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NATIONALIZATION OF RAILWAYS  
IN JAPAN

BY

TOSHIHARU WATARAI, Ph.D.

*Formerly Assistant Councillor in the Imperial &  
Board of Railways, Japan*



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## PREFACE

THIS work was commenced in a German university as a doctoral dissertation. When it was almost completed the present world-war broke out, making the fulfilment of my hopes for the time being impossible. It is, however, an unexpected pleasure to me that the present war has brought this dissertation from Germany, where most of the railway systems are already nationalized and the practical need of any further discussion is therefore very slight, to the United States, where the question of governmental acquisition of the means of communication is now frequently discussed and where as a consequence this essay may be of use in affording some data to the public.

A few words may be added as to the purpose of this dissertation and the manner in which it has been carried out. Although most economic problems can in general not be considered apart from other discussions, the problem of railway nationalization is a particularly difficult one in that it ought to be discussed with equal care from the point of view of state policy and national defence, as well as from that of economics. Since it is, however, impossible for us to treat this question from all these standpoints, we shall limit ourselves to a discussion from the side of economics.

Although political economy cannot be easily defined, it may be said that the chief function of the economist is the discussion of how to increase the wealth of nations, or more exactly, production as well as productivity. The standard of right and wrong, if any, in political economy is to be based on a consideration of the increase or decrease of wealth from the point of view of the whole community.

Every discussion of sociology, politics and ethics, as well as a study of the distribution and consumption of wealth, should rest upon this economic basis.

This conception may be criticized in that it starts from the whole. But it must be borne in mind that the whole cannot exist without the individual. The individual may be called the steam and the whole the steam-engine; while according to Aristotle the former may be said to be the *matter* and the latter the *form*.

The relation of the individual to the whole must be thoroughly grasped, because it leads to two important economic principles—socialistic and individualistic.

In my opinion, the socialist or state-socialist, who insists upon the governmental acquisition of the means of production in whole or in part, ignores the egoism, which is the main source of our acts; whereas the individualist, who opposes governmental intervention in any case, often disregards the public interest.

In dealing with the problem of railway nationalization, we must attempt to ascertain the influence which railroads have exerted upon the wealth of nations as wholes. With this relation as a basis, two sides of railway enterprise—the financial and the social—are to be studied. In both cases there is a difference between the principles of private and of public economy. The question as to which of these principles is or should be applied in state-railroad administration is the central point of the whole discussion; it gives rise to the problem of monopoly, of taxation, and of economic development in general.

It is my conviction that at every stage in the development of a nation's economic life each of these two economic principles—the individualistic and the state-socialistic—should be applied, but in all cases with moderation.

What, then, are the economic conditions in Japan? In

my opinion, there are two great intellectual and physical obstacles in Japan which have hitherto hindered the development of its economic life. They are the lack of the individualistic idea (or independent spirit) of the people and the lack of capital. The Japanese people, who were for a long time under the idealistic-stoic influence of Buddhism and Confucianism, as well as subjected to the despotic pressure of the feudal system, have a very weak, independent emotion, so that the economic life of the nation has naturally been depressed to a low level. Under such conditions the state-socialistic idea spreads rapidly among the people. This is shown by the fact that most of the great industries in Japan have been started or aided by the government. The reader of this dissertation will realize that the nationalization of the railways in Japan was effected under such political and economic circumstances.<sup>8</sup> Our effort must, therefore, be to remedy these defects. We can see that conditions in Japan—especially in the two points mentioned—contrast strongly with those in the United States.

<sup>8</sup> In this dissertation no reference will be made to Formosa, Saghalien, Korea or Manchuria, as this would necessitate a discussion of colonial railways. In connection with the subject of railway nationalization, the problem of the replacement of the present narrow gauge by the world's normal gauge, as well as that of the improvement of administrative system, ought properly to be discussed. Both of these points will, however, be omitted owing to the difficulty experienced by the writer in securing adequate material.

The somewhat detailed account of the historical development of railways and railway rates, which, so far as I know, is not to be found in any non-Japanese work, is intended to furnish new material to the foreigner.

I wish to add that almost all the material found in this dissertation was gathered prior to August, 1914.



