

# ***Peasants, Brigands, and Navvies: Railway Dreams and Realities in the Ottoman Balkans***

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In 1852 Ami Boué published a book under the title *Sur l'établissement de bonnes routes et surtout de chemins de fer dans la Turquie d'Europe*. In his study Boué suggested the construction of four major lines criss-crossing the Balkans. The project, according to Boué, should be assigned to foreigners: not only to foreign financial sponsors but also to foreign engineers, foremen, and specialised artisans. The work as a whole was not expected to be excessively costly. The value of land, compared to other countries, was very low and the routes proposed did not involve any major engineering difficulties; they followed the natural course of rivers and valleys. Indigenous workers were reliable and willing to offer their services for lower wages than those claimed by western workers. The local labour force was sufficient to provide the workers needed and even the migrant labour force could provide recruits. Construction material, such as timber and stone could be procured easily in the close vicinity of the lines. Moreover, when the lines were opened to traffic, the fairly temperate climate would guarantee regular services throughout the year. Exploitation of the mineral, forest and agricultural resources of the country was expected to increase but local manufacture, he predicted, was likely to be damaged because of foreign competition. And naturally commercial relationship would be improved. Boué considered that the only disadvantage of railway construction would be the decline of local industry. Although he was a very keen observer in many ways, in fact, he is considered to be one of the founding fathers of 'Balkanology' he did not prove to be a safe prophet in this respect.<sup>1</sup>

<sup>1</sup> Ami Boué, *Sur l'établissement de bonnes routes et surtout de chemins de fer dans la Turquie d'Europe*, (Vienna: n.p., 1852), pp. 18-51.

To give Boué some credit it should be admitted that in his era more hopes than careful planning and capital had been invested in railway construction in both the Asiatic and the European provinces of the Sublime Porte. Especially in the era of Sultan Abdülaziz (1861-1876) railway building and telegraph communication were considered as indispensable infrastructure investments; part of a wider project of reconstruction aiming to attract western capital, stimulate agriculture and industry and eventually improve the living conditions of the people. If their subjects were better off, then public revenue would soon rise.<sup>2</sup> In theory the Sultan and his Grand Vizirs, Ali and Fuad, were right. But in practice mustering a qualified labour force and pushing forward construction proved more difficult than attracting western capital and signing the contracts. Improvement in living conditions was slower than the locomotives and the side-effects in the long run were anything but remunerative for the state.

To a certain extent difficulties were predictable. In the nineteenth-century Ottoman Balkans there was no tradition of major public works that people could at least recall. In 1865 a Ministry for Public Works was established and two years later, as part of a project launched to improve transport infrastructure, roads in the Empire were classified into four groups according to width.<sup>3</sup> After a brief interval of brisk activity and some pompous inauguration ceremonies in the presence of the consular corps, works were abandoned and allowed to fall into despair. The failure of the provincial authorities to complete the construction of even one good road was not a coincidence. The inefficiency of Ottoman engineers was only one reason. Road building in the Ottoman Empire was in the hands of the provincial authorities and was not financed by the state treasury. Therefore it could only be carried out in two ways: by compulsory labour (*corvée*) or by levying new taxes. Both practices were

<sup>2</sup> Roderic Davidson, *Reform in the Ottoman Empire, 1856-1876* (Princeton, Princeton University Press 1963), p. 238. Bernard Lewis, *The Emergence of Modern Turkey*, 2<sup>nd</sup> edn. (Oxford, Oxford University Press 1968), p. 96.

<sup>3</sup> Stanford J. Shaw & Ezel Kural Shaw, *History of the Ottoman Empire and Modern Turkey*, vol. II (Cambridge, Cambridge University Press 1977), p. 121. Radoslave M. Dimitsoff, *Des Eisenbahnwesen auf der Balkan-Halbinsel* (Bamberg, n.p., 1894), p. 18.

in use (although the former had officially been abolished in the European provinces in 1839), either implemented separately or in combination, and both proved to be ineffective. In 1865, for example, the building of a new road from Thessaloniki to Serres was started. The method used was that of compulsory labour but cash was still needed for the purchase of material for the construction of bridges. A heavy tax was imposed on all horned cattle used for agriculture, and the necessary funds were raised. Yet progress was unsatisfactory despite the fact that enough money had been raised to finance the construction of a road twice as long. The same year work began on the road from Bitola (then Vitolia or Monastir) to Thessaloniki. On this occasion a tax was levied from the beginning on every adult male inhabitant but the money collected never found its way into the provincial treasury. Unknown go-betweens embezzled part of the revenue, another part was probably diverted to cover other public expenditure, and only a small amount was finally invested in the actual work on the road. Inquiries were made, which soon came to a dead end. In 1868 the use of compulsory labour provided by every village according to its population was resumed, this time with slightly better results. Villagers could hire support labourers to work in their place. Nevertheless, by 1870 none of the constructions undertaken had been finished and peasants in Macedonia, very much like Bulgaria and other Ottoman provinces, had very good reasons to be, if not entirely mistrustful, at least reserved in their views about works.<sup>4</sup>

In September 1858 the British started the construction of the 40 mile-long line from Constanța, on the Black Sea, to Cernavoda, on the Danube. Henry Barkely, an engineer, was despatched to the neighbouring villages "to hunt up workmen and spread abroad the news that no able-bodied man would be turned away."<sup>5</sup> On the promise of cash payments at the end of each month and two loaves of bread a day, he was able to recruit

<sup>4</sup> *Parliamentary Papers, Accounts & Papers (P.P.A.P.)* 1866, lxi, 67; lxx, 351. Henry Fanshawe Tozer, *Researches in the Highlands of Turkey*, (London, J. Murray, 1869), p. 150. *P.P.A.P.*, 1867, lxxviii, p. 94; *P.P.A.P.*, lxxv, p. 608. British Foreign Office Archives (Hereafter F.O.) 295/3, Report 1868, f.9. *P.P.A.P.* 1871, lxxv, p. 544.

<sup>5</sup> Henry C. Barkley, *Between the Danube and the Black Sea (or five years in Bulgaria)* (London, J. Murray 1876), pp. 97-98.

some 200 young men, chiefly Turks and Tatars, but also Bulgarians and others from many distant villages. He described his flock as “a heterogeneous mass [speaking] thirty-two different languages and dialects”. Amongst the natives, Bulgarians topped the list for efficiency and intelligence. Turks had their own gangs but you could never make good workmen out of them, he wrote; unlike Bulgarians they were reluctant to work continuously on a steady project. Anyway, it was only a few days later that all workmen started to ask for advances and two weeks before they went on strike demanding immediate payment. They were not persuaded to resume work and remained idle, nagging and threatening outside Barkley’s tent, until the end of the month when money arrived as scheduled. Work was done under the instruction of British subcontractors. They were uneducated men, who had all began life as navvies and moved all around Europe. But they were very efficient, practical, and quick at the same time. Along with them it was not uncommon for contractors to employ European and local Greek craftsmen for specialised work.<sup>6</sup>

Apparently, news did not travel either fast or far. In spite of the British experience in the 1850s and 1860s in Bulgaria, Bariola, the Italian construction company, which was assigned the line from Thessaloniki to Mitrovica (initially to Pristina) in February 1871, unable to judge whether the local labour market would be able to provide skilled workers in sufficient numbers, brought in 500 Italian labourers. They soon realised, however, that local labourers, if they were well paid and instructed, were more effective than the Italians. More importantly, locals were willing to work for considerably lower wages, half the rate demanded by foreign skilled labourers. Inevitably the Italians were sent home.<sup>7</sup> The wages offered by Bariola fluctuated from 10d to 1s 6d per day. These rates were

<sup>6</sup> *Ibid.*, pp. 101-105, 169, 173-176. Cf. by the same author, *Bulgaria before the War. During Seven Year’s Experience of European Turkey and its Inhabitants*, (London, J. Murray, 1877), p. 4.

