

# RD: AGGRAVATION FOR AMTRAK

Amtrak. In 1992 Claytor announced his retirement and I was appointed to a committee chaired by Philadelphia lawyer David Girard DiCarlo to find a replacement. I reached David Gunn at his home in Nova Scotia and pitched the Amtrak Presidency to him. Had he accepted I would have gone to the wall for him. Alas, he declined. When President William J. Clinton was elected, Claytor chose not to retire and remained Amtrak President for another year, illness then forcing his retirement.

Meanwhile my membership on the Board was not renewed. A new Board gave the Presidency to George D. Warrington, who drove Amtrak to the point of bankruptcy. Warrington left to head New Jersey Transit, from whence he had come to Amtrak. The Board asked Gunn to take the job and Gunn accepted. I was among the first people Gunn called about that proposal. I asked, "Dave, why didn't you take the job a decade earlier?"

Gunn, known for rescuing transit systems in impossible shape, jokingly replied, "Amtrak wasn't in bad enough shape for me to take it over when you asked me." Gunn faced a terrible situation. The railroad had put up its part ownership of New York's Madison Square Garden Terminal as collateral for a loan for operating expenses. Debt

## AN ASSET SALE

spoken to you about any individual or group of individuals to purchase the capital assets of Amtrak.

**Laney:** No.

**Menendez:** Has anyone spoken to you or have you discussed the possibility with members of the Department of Transportation about selling capital assets of Amtrak.

**Laney:** No.

**Menendez:** Now when you continuously have the caveat not at this time, obviously those conversations have created the possibility of selling the capital assets of Amtrak.

**Laney:** Is that a question.

**Menendez:** Yes.

**Laney:** It doesn't remove it from the table

**Menendez:** It doesn't remove it from the table.

**Laney:** I understand your concern. We don't have any plan to do that.

**Menendez:** Well I know, we had no plans to separate the infrastructure from the operating and we moved in that direction by virtue of the board's resolution which no one knew about it including when you were testifying before this committee and made no mention of it.

**Menendez:** Mr. Gunn, have you had any knowledge of conversations as it relates to the selling. You mentioned before in response to another question that you were concerned about the original intent of the chairman and the board about selling the capital assets.

**Gunn:** No. My statement was in separating the operation from the infrastructure.

**Menendez:** Well, why would one do that if not to sell it.

**Gunn:** Well that's a good question. But my concern has always been that the corridor should remain a vertically integrated railway and the administration proposal clearly calls for separating and disposing of the corridor to the states or whoever. And my position has been that whatever you do with the corridor it should remain a vertically integrated railway so that someone is in charge of train operation and maintenance.

was at the brink of disaster. Ridership and revenues had declined. Unions made unreasonable demands considering the condition of Amtrak. In a few years Gunn reduced the work force from 24,000 to 19,000. He reduced the debt. He increased ridership and revenues. And he tamed the unions. Productivity increased immensely. That record caused the Amtrak Chairman to label Gunn "brilliant" a few months before he fired Gunn.

Gunn recommended reforms based upon those proposed by the Amtrak Reform Council. It was a good plan and would have achieved many objectives of the Amtrak Reform Council initiative. Several of us former Reform Council Members embraced the Gunn plan. The plan was based upon what Gunn felt, with his decades of railroad experience, was achievable.

Rather than working with Gunn to find a satisfactory solution the Amtrak Chairman demanded Gunn's resignation on the grounds that Amtrak too slowly was implementing the reforms. Gunn was stunned. Gunn told the Chairman that he would not resign, that Amtrak would have to terminate him. Upon doing so Amtrak fired its most competent president.

Upon interviewing some Amtrak management I learned that management profoundly had respected Gunn. One Amtrak manager said, "Gunn worked well with the employees. When he became Amtrak President employees were fearful because of his reputation. But Gunn became the best President we ever have had."

