

20 years after the Privatization of  
Japan National Railways  
under the neo liberalist principle

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# Themes of The Presentation

JR companies

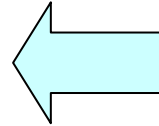
----leaving the Wrecked State of  
Local Railway Lines behind

----Developing new technology

# The Wrecked State of Local Rural Railway Lines

In rural areas....

PPP



privatization

(Public and Private Partnership)

## 1. **Lack of Appropriate Financial Provision** to the PPP

---Railway Lines have been Abandoned without Regard of Local Conditions

## 2. **Decision Making** of the PPP was Entrusted to the **Local Government**, which **Lacks Management Sense**

## 3. **Deregulation Policy** under **Neo-Liberalism**

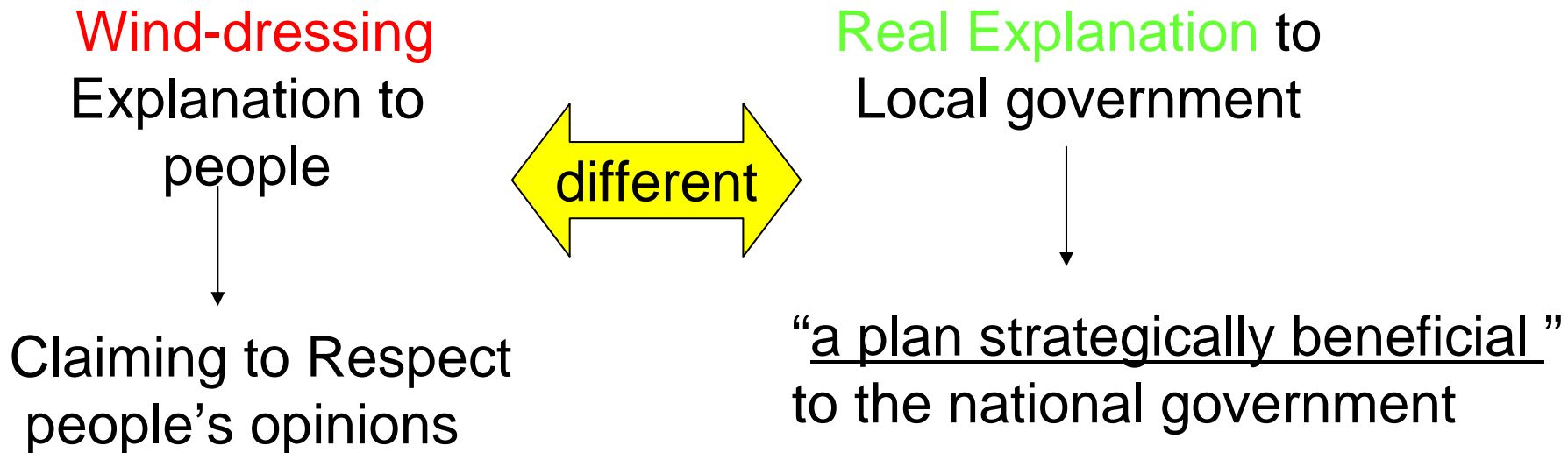
--- Transportation **Laws** and **Regulations** have been **Revised** so that The Railway Could be Abandoned  
..... without Authorization of Government

# Problem of the Japanese style decision making process

## Lack of Democracy & Authoritarianism

- **comprador scholar** and consultant work behind the scenes
- the government does **not listen** to people's opinion's

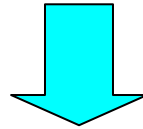
e.g. New Act of local transportation (2007)



# The Actual Condition of Local Railway Lines in Japan After Privatization of JNR

- The management of Lines running in parallel to the newly built Bullet Train Line

split from the JR



transferred to

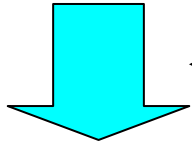
**PPP**

- a large **Compromise** by local governments to invite Bullet Trains----Setting the Precedent
- In the PPP, the **Local Government owns** the rail and rolling stocks
- **Imprudent** Railway Management

# Case 1

:The **rail lines along** the **bullet train** in rural areas and **separated** from JR

JNR/JR Shinetsu main line (Nagano Pref)



The start of the Bullet Train right before Nagano Olympic Games(1998)

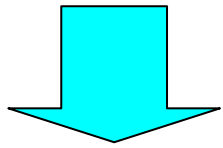
PPP

Shinano Railways



**Case 2** in spite of its Importance for National Rail Network....

Management of a Section of National Trunk Rail Route to the North, JNR/JR Tohoku main line (Aomori Pref) was



