

The Efforts of Ottoman Empire to Build Railways in The Balkans (1855-1913)

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Abstract: During the second half of XIX century there were several plans to build railway in Ottoman Empire. Some of these plans were to be realized in the Balkans. Because Ottoman Empire did not had a technical possibilities to build this infrastructure by herself, started the negotiations with different European funds, governments, companies and personalities. The part of the Ottoman Empire in Europe had a priority in the project for building railway, by connecting Istanbul with European railway network through Sarajevo, which later fell under Austro-Hungarian administration. But there were also plans for connecting important harbors with internal part of the country. One of the plans was the railway line Thesaloniki-Skopje-Prishtina-Mitrovica. Railway transport was a quick way of transport and therefore the Empire wanted to benefit from it in different aspects, to improve the economical situation, but also to transport quickly its military troops in the region. There were also European governments which were interested to give credits to Ottoman Empire to build railways looking on that as a better way to have access on Ottoman markets. The Berlin Treaty of 1878 had a very important impact on the new railway corridors which were changed from previous plans, because the map of the Balkans was changed, and therefore railway priorities as well. The railway connections which were built during the Ottoman Empire modernized the transport and had a huge impact on the development of the region and made possible that the traveling to and from the capital of the Empire to be shorter than ever.

Keywords: Ottoman railway, railways in the Balkans, Istanbul-Vienna railway, Thessaloniki-Mitrovica railway.



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© Fettah Efendi Association
DOI: <http://doi.org/10.51331/A019>
Journal of Balkan Studies, 2 (1), 2022,
balkanjournal.org



Received: 17.05.2021,
Accepted: 17.09.2021

Introduction

Since the time when railway transport came into use in European countries, the authorities of Ottoman Empire started to make plans this method of transport to become reality in the country. Beside Ottoman Empire, Great Powers were also interested to build railway on its territory, but these attempts were not always successful. Because building railways was not an easy task, but very complicated technical issue, the job could not be done from the state itself, but from outside involvement. Beside technical aspects, which were not available in the country, there was also the financial issue, that needed a solution, because Ottoman Empire did not had such amount of money and experience to do that independently.

We can say that in the plans to modernize the transport in Ottoman Empire through building railways were several gigantic projects for that time, such were the railway lines linking Anatolia, Rumelia, Baghdad and Hejaz, and of course all this lines with European railway network.

In the age of competitive economy and increasing the goods which were imported from outside markets, the strength of central authority of Ottoman Empire in the provinces was a quite important issue. The reforms in the previous period have been focused on the military issues. The rapid industrialization in the West influenced the policy of Ottoman Empire to try to also change the economical aspects, and transport was a very important in this field. But to do this it has to start from restructuring the state administration, which could not be done without improving the authority of central state. Ottoman Empire has signed several agreements with other European states which regulated specified rights for trade within its territory. In 1838 the Balta Port Agreement was signed between the Ottoman Empire and Great Britain, which was allowing British merchants to have full access to all Ottoman markets and abolish Ottoman monopoly toward them, and this made it possible for foreign merchants to have advantage over domestic merchants (Akagündüz, 2016:459).

First plans for railway construction

Railway transport was the fastest and most reliable way of transport in that time in Europe, and state administrators were thinking that with this transport they will solve

many problems in the country and will have a huge impact in the society, will influence security, economy and politics. Foreign companies, beside the highly guaranteed price per kilometer from Ottoman Empire, had other benefits for exploring the natural resources near the lines that they were building. In the European countries, the priority for railway lines were determined based on economical aspects, but the Ottoman Empire decided to prioritize the Balkans, or its European part, not based so much on the economical aspect, but first for increasing security, by ignoring the other parts of the Empire which were more populated or had higher economical performance and where the railway would have a bigger impact.

British investments were already involved in building railway lines abroad, between Cairo and Alexandria in Egypt in 1856. British investments will be also involved in the future plans for building railway in the European part of Ottoman Empire. To attract stakeholders for building railway in its territory, Ottoman Empire decided to make the call through the press. At the end of 1855 it was announced that the Empire wanted to build railway line to connect Istanbul and Belgrade. Therefore, the Balkan region was more or less the priority region for building railway, and this was planned to be done with European experience and capital (Engin, 2008: 235).

There were many reasons why the Balkan or Rumelia was chosen to be the region where the railway would start. Balkan was very turbulent region and the uprisings were very often. Railway transport was a possibility for quick transportation of army troops from one part to the other problematic region, to enable quick mobilization, apart of the economical benefits, which gave priority to this way of transport (Zeytinli, 2020: 228).

