



Why Tokyo's Privately Owned Rail Systems Work So Well

STEPHEN SMITH 7:15 AM ET 4 COMMENTS



There are megacities, and then there's Tokyo. With a metro-wide population of 35 million, it's the undisputed king of megacities, comfortably beating even the closest competitors in mainland Asia and the Americas. For Americans, the term "megacity" conjures up images of crowded slums in cities like Mumbai or São Paulo, with bare bones infrastructure and roads made impassible by the sheer mass of traffic. But in Tokyo, people move quite efficiently. Tallying up exactly how many people ride trains in the greater Tokyo region is difficult due to the proliferation of independent railways, but it's safe to say that the number rivals the total population of many mid-sized megacities.

Though crowded during rush hour, the rail networks of Japan's three largest metropolitan areas – Tokyo, Nagoya, and Osaka – are perhaps the most efficient in the world. The country's flagship high-speed line, the Tokaido Shinkansen, has operated for almost half a century without a single derailment or collision, and in 2007, its average departure delay was a mere 18 seconds along its 320-mile route. But high-speed rail only scratches the surface. The real marvel lies in the mesmerizing tangle of workaday metro and commuter lines, which no Osakan or Tokyoite would think of trying to cram all onto one map ([here's what happens](#) if you try).

Beyond the astonishing size and quality of the networks, Japan's three major metropolitan areas, sometimes called the Tokaido megalopolis after its [Edo-era road](#), are also home to a vibrant free market in transportation. Singapore and Hong Kong also have private companies, but competition is weak compared to Japan's dizzying array of independent firms. Japan has by no means a completely free transportation market – even the private companies receive low-interest construction loans and are subject to price controls and rolling stock protectionism – but at the moment, it's the closest thing this planet has.

Japan followed a similar path as the West before World War II, but afterwards diverged. As in the West, railroading started out very laissez-faire in the 19th century, but came under state control in the beginning of the 20th. But after World War II, while nearly all railways and intracity buses in Europe and North America were nationalized, Japan stayed its pre-war course, with the railway industry retaining its sizable minority of private firms.

The country also maintained a much more urban character, a necessary complement to a healthy mass transit network. Sotaro Yukawa, a research associate at the University of Shiga Prefecture, notes that Japanese urban planners fed on the same anti-urban ideas as the West, but the devastation of the war hindered their ability to carry out their plans. Rail lost ground to buses and later cars in all parts of Japan, but not to the extent of the United States, or even Europe. And even today, in regional areas of

Japan where fewer than one in ten use transit, residential neighborhoods are almost always walkable.

As the post-war years marched on, the private railways proved to be more efficient than those run by the state, which were hemorrhaging cash. It was understandable that lines outside the big cities might need subsidies, but there was no excuse for operating losses in the dense Tokaido megalopolis. So in 1987, the government privatized the Japanese National Railways (JNR), which operated every type of transit except trams and inner-city metros. JR East, JR Central, and JR West, the three spin-offs operating around Tokyo, Nagoya, and Osaka, respectively, emerged healthy and profitable. They were able to pay back their construction debt and make capital improvements to their networks, reversing the stagnation and decline that JNR had seen over the previous decade.

Privatization was later applied to Tokyo Metro, the largest subway network in the city. And according to Tatsuhiko Suga, who has been active in Japanese railways for decades and now leads Japan's Foundation for Transport Publications, the city's other metro network, Toei, may also be thrown into the mix by the time the process is complete. (Privatization in Japan has been nothing if not slow, a strategy which seems to have paid off.) All railways now strive to emulate the private firms, but metro systems outside of Tokyo have not attempted privatization.

While JNR privatization was a success in the three large metropolitan regions, and especially Tokyo, the smaller cities and regional areas are another story. When JNR was broken up in 1987, the networks outside of Tokyo-Nagoya-Osaka were not fully privatized, and the longer lines are still owned by the national government in the form of smaller "JR" companies. Shorter lines, called "third-sector" railways, have been devolved to local governments and private investors. Profit-making private firms exist outside of the three metropolitan areas just as there are third-sector railways within, but they are the exception to the norm. Many third-sector railways outside of the Tokaido megalopolis are now in peril as their stabilization funds dwindle and further subsidies become unsustainable.

In this way, the railroad finances reveal a deeper Japanese demographic trend: the countryside and many regional cities are emptying out. As are, for that matter, Osaka and Nagoya – something which is perhaps reflected in the fact that their metro systems are not considered to have profit-making potential. But unlike in America, barebones mass transit networks are expected public services, even in rural Japan, with its aging population. Access will never disappear completely, but fewer subsidies will force some regional lines to convert to bus operation, and others will shut down entirely.

The country's centralization in the Tokaido megalopolis, and more recently in the Tokyo metropolis, has been resisted for decades, but to no avail. Public works projects and subsidies, from [bridges](#) to [nuclear power plants](#) to rice subsidies, were lavished on Japan's rural areas in boom times, but these supports are becoming unsustainable. The Tohoku earthquake and tsunami and the reversal of Japanese nuclear policy after the Fukushima meltdowns are the latest blow, but Tohoku and regions like it were in decline even before the March disasters. At this point, it seems that the best that Japan's small towns and villages can hope for is that the elderly who stay behind are looked after.

Privatization was a boon to railways in Japan's dense metropolises, and especially Tokyo, but it's revealed weaknesses elsewhere. As America also learned during its post-war urban exodus, declining population and rising car ownership are a recipe for disaster for private railways, and the government must step in if service is to be maintained. But for healthy cities like Tokyo, comprehensive privatization has proven to be a successful agent of revitalization for moribund public systems. Who knows – maybe if America's urban renaissance advances far enough, the United States will one day return its rails to their free market roots.

Keywords: Tokyo, Mass Transit, privatization, Subways, Japan



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Ogemaniac 6 hours ago

"many regional cities are emptying out. As are, for that matter, Osaka and Nagoya ...

This is not correct. Osaka (and its neighbor, Kobe) as well as Nagoya, are growing. Just not as fast as Tokyo. This means a lot in a country with essentially zero overall population growth.

<http://en.wikipedia.org/wiki/L...>

I live in Kobe and visit Osaka regularly. It is actually home to one of the biggest construction projects anywhere, as the 24 hectare railyard north of its major rail hub is being moved and the land re-purposed for development. The new train station was just opened earlier this year and a whole wall of high-rises are currently being constructed.

Your general point is correct, however. The Japanese are moving inwards, towards the city centers. There is virtually no construction on the edges of the cities or the countryside. The city cores, especially near the train stations, however, are still rising.

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eric jaffe 6 hours ago

"Who knows – maybe if A merica's urban renaissance advances far enough, the United States will one day return its rails to their free market roots."

Or if John Mica gets his way with the Northeast Corridor.

Like Reply



Christopher Mims 6 hours ago

Just curious, how can a private rail company ever get the rights-of-way it needs to put in new lines?

Like Reply

Ogemaniac 6 hours ago in reply to Christopher Mims



Japan has eminent domain, though it is very conservative and tends to highly compensate those forced to move. They don't seem to have qualms about using it for "private" projects, mostly because they don't focus on the public/private dichotomy like we do in the US. They tend to recognize that major projects are always both.

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