

History of Amusement Park Construction by Private Railway Companies in Japan

Isao Ogawa

Introduction

A characteristic of private railway companies in Japan is their participation in diverse non-railway business areas, including amusement parks, real estate, department stores, professional baseball teams, and movies. Such diversification was already apparent long before WWII. For example, in a 1928 survey, nearly half of the private railway companies were either supplying electricity for commercial use or managing amusement parks and athletic facilities. Most of the private railway companies before the war were involved in tourist and amusement facilities in some manner whether by direct management, via a subsidiary, through joint investment, tie-up, commission, or lease. For example, they managed bathing resorts, and summer evening cool spots, real estate, etc. The 1928 survey showed that railway companies operating in big urban areas with large markets, especially in the Kansai area (area of western Honshu encompassing Osaka, Kobe, Nara and Kyoto), were more diversified than those operating in local towns or cities. The six private railway companies formed by privatization of Japanese National Railways (JNR) in 1987 noted the successful and long-term diversification of existing private railway companies, and

followed suit.

Recently, a new style of tourist business, or theme park, has become popular in Japan. New theme parks are being constructed nationwide, and those already in existence attract many visitors. This article reviews the management history of amusement parks—the forerunner of theme parks—by private railway companies and the starting point of their diversification. It also clarifies why the private railway companies, especially those in the Kansai area, started building amusement parks at the turn of the 20th century.

Early Privately-managed Recreational Facilities

Japan has long had a good number of privately-managed recreational facilities, although modest in scale, since the Edo Era (1603–1867) well before the advent of general amusement parks managed by private railway companies; a good example is the Takarazuka Amusement Park. They can be classified into eight types: (1) Gardens of stately private residences open to the public not for profit, for example, Nirakuso, the villa of Kozui Otani (Abbot of Higashi-Honganji Temple), with a western-style flower garden, Japanese-style garden, greenhouses, etc., (2) Privately-managed botanical gardens, for example, Shiba Peony Garden, opened in

Edo (present-day Tokyo) by gardeners, etc. in the Kyoho Era (1716–36), (3) Privately-managed zoological gardens (travelling shows of live animals, such as deer and peacocks which started in Osaka in the Edo Era and spread to Edo, (4) Show tents/sightseeing towers, for example, the Chobokaku garden opened in Osaka in 1878, featuring an artificial hill and pond, well-kept vegetation, hot spring, teahouse, and chrysanthemum doll show, (5) Hot-spring businesses, such as the Aimoto Hot-Spring Company in Toyama Prefecture^(a), (6) Pseudo-hot springs, including mineral baths and hot seawater baths, such as Suwayama Hot Spring in Kobe, discovered in 1870 and initially developed by Onogumi, a major trading firm, and Ikegami Hot Spring in Tokyo, introduced by Chamberlain in his *A Handbook for Travellers in Japan* (3rd edition) as one of the holiday resorts popular with the common people, (7) Bathing resorts, such as Japan's first resort opened at Oiso by Ryojun Matsumoto, Surgeon Major General, who preached the benefits of sea bathing, and (8) Parks opened to the public for profit such as Warakuen at Cape Wada, Kobe, opened in 1890 by Hyogo Kyosai Ltd., with an area of 20 or 30 acres for cultivation of sea bream and other sea fish^(b).



Bathing at Hamadera with temporary beach tents in early 1900s

(Author)

Management of bathing resorts by private railway companies

Of the eight early types of amusement facilities, probably bathing resorts were the first to be taken up as a new business area by private railway companies. It is believed that Iyo Railway in Shikoku—the smallest of the four main islands of Japan with a warmer climate—was the first private railway company to involve itself in development of bathing resorts. From the 1890s, the Iyo Railway offered generous fare reductions during the summer season because it considered summer bathers to be its most valuable customers. The company formed the Baishinji Bathing Association in June 1899, developed a new bathing resort, opened a summer station, and started operating special trains for bathers. In July 1901, it built temporary beach huts for bathers. Finally going on to provide related facilities, including hot baths and inns—the ‘mere’ bathing resort was gradually expanded into a permanent amusement facility.