With the realization of planned railway network, The Balkans would be connected not only with Europe and with the capital Istanbul, but also with other destinations like Edirne, Thessaloniki, Plodviv, Sofia, Black Sea and later to more distant places like Mecca and Baghdad.

Involvement of Russia in supporting the ambitions of Serbia and Bulgaria, and Austrian ambition on Bosnia and Herzegovina and beyond to the Aegean Sea were stimulation to prioritize the project. The Ottoman authorities were aware of the dangerous aspects of the penetration of foreign capital in the Ottoman Empire, but the technical disability and the lack of own capital put a pressure for allowing balanced inflow of capital and guaranty for monopoly in the operation for the given concession. Also there was a

strong desire to have direct line with Europe and to be integrated into European transport. Balkan region was also producing significant agricultural products, that could be transferred faster to the markets. Fast transport, the railway transport, was also the tool to strength sovereignty of the Ottoman Empire by connecting its parts with this modern transportation, and for the region to be more integrated within the state.

The first railway lines built in the Balkans were not part of the planned international corridors, but they were usually connecting inland towns with the port cities which were benefiting from the access of agricultural products and exploration of natural resources (Zeytinli, 2020: 230). This kind of railway were the lines Chernavoda-Constanza (66 kilometers) opened for use in 1860 and Varna-Rustchuk (220 kilometers) opened in 1866. The contracts for the Chernovoda-Constanza line for the Ottoman Black Sea and The Danube Railway Company line signed in 1857 were granted to British M. J. Trevar Barkley for 99 years, and at the end of that period the railway line was to be transferred to Ottoman government without additional payment. But the situation was changed after the Berlin Treaty, the line remained in Romania and in 1882 the property rights were transferred to Romania for 1.650.000 francs (Akagündüz, 2016: 461). Same situation was with the railway Rustchuk-Varna granted for 99 years, on which French engineers worked with British contractors, using materials produced in Belgium and the capital from all this countries, and Netherlands as well (Zeytinli, 2020: 234). This contract was signed in 1859 for the "Rusjuk and Varna Railway Company". The line which was linking Chernovoda-Constanza was aiming to improve connections with Danube traffic and trade, and to have shortest communication with Europe in the time when there were not yet railway lines through Rumelia (Антонова, 2017: 22).

In 1860, the government prepared a specification for those who want to build railway lines in the Ottoman Empire. The construction and operation of a 224 km long line extending from Ruse to Varna Port will be given to a British company. The Ruse-Varna Railway Company was established in October 1863 and its capital consists of 45.000 shares, and the value of each share was 20 British pounds each. However, when this capital was not sufficient, the shortfall was met with the loan bonds issued. It started operating in November 1866. Between 1868 and 1874 this line regularly paid a guarantee of 140.000 British pounds each year (Akagündüz, 2016: 461).

We can say that the Ottoman Empire planned to realize a serious project for railway construction in its European part. In the upcoming years, during the existence of Ot-

toman Empire, it will be the common interest between Ottoman state and European states to realize this expensive infrastructure.

Ottoman Empire was offering a kilometric guarantee for the construction, which was a secure benefit for the concessionaires. Additional benefit had European companies which were producing materials and technology for the railway itself, like iron and steel, and their transport to the needed destination. The high return rates were another issue that attracted those who invested to enter the projects. The lines in European countries were more or less completed and the industry which produced railway technology also was motivated to spread its products in other markets, and the Ottoman Empire with its potential long-distance network was a good market to enter in (Zeytinli, 2020: 228).

Beside the good will of the Ottoman state to build railway, and the interest of European capital to realize that, it was also a diplomatic struggle for future supremacy in economy and beyond that in future plans to connect with territories beyond the borders of the Ottoman Empire to the east. Germans, Austrians, French and British were involved in the railway construction activities in the Ottoman Empire. After the Crimean War the Ottoman state's focus on railways, influenced from the alliance with Great Britain and France. Shortly afterwards, in 1854, the Sultan issued an edict acknowledging the benefits of the railway, and two years after the first railway concessions were approved to British constructors (Landau, 1971: 8). Therefore, it was the issue of necessity to build railway to strengthen the position of the state within its borders. In 1890, 41% of foreign capital investments arrived in the field of the railways (Zeytinli, 2020: 230). After the call was made, the first interested parties for building the railway came from Britain. Therefore, on January 23 1857 an agreement was signed between the Ottoman State and Labro, a British parliamentarian. The first line was planned to be build between Istanbul and Ruse through Edirne and Shumen, and another railway route from Edirne to Enez on the Aegean Sea. These lines, according to the agreement were given to Labro under concession for ninety-nine years (Engin, 2008:236).