<sup>7</sup> Stanley Lane-Poole, ed., *The People of Turkey by a Consul’s Daughter and Wife*, vol. I (London, J. Murray, 1878), p. 203. Ignjat Krsteski, “Proektiranje I gradenje na zheleznitsite vo Makedonia do 1912 godina” [Railway Planning and Construction in Macedonia until 1912], in Krste Bitoski, ed., *Istorija na zheleznitsite vo Makedonija, 1873-1973* [History of the Railways in Macedonia], (Skopje, Nova Makedonija, 1973), p. 34.

attractive for workers coming from the interior of Macedonia, where wages varied from 8d to 10d, and tempting even by the standards of Thessaloniki, where the average wage for an unskilled labourer was 1s. The conditions for the qualified artisans were even more favourable. In the preceding years carpenters and masons in the city and the region around Thessaloniki used to work for approximately 1s 10d a day while their colleagues in the hinterland would earn a maximum of 2s. The growing demand for such artisans, when railway construction was in progress, almost doubled their wages, which reached 2s 6d and occasionally even 3s or 4s a day.<sup>8</sup> Unlike Bulgaria, in Macedonia there is no evidence of complaint against the company. Apparently it satisfied local demands and offered to thousands of unskilled workers or agricultural labourers a chance of a steady non-seasonal job, payment in cash and even the hope of saving and investing the proceeds. In the summer of 1871, 1,400 to 1,500 labourers were engaged in railway construction while, in 1872, the number was increased to 5,000 or 6,000.<sup>9</sup> Given the depressed condition of the agricultural class and the lack of industry the supply of labour was almost unlimited. Huge numbers of workers, skilled and unskilled, emigrated annually to every province of the Empire, while 5-6,000 itinerant artisans from Central Albania used to settle down in the district of Thessaloniki alone during the winter months.<sup>10</sup> Though no direct attack on the labourers employed on the first period of construction is mentioned, we have evidence that robberies perpetrated by Albanian bands against Christian peasants in the nearby districts multiplied. An attack and a robbery at the Gevgeli railway station were also reported in June 1873 and an Italian labourer was murdered.<sup>11</sup> Apparently, it had become widely known that Bariola was offering good wages to peasants and increased sums of money were in circulation. However no competition of any kind between local people for the vacancies was mentioned. It should be kept in mind that in the

<sup>8</sup> *P.P.A.P.*, 1870, lxvi, p. 560, pp. 567-568; *P.P.A.P.*, 1874, lxvi, pp. 509-510.

<sup>9</sup> *Loc. cit.* Dimschoff, *op.cit.*, p. 44. Krsteski, *op.cit.*, p. 34.

<sup>10</sup> *P.P.A.P.*, 1870, lxvi, p. 559, pp. 565-568; *P.P.A.P.*, 1871, lxviii, pp. 838-839.

<sup>11</sup> F.O. 195/952, Blunt to Elliot, Bitola, 6 July 1872, ff. 607-613. For brigandage in the region of Thessaloniki see F.O. 195/1007, Blunt to Elliot, Thessaloniki, 11 Nov. 1872, ff.21-35. For the Gevgeli incident see F.O. 78/2294, Blunt to Elliot, Thessaloniki, 24 June 1873, ff. 224-230.

same period the networks in Thrace and Eastern Rumelia were also under construction.<sup>12</sup>

The successful use of local labourers encouraged their engagement once more during the construction of the Skopje-Vranje junction line in August 1885. Foreign engineers again praised their abilities and quick learning and mentioned that "they were easily formed into first-rate masons and navvies."<sup>13</sup> The deterioration in Turko-Bulgarian relations following the annexation of Eastern Rumelia and the consequent mobilisation of the reserves the following month, deprived the construction company of experienced native workers. It seems that this development led to the engagement of Italians by the French and Belgian sub-contractors, while Serbian, Bulgarian, and Albanian labourers were also said to have been employed. The presence of foreign labourers in these previously remote districts, which had hardly ever experienced any communication with the outside world, was bound to cause difficulties in the summer of 1886, especially after the demobilisation of the reserves. There were a number of cases of Albanian peasants of the region robbing and murdering Belgians and Italians working on the line. Some subcontractors and labourers left. Moreover fights and vendettas between villages over the issue of employment on the railway line became so serious that the insufficient force of gendarmerie could not control them. Obviously the company exaggerated the situation in order to excuse the slow progress of the work. Yet the British Ambassador in Istanbul, Sir William White, and the French Consul in Thessaloniki, Jean Baptist de Saint Marie, concerned about the consequences of the delay for British and French trade, made representations to the provincial authorities. Hence, in early November 1886, the Ottoman officials had taken the necessary precautions for the protection of the workers.<sup>14</sup>

<sup>12</sup> From Istanbul to Edirne (then Adrianople), from Edirne to Plovdiv (then Philippopolis), and from Kouleli Bourgas to Alexandroupolis. These lines had been completed by the summer of 1874. See Vahdettin Engin, *Rumeli Demiryollari* (Istanbul, Eren Yayinevi, 1993), pp. 102, 110, 117-118.

<sup>13</sup> *P.F.A.P.*, 1887, lxxxii, p. 676.

<sup>14</sup> *Loc.cit.* Archives du Ministère des Affaires Étrangères (A.M.A.E.), Correspondance Politique des Consuls (C.P.C.), Salonique, vol.7, de Sainte-Marie to de Freycinet, Thessaloniki, 4 Sept. 1886, ff. 368-369. F.O. 195/1553, Blunt to White, Thessaloniki, 27 Oct. 1886, ff. 410-421.

Barkley's brother had used his whip to subdue his navvies in the Danube region thirty years before.<sup>15</sup> Albanians were too hard to tame. It was an irony that in September 1875, less than a year after the Thessaloniki-Mitrovica line was opened, the British consul in Thessaloniki had reported that the northern Albanian districts, which separated Montenegro from Serbia were, "...being gradually brought under its [the government's] control".<sup>16</sup> For the consul there was no doubt that the contribution of railways to this success was of vital importance. Trains could cross mountainous passes which, otherwise, were easily defended and impassable for the Army. Despite the "beneficial changes," he mentioned that the Albanians were still "very warlike," a comment which was fully understood during the following years.<sup>17</sup>

The growing emigration from the region of Bitola, the substantial remittances, the demand for labour due to a number of public works in Thessaloniki, and the successful harvest in 1891 apparently reduced the number of men looking for work. Thus, Italian navvies were engaged again in even larger numbers for the construction of the Thessaloniki-Bitola line. The work, which was financed by the Deutsche Bank, was assigned to the French *Société de Construction et Exploitation de Chemin de fer*, under the direction of Count Philip Vitali, and was inaugurated on 14 May 1891.<sup>18</sup> In the spring of 1892, 2,261 labourers were working on the Thessaloniki to Edessa (then Vodena) section and 1,352 on the second section to Bitola. The number of workers employed simultaneously must at times have been as high as 6,000. Local workers probably formed the majority but the Italian labour force was large enough to enjoy considerable influence in the area and increase the bulk of work for the British Vice Consul in Bitola who was also responsible for Italian citizens. Austrians, Serbs, Swiss, Bulgarians, Germans, even

<sup>15</sup> Barkley, *Between the Danube*, pp.104-105.