Private railway excursions in Kansai area

The Kansai area encompasses Kyoto and Nara, which are famed for temples and shrines. The railway companies in this area had long emphasized transport of tourists during the spring and autumn sightseeing seasons. In August 1901, Kyoto Railway (the present JR Sagano Line) operated a special evening train modelled after the observation cars popular in the USA and Europe. It ran to Arashiyama, one of Japan’s most famous scenic spots, to catch cool breezes and view the full harvest moon. The passengers were delighted by various attractions, such as set piece firework displays, cool resting places, and on-board performances of court music and popular entertainment. Excursion trains became a fashion after the success of the Kyoto Railway.

Other private railway companies in the

Kansai area soon followed suit with special excursion trains during each season for moon viewing, bathing, and mushroom gathering. In addition, they set up temporary resting places, shops, show tents, etc., at the destinations.

This boom in excursion trains was exclusive to the Kansai area—the commercial centre of Japan at that time, but not to railway companies in Tokyo—the political centre.

Unambitious Diversification

As described above, in the early 20th century, private railway companies were content with operating excursion trains and building temporary facilities for bathing, viewing the moon, etc., on leased publicly-owned land, such as beaches and riversides. This was probably because demand was seasonal and not large, so the companies confined themselves to temporary facilities to minimize capital expenditure and risk. Since they had little entertainment business knowhow, they only provided the facility structure and contracted outside entertainers to give the performance.

This unambitious diversification was due partly to the railway companies’ articles of association, which limited their business operations to railway transport. Except for a few railway companies, such as Hokkaido Tanko Railway and Hoshu Railway (in Kyushu, later nationalized), which were both originally established for the dual purposes of railway transport and colliery mining, and Tamagawa Electric Railway, which was originally founded for both railway transport and gravel haulage, most were running long-distance services on trunk lines. Consequently, their articles of association prevented them entering any other business area.

Furthermore, general shareholders in the companies were very active and held management responsible for any losses a

company incurred. Against this background, the managements probably did not dare propose changing the business purpose to enter into new business with uncertain profitability.

Moreover, the trunk-line railway companies were also engaged in the natural extensions of the railway business such as catering, souvenir sales, and provision of hotel lodgings, as well as in shipping and warehousing to monopolize the various transport operations. But this was a passive business diversification that simply followed the example of American and European railways.

Changing articles of association

Generally speaking, large railway companies linking big cities and their suburbs have five fundamental management resources:

- Large market due to population concentration
- Surplus transport capacity
- High fund-raising ability due to high credit based on public nature of business
- Surplus land, space and personnel
- Extra management capacity

This means that once a railway company is opened and gets on the right track, it can diversify because the normal company operations are mostly routine.

However, trunk-line railway companies engaged in long-distance transportation and which did not obtain revenue from urban transport, had to continually invest management resources in extending lines. In the case of local railway companies, the market was too small to allow diversification. As a matter of fact, the large shareholders of local railway companies were mainly interested in their own locality and did not make their investment purely for profit. Therefore, the rate of return demanded by these investors was not necessarily higher than that of large urban railway companies.

By comparison, the private electric rail-

way companies that appeared first in the Kansai area in the early 20th century specialized in short-distance transportation between cities and their suburbs. Their transportation facilities were better than in Tokyo and the migration of people from big cities to the suburbs had already started, so there was a base from which to launch diversification. They were also less monopolistic than in Tokyo and were competing both with the government railways and with other private electric railways.

Other bases for business diversification were the undeveloped amusement facilities that were already quite common in the Kansai area, as well as the arrival of new managers with new ideas.

After the 17 major trunk-line railway companies disappeared due to the nationalization of railways in 1906 (*JRTR* 2, pp 34–37), the short-distance electric railway companies in the Kansai area daringly changed their articles of association to start management of amusement parks, etc., in earnest. At Hanshin Electric Railway, the board of directors decided that managing new businesses related to the railway business would promote the growth of its main line of business. In October 1907, the articles of association were changed to permit leasing of land and buildings and management of recreational facilities. In October 1908, Hankyu Corporation (formerly Minoo Arima Electric Railway), which had specialized in the transportation business, also changed its articles of association to include supply of electricity, management of recreational facilities, and sale and lease of land and buildings. Subsequently, Hyogo Electric Railway and many other private railway companies made similar changes to their articles of association.

