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FEATURE: Railway Fare System

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JR East's Series E231 Shonan
Shinjuku Line at Shibuya Station
during morning rush-hour
(Photo: JR East)

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Editorial

Is there still a need for railway fare regulation?

There are two reasons for fare regulations—economic to prevent monopoly pricing, and political to provide low-cost transport meeting social needs. These reasons were important in the past but Japanese statistics show that rail now has only 25% of the passenger market, broken down into a high share in cities and a low share in local regions.

Automobiles spread rapidly as Japan's industry shifted to auto manufacturing in the 1960s, and there are now about 50 million private vehicles with many regional households owning more than one vehicle. Roads have spread nationwide and it is no exaggeration to say that there is a major road for every railway line. There is usually an alternative to rail but some people have no choice except private vehicles.

In contrast to the regions, what is the role of railways in cities where car ownership is relatively low and railways have a captive market? In big cities, the railways compete with each other, while in smaller cities there is more competition with buses for fewer passengers. Competition between railways is severe due to business promotion measures, such as running more passenger services over freight lines and construction of more subways. The conditions favouring monopoly fare pricing have disappeared in both local regions and cities, meaning that there is no reason for fare regulation—general anti-monopoly laws are sufficient.

Many local railways have been closed as need declines. Most recently, part of JR West's Kabe Line in Hiroshima Prefecture was closed last December. In other words, there is no logic in price regulation for 'products' that are already losing against automobiles. What railways need are forward-looking policies to assure their continuance as viable transport.

K. AOKI

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