Even though Labro started preparations quickly after the agreement, he could not find the necessary funds to start the construction, and this agreement failed. Another effort to give concession for Rumelian railways was made in 1860 to other entrepreneurs, Charles Liddell, Lewis Dunbar and Brodie Gordon, but as the first contract, this one was also terminated due to non-fulfillment of obligations toward the state.

Involvement of Baron Hirsch in construction of railways

The third contract was signed on March 31 1868 with the brothers Van der Elst from Belgium. They started building the railway line from Istanbul to Küçükçekmece and this section was to be completed on 1 march 1869, but as the deadline was approaching, it was obvious that the construction could not be completed (Engin, 2008:236).

Since these efforts failed, Nâfia Nâzırı Davud Pasha, the Minister of Public Affairs, was sent to Europe to establish new contact with intention to build the railway (Landau, 1971: 8). There he meet with Baron Hirsch (Baron Maurice de Hirsch), a Jewish banker from Brussels (Akagündüz, 2016: 462). Shortly afterwards, an agreement was signed for Rumelia Railway (between Davud Pasha and Baron Hirsch). Based on the contract, the railway was to start from Istanbul and continue to Bosnia, passing from Edirne, Plovdiv, Enez, Burgaz and Thessaloniki to Sava River and eventually connect Istanbul with Vienna (Hertner, 2000:7).

Same as the previous contract, the concession was set for ninety-nine years starting from 1876. After the construction of the railway, it was to be given to the Austrian Southern Railway (Lombbar) company to operate with. Regarding the fact that the projected line would be long around 2.000 kilometers and the state should pay 14.000 francs per kilometer, the project was too expensive, and very profitable for Baron Hirsch, who profited 22.000 francs per kilometer through reselling the concession to other companies. This created situation to renegotiate the conditions. After renegotiating the terms and changing the price, Lombbar Company decided do withdraw from the business. This created difficult situation for the Ottoman Empire too, and the only one way out was to accept the Baron Hirsch's offer to run business alone (Engin, 2008: 236).

The Austro-Hungarian interest was to connect its railway to the Ottoman Railway, either through Sarajevo or through Belgrade, regarding the fact that its interest for expansion was toward the Aegean Sea (Джонев, 2008:24). Due to the lack of domestic funds, experts and technology, the Ottoman Empire had to pay a high cost for this infrastructure projects.

Hirsch got the concession on October 7 1869 and established the Rumeli Railway Company "Şahanesi" which was due to start with the line construction on January 5 1870

and the Rumeli Railway Operation Company, which started with its activities on January 7, 1870 (Akagündüz, 2016: 442). In order to provide the necessary capital for the construction of the railway, it was decided to do it through issuing bonds (1.980.000 bonds with the value of 400 francs each). Baron Hirsch bought the bonds from the state for 128.5 francs each, and sold them to various banks at a price of 150 francs. This created the necessary capital to start the construction, which started between Yedikule and Küçükçekmece on 4 June 1870. On the Aegean Sea it was decided that the railway would end in Alexandroupoulos instead of Enez.

Construction work on the Istanbul-Edirne-Plovdiv- Sarımbey-Belova line, Edirne-Alexandroupoulos (Dedeğaç) and Thessaloniki-Skopje and Banjaluka-Austrian border started in the second half of 1870. Following year, on 4 January 1871, the 15 kilometer line from Yedikule to Küçükçekmece was opened with special ceremony actually the first part of Rumeli railway. In the meantime, Baron Hirsch convinced the grand vizier Mahmud Nedim Pasha to make changes of the concessions by involving the Ottoman Empire with more obligations, as the sections of the railway which passed through the mountains appeared to be more expensive (Engin, 2008: 236).

On June 1872, the lines from Edirne to Dedeğaç (149 kilometers), Banjaluka – Austrian border (102 kilometers) and around 100 kilometers on the section Thessaloniki – Skopje were put into use. In this case, the Ottoman state had an obligation to construct the line from Sarımbey-Sofia-Mitrovica, Yanboly-Sumnu and Yenipazar to Sarajevo and Banja Luka.