**split** and **transferred into**

PPP

Aomori Railways



## Problems

1. Relationship between JR freight and other JR passenger companies

### The price for Track Use

- JR freight Pays to the PPP only the “**Avoidable**” (**Opportunity**) **Cost Principle**

## 2. No independence in the management of PPP

PPP executives = the local bureaucrats

Path dependent

cf Australia

The management of PPP is independent of the local government



Neo liberalism

Complete separation between railway ownership and management

**3. Arbitrariness in decision** of JR companies  
as to which Sections are to be split from  
the JR Management

## Case 3

# The Actual Condition of Local Railway Lines After Privatization of JNR

- The Sections Along with the Bullet Train Lines which Were built **BEFORE** the Privatization of JNR



Under JR management

but

- **Slovenly Management**
- **Blatant Deterioration of Train Service**

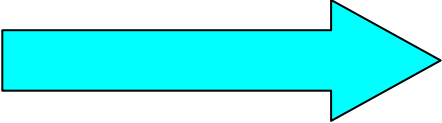
# Introduction of New Type Carriages into

Tohoku line  
(JR East)

and

Tokaido line  
(JR central)

box type



bench type



通勤・通学が便利に。

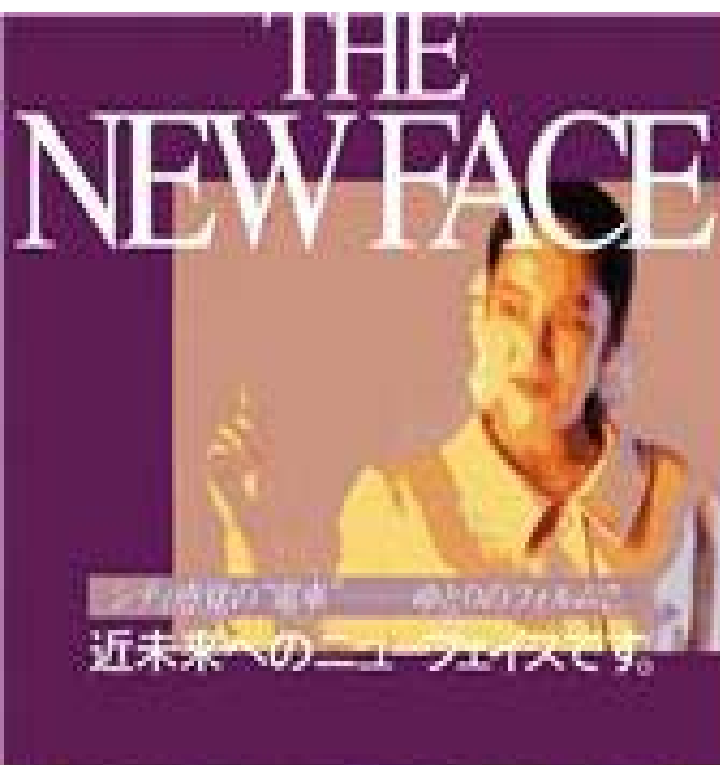


JR's view to the new carriage

JR officially claim that...

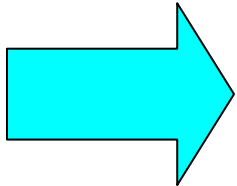
Many advantages

- **sense of urban style**
- **Barrier Free for Disabled**



# Passenger's View to this **New Type** Carriage

- The number of Carriages in a Train is **reduced**
- Less seats
- uncomfortable
- More embarrassing to eat and drink