Change in amusement parks

Gradually, the diversified railway companies began abandoning their low-capitalization, low-risk, temporary fair-ground-type business in the face of sharp criticism from passengers about the contracted outside entertainers seeking quick profits, and against the background of growing demand for better amusement facilities. As they accumulated know-how, their management practice changed to risking their own capital in the facilities which they leased to professional operators, first on a fixed-charge rental basis, and next on a percentage-of-income basis; finally they changed to direct investment in and management of their own permanent facilities. This is exemplified by Hanshin's amusement park, which was first managed jointly by Hanshin and local contractors and then changed partly to direct management by Hanshin.

Thus, the low-risk temporary recreational facilities in the 1900s (most of which were seasonal, built on leased land and managed by contractors) changed in the 1910s to large permanent facilities under direct management and requiring huge investment.

The Takarazuka Amusement Park, which has various amusement functions, can be seen as a general and innovative amusement park, integrating several of the early types of recreational facilities. The Ryounkaku, Shogyo Kurabu, and Warakuen recreational facilities, which were built using non-railway capital, also had multiple attractions of reasonable size for those days, such as observation platforms, restaurants, fishing ponds, show tents, and athletic grounds. They were similar to general amusement parks, but their large scale required heavy capital expenditure. Many of these facilities were short-lived because their owners had lower fund-raising and customer mobilizing abilities than railway companies. In comparison, railway companies had large capital and good credit. Moreover, they

were able to attract people living along their lines to their own amusement parks. In the case of private railway companies in metropolitan areas, the weight of individual shareholders declined gradually and institutional investors, such as banks and insurance companies, emerged as the major shareholders. From the outset, these railway companies were required to give special consideration to the capital return, so they tried to increase revenues and earnings.

The subsequent development of amusement parks by railway companies is shown in Table 1. The next section briefly describes the key pioneers in the management of amusement parks of three railway companies in the Kansai area—Nankai, Hanshin, and Hankyu.

Koreaki Otsuka (1864–1928) —Pioneer in railway diversification

Koreaki Otsuka, manager of Sanuki Railway and Nankai Railway, was the eldest son to Migaku Otsuka, a well-known railway investor and 'hard driver of rolling stock' who advocated maximum use of railways to seek full profits. Koreaki studied theology and served as a pastor at a church in Osaka. Inspired by Hikojiro Nakamigawa who had studied management practice in the USA and Europe and who later joined Sanyo Railway with which Migaku was involved, Koreaki took a job as manager at Sanuki Railway—a small line on Shikoku Island operating in cooperation with Sanyo Railway. To modernize his company, he installed a tea room in the first class, employed young women as waitresses, introduced a train supervisor system and transferred much of the authority to the train supervisor. He built the Takamatsu Hotel at the Takamatsu Terminal, financed with the help of local capital and managed by an affiliated company. In addition, he built an aquarium and other recreational facilities at both the Takamatsu and Kotohira

Table 1 Outline of Early Amusement Facilities (excluding Hot Springs) constructed by Private Railway Companies (1899–1924)

Name	Constructor	Year opened	Bathing resort	Aquarium	Botanical garden	Recreational facility	Athletic facility	Zoological garden	Inn/restaurant	Remarks
Baishinji Bathing Resort	Iyo Railway	1899								Hot bath
Kotohira Aquarium	Sanuki Railway	1901								
Hamadera Amusement Park	Nankai Railway	1904								Swimming school
Uchide Bathing Resort	Hanshin ER	1905								Swimming school
Naruo Hyakkaen	Tatsuuma/Hanshin ER	1906								
Koro-en	Private/Hanshin ER	1907								Museum
Ashiya Park	Seido Village/Hanshin ER	1907								
Nagano Park	Koya Railway	1908								
Tannowa Park	Nankai Railway	1908								
Tamate Park	Kanan Railway	1908								
Haneda Athletic Ground	Keihin ER	1909								
Tamagawa Amusement Park	Tamagawa ER	1909								Swimming pool
Shinkawa Bathing Resort	Iyo Railway	1909								Hot bath
Kori-yuen	Keihan ER	1910								
Suma-yuen	Hyogo ER	1910								
Minoo Zoological Garden	Minoo Arima ER	1910								
Shimao-yuen	Chuetsu Railway	1911								Hot bath
(Takarazuka New Hot Spring)	Minoo Arima ER	1911								Theatre
(Gora-en)	Odawara ER	1911								Hot spring
Ohama Shioyu	Hankai ER	1912								Hot seawater bath/ theatre
Chishin-en	Matsuyama ER	1912								
Shinmaiko Park	Shinmaiko Real Estate/ Aichi ER	1912								Bath
Ohno Bathing Resort	Aichi ER	1912								Bathing resort
Hirakata Park	Keihan ER	1912								
Toyonaka Athletic Ground	Minoo Arima ER	1913								
Kagetsuen	Private/Keihin Railway	1913								Theatre
Naruo Athletic Ground	Hanshin ER	1913								Swimming pool
Shin-Suma Bathing Resort	Mikawa Railway	1913								
Kamoike Zoological Garden	Kagoshima ER	1916								
Noryoen (temporary establishment)	Nagasaki ER	1918								
Tokaen	Keisei ER	1919								Local product shops
Yahiko Park	Echigo Railway	1921								
Inage Bathing Resort	Keisei ER	1921								
Arakawa Park	Business/Oji ER	1922								
Keihan Ground	Keihan ER	1922								
Hamanomiya Ground	Kobe-Himeji ER	1924								
Koshien Baseball Park	Hanshin ER	1924								Hot seawater baths