For better exploitation of the constructed railway, a Railway Administration was established. The Ottoman state had trouble with the realization of its part of the obligation and the railways it took as responsibility due to financial difficulties, and on the other hand, Hirsch slowly completed the sections that he had begun, like the railway line Istanbul-Edirne-Sarımbey-Belova which was opened for use on June 17, 1873 and the line Skopje-Mitrovica and Trnova-Yanbolu in the second half of 1875.

The Ottoman Treasury decided to create funds by borrowing money for the construction of the railway. Agreement was signed between Ottoman Bank and Credit General Ottoman in 1873 for the amount of 50.000.000 liras of foreign borrowing. But the contract was cancelled because of financial panic in 1873 (Zeytinli, 2020: 238).

Soon, Baron Hirsch become one of the richest people in Europe, and on the other hand Ottoman Empire undertook the obligation for the Rumeli railway of around 2.772.000.000 francs, that would annually be paid off 28 million francs, for a period of 99 years. But this was a huge amount of money which was overtaking the possibility of the state to pay this debt constantly and as a result the lines were left unfinished and the connection with Europe could not be achieved (Engin, 2008: 236). Hirsch left a legacy of 800.000.000 francs when he died. On the other hand, the total cost for the Ottoman Railways of Rumelia of around 2.8 billion francs was paid until 1954 (Akagündüz, 2016: 463).

Such a great project and huge amount of money could not pass without bribes that Baron Hirsch was offering in order to hide his abuses related with the railway construction. Ottoman state didn't accept the lines finished by Baron Hirsch and therefore he created own commission which ensured positive report for the lines. The British government was invited as a mediator in order to establish an impartial commission. This commission made an inspection on the railway network on July and August 1875 and decided that the lines could not be accepted in the situation that they were.

Ottoman railway after The Treaty of Berlin

Soon, the situation in the Balkans became unstable due to rebellion and the start of the Ottoman-Russian war. This will be the turning point for the Ottoman railway network in the Balkans and will completely change the destiny of the railways and the desire to connect with Europe via the planned route through Bosnia (Hertner, 2000: 11).

The changes in the Balkans borders and the Treaty of Berlin will change the direction of the routes for connecting with European railways. The Berlin Treaty obligated the parties also to respect the responsibilities regarding the railway connections between involved parties, and connect with the Austro-Hungarian railway.

The situation with unification of the railway in the Balkans was in the hand of governments of Ottoman Empire, Austria-Hungary, Serbia and Bulgaria. Austria-Hungary was very interested not to lose time in connecting the railway network as soon as possible. Ottoman Empire suspended the construction because of political, military and financial reasons and the situation was changed after the establishment of the "Ottoman Public Debt Administration" in 1881. In 1883 representatives of the four

countries agreed that each country should make effort to build the railway lines in its own territory (Zeytinli, 2020: 239). Ottoman Empire maintained its rights on Rumelia railway and that these railways should be connected to the European lines. Rumeli Railways Hutûd-ı İlsâkiyyesi Construcon Company, formed by the Imperial Ottoman Bank, and the Comptoir d'Escompte company took over the task to connect the lines from Belova to Vakarel on the Bulgarian border (46 kilometer) and Skopje to Vranje on the Serbian border (85 kilometers). The Serbian government completed the line from Niš to Vranje in 1886 and it was ready to be connected with the Ottoman Railway through Vranje-Skopje junction (Gounaris, 1989: 146).

Through this connection the Thessaloniki line was connected with the European railway, via Niš. With this connection, the Thessaloniki-Skopje-Prishtina-Motrovica line was not a limited line, but had an access to an international railway corridors (Dimitriadis-Drakoulis, 2020: 25).

After the completion of these sections, the famous Orient Express line was opened, connecting Istanbul and Vienna (Landau, 1971: 8), which departed from the Sirkeci station on August 12 1888. The activities related with the railway construction in European part of the Ottoman Empire have been permanently in tension between Baron Hirsch and Ottoman authorities. The relations between Baron Hirsch and Ottoman Empire from 1875 to 1888 were not solved because both sides had their demands. Baron Hirsch sold his company Rumelia Railways Management Company to Austria in 1878 which was later renamed to Eastern Railways Company. After this, the Ottoman state was asking to be paid 8,000 francs per kilometer, which the company refused due to losses caused by the fact that the Ottoman state did not build part of the lines, due to which the connection could not be made. In 1888, an arbitration tribunal was established in order to solve the problem but no agreement could be reached. Next, the German lawyer Gneist was chosen as an arbitrator. On February 25, 1889, he asked from Baron Hirsch to pay 23.000.000 francs to the Ottoman Empire, which forced Hirsch to step down from the Rumelia Railway. After this, there was a change in the ownership for the Rumelia Railway because Eastern Railway Bank, which was formed by Deutch Bank and Wiener Bankverein, bought the shares of Baron Hirsch in 1890, transaction that enabled the domination of German capital in the Rumeli Railways (Zeytinli, 2020: 239).

