because X, Y, Z." And they were just viewing it through the other side of the prism than I was viewing it.

Dr. Morrison: Thank you.

We're getting towards the end of the time that we have here. Tell us, just in closing, tell us what this industry's likely to look like in three or four years. I mean, there's a lot of things that have changed and there's a lot of new restraints. I mean, you're having trouble staffing, getting pilots for regional airlines; we've got all of these big global forces that you've had to contend with, not all those are going away. Tell us what your thinking is on what the industry's likely to look like.

Mr. Kirby: Yeah. Well, in three or four years – it could change because COVID could change or geopolitical stuff could change, but in three or four years it will be a boring answer; I think it will look much like it did before – (laughs) – in a lot of ways. There'll be more safety requirements and, you know, there may be vaccine requirements. But, by and large, it will look the same. I also think there will be more travel because I think one of the underappreciated casualties of COVID is the loss of global connectivity and cohesion. When United Airlines alone used to carry a thousand U.S. citizens to China every day and a thousand Chinese citizens into the U.S., or citizens to and from Russia or all around the world, those were bridges that gave us a

perspective, understanding of each other and cultures that helped, and we've lost a lot of that as we went through COVID because we're not together. So I think we will travel more, when it's all said and done, and we'll realize how important it is to travel more. The biggest change, I think, is United Airlines will be the acknowledged biggest and best airline in the world – (laughter) – and the number one – and I'm not just saying that because I'm talking my own book, which I am, but I think it will be true and you'll all believe it. (Laughs.)

Dr. Morrison: Well, please join me in thanking Scott Kirby for being with us here today. (Applause.)

Mr. Kirby: Thank you, Steve.

Dr. Morrison: It was a great conversation, Scott.

Mr. Kirby: Yeah, I enjoyed it.

Dr. Morrison: Great way to spend the afternoon. Thank you so much.

Mr. Kirby: Thank you.