Notes: () Hot spring
 Installed in Meiji or Taisho Era
 Installed later
 Chrysanthemum dolls displayed
 ER Electric Railway

Sources: *The Railway Times of Japan, 1899–; companies' histories; period guidebooks and maps*

terminals. The *Sanuki Business Newspaper* established in 1902 and financed by the Otsuka family and other directors was another affiliate.

In 1905, Koreaki became Senior Managing Director at Nankai Railway in south Osaka. Following the example of Ritsurin Park, a popular tourist spot on the Sanuki Line, he strived to improve the public parks along the Nankai Line; he rented part of the publicly-owned Hamadera Park to build a playground, and entrusted the Osaka Hotel to run a restaurant on the rented land. Next, he installed athletic equipment and opened a public hall. In the next year, he founded a swimming school in cooperation with a major newspaper company in Osaka. After that, he went on to expand the recreational grounds along the Nankai Line. Unlike his father, Koreaki promoted diversification of his company. He was called 'a genius at attracting passengers'.

**Rinzaburo Imanishi (1852–1924)
—Constructor of
Koro-en Amusement Park**

In 1907, Rinzaburo Imanishi, a railway investor and manager at Sanyo Railway, became Senior Managing Director at Hanshin Electric Railway—the first metropolitan electric railway connecting Osaka and Kobe. In line with prior policy, he strived to build amusement parks, etc., near the line. From around 1896, two Osaka investors purchased about 25 hectares of hillside forest on the north side of what is now Hanshin Koro-en Station. In 1907, they opened Koro-en Amusement Park on the site^(c). Hanshin had been planning to build an amusement park somewhere along the line modelled after parks in the USA and Europe, and the board of directors was searching for a suitable site. Eventually, they decided to tie up with other amusement parks being planned in the locality, including Koro-en, Naruo, Uchide, and Ashiya. In addition, Hanshin



Water shoot at Koro-en Amusement Park in Nishinomiyu, Setsu

(Kobe Shimbun Publishing Center)

installed various recreational facilities in Koro-en to attract passengers. Hanshin followed Imanishi's recommendations and published *An Exhortation to Living in the Suburbs* in 1908, and also started publishing the magazine *Suburban Life* in 1914. Hanshin actually preceded Hankyu both in the development of amusement parks and in suburban housing. Stimulated partly by Hanshin, Hankyu rushed into aggressive development of the areas along its line. Hanshin eventually became less active in the development of directly-managed amusement parks and housing, which bears more risk and takes more effort, opting instead for stability resulting from the increasing numbers of customers using the well-located line, and more people living in the suburbs. Subsequently, successive Hanshin managements have stuck to conservative policies believing that they could eliminate risk forever by limiting themselves to their densely-populated, highly-profitable business area. Ironically, the recent Great Hanshin Earthquake (1995) turned out to be a bolt from the blue for them.