<sup>16</sup> F.O. 195/1065, Blunt to Elliot, Thessaloniki, 17 Sept. 1875, ff.225-226.

<sup>17</sup> *Loc.cit.*

<sup>18</sup> A.Mavrommatis and Athina Mazarakidou, "Protes istorikes plirophories gia tin sidirodromiki syndesi Thessalonikis-Monastiriou sta telli tou 19ou aiona" [First Historical Information for the Thessaloniki-Monastir Railway Connection in the end of 19th c.], *Thessaloniki*, ii (1990), pp. 217-271. *P.P.A.P.*, 1893-94, xcvi, pp. 228-229. F.O. 195/1768, Blunt to Ford, Thessaloniki, 26 March 1892, ff. 48-57.

Russians, are mentioned as having worked on the same construction line.<sup>19</sup> Most of the Italians were coming from the Piedmont district. Their financial situation must have been miserable enough not only to emigrate but also to work under extremely unfavourable conditions. The swampy ground near Edessa favoured the spread of malaria and mortality among the workers at that point was 25 percent. The danger was so great that the Italian government officially discouraged emigrants from working in that district.<sup>20</sup>

It seems that, by the early 1890s, Italian workers had acquired a strong position in Macedonia. The temporary character of the work and the wages offered discouraged the locals from breaking their traditional cycle of seasonal migration to Bulgaria, Greece, Istanbul, or Romania. Demand for labour in railway construction was not that great compared to the numbers regularly involved in seasonal migration. Moreover Italians were backed by their local compatriot agents who tried to secure employment for as many of them as possible, though it was clear that Bulgarians and Albanians were preferred by employers since they were satisfied for lower wages.<sup>21</sup> Yet tension was not reported. In fact we do know of a wedding that took place in Veroia between an Italian and a local girl in the summer of 1893.<sup>22</sup> Malaria might well have been the basic disincentive for employment on that line but it is also true that the gendarmerie forces in the district of Edessa were increased to preserve public security.<sup>23</sup>

<sup>19</sup> *Pharos tis Makedonias* [Lighthouse of Macedonia], 1601/2/14 May 1892. Colmar Freiherr von der Goltz, *Ein Ausflug nach Macedonien. Besuch der deutschen Eisenbahn von Salonik nach Monastir* (Berlin: R.V. Deckers, 1894), 137. Edmund Naumann, *Macedonien und seine neue Eisenbahn Salonik-Monastyr. Ein Reisebericht* (Munich and Leipzig, R. Oldenbourg, 1894), 13. F.O. 195/1768, Shipley to Blunt, Bitola, 18 Nov. 1892, ff.352-353. Krsteski, *op.cit.*, 39.

<sup>20</sup> Naumann, *op.cit.*, 12. F.O. 195/1768, Blunt to Rosebery, Thessaloniki, 10 Dec. 1892, ff.355-356.

<sup>21</sup> *Bolletino del Ministero degli Affari Esteri* (B.M.A.E.), 1895, 306.

<sup>22</sup> Georgios Chionidis "Ta archeia kai ta proikosymfona tis koinotitas tis Veroias sta chronia 1864-1914" [The Archives and the Dowry Contracts in the Community of Veroia] *Makedonika*, xxv (1985-1986), pp. 377-378.

<sup>23</sup> *Pharos tis Makedonias*, 1601/2/14 May 1892. F.O. 195/1802, correspondent to Blunt, Edessa, 19 June 1893, f. 157.

The Thessaloniki-Alexandroupolis (then Dedeağaç) line was the last stage of the battle for employment on railway construction between local and foreign labourers in the Ottoman Balkans. The work started on 22 June 1893 and the whole line was opened to traffic on 1 April 1896. Immigrant workers of different nationalities had already been employed in the district for road improvement work in view of railway construction.<sup>24</sup> Austrians, Italians, Serbs, and Montenegrins were mentioned as having worked on the first part of the line and as having suffered attacks by Albanian and Bulgarian villagers. Even the kidnapping of a French railway engineer took place, but not by professional brigands. The perpetrators were four labourers on the line – three of them were actually foreigners – who released the engineer only after 2,700 Turkish pounds were paid.<sup>25</sup> In the meantime the gradual completion of the railway in Western Macedonia and the other public works ended the employment of a considerable number of workers, natives and foreigners, who apparently moved eastwards. In early March 1894, 5,000 workers were expected in Kavala and Alexandroupolis.<sup>26</sup> It seems that they were Italians who, on their arrival, provided unexpected competition for the Greek labourers (migrants from other Ottoman provinces or, most likely, from the Greek state) who were previously engaged on the construction work. The labour contractor, though a Greek himself, preferred to dismiss his compatriots and hire Italians instead. Such a decision reduced the Greek labourers to despair since they found themselves unemployed and unable to secure funds, either for their living expenses or for their repatriation. The Greek Consul in Kavala, together with some wealthy merchants, tried to provide some relief for them but their attempts were in vain because of the large number of workmen involved.<sup>27</sup> Arrivals of Italians, mainly from Central and Southern Italy, continued for some years on a seasonal basis, although public works under construction could not absorb new arrivals. The Italian Consul in Thessaloniki, Thaon di Revel,

<sup>24</sup> F.O. 195/1802, Pecchioli to Blunt, Kavala, 17 June 1893, f.156.

<sup>25</sup> F.O. 195/1849, Blunt to Currie, Thessaloniki, 9 Apr. 1894, ff.60-62; 3 Sept. 1894, ff. 274-278.

<sup>26</sup> *Pharos tis Makedonias*, 1721/26 Feb./10 March 1894.

<sup>27</sup> *Ibid.*, 1725/16/28 March 1894.

was desperately trying to halt the influx of his compatriots who went on arriving every spring in Thessaloniki only to be forwarded elsewhere soon afterwards.<sup>28</sup>

From this account it is evident that railways marked changes in the Balkan labour market although the scale should not be overestimated. The construction projects and the supporting public works increased the demand for labour although skilled European foremen and subcontractors were used from the beginning. Although such works were not enough to halt the migration cycle of the numerous skilled and unskilled workers, they were, nevertheless, extremely beneficial for those labourers who did not migrate and particularly for underemployed peasants. However, the unforeseen arrival of foreign labourers complicated the situation. Due to their skills and being content with lower wages, local workmen initially managed to compete with them. But from the mid-1880s Italian emigration, which previously was disorganised, sporadic and had a rather local character, started to grow rapidly. Italians, instructed by agents, were willing to try any place which could guarantee a good reward. In the mid-1880s they were already involved in railway construction not only in the Ottoman Balkan provinces but also in Greece and Serbia.<sup>29</sup> Their advent changed the situation in the labour market completely. Italian migrants could be classified into two major categories: (a) those brought in by the railway companies, together with Austrians, Belgians, British and other Europeans and (b) the seasonal migrants. The latter group seems to have been the more competitive of the two. The fact that they eventually managed to win part of the labour market implies not only that agents favoured them; apparently they had lowered their demands to a level comparable to local standards. The hard competition for available employment was reflected in the numerous attacks on immigrant navvies, a tactic which can be observed elsewhere in the Empire. Local brigands were accustomed to attack seasonal workers on

<sup>28</sup> B.M.A.E., 1895, 306; B.M.A.E., 1898, 180, 394, 434, 658-686.

