

## **The rise and fall of Donald Trump's \$365 million airline**

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**Reporter:** You look great.

**Donald Trump:** Everybody have it?

**Narrator:** Things used to be a lot different for Donald Trump.

**Reporter:** Mr. Trump, who's your lovely date tonight? This is Melissa.

**Woman:** Hi.

**Narrator:** In the 1980s, Donald Trump was a star.

**Man:** His name sells. And when you think business, you think Trump.

**Man:** My son, he's 22 years old, and Mr. Trump is his hero.

**Man:** We're from Oregon, and Donald Trump is popular out there.

**Woman:** He's my idol. I really respect him, and I think he's amazing. Everything he does seems to turn into gold.

**Narrator:** By 1988, Trump was a major name in real estate. The New York Times called him one of the richest men in the world, with an estimated net worth of \$3 billion. And he bought the luxurious Plaza Hotel for \$390 million. For Donald Trump, the next logical step was buying an airline.

**TV Commercial:** Yo, Joe!

**Henry Harteveltdt:** The Trump Organization was a holding company with various assets. Those assets included hotels, apartment buildings, and other real estate assets.

**Narrator:** That's Henry Harteveltdt. Donald Trump hired him as the marketing director for Trump Shuttle.

**Harteveltdt:** Mr. Trump thought that having an airline would complement his other travel-related holdings, and that's why he was interested in it.

**TV Commercial:** You can fly clear across the USA.

**Narrator:** In the 1980s, air travel was a completely different ball game, especially if you were flying for business.

**TV Commercial:** The Eastern Air Shuttle, a guaranteed seat without a reservation.

**Narrator:** Shuttle services from airlines like Pan Am and Eastern offered flights between New York, Boston, and Washington that took off every hour. In 1988, a workers' strike at Eastern drove the airline to a halt.

**Harteveltdt:** There was an open auction for the shuttle. Several different airlines submitted bids. At the end, it became the Trump Organization and America West, and the Trump Organization prevailed.

**Narrator:** Trump secured \$365 million from a consortium of banks to make a bid for the Eastern Shuttle. After a meeting with airline owner Frank Lorenzo at Trump's Plaza Hotel, the deal was done, and Trump Shuttle was born.

**Trump:** How you doing? Have a good flight.

**Narrator:** Trump Shuttle's fleet consisted of 21 Boeing 727s. Trump spent \$1 million to refurbish each plane.

**Trump:** We were the first plane out this morning. We were the most successful flight this morning. We had more people than anybody else, and I think we had better service than anybody else.

**Narrator:** Trump Shuttle offered quick flights between three east coast destinations: Logan Airport in Boston, LaGuardia in New York, and Reagan in D.C.

**David Manley:** The first week or so was really disorganized because, you know, it was a brand new airline. And the pilots just got it all figured out. It was 64 flights a day between three cities, and, you know, it ran like clockwork.

**Narrator:** Trump's purchase of the Eastern Shuttle created over 1,000 new jobs, many of which were filled by Eastern employees out of work due to the strike. Employees like Rosemary Durant, a Boston-based flight attendant who got a job with Trump Shuttle.

**Rosemary Durant:** I was a flight attendant with Trump Shuttle from the beginning to the end. I began my career with Eastern Airlines. Towards the end of Eastern Airlines we had the opportunity to bid off to work for the Trump Shuttle. It was strictly a lottery system. It was an opportunity to continue flying, continue getting a paycheck. I had a place to go. I had a job that I loved. I got to continue working. He saved us.

**Trump:** We're gonna really be a good competitor, and I think it's gonna be a lot of fun.

**Harteveltdt:** So the primary competitor that we flew against was Pan Am, Pan Am

Shuttle, and a very, very fine competitor to have, because Pan Am forced us to bring our A game to the shuttle market. Narrator: In true Trump fashion, he soon went after his competition.

**Trump:** I love competing against Pan Am. If you've got to compete, I mean, if you've got to compete, Pan Am is the one you want to compete against.

**Narrator:** Trump didn't just troll Pan Am at press conferences. He also poached their talent, hiring former Pan Am Shuttle president Bruce Nobles, to run Trump Shuttle.

**Trump:** Safety, everyone says, "Oh, don't ever mention safety." I want to mention safety. To me, it's very important. The safety is number one priority.

**Harteveldt:** There is an unwritten rule in the airline business: you never attack another carrier's maintenance and safety. Mr. Trump attacked Pan Am's maintenance, and that's just something you don't do.

**Narrator:** Trump suggested that Pan Am's financial struggles might jeopardize the airline's safety, and his remarks soon came back to bite him.

**David Letterman:** And this represents one of the fleet of your new shuttle service from here to where? Watch this, Don. Whoa, my God, whoa!

**Narrator:** In August of 1989 ... a Trump Shuttle flight made an emergency landing in Boston when the plane's front landing gear malfunctioned. No one onboard was hurt, but Trump Shuttle's trouble was just beginning.

**Reporter:** Smoke rising from the barracks where the Royal Guard still hold out.  
**Narrator:** The invasion of Kuwait in 1990 and the subsequent Gulf War sent oil prices skyrocketing, and the United States was on the brink of a recession.

**Harteveldt:** That affected all airlines, not just the Trump Shuttle. People just were not flying. As far as the Trump Shuttle became concerned, the bankers said, "Hey, look, "this is not financially sustainable." It became clear that the Trump Shuttle would not grow as an airline.

**Narrator:** Trump fired 100 employees. Just 18 months after the Trump Shuttle launch, the airline had already lost \$128 million. In 1992, Donald Trump decided it was time to bail. Trump Shuttle's majority stakeholder, Citigroup, started negotiating a sale with US Air, who still saw value in the product. Donald Trump claimed he didn't lose money on the shuttle. He told the Boston Globe, "I'm smart. I got out at a good time."

**Harteveldt:** It seems like he kind of just washed his hands of it, said the airline business is very tough, and moved on to whatever was next.

**Narrator:** As for Trump Shuttle employees, many of them kept their jobs and transitioned to becoming employees of the newly-named US Air Shuttle.

**David Manley:** It really wasn't a failure. I think it was pretty successful. I mean, Trump saved our careers, I mean, absolutely. They really took care of their employees. My wife, who had breast cancer, the CEO of the company, he said, "Hey, any bills that aren't covered, just leave it on my desk."

I left some bills on those desks. It was like, I don't know, a \$30,000 pharmacy bill. You know, that's how I was treated, and so I'm sure that came down from Trump. I don't have anything bad to say.

*Today, the US Air Shuttle is known as the American Airlines Shuttle. It serves New York, Boston, Washington, and Chicago.*