**Ichizo Kobayashi (1873–1957)
and Hankyu Takarazuka
Amusement Park**

After the nationalization of Hankaku Railway (now JR Takarazuka Line), Minoo Arima Electric Railway (now Hankyu Corporation) was founded at the initiative of the Hankaku board of directors to take advantage of the permit for Hankaku to run on to Umeda in Osaka. Like the Hokkaido Tanko Railway, which remained in existence as a shipping company, Hankaku had plans to separate its steamship division into another company called Hankaku Steamship and to open new steamer lines. The planned destinations were Minoo, and the famous Arima Hot Spring. However, the plan came to a standstill. Eventually, Ichizo Kobayashi, an ingenious subordinate to Iwashita Seishu during his days at Mitsui Bank, took over management of Hankyu with the backing of Iwashita who was by then working at Kitahama Bank. Takarazuka was then a modest place with only a few small inns and a cold spring on the way to the Arima Hot Spring terminal. Kobayashi temporarily shelved the idea of



Takarazuka New Hot Spring in 1911

(Author)

extending the line to Arima due in part to financial problems, and suggested joint development of Takarazuka to local businesses with the aim of attracting tourists. Although the local enterprises declined to cooperate, he purchased reclaimed land at Mukogawa and opened Takarazuka Hot Spring in 1911. A fashionable indoor swimming pool was constructed as a facility attached to the new spring, but it was a complete failure because the water was too cold and mixed bathing was frowned on at the time. Kobayashi then covered the closed pool with planks and rebuilt it into a hall, organizing a performing girls chorus emulating the boys musical band at Mitsukoshi Department Store. This was the origin of the present well-known Takarazuka Operetta Troupe. After repeated trials and errors, Takarazuka finally established itself as a general amusement park with more than 10 types of recreational facilities.

Kobayashi, who was described as a model of railway company diversification, also initiated development of Ikeda New Town, regarded as the origin of large-scale suburban housing development by corporations in Japan. In addition, he opened a Hankyu market in Umeda.

The other leading metropolitan private railway companies, like Hanshin and Keihan, secured stable profits by monopolizing the electricity supply business along their lines. As a result, they became less adventurous in entering other business areas. Latecomers like Hankyu and Osaka Electric Railway (now Kintetsu), found it difficult to break into the electricity supply business, so they entered businesses such as real estate and department stores. Kobayashi had learned the essence of financial planning and investment while working at Mitsui Bank, so he attempted to improve the low rate of return of the excursion railway by selling housing lots

at Ikeda New Town near Osaka, leading Hankyu into the real estate business.

Hankyu, which was initially a second-ranked excursion railway company, had a strong rivalry with Hanshin, which was favourably located and operating as a first-ranked company. The two were both financed by Kitahama Bank. Therefore, Kobayashi's performance was always evaluated against Hanshin by the major shareholders, and he must have felt his company could be taken over by Hanshin at any time. His obsession to catch up with Hanshin was the driving force behind Hankyu's diversification. He once recalled the past by saying, 'My "I'll show you!" sense of rivalry made Hankyu what it is now.'

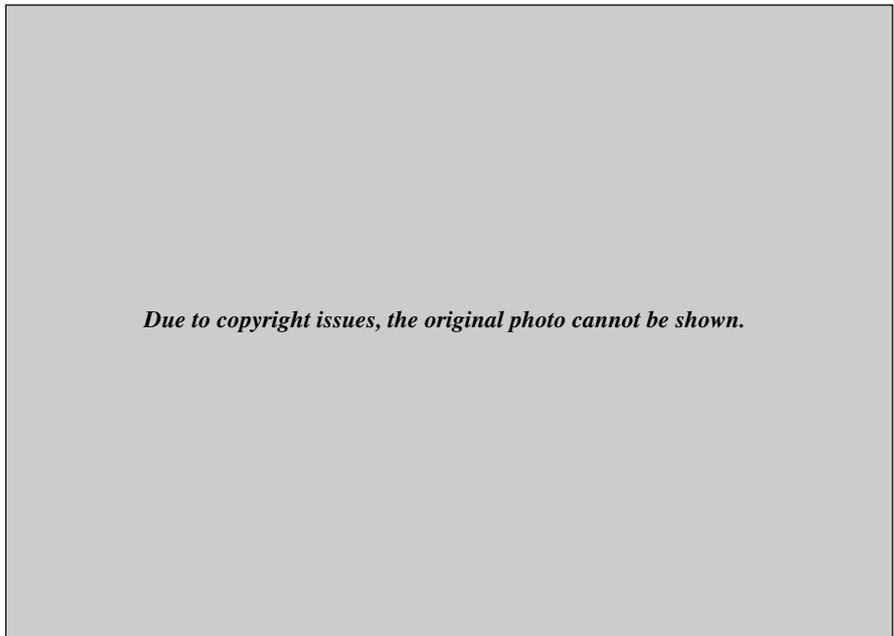
We can say that the mutual rivalry between Hanshin and Hankyu, which have completely different corporate cultures, made an enormous contribution to the development of the urban areas along

their two lines.