<sup>29</sup> Anna Maria Ratti, "Italian Migration Movements, 1876 to 1926" in W.F. Willcox, (ed.), *International Migrations*, vol. II, (New York, Gordon and Breach, 1969), pp. 445-446. J.D. Gould, "European Inter-Continental Emigration. The Road Home: Return Migration from the USA." *Journal of European Economic History*, ix (1980), pp. 76-77.

their journey back home, a tactic which forced the latter to travel always in large groups. All they had to do was to adjust their tactics to the new regular payment methods introduced by the railway contractors. After 'pay-day' foreign navvies fell easy prey unless special security measures were taken. As years passed by such measures were not easily implemented. The persistence of bandits and irregulars, in spite of the fact that gendarmerie forces had become more flexible, can be explained if we consider only the fact that, since gendarmes were not paid regularly, their devotion to duty fluctuated according to their salaries.

Everybody rejoiced when new lines were inaugurated or opened to traffic. Indeed, there is no sign that anyone suspected in advance the vicious circle which the excessive guarantees promised to the railway companies in the 1890s were bound to create for the Ottoman state. The first official inauguration ceremony was held on 9 February 1871.<sup>30</sup> It was honoured by the presence of the Governor of the *vilayet* and the Consular Corps of Thessaloniki, and was also attended in large numbers by the local population.<sup>31</sup> The same procedure was adopted on similar occasions in the future, always in the presence of the chief Ottoman officials, consuls, representatives of the construction companies, and the notables of Thessaloniki; some of the guests were regularly called on to deliver speeches.<sup>32</sup> The *ulema*, closely connected to the state, also participated in such ceremonies represented by *imams* who said prayers and sacrificed sheep before the speeches started.<sup>33</sup> The most elaborate ceremony was held on the opening of the important Skopje-Vranje junction. The whole celebration was surprisingly satisfactory since it was Ramadan. Muslims and Christians mingled in the crowds which turned out at every station along the line as far as the terminus. The crowd waiting at the Thessaloniki terminus was estimated to be between thirty and forty thousand. Military

<sup>30</sup> No ceremonies were held in Bulgaria. On 1 September 1858, the eldest of the Barkley brothers simply took a shovel and turned up a sod "and so the making of the first railway in Turkey was begun." See Barkley, *Between the Danube*, p. 100.

<sup>31</sup> A.M.A.E., *Correspondance Consulaire et Commerciale* (C.C.C.), Salonique, vol. 26, Moulin to de Chaudordy, Thessaloniki, 11 Feb. 1871, ff.142-145.

<sup>32</sup> F.O. 195/1731, Cumberbatch to White, Thessaloniki, 14 May 1891, ff.127-128. *Vyzantis*, 537/ 24 July/5 Sept. 1872.

<sup>33</sup> F.O. 195/1802, Blunt to Rosebery, Thessaloniki, 8 July 1893, ff.136-139.

and civilian bands celebrated the arrival and a guard of honor presented arms.<sup>34</sup> One more line was open to the public and Europe in the future would be just a stone's throw away. The consequences, however, were not felt immediately. The illiterate and superstitious peasants in the Danube may have been right to be afraid of the devil that had been shut up by the English in the 'fire-box' and lived only on water.<sup>35</sup>

For the time being the occasional navvies were busy investing their earnings. Barkley mentioned that one of his Muslim workmen managed to save enough money to get married and also to buy a house, six bullocks, three cows, and a small flock of sheep.<sup>36</sup> It is reasonable to assume that his case was not exceptional. In Central Macedonia, too, in the early 1870s the engagement of local men, drawn from the agricultural class, for railway construction resulted in increased circulation of money in the villages along the line. Peasants invested most of their gains in land and draught cattle.<sup>37</sup> Cereal exports increased more than five times in 1873 and this was due not only to a bumper harvest and to the high prices offered for exported grain, but also to the expansion of the area of cultivated land. The railway line, though still only partly completed, proved to be valuable for transporting cereals to Thessaloniki. For the time being prices were high enough to cover the freight rates charged by the Oriental Railways. Public revenue in the *vilayet* of Thessaloniki went up slightly: the government receipts from the tithes increased by some six per cent in one year. Even more land might have been taken into cultivation but for a disease which infected the draught cattle used in agriculture.<sup>38</sup> But the prosperity of 1873 did not last for long. The crops of 1874 failed because of drought and the severe winter which followed pushed the prices of cereals higher in the local markets. In some places the price of bread reached famine levels and assistance was sought from the authorities. Animal food also rose in price. Cattle were driven into the woods to live on fallen leaves and shoots and herds were decimated

<sup>34</sup> F.O. 195/1618, Blunt to Salisbury, Thessaloniki, 24 May 1888, ff.172-175.

<sup>35</sup> Barkley, *Between the Danube*, p. 261.

<sup>36</sup> *Ibid.*, p. 105.

<sup>37</sup> P.P.A.P. 1874, lxvi, p. 510.

<sup>38</sup> *Ibid.*, 508; lxvii, p. 952.

by wolves. The extent of the damage was such that contemporaries expected recovery to take several years.<sup>39</sup> Despite these pessimistic views, the good harvests and the steady demand for Macedonian cereals because of the interruption of the Black Sea grain trade during the Russo-Turkish War increased exports which compensated the peasantry for the losses sustained in 1874. The grain exports in 1877 amounted to 450,000 tons, which was five times larger than the volume exported after the successful harvest of 1873 (95,000 tons). Cereal cultivation had clearly expanded considerably. In the autumn of 1879 a consular report mentioned that, in Veles, both the Christian and the Muslim communities had become more prosperous since the establishment of the railways and the contingent expansion in the area of land cultivated.<sup>40</sup>

The harvest of 1879 was the worst experienced in Macedonia for 20 years. Peasants once again faced a scarcity of money and grain. Exports and the transport of grain by rail from the interior were banned. The provincial authorities intervened to alleviate distress and allocated provisions to the districts of Thessaloniki, Serres, and Drama.<sup>41</sup> Mortgages on estates ran at a high level and threatened the dominant position of the Muslim landlords. Since the interest on these loans was more than 30 per cent, the borrowers were forced to sell their crops to the money lenders at prices below prevailing market levels in order to meet their accumulating debts and finally even to sell their land. Traditionally most of the estates were in the hands of Muslim landlords and money lending was managed by Christian and Jewish merchants; debt led to the transfer of land between the two communities. By the early 1880s Christians possessed a considerable number of large farms whereas 50 years before, in some districts, not a single Christian landlord could be found.<sup>42</sup> The early years of railway operation in Macedonia had shown that railways could indeed stimulate agriculture and increase both private and public

<sup>39</sup> *P.P.A.P.* 1875, lxxvii, pp. 447-449.

