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Special Feature
Restructuring Railways

Another Perspective
A Frenchman in Japan

Japanese Railway History 2
Expansion of Railway Network

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Editorial

Restructuring railways

On 1 April 1987, six new regional passenger railways and one national freight system succeeded the former Japanese National Railways under the common identity of JR (Japan Railways). At the time, I was working in Paris as JNR's General Representative for Europe, and was told by my new bosses to continue working there to represent the new JR companies. I still remember a French journalist calling on that day—he couldn't believe that the people and government of Japan had agreed to dismantle the gigantic national railway system, which should be a source of national pride. It was no April fool's joke and despite the French journalist's concern, it is generally admitted that the reform has been a great success so far. As is commonly known, all the new JR companies have shown much better performance than expected, and more than half of JR East's shares were listed on the Tokyo Stock Exchange last year.

Some far-sighted experts in the 1980s in Europe were already looking in the same direction. If a railway is nationalised, it cannot be free from political and financial restraints imposed by the government and politicians. To be free, it has to be privatised, but a private company needs a sound financial basis to be fully independent. In this sense most Japanese railways are lucky because their lines serve one of the most densely populated and most industrialised parts of the world. However, even in Japan, the railways on the less-populated three islands of Hokkaido, Shikoku and Kyushu cannot be totally independent, and there is an arrangement to give them a kind of permanent subsidy.

Recent changes in Europe like the formation of the single market and the European Union have accelerated railway reform, and Europe's common solution seems to be separation of infrastructure and operations with privatisation of the latter sometime in the future. Such a system was first adopted in Sweden in the late 1980s and is now developing, but with considerable variations from one country to another, in Germany, Great Britain, Italy and elsewhere.

Railways are also being privatised in Argentina and New Zealand. It is also reported that major railway reforms are under way in East European countries. Rail restructuring now seems to be a worldwide trend, hence the main theme of this issue.

But there are some important remaining problems. In Japan, JNR's accumulated historic debts, which were taken over by the state-owned JNR Settlement Corporation, are being repaid much behind schedule due to lack of appropriate funds. Some people express anxiety about the future of rail freight in Japan. Some are also pessimistic about the future of the railways in the three smaller islands. Apart from these Japanese problems, one vital question remains unsolved in every country—none of the current restructuring schemes seems able to ensure the huge investment that railways badly need for survival. Even in Japan where major railways are proud of their recent sound record of profitability, they cannot afford the massive investments required to improve Tokyo's suburban services or to expand the Shinkansen network.

The German solution of using part of the petrol tax for rail investment is a good suggestion, but railwaymen in other countries may face enormous difficulty in persuading politicians and citizens to accept such a principle. We will probably need another reform to make a real breakthrough in this regard toward the turn of the century.

[T. SUGA]

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