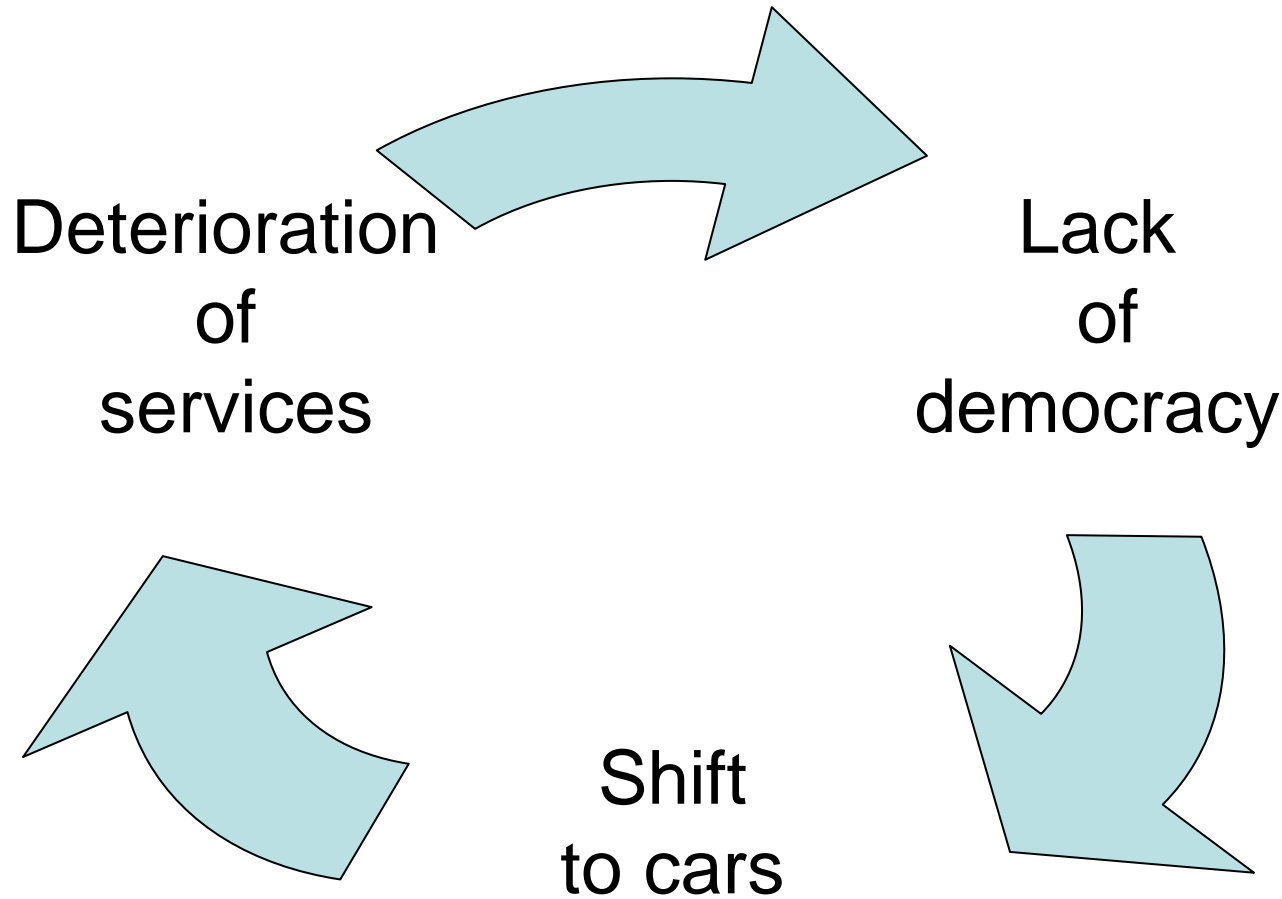
- **WORSE SERVICE**
- **MORE FRUSTRATION**

# Fragmentation of Rail Service under JR management

The **same** JR Companies introduced much more **comfortable** and **high quality** Carriage for the Sectors that **compete against** Another Private Railway Line in Nagoya and Osaka Areas



# Passengers shift to cars because of poor service



**Negative feed back**

Do you remember?



Another problem

**unsafe**

rail service in urban area

106 Passengers Killed in a Serious Overtake Accident

Caused by the JR-West in spring 2005

• **Who** is **responsible** for this accident ?