<sup>40</sup> F.O. 195/1256, Blunt to Layard, Thessaloniki, 15 Oct. 1879, ff.255-264.

<sup>41</sup> *Ermis*, 424/31 Aug./12 Sept. 1879, 425/4/16 Sept. 1879. *P.P.A.P.*, 1883, lxxii, p. 95.

<sup>42</sup> *Bulletin Consulaire Français* (B.C.F.), 1882, vi, p.557. *P.P.A.P.* 1884, lxxxi, p. 244. Cleanthès Nicolaidès, *La Macédoine. La question Macédonienne dans l'antiquité, au moyen-âge et dans la politique actuelle*, (Berlin, Raede, 1899), pp. 76-77.

incomes, provided favourable weather conditions persisted season after season and export prices were attractive. Unfortunately agricultural exports were not stable. The need for an efficient system of agricultural finance was imperative in order to maintain the living standards of the peasants at a viable level and sustain a steady level of exports year after year. Otherwise, and despite the railways, a bad harvest or an outbreak of cattle disease forcing farmers and landowners to borrow at extortionate rates of interest was often enough to negate the gains of the previous years.

Nor could it be argued that the rapid growth of industry due to railway traffic provided peasants with an alternative income; at least not in the short run. Railways and industrialization have traditionally been considered as developments closely related to each other. Their interaction may be discussed in terms of forward and backward linkages. The former are identified as the transport services offered by railways to other economic units. In the case of industry, several effects could be included in this category: the cheaper and more regular movement of bulky raw materials and industrial goods; the expansion of the market network, seen both as securing a supply of raw materials and as promoting the steady consumption of industrial goods; easier access for the unemployed labour force to the industrial centres, and a number of other correlated side effects. Similar developments could be observed in any European country where railways were established during the nineteenth century.

However, the same could not be maintained for industrial backward linkages, in other words the feedback effects stimulated by the demand for certain railway construction materials, such as iron and coal. Only a few western European countries, Great Britain, Belgium, Germany and France, were in a position to benefit from such effects in varying degrees. In other countries, such as Italy, Spain, Russia, parts of Eastern Europe, the Balkans, even in Germany during the first years of railway construction, not to mention non-European countries like Mexico, Brazil and Argentina, all the necessary construction materials were imported. The reasons for this state of affairs may be attributed to the prevailing political and financial weakness from which most of these countries suffered. Lack of local capacity in iron and coal engineering, the inability to impose protectionist

tariffs, which was sometimes the result of devotion to the principles of free trade, but more often due to foreign pressure, left little possibility of developing a local competitive industry. The dependency on foreign financing reduced the chances of any decisive protective measures. More fundamentally, in many cases, an underdeveloped local industry could not cope with the suddenly increased demand or transform itself to meet the challenge. The Ottoman Empire had few, if any, prospects of taking a position in the first group of developed industrial countries. All the political and economic developments were against such an outcome.

As was the case in Spain, Italy, Russia and many other European and non-European countries, Baron Hirsch's company, 'Oriental Railways', which controlled most of the Balkan lines (and all other railway companies) directed orders for construction material, equipment and rolling stock overseas. Encouraging the establishment of heavy industry in the Ottoman Balkans was not exactly what foreign contractors had in mind. Indeed, the absence of iron ore, unavailability of coal deposits and non-existence of engineering capacity made such a venture impossible, at least in the short run. Although the first railway construction in Macedonia was reported to have stimulated local industry, by 1873 no spectacular changes had been noticed. Silk factories were still the dominant form of industrial enterprise in Thessaloniki: 18 of them with 475 reels, worked by 950 workers, the overwhelming majority being Jewish teenage girls.<sup>43</sup>

The completion of the first line in December 1874, which connected Thessaloniki to Mitrovica via Skopje, eventually changed the situation in several ways but not immediately. Adverse financial and political circumstances during the 1870s, the lack of security and the high tariffs charged by Oriental Railways outweighed the advantages of the new form of transport for industry. However, by the end of the Russo-Turkish War (1878), industry in Thessaloniki was undergoing a transformation. Although the silk industry was in steady decline, steam flour mills multiplied in order to meet increasing local consumption, a result of rapid urbanization and military demand.<sup>44</sup> Thessaloniki, as the railhead terminus,

<sup>43</sup> *P.P.A.P.* 1871, lxx, pp.541-544. *P.P.A.P.* 1874, lxxvi, p. 509.

<sup>44</sup> *B.C.F.* 1877, i, p. 643.

had become an indispensable station for all army personnel and their supplies *en route* to the north. In spite of this expansion of industrial enterprises, it could hardly be argued that this city supplied its hinterland with industrial products on any considerable scale before the 1880s, with the notable exception of soap.<sup>45</sup> All in all, developments in Thessaloniki, during the late 1870s, despite visible manifestations of growth, should be depicted as a response to the particular demands engendered during and after the two wars with Serbia and Russia rather than as the beginning of industrialization. In this context additional employment for urbanised peasants in the secondary sector was only of a very small scale.

The interval of peace which followed offered an opportunity for a more systematic exploitation of established railway facilities. In 1883 Consul John Blunt wrote: "One already sees indications of the same beneficial results that are obtained elsewhere from the introduction of artificial means of communication; the people cultivate more land, build and furnish their houses better, and are steadily improving in wellbeing and comfort".<sup>46</sup>

From the statistics available it is clear that the primary targets of consumption were edible goods as well as household items and cotton, woollen, and silk goods. Sugar and coffee invaded both Macedonia and Albania apparently replacing the traditional grape syrup. Although we do know that the imported quantities of sugar and coffee increased steadily from year to year (with the exception of the last year of the decade when the military forces stationed in Macedonia were reduced), we lack figures. In any case, the fact that the annual amount spent on sugar and coffee imports increased, despite the fall of the import prices and the reduction in transport costs, clearly shows how widespread their consumption had become. In the port of Kavala sugar imports between 1884 and 1890 increased by 25 per cent and coffee, from 1884 to 1886, by 15 per cent. As a report mentioned the "standard of comfort" was rising. Metal bedsteads, frying pans, the latter being the favourite household item, were

<sup>45</sup> G.K.Moraitopoulos, *I Thessaloniki*, (Athens, Ai Mousai, 1882), pp. 43-44. *P.P.A.P.* 1883, lxxii, p. 98.

