

# Cheney Helps Destroy UP And the U.S. Rail Grid

by Richard Freeman

Union Pacific Railroad, America's largest railroad, whose pillaging and flagrant disregard for safety have helped take down the U.S. rail grid, has benefitted from its relationship with two individuals in government: Betty Munro, the administrator of the Federal Railroad Administration, the chief agency charged with oversight of American railroads; and the U.S. President of Vice, Dick Cheney. Cheney is not only a former Union Pacific board member, and a close friend and hunting buddy with current Union Pacific CEO Dick Davidson; he also played a crucial role in 1995-96 in turning Union Pacific into the predatory behemoth that it is today.

This is one more stage in the sordid history of Cheney's criminal activity, made notorious by his work with Halliburton. In 1995, the perpetual war-advocate Cheney took over as chairman and CEO of Halliburton, which, under his direction, conducted a number of criminal deals. That same year, he was appointed to the board of directors of the Union Pacific.

President Abraham Lincoln and the great economist and patriot Henry Carey had created the Union Pacific as a leading part of the trans-continental railroad project to develop America, which included the Pacific Railroad Act of 1862. The Union Pacific began operating in 1869.

During the last quarter of the 20th Century, Union Pacific built itself by gobbling up and asset-stripping other American railroads. Starting in 1995, Cheney, along with his buddy, Union Pacific CEO Richard Davidson, played a leading role in directing the biggest rail merger in America's history, Union Pacific's takeover of Southern Pacific Railroad, which was finalized in October 1996. Cheney was in the thick of things. According to the July 25, 2000 *USA Today*, "Cheney was 'very cool' in trying times when Union Pacific was bleeding red ink in its tormenting quest to merge the operations [with Southern Pacific], Davidson says. When Cheney was travelling in Bangladesh, the [Union Pacific] board was assembled for an emergency teleconference. He was on the phone at 3:00 a.m. local time, 'making a meaningful contribution,' Davidson says."

Cheney's "meaningful contribution" had two effects. First, as intended, the Union Pacific has gained a stranglehold over U.S. rail shipment: Today, it operates 33,000 route miles, and carries one-third of U.S. rail freight volume—

12% of all U.S. freight traffic by any mode of transport. Second, to pay for the merger, and to enhance "shareholder value," Cheney and Union Pacific CEO Davidson carried out ferocious cost-cutting, which meant shutting down rolling stock, laying off workers, and consolidating operations so that the merged railroad was cut to the bone.

In 1998, the merged Union Pacific-Southern Pacific rail line was completely unequipped to handle that Fall's grain harvest. In the farm states, grain piled up for months at silos, high school football stadiums, and parking lots as the stripped down Union Pacific-Southern Pacific—lacking hopper cars, locomotives, etc.—could not move it.

## Asset-Stripping Collapses Safety

Cheney and Davidson's asset-stripping policy devastated Union Pacific's infrastructure and rail safety. The breakdown in safety standards, accompanied by a rash of accidents, is a substantial marker that the overall rail system is not functioning.

Union Pacific's premeditated neglect of maintenance of infrastructure goes back a ways. In September 1997, nearly one year after it swallowed Southern Pacific and slashed workforce and maintenance of the merged railroads, Union Pacific was forced to report that the Federal Rail Administration of the Department of Transportation had conducted a 14-day survey of its system. A Union Pacific press release grimly stated, "On the heels of a comprehensive safety inspection, Federal Railroad Administrator Jolene M. Moloris . . . announced that Union Pacific Railroad will take immediate action to remedy a fundamental breakdown in the railroad's ability to effectively implement basic railroad operating procedures and practices essential to safe railroad operations."

Among the numerous violations by Union Pacific that the Federal Railroad Administration (FRA) discovered, were that nine Union Pacific workers on duty had been killed in accidents; that "the FRA found examples of Union Pacific train crews being ordered to move trains that had defective equipment, despite protests to supervisors"; that "the FRA found that Union Pacific crews are working longer hours and getting less off-duty than in the past"; that "the FRA found 57% of the Union Pacific locomotives inspected were defective"; and that "the FRA found widespread evidence of employees being harassed and intimidated to cover unfamiliar territory, to not report defects, and to not report injuries."

The FRA recommended safety changes Union Pacific would have to make. Union Pacific made a public show of contrition. But after a decent interval, Union Pacific's core "shareholder value" ideology, buttressed by budget-cutting, re-asserted itself. One rail expert told *EIR* on Nov. 17: "The big thing about Union Pacific is that they're arrogant. Dick Davidson is destroying that company." The pattern of aggressive neglect of infrastructure and safety continued. In

*The Union Pacific system. Under Cheney and his pal Dick Davidson, the Federal Rail Administration found “a fundamental breakdown in the railroad’s ability to effectively implement basic railroad operating procedures and practices essential to safe railroad operations.” A rail analyst summed up, “Dick Davidson is destroying that company.”*



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a November 2002 memo, Federal Railroad Administration inspectors stated that because Union Pacific had done a poor job of fixing track defects near Shreveport, Louisiana, trains should not be allowed to go faster than 15 mph. Yet, the inspectors said, Union Pacific had raised the speed of the track back up to 75 mph for passenger trains, and 70 mph for freight trains.

During 2004, Union Pacific has created a nightmare in and around San Antonio, Texas, which encapsulates the problem. Starting on May 6, Union Pacific trains have caused six major accidents in this area. On June 27, two trains collided, derailing 40 cars, and sending plumes of chlorine gas and ammonium chloride into the air; four people were killed. As recently as Nov. 10, a Union Pacific train crashed into a building, trapping and killing a worker inside.

Summing up Union Pacific’s accident-strewn record of 2004, *San Antonio News-Express* reporter Ken Rodriguez wrote on Nov. 11, “Someone dies in a Union Pacific train accident about every day and a half.”

**Who Protects the Union Pacific?**

George Gavalla, who since 1997 was the head of the safety division of the Federal Railroad Administration, made several

attempts to crack down on Union Pacific’s hundreds of safety violations. But he was thwarted by the FRA’s administrator, Betty Munro, whom Cheney-Bush appointed to office. *Ms. Munro’s close friend, with whom she has taken five vacations, is Mary McAuliffe, the head of Union Pacific’s Washington, D.C. lobbying office.* Munro et al. pressured safety chief Gavalla to resign this Fall.

Union Pacific’s take-down of its capabilities has also rendered it incapable of handling the current volume of freight traffic. The railroad is experiencing breakdowns that make goods arrive weeks late, wrecking the operating systems of hundreds of American companies. Given Union Pacific’s dominant size, this is adversely affecting entire sections of America’s rail system and economy.

There is a strong impression, confirmed by one rail analyst, that corrupt Vice President Dick Cheney is extending his long arm to protect Union Pacific inside the Administration. In the 2004 elections, Dick Davidson, Union Pacific’s CEO and Cheney’s buddy, rose to the status of a “Ranger,” someone who packages \$200,000 in contributions for the Bush-Cheney re-election.

Cheney is not only keen to fight more wars abroad; he’s at war at home against our transportation infrastructure.