This ended the period of obligation, disagreements and cooperation between Baron Hirsch and Ottoman State (Engin, 2008: 236).

After 1878, the part of the railway that was under Eastern Rumelia become very insecure because due to Bulgaria's intention to take control of it. A lot of strikes paralyzed its normal operation. After the proclamation of independence of Bulgaria, the lines were left to Bulgaria for the compensation of 42 million francs (1919). After the conflict with Baron Hirsch was solved, Ottoman government increased its interest to continue with the railway lines in Rumelia by giving concessions to private investors. Priority was the lines Thessaloniki – Istanbul and Thessaloniki – Manastir. These two lines were important for connecting Istanbul, the capital city of the Empire, with Thessaloniki and also Manastir, which was also an important military center.

In 1892, the Istanbul-Thessaloniki line was given under the concession for 99 years to the French banker Rene Baudoay, who was resident of Istanbul. This railway line was 510 kilometers long. The Salonika-Constantinople Junction Railway Company should manage with the works as a joint stock company. This line was opened for operation in 1896, but had a low rate of use because there was also a sea transport and the Ottoman government paid 6 million francs per year as a guarantee for every kilometer (Zeytinli, 2020: 241).

Another priority line was the Thessaloniki-Manastir direct line which was granted to Alfred Kaulla in 1891, the director of Württembergische Vereins Bank and intermediary of Deutsche Bank, with a distance of 219 kilometers for a period of 99 years. The works in this section were completed in 1894 and operated under the name Oriental Railway Company. There were plans for this line to Albania and have access to the sea (Hertner, 2000: 23). Alfred Kaulla was previously involved in selling Mauser rifles to Ottoman Empire, and then become interested in railway construction. According to the Article 32 of the concession, a preliminary study for the construction of two branches of extended lines Manastir – Durazzo and Manastir – Valona was to be carried out, and the company should build the line that the Ottoman government will choose (Gounaris, 1993: 52).

The Ottoman State, as in the previous situations, guaranteed the amount of 14.300 franc per kilometer. After 1910, this company moved the head office in Istanbul and

continued the activity as German and Austro-Hungarian property during the period of Balkan Wars and World War I.

During 1907 there were plans and intentions of Britain to connect the railway line from Mitrovica through Novi Pazar with the Adriatic Sea in Albania. For connecting the Adriatic Sea with the existing network of railways in the Balkans, Italy was also interested. Serbia, which wanted to connect its railway with these possible projects, was also interested in the Adriatic Railway (British Documents on the..., 1928: 322). During the 1910-1912 period, the sections Sirkeci to Yeşilköy (18 kilometers) and Babeski-Kırklareli (46 kilometers) were built.

Conclusion

Because of the Balkan Wars and the World War I the development of the Ottoman Railways in the Balkans was stopped. From about 2000 km that was predicted to be the total length of the railway in the European part, due to territorial losses after the Second Balkan War there were only 466 km left for the Ottoman Empire, and the rest was left under the control of Romania, Bulgaria, Greece and Serbia.

By the end of the Second Balkan War, in the summer of 1913, due to huge territorial changes, 85 km of the railways were on Bulgarian territory, 77 km were in the new Greek areas and not less than 371 km were on Serbia's new territories (Hertner, 2000: 28).

When we analyze today's map of the railway network in the Balkans, the situation is not significantly changed, comparing the network which was planned and developed during the Golden Age of railway construction in the Ottoman Empire. The lines which connect Adriatic Sea, Manastir, Thessaloniki and Istanbul are still not available. Also, it is still not possible to travel from Mitrovica to Sarajevo and beyond to Vienna via the planned line. There is no direct line from Skopje to Sofia, Edirne and Istanbul either.

The Railway network in the Balkans during the Ottoman Empire made a significant modernization of life in the cities that had a chance to use this transport. The construction of most of the lines is associated with the name of Baron Hirsch and its companies which saw a good chance for profit in this business, and the Ottoman Empire that saw the chance to start the projects and make the railway transport in the Balkans a reality.

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