<sup>46</sup> *P.P.A.P.* 1884, lxxxvii, p. 44.

also increasing in popularity as villagers in the interior were “gradually adopting European domestic habits and comforts”.<sup>47</sup>

In 1892 consumption and imports reached a new peak. The traffic on the Oriental network had almost doubled from 1888. Imports at the port of Thessaloniki were estimated at two million pounds, a 25 per cent jump in two years. At Bitola imports were valued at 296,212 pounds, almost a twofold increase from 1888. The steep fall in cereal exports in the following years inevitably limited purchasing power and reduced imports. It took six years for a full recovery. Meanwhile, two new railway lines had been built offering access to new districts. Coffee, which despite the depression was prospering, found its way to Bitola and soon became there “un article de première consommation”.<sup>48</sup> Tea, a product whose consumption in earlier years lacked any importance, was also gradually becoming popular, not to mention beer, a product with an annual share of railway traffic in the early 1880s of less than 50 tons, which by 1894 had increased by more than eight times and was already fashionable not only in Thessaloniki but in any place that railways could reach.<sup>49</sup> The quantities of soap transported on railways to the Bitola district also showed a significant rise of 30 per cent between 1894 and 1896. There is no doubt that only a very small part of the imported goods was purchased with money made in the export trade – in the case of Bitola the value of imports was five to ten times greater than that of exports. Money circulation had increased due to the banking facilities, to the public works which offered an extra income, and to the numerous remittances from Serbia, Bulgaria and Romania. Migrants from the Bitola district in the 1890s were probably more than 30,000 in number and they could save between 10 to 12 pounds per year. The total amount sent back, even if it was less than 300,000 pounds was enough to cover the imports of that district.<sup>50</sup>

<sup>47</sup> *P.P.A.P.* 1887, lxxxvi, pp. 396, 446. *P.P.A.P.* 1888, ciii, p. 351. *P.P.A.P.* 1893-94, xcvi, p. 240.

<sup>48</sup> *P.P.A.P.* 1896, lxxxix, p. 69. A.J.Misrachi, “Lettre de Monastir, le 22 novembre 1895”, *Revue Commerciale du Levant*, No.104, (Nov. 1895), p. 63

<sup>49</sup> A.J.Misrachi, “Lettre de Monastir, le 28 janvier 1896”, *Revue Commerciale du Levant*, No.106 (Jan. 1896), p. 51. *Rapports Commerciaux des Agents Diplomatiques et Consulaires de France* (R.C.F.), No.23 (1892), p. 50.

<sup>50</sup> *P.P.A.P.* 1890-91, lxxxviii, p. 231. *P.P.A.P.* 1896, lxxxix, p. 77.

Balkan peasants, very much like peasants in all parts of the world, taken as a whole, were dominated by a spirit of economic temperance due either to objective needs or to local attitudes on consumption and thrift. It is surprising that this spirit was so powerful that in some cases, when people, mainly small proprietors, managed to save money, some preferred to hoard it; fearing that their investments might stimulate the "cupidity of the others". This fear could be partly justified in view of extensive brigandage, mainly directed against Christian peasants, and because of the abuses of the taxation system.<sup>51</sup> This phenomenon was of particular concern to the interested countries which were anxious to open up the market of Macedonia to their products. The promotion of imports seemed to depend almost entirely on improving the purchasing capacity of the agricultural class. However, the latter appeared reluctant to consume more unless profits had first been secured through exports. Peasant navvies were, perhaps, among the first to overcome this emotional barrier. Given the financial circumstances their chances of becoming permanent industrial workers were still slim but in any case they had become consistent consumers. Sheep, cattle, and landed property topped the list of their options in the mid-nineteenth century but in the last quarter industrial and other 'luxury' goods attracted them no less. If cash was in short supply then emigration had to be intensified to make ends meet.

Evidence related to public revenue is rather random. From what we know it looks as though, from the state's point of view, the immediate financial impact of railway construction was equally dubious. Soon it became clear that progress and modernisation were not related only to the speed of transport. For example, we know that from 1872 to 1873 the value of tithes increased by six per cent. But since crops in 1872 were below average and in 1873 the harvest was successful the contribution of the railways cannot be evaluated. Moreover, silk tithes were not included in the figure given for 1872.<sup>52</sup> The 30 per cent increase in the tithe by volume noted in 1881 in the *sancak* of Thessaloniki, Drama and Serres, given that the 1880 harvest was abundant, was a sign of

<sup>51</sup> *P.P.A.P.* 1870, lxvii, p. 849.

<sup>52</sup> *P.P.A.P.* 1874, lxvi, p. 508. *P.P.A.P.* 1874, lxvii, p. 952.

considerable progress. But no comparisons can be made since we lack estimates of the value.<sup>53</sup> Another increase in public revenue from tithes, by 23 per cent, took place between 1886 and 1887 but again we lack the figure for the actual amount that was collected. In fact the only series of figures for tithes available are for the years 1893 to 1899 and these refer to the *sancaks* of Thessaloniki and Bitola as an aggregate.<sup>54</sup> Given these figures one could possibly claim that the opening of the Bitola line in June 1894 more than doubled public income. Although it is reasonable to assume that the operation of the new line was relevant to the steep rise in receipts it is unlikely that it was the only reason. Any statement is of limited value since we do not know whether the revenue for 1893-94 represented an average year. However, the observation that public revenues remained steady or even increased between 1893 and 1900, regardless of the failure or success of cereals, seems to be valid. The explanation is the shift to other crops and/or the expansion of the area of cultivated land. The beneficial involvement of the Public Debt Administration (P.D.A.) in tithe collection should also not be ignored. But, as was the case throughout the Ottoman Empire, the increase in agricultural output in Macedonia could not be attributed to the intensification of cultivation since the application of modern techniques was extremely limited.<sup>55</sup>

For Oriental Railways the lack of a reliable road network meant two things: moderate expectations for significant and profitable traffic and the absence of any real competition. In these circumstances profits depended on the imposition of relatively high tariffs, slightly lower than those claimed by the caravans. It was only after the Russo-Turkish War and the consequent territorial losses (1878) that Oriental Railways reduced the tariff by almost 30 per cent in an attempt to regain the lost traffic.<sup>56</sup>

<sup>53</sup> *P.P.A.P.* 1883, lxxii, p. 95.

<sup>54</sup> *P.P.A.P.* 1888, ciii, p. 348.

<sup>55</sup> Charles Issawi, "Middle East Economic Development, 1815-1914. The General and the Specific", in M.A. Cook, (ed.), *Studies in the Economic History of the Middle East*, (Oxford, Oxford University Press, 1970), p. 403.

<sup>56</sup> F.O.195/1360, Blunt to Goschen, Thessaloniki, 15 Apr. 1881, ff.374-378. *Recueil Consulaire Belgique* (R.C.B.), 1889, lxxv, p. 404.

But even after these regulations the cost of railway freight for bulky goods from Thessaloniki to Skopje (150 miles) amounted to as much as 25 per cent of their value at Thessaloniki. Although extremely high, "onerous or unfair," the tariff was still considerably lower than bullock cart charges which would add to the same products an additional 15 per cent for the remaining 59 miles to Vranje. Even the total of the two freights, i.e. 40 per cent for 200 miles, probably sounded reasonable to people who, in the past, used to pay freights varying from 50 to 100 per cent of the initial value for a hundred miles. In the case of Bitola, the cost of transport by railway to Gradsko and then by cart was 20 to 25 per cent cheaper than direct cart transport via Edessa. *The Times'* comment, some years before, that cart freights were very low in the Balkans, was by no means justified in view of these figures.<sup>57</sup>

The problem grew more serious during the late 1880s when the fall of grain prices on the international markets pressed the local producers to reduce their prices in order to find an outlet for their surplus produce. In the autumn of 1887 a 15 per cent reduction on grain freights apparently reflected the pressure put on the company in view of the deteriorating condition of agriculture.<sup>58</sup> In 1888, after the opening of the junction line to central Europe, although the 15 per cent reduction was still valid, the results were not satisfactory. The cereal trade was diminishing steadily, while wheat prices in the local markets were moving upwards, causing distress to the economically weakest section of the urban population. The Porte pressed Oriental Railways to reduce their tariffs but for the time being these efforts were in vain. The company was reluctant to take any decisive measure unless the Bulgarian railways would also agree to a similar tariff.<sup>59</sup> The matter was brought to a successful conclusion only in April 1889 when the delegates of the Austro-Hungarian, Bulgarian, Ottoman and Serbian railway companies met at an international conference in Istanbul to settle the tariffs for transit traffic. Eventually

<sup>57</sup> *P.P.A.P.* 1883, lxxxii, p. 24. *P.P.A.P.* 1884, lxxxvii, p. 46. *P.P.A.P.* 1884, lxxxix, p. 238. *The Times*, 28175/ 2 Dec. 1874 (9f).