Another employee who preferred anonymity because the Amtrak situation is unsettled said, "Gunn kept his word and always explained everything to us so we knew what Gunn intended to do." Gunn asserted that he was not inflexible, as the Amtrak Chairman would have had him appear to be. "If the Chairman had been willing to work things out together I am confident we could have gone forward with the needed reforms."

There is no one like Gunn. He is tough yet kind. Before he took over the New York City transit system the system had been considered ungovernable. Trains were so unreliable that residents of New York had begun to seek other forms of transportation. The subway cars were dirty and filled with graffiti. The unions were out of control and continually threatened to strike.

Within a short period of time Gunn had cleaned up the trains. There was no more graffiti. He vastly increased the reliability of the trains. The New York subway system continues to rely upon the techniques instituted by Gunn and remains reliable. There is now four times the mileage a subway car travels before it needs to be overhauled, thanks to the Gunn system. He immediately proved his mettle with the labor unions and offered them reasonable contracts. Ridership increased so much that the New York subway system began to have capacity problems.

Gunn similarly improved the Philadelphia transit system. Philadelphia was more hopeless than New York where Gunn's techniques continue to be used. Although Gunn improved the Philadelphia system in less than three years, the Philadelphia system reverted to its former operating procedure following Gunn's departure. Philadelphia endured another strike, its second in four years. The relationship between the Philadelphia transit agency, "Southeastern Pennsylvania Transportation

Authority (SEPTA)", and the unions is not good.

Gunn spent a few years in both Washington, D.C. and Toronto. In each case, he found it impossible to deal with the Boards. Both transit system boards are unwieldy and bow to local interests. The Washington METRO Board is comprised of representatives from the District of Columbia and five counties in Virginia and Maryland. The large Toronto Board represents every section of Metropolitan Toronto. It nearly is impossible to accomplish change in that city. Gunn left his mark on both cities.

What is the fate of Amtrak now? It is a fatally flawed corporation which was established to fail. We need a reliable rail system in this country as an alternative to the airlines. But the Amtrak system as presently constituted is untenable. The Amtrak Board allegedly is conducting a nationwide search to find a new President. Good luck. Republican Congressman Steven C. LaTourette of Ohio has held hearings questioning the legality of the Amtrak Board action.

Some Members of Congress want Gunn re-instated as Amtrak President. That is unlikely to happen. Secretary of Transportation Norman Y. Mineta knows little and cares less about Amtrak. For a suitable reform plan to work, we would need a Secretary of Transportation who could work hand in glove with the Amtrak Board and its President to make things happen. That is unlikely considering Mineta and his disinterest in Amtrak.

I believed that President George W. Bush demonstrated sound judgment when he asked certain cabinet secretaries to serve a second term. The selection of Mineta did not reflect that. Bush had promised to choose a Democrat for his cabinet. Considering the hatred of many Democrats for Bush Mineta may have been his only choice.

The future of Amtrak looks bleak. Without reform, Congress would be pouring money into a lost cause. Congress wants a rail system. Amtrak has strong support in Congress. But Congress is not willing to approve enough money to make the transit system work.

We need a system of high speed corridors, such as those recommended years ago by the Department of Transportation. We need those corridors to be interconnected so longer trips could be taken within the system. That would relieve the airlines of unprofitable routes and permit the railroads to do what they do best, serving corridors from 300 to 500 miles. The success of the Acela trains between Washington and Boston prove that point.

Congress could see to it that Amtrak would limp along until we have a new administration. Hopefully the next administration would pay attention to Amtrak. I think presidential candidates could run on the platform of reforming Amtrak and establishing high speed corridors. Let's see if we have any forward thinking candidates who could make Amtrak an issue. Short of that Amtrak is a dead letter. And the one guy who knew how to run Amtrak returned to Nova Scotia.

**Paul M. Weyrich is a former Amtrak Board member and the Chairman and CEO of the Free Congress Foundation. He is also a leading conservative voice for market-based, cost-effective rail transportation. His article appears courtesy of the Free Congress Foundation.**