Kobayashi's innovative management techniques had a significant effect on railway companies throughout Japan. His ideas spread to the Mekama Railway and Toyoko Railway (now Tokyu) in Tokyo—Kobayashi was involved in the management of these two companies—and to many other railway companies as well. The Takarazuka Operetta Troupe was mimicked many times. For example, Awagasaki Amusement Park in the suburbs of Kanazawa City (Sea-of-Japan coast) established the Awagasaki Girls' Operetta Troupe with the help of members of the Takarazuka Operetta Troupe. The Takarazuka Troupe was so popular that photographs and postcards of the girls were sold nationwide, and their songs were big hits. ■

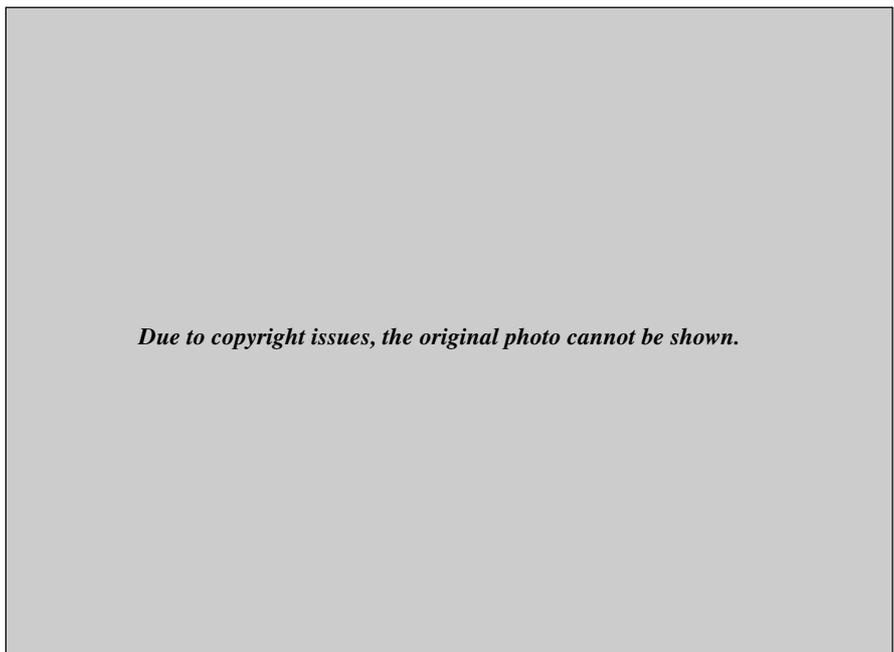
Notes:

- (a) This was where the Japanese legal principle concerning the abuse of power was established. While the company was laying a pipe from the spring head to the Unazuki hot-spring resort, the landowner filed suit against construction of the pipeline. The court decided in favour of the company stating that the pipe was reasonably expected to improve the welfare of the Unazuki area.
- (b) Isao Ogawa, Expansion of Tourist Facilities & Recreation Parks & Beginning of Diversification by Private Railways Cos. in Japan, *Tetsudoshigaku, (Japan Railway History Review)* No. 13, Dec, 1994.
- (c) Isao Ogawa, The Hanshin Electric Railway Co., Ltd.-from the Viewpoint of the Roles of the Urban Pioneer in the Recreation Parks and Development at the Hanshin Area, edited by Tadashi Uda, Katsusuke Asaka, Kyozo Takechi, in *Mintetsu keiei no rekishi to bunka (The History and Culture of the Private Railways Management)*, Vols. of West Japan, Kokon Shoin, 1995, pp 167–188.



Due to copyright issues, the original photo cannot be shown.

Takarazuka posters from September (top) and October 1925



Due to copyright issues, the original photo cannot be shown.

Takarazuka Mon-Paris review troupe in 1927



Isao Ogawa

Isao Ogawa has been Professor of Business History at Shiga University since 1993. After graduating from Kobe University in 1968, he joined Nippon Life Insurance Co. (Nissei) where he was the Chief Economist at the NLI Research Institute, later becoming General Manager of the Industrial Research Department in 1992. He was Visiting Professor at Kyushu University in 1990.