<sup>58</sup> *P.P.A.P.* 1888, ciii, pp. 348-349. *Pharos tis Makedonias*, 1205/ 23 Dec. 1887/4 Jan. 1888.

<sup>59</sup> *P.P.A.P.* 1890, lxxvii, p. 279. *Pharos tis Makedonias*, 1275/ 28 Sept./10 Oct. 1888; 1313/ 22 Feb./6 March 1889; 1314/ 25 Feb./9 March 1889.

two tariffs were established: a special tariff for specified goods and a conventional tariff for class goods. The conventional tariff was considerably lower than the previous one but more important was the special tariff. It varied from 25 to 75 per cent and was valid only for specific commodities (cereals included) when they were transported from Austria to the Ottoman Empire. The new tariffs partly came into use in mid-June 1889 but grain transit tariffs were not reduced until February 1890. Meanwhile, by the end of August 1899, local cereal tariffs had also been reduced. The reason was the urgent pressure exercised on the Oriental Railways Company by the Vali and the Chamber of Commerce of Thessaloniki on behalf of the grain merchants of Macedonia. In a few months time the differential rates imposed on foreign industrial products going from Thessaloniki to the interior were also abolished.<sup>60</sup> In spite of all the measures taken in 1889 the local grain trade did not recover. Tariffs were still relatively high, if compared with international prices offered for cereals, and caused serious trouble for landed proprietors. Complete through-tariffs from the Ottoman Empire to Austria-Hungary, Bulgaria, and Serbia were imposed only in May 1891. In 1892 another regulation was agreed, this time aiming to reduce the cost of the goods travelling from Thessaloniki to the hinterland. Apparently, it was hoped that such a measure would reduce the cost of agricultural machinery going inland and also encourage grain exports to central Europe. Yet another reduction seems to have taken place in 1897. Although commercial activities were, indeed, stimulated, cereal exports did not recover.<sup>61</sup>

The case of the other two lines built in the 1890s with high kilometric guarantees was different. Before the construction of its line, Bitola and its district could be reached in two different ways: by coach following the old carriage road via Edessa or by railway as far as Gradsko and then on horseback or by coach. In an attempt to absorb the traffic of the traditional route Oriental Railways had fixed an exceptionally low tariff

<sup>60</sup> *P.P.A.P.* 1890, lxxvii, pp. 279,284. F.O. 195/1654, Blunt to White, Thessaloniki, 11 May 1889, ff.215-216. F.O. 195/1655, Blunt to Salisbury, Thessaloniki, 27 Aug.1889, ff.145,147. F.O. 195/1691, Blunt to White, Thessaloniki, 16 Jan. 1890, ff.2-4. *P.P.A.P.* 1893-94, xcvi, p. 225.

<sup>61</sup> F.O. 195/1768, Blunt to Salisbury, Thessaloniki, 7 Apr. 1892, ff.71-72. R.C.F., No.22 (1892), pp. 7-11. *P.P.A.P.* 1898, xcix, p. 317.

from Thessaloniki to Gradsko. It was estimated that, if the same special railway tariff was used on the new direct line to Bitola, the cost of all these products would be reduced to one third of its current value.<sup>62</sup> Hopes, however, were not fulfilled. The first tariff of the line was so high that commerce gained extremely limited advantages. Some progress was only achieved after November 1894 when a 23 per cent reduction was introduced.<sup>63</sup> Despite hopes for further reductions tariffs remained constantly high until the Balkan Wars and there is no evidence that any pressure was exercised on the company. "The line possesses a monopoly and the merchant is at its mercy", was the comment of a consular report in 1910.<sup>64</sup> Similar problems seems to have been experienced in the districts crossed by the Thessaloniki-Alexandroupolis line. Information is limited but, at least initially, the freight charges were so onerous that commodities were still transported on horseback or by mule trains.<sup>65</sup>

The different treatment of the Oriental Railways Company, which was constantly pressed to reduce its tariffs, and the other two companies which appear to have enjoyed more tolerant treatment, could be explained if we take into account three factors: (a) the far greater commercial importance of the Thessaloniki-Mitrovica and Skopje-Vranje lines; (b) the guaranteed annual income of 1,500 francs per kilometre that the Porte enjoyed after 1885, if the annual kilometric return exceeded 7,000 francs; (c) the relatively small amount (7,000 francs) that the company received annually per kilometre. From the data available it is clear that the Thessaloniki network of Oriental Railways derived its profits chiefly from the traffic in goods. The remaining 30 per cent was provided by the local, transit and military passenger traffic. On the Bitola line, where military traffic was more substantial, commercial traffic represented 60 per cent of the total annual income. On the Thessaloniki-Alexandroupolis line passengers and goods receipts were almost balanced until 1905, but then passenger traffic became more important, especially

<sup>62</sup> *P.P.A.P.* 1893-94, xcvi, pp. 248-249

<sup>63</sup> *P.P.A.P.* 1896, lxxxix, p. 79. F.O. 294/16, Monahan to Blunt, Bitola, 20 Nov. 1894, ff.129-134.

<sup>64</sup> F.O. 195/1897, Blunt to Currie, Thessaloniki, 7 Jan. 1895, ff.1-3. *P.P.A.P.* 1911, xcvi, p. 859.

<sup>65</sup> C. Hondros, "Lettre de Serres, le 16 mai 1896", *Revue Commerciale du Levant*, No.110 (May 1896), p. 49.

in the last years. Evidently Oriental Railways were not only commercially more important but also the profits of the company depended on the fair conduct of tariff policy towards the commercial world. Reduced imports and exports either to central Europe or at the port of Thessaloniki meant less profit for the company and the state.<sup>66</sup>

The factor of the kilometric guarantee, however, was crucial in the case of the other companies and extremely important for the finances of Macedonian *vilayets* in general. The gross kilometric income was in both lines substantially less than the guaranteed one. On the Bitola line, where the guarantee had been fixed at 14,300 francs, receipts were less than 10,000 francs until 1906 and only four times (1908, 1910-1912), did they exceed the amount guaranteed. Thus, considerable sums of public money were diverted annually to cover the needs of the company. In the case of the Thessaloniki-Alexandroupolis line the situation was even worse. The gross kilometric income was until 1908 constantly less than a third of what had been guaranteed (15,500 francs). It is astonishing that in 1897 on both lines, although military traffic was very heavy because of Greco-Turkish War, the guaranteed amount was not covered. However, the question of who was going to cover the deficit had already been settled.