Europeans and Americans will realize how difficult it is to procure such material in Japan, owing to its scarcity—and especially is this true in the case of one who is studying in a foreign country. Moreover, the fact that the materials thus collected, especially of a statistical nature, are not in good shape, and are sometimes very confused, presents additional difficulties to the student.

Finally, I desire to acknowledge my indebtedness to the members of the economic faculty of the University of Halle, Germany, for their guidance; to Prof. Brodnitz, under whose leadership I began this thesis, and to Prof. Conrad, Prof. Waentig, formerly professor at the Imperial University of Tokyo, and Dr. Grünfeld, formerly adviser of the South Manchurian Railway Company, whose kind advice and corrections well-nigh enabled me to complete the dissertation. Especial thanks are, however, due to Prof. Seligman, of Columbia University, whose friendly aid has made possible the completion and the publication of this dissertation; also to Prof. Mitchell, who has kindly read the proof sheets; and to Miss Louise S. Benjamin and Mr. Paul B. Thomas, who have aided me with the translation of my dissertation from German into English.

For the collection of materials and for special inquiries, I am indebted to ex-Secretary of Communications Baron Goto, Former Director Matsuki, Director Morimoto, Councillor Aoki, Councillor Hirano, Vice-Councillor Hirayama and Clerk Matsuhashi in the Imperial Board of Railways in Tokio, Lawyer Umehara, Dr. Aochi in Tokio, Director Ishizuka in Yokohama and Manager Nakayama. I also owe a well-nigh inexpressible debt of thanks to my dear friend, Ihara, Director of the Industrial Company in Manila, to whose advice and peculiar assistance this study is in large part due.

T. W.

NEW YORK, MARCH, 1915.

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Japan.	Great Britain.	United States of America.	France.	Germany.
<i>Ri</i> .	2.44030 Miles.	2.44020 Miles.	3.92727 Kilomètres.	3.92727 Kilometer.
<i>Ri</i> (Marine).	1.15152 Miles.	1.15151 Miles.	1.85318 Kilomètre.	1.85318 Kilometer.
Square <i>Ri</i> .	5.95595 Square Miles.	5.95591 Square Miles.	15.42347 Kilomètres Carrés.	15.42347 Quadrat-kilometer.
<i>Cho</i> = 10 <i>Tan</i> = 3,000 <i>Trubo</i> .	2.45064 Acres.	2.45062 Acres.	99.17355 Ares.	99.17355 Ar.
<i>Trubo</i> .	3.95369 Square Yards.	3.95367 Square Yards.	3.30579 Centiares.	3.30579 Quadrat-meter.
<i>Koku</i> = 10 <i>To</i> = 100 <i>Sak</i> .	4.96005 Bushels.	47.65389 Gallons. (Liquid) 5.11962 Bushels. (Dry)	1.80391 Hectolitre.	1.80391 Hektoliter.
" (Capacity of vessel)	$\frac{1}{8}$ of one Ton.	$\frac{1}{8}$ of one Ton.	$\frac{1}{8}$ de Tonne.	$\frac{1}{8}$ Tonne.
<i>Kwan</i> = 1,000 <i>Mommi</i> .	8.26733 lbs. (Avoir.) 10.04711 lbs. (Troy.)	8.26753 lbs. (Avoir.) 10.04711 lbs. (Troy.)	3.75000 Kilogrammes.	3.75000 Kilogramm.
<i>Kin</i> = 160 <i>Mommi</i> .	1.32277 lbs. (Avoir.) 1.60724 lbs. (Troy.)	1.32277 lbs. (Avoir.) 1.60754 lbs. (Troy.)	0.60000 Kilogramme.	0.60000 Kilogramm.
<i>Mommi</i> .	2.11644 Drams. 2.41131 Dwts.	0.13228 Ounce. (Avoir.) 0.12027 Ounce. (Troy.)	3.75000 Grammes.	3.75000 Gramm.
<i>Yen</i> = 100 <i>Sen</i> .	2 <sup>d</sup> 0 <sup>d</sup> 58 <sup>d</sup> .	0.4984 Dollar.	2.583 Francs.	2.0924 Mark.

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