

# JRTR

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**FEATURE: Transition to Market Economy**

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*Trainees from China inspecting  
engineering site at Tokyo's Shinjuku  
Station.  
(EJRCF)*

## Editorial

### Dangerous overconfidence

The irreversible political and economic changes in the last 10 years have greatly changed the former socialist countries, which are now finding their own ways of surviving in a free economy. However, it seems that people in these countries still tend to be overconfident about the railway's ability in a market-driven economy.

In the planned economies, the railway enjoyed a quasi-monopoly in carrying both freight and passengers. However, in the market-driven economies, the rapid growth of motor transport and customers' free choice of transport modes can threaten the railway's future. Some lessons should be learnt from postwar Japan where the underdeveloped road network and excessive use of rail transport during the war led people to overestimate railways. This overconfidence made it difficult to adapt to the rapidly changing transport market, leading JNR into financial difficulties from the 1960s until its final breakup in 1987.

The railway cannot be almighty in a free economy. It is essential to sort out the commercially viable parts of a railway network and to give them the freedom to operate as independent business undertakings. The non-viable parts should be trimmed as much as possible, and if they cannot be replaced by road transport, to avoid cross-subsidies from the viable parts, they should only be kept running using special arrangements with the government.

T. SUGA

## Contents

### Feature

#### Transition to Market Economy

Railway Developments in Transition Economies	Louis S. Thompson	4
Transition of Hungarian Railway Transport	Katalin Táncoz	10
Latest Developments at Czech Railways	Jiří Havlíček	14
Polish Railways—Towards Privatization	Marcin Lipiński	20
Bulgarian State Railways from Planned to Market Economy		
Vladimir Inkov and Stefan Pauntchev		26
Restructuring and Privatization of Estonian Railways	Parbo Juchnewitsch	30
Russian Rail Reforms	Igor Yurievich Avdakov	31
Railway Trends in China	Guo Lin and Guo Jianhua	34
Vietnam Railways—Moving Forward to Market Economy	Nguyen Huu Bang	38

#### Another Perspective

Tokyo Two-Wheeler	Robert Hancock	42
-------------------	----------------	----

#### Railway Technology Today 8

Signalling Systems for Safe Railway Transport	Tetsuo Takashige	44
---	------------------	----

<b>Topics</b>		52
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<b>Photostory:</b> Railway Museums in Japan		2, 54 & 55
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