According to the concessions the Ottoman government had pledged for the security of the guarantees the tithes of the *sancaks* of Thessaloniki and Bitola for the line to the latter town and the tithes of the *sancaks* of Serres, Drama, and Komotini, as well as any surplus income from the tithes of the Thessaloniki and Bitola *sancaks* for the Thessaloniki-Alexandroupolis line. Tithes were put out to auction and the bidder paid the money to the P.D.A. which had moved into the scene in 1882. Consequently the Council of the P.D.A. paid the amount necessary to meet the guarantee to the railway companies and deposited the difference, if any, in the public treasury. For the farmers such a decision was extremely risky. On the one hand, cereal cultivation was

<sup>66</sup> In fact Oriental Railways managed to maintain their annual kilometric income (for a total network of 1,344 kms) constantly at more than 7,000 francs p.a. from 1890 to 1908, the average being approximately 9,920 francs. See *Betriebsgesellschaft der Orientalischen Eisenbahnen Generalversammlung 1908*, Tabelle A6.

deteriorating because of unfavourable developments in international markets while agricultural labourers were becoming increasingly expensive because of urbanization and emigration. On the other hand, the need to meet the huge railway deficit forced the state to continue the auction procedure in order to raise as much money as possible. Abuses followed during tax-collection since tax-farmers, in their turn, tried to maximize their profits. Consequently railways were bound to add to the pressure on the agricultural class, particularly if they were not in a position to export their crops.<sup>67</sup> The only way to tackle the problem was to divert the collection of the tithes to the Council of the P.D.A.; a suggestion put forward by the French Consul General in Thessaloniki, Luis Steeg, in October 1902 but never introduced in view of complicated diplomatic affairs.<sup>68</sup>

Apart from the pressure exercised on farmers the provincial authorities also experienced extreme difficulties. The loss of a significant amount of state revenue at a time when money was badly needed was bound to affect the maintenance of public security, the improvement of the administration and public works construction. Especially in the context of Ottoman bankruptcy, when the income of various sectors, such as the salt and tobacco monopolies revenue, the stamp, spirit and fish taxes, and the silk tithes, had been turned over to the Council of the P.D.A., payment of railway guarantees was more than state and provincial treasuries could sustain. When Blunt, the British consul general, during one of his last conversations with the Vali of Thessaloniki, mentioned that the irregular payment of the gendarmerie hindered the maintenance of public tranquillity, "His Excellency admitted the force of my statement but added that he was unable to meet the needs of the public service as

<sup>67</sup> F.O. 78/4829, Hampson to Blunt, Bitola, 25 Aug. 1897, ff.44-45.

H.C. Woods, *Washed by Four Seas: An English Officer's Travels in the Near East*, (London, T. Fisher Unwin 1908), 288.

<sup>68</sup> *Documents Diplomatiques Français*, Affaires de Macédoine 1902, (Paris, 1903), p. 29. Donald Blaisdell, *European Financial Control in the Ottoman Empire*, (New York, n.p., 1966), pp. 154-158. Edwin Pears, "A Description of the Turkish Government" in Luigi Villari, (ed.), *The Balkan Question*, (London, J. Murray, 1905), p. 27. Douglas Dakin, *The Greek Struggle in Macedonia, 1897-1913*. (Thessaloniki, Institute for Balkan Studies, 1966), p. 245 ff, 303.

the greater part of the provincial revenue was taken by the kilometric guarantee of the Salonica Railways and the pressing requirements of the central government.<sup>769</sup>

It is reasonable to assume that in the early years of the twentieth century, when more funds were needed for the enforcement of the reforms which were intended to pacify Macedonia, the diversion of public revenue was crucial and detrimental. During the economic year 1900-01 public expenditure in the *vilayet* of Thessaloniki was 940,000 Turkish pounds out of which 250,000 pounds were paid for the railway guarantees. The deficit in the same year was 240,000 pounds. From a strictly accounting point of view, had it not been for the railways the budget would have been balanced. In 1902-03 the expenditure was 423,000 Turkish pounds and the sum spent for the guarantees amounted to 192,000 pounds. In 1909-10 expenditure was 3,165,791 pounds and railways had absorbed 414,033 pounds.<sup>770</sup> Of course the fluctuation of the *vilayets'* budget did not reflect only the actual state of the local economy but also the state deficit in general. However, as far as the authorities were concerned, it seems that, even if tithe revenue had increased, railways still weighed heavily upon the provincial treasuries: some 36,000 pounds per year for the Thessaloniki-Bitola line and more than 200,000 pounds for the Thessaloniki-Istanbul junction.

To summarize, railway operation in Macedonia, though sufficiently organized and equipped as a private, European enterprise, was subject to certain restrictions. The lack of a road network which would support or compete with the lines (and the inability to build one) led to the imposition of high tariffs in order to secure profits. Unlike other states where the competition of waterborne transport or competition between different railway companies, or the commitment of the companies to the development of certain districts, had kept tariffs relatively low, railway companies in Macedonia, and in the Ottoman Empire generally,

<sup>769</sup> F.O. 195/2064, Blunt to O'Connor, Thessaloniki, 16 June 1899, ff. 188-191.

<sup>770</sup> *Loc. cit.* F.O.195/2111, Biliotti to O'Connor, Thessaloniki, 14 Sept. 1901, ff.491-492. F.O. 195/2156, Biliotti to O'Connor, Thessaloniki, 28 May 1903, ff.650-652. F.O. 195/2381, Lamb to Lowther, Thessaloniki, 30 Jan. 1911, ff.119-122. Blaisdell, *op.cit.*, 92.

had a free hand. However, the agricultural economy of the region was extremely fragile due to adverse local and international circumstances. Therefore the limits of exploitation by the railway companies were significantly restricted. The authorities, on behalf of the commercial and agricultural classes, but also under foreign pressure, continually demanded lower freight charges, and occasionally reached favourable agreements with Oriental Railways which did not affect the Porte's income from that network. The case of the other two lines was different. Their construction coincided with a deterioration both in the local political and the international financial situation. Despite the urgent need for a significant reduction of railway freight charges any achievement in that direction would be self-defeating since these lines had been built with the promise of a kilometric guarantee. If tariffs were reduced then the amount furnished by the state would increase. Thus, taxation would be intensified and public services would not be adequately financed. If tariffs were not reduced then agriculture would fail to dispose of its products in western European markets, the purchasing power of farmers would decrease, and commercial activities in the rural districts would be reduced. It was a vicious circle where the inevitable result was the misery of the agricultural population. On the other hand, the two new companies, free from governmental pressure and favoured by the conventions, enjoyed considerable profits. For them any reduction in tariffs implied losses, at least in the short run, until commerce was generated and losses due to decreased tariffs were balanced by increased traffic. In view of the generally adverse agricultural situation the period of time required to make up such losses was likely to be protracted and the outcome by no means guaranteed. In Macedonia it was preferable to enjoy the regular income from state guarantees and to avoid unnecessary risks on the dubious development of a foreign province. It was the state's problem then how to raise the necessary money and the options were not many. Heavily taxed peasants, in their turn, had every reason to take the way of the bandit, national or social, or simply to become common outlaws. Many did so and during their desperate careers they had many chances to blow up the railway lines.

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