still

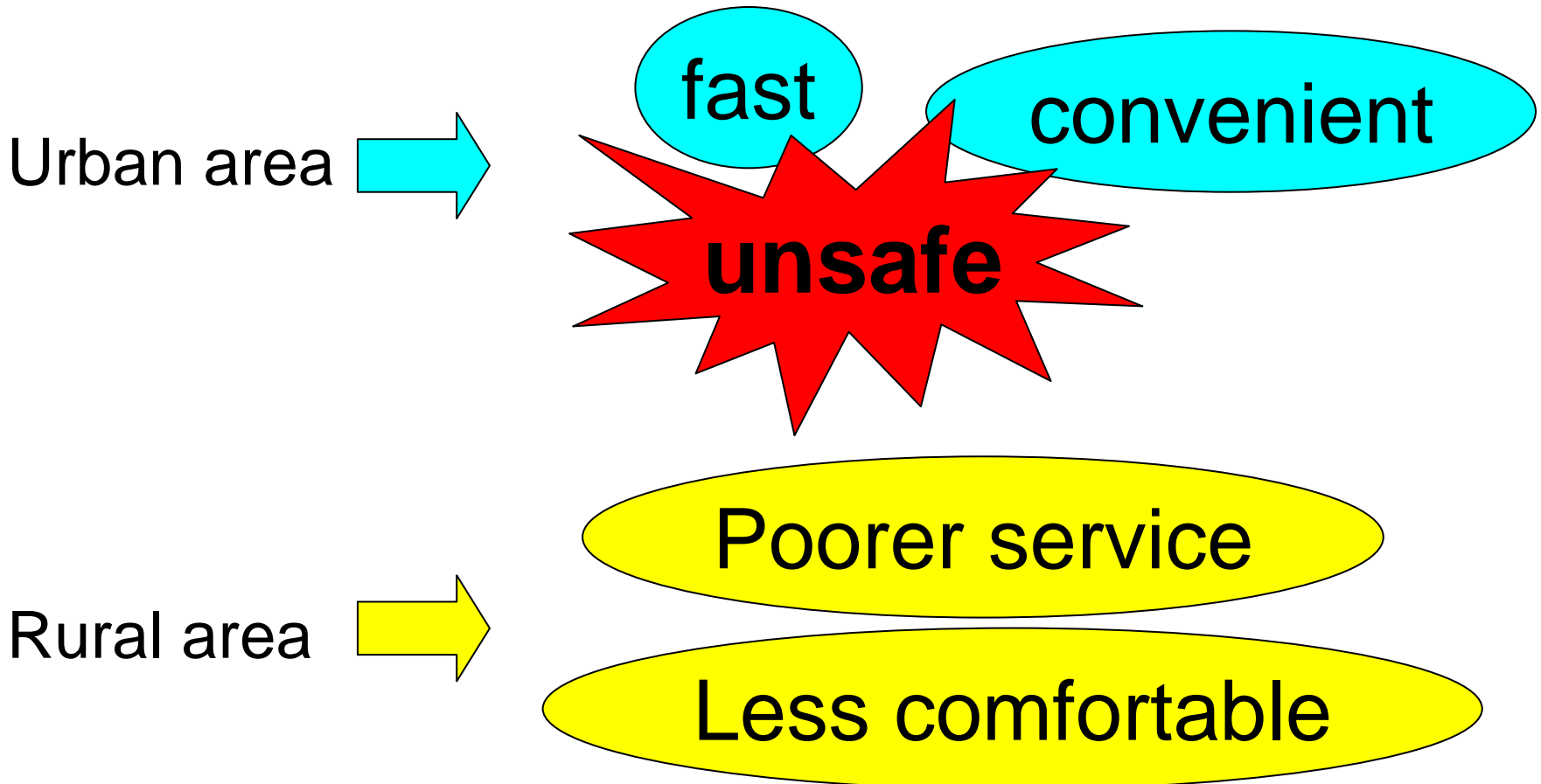
unclear

JR-West?

Japanese government?

# The Myth of Privatization

**More Fragmentation** and **Wider Discrepancy**



# Hypocrisy in Innovation of JR

## 1. **DMV** (Dual Mode Vehicle)

-developed by JR Hokkaido

-able to run **both** on **Rail** and **Roads**

but

- low capacity (Max 12person/ a car)
- uncomfortable
- test run is under way

Hidden Intention of JR

a way to abolish an inefficient section of a local railway line?





# Hybrid Train



## 2. Hybrid Train (developed by JR East and Hokkaido)

- Electric Rail Car powered by battery, with assistance of diesel engine
- Running on the section without overhead traction wire
- A motor turns into a power generator to charge batteries while the driver applies the brakes
- The Australian Railway Authorities and Medias have shown interest ....Reported by ABC news

but

~~Modal shift~~

Technology itself is environment friendly

→ But...

## JR lacks the concept of modal shift

- Both **JR** and **the government** don't encourage people to use railway for **environment protection**
  - they introduced hybrid trains **only** in **rural lines**
  - JR Hokkaido has introduced express DMU with powerful **diesel** engines which are **environment-unfriendly**
    - they **encourage** people to **rent a car** after getting off trains
    - the government decided to issue international driving license for Taiwanese tourists

 **Concern** about **traffic accidents**  
(especially in **winter** in **Hokkaido**)

Icy road

JR 北海道

JR 東日本

JR 東海

JR 西日本

JR 四国

JR 九州



Thank you for your attention

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