

Steamers for the Empire: Austrian Lloyd and the Transition from Sail to Steam in the Austrian Merchant Marine (1836–1914)

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1 Introduction

In the uneven framework of the transition from sail to steam, the Austrian Lloyd Steam Navigation Company represents an extremely interesting case. The particular founding premises of the company, as well as the close correlation between its rise and the affirmation of this new technology in the Austrian Empire, offer stimulating grounds to explore a peculiar path of development of steam shipping during the nineteenth century. On the one hand, the exclusive privileges provided by the state to the company created a unique growth environment, protecting Lloyd for a long time from much national competition and offering it strong advantages on the international scene. On the other hand, these political and economic advantages had evident effects in redefining the company's nature, which tended progressively to switch from a private enterprise to a proper extension of the Austrian Empire at sea. This full state commitment towards the success of a single steam navigation company ultimately affected the whole development of the Hapsburg merchant marine, making Lloyd the virtual sole actor in the empire's steam shipping until the end of the nineteenth century. Thus, studying Austrian Lloyd means observing the main dynamics which characterized the transition from sail to steam in the Hapsburg dominions.

Within this context we will attempt to describe the main traits of this development, providing an analysis based on three interdependent aspects that determined both the evolution pattern of Austrian Lloyd and its impact on Austrian steam shipping until the First World War. The first part will focus on the complex conjuncture of economic interests, entrepreneurship, and political needs that merged in the foundation of the company, generating specific premises that would eventually mark its evolution trajectories for the whole nineteenth century. Consequently, we will then turn our attention to the main changes that occurred in relations between Austrian Lloyd and the

state, entangling a broad periodization of the core steps of Vienna's protectionist maritime policy with the shifts of power in the company's management. Finally, this primarily economic and political foreground will be contextualized in the framework of Austrian Lloyd's operations by analysing the developments of its shipping services and the company's fleet, and relating them with the general evolution of the Austrian merchant marine up to the beginning of the twentieth century.

2 The Origins of Austrian Lloyd

2.1 *The Triestine Interest*

The main protagonists in the foundation of the Austrian Lloyd Steam Navigation Company were the same actors that, some years before, had joined their interests in the common project of a maritime intelligence agency, created under the same name (*Prima Sezione del Lloyd Austriaco*).¹ They were a representative part of Trieste's multicultural economic elite,² that had long specialized and invested in the insurance sector,³ while at the same time they were dynamic merchants of a *porto franco*.⁴ This second feature determined their zest for the potential of steam navigation, which had already shown convincing performances in Adriatic waters. In 1818, John Allen, a naturalized citizen of Trieste of American origin, launched the locally-built steamer *Carolina*, employing it on a regular line between Trieste and Venice. Vienna supported the pioneering service by granting the entrepreneur the exclusive privilege to

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- 1 This first section of the Austrian Lloyd was created in 1833, following the proposal of the representatives of four of the main insurance companies in Trieste: Karl Ludwig von Bruck (*Azienda Assicuratrice*), Angelo Gianichesi (*Adriatico Banco*), Giuseppe Padovani (*Amici Assicuratori*) and Luigi Pezzer (*Compagnia Levantina*). The purpose of the organization—originally inspired by the British Lloyd's—was to gather and offer to its members reliable information on traffic and navigation in the main European and Levantine ports. See Loredana Panariti, "Assicurazione e banca. Il sistema finanziario triestino (secc. XVIII–XIX)," in *Storia economica e sociale di Trieste*, vol. 2: *La città dei traffici (1719–1918)*, eds. Roberto Finzi, Loredana Panariti, Giovanni Panjek (Trieste: LINT, 2003), 420–422.
 - 2 See Anna Millo, "La formazione delle élites dirigenti," in *Storia economica e sociale di Trieste*, vol. 1: *La città dei gruppi (1719–1918)*, eds. Roberto Finzi, Loredana Panariti, Giovanni Panjek (Trieste: LINT, 2001), 381–410. For a comprehensive picture of the multicultural landscape of Trieste between the eighteenth and the nineteenth centuries, see the section "I gruppi," in *Storia economica*, vol. 1, 441–612.
 - 3 For a description of the Triestine insurance sector, see Panariti, "Assicurazioni e banca," 369–460.
 - 4 For a detailed analysis of Trieste as a free-port between the eighteenth and the nineteenth centuries, see Giovanni Panjek, "Una 'commercial officina' fra le vie di mare e di terra," in *Storia economica*, vol. 2, 235–282.

carry passengers and goods on steamers on that line. Although Allen left the business just a year later, his partner William Morgan managed to get rewarding results from the enterprise.⁵ Although this can be considered a rather small-scale example, since the second decade of the nineteenth century, the Austrian government had also begun to show a growing interest in the creation of an Austrian steam navigation company on the river Danube, which would eventually materialize with the foundation of the Danube Steamboat Shipping Company in 1829.⁶

Both the Adriatic and the Black Sea areas represented attractive economic targets for Trieste. The commercial interests of Trieste entrepreneurs, in the first quarter of the 1800s, were still strongly related to their traditional maritime traffic of the Adriatic, the Ionian Sea, the eastern Mediterranean and the Black Sea, that had developed since the eighteenth century.⁷ Thus, the readiness of the Austrian government to support initiatives related to steam navigation on these routes⁸ played a stimulating role in defining the proposal for the creation of an Austrian Lloyd Steam Navigation Company, presented for the first time in Trieste in October 1835.⁹

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- 5 Giuseppe Stefani and Bruno Astori, *Il Lloyd Triestino. Contributo alla storia italiana della navigazione marittima* (Verona: A. Mondadori, 1938), 44–55.
- 6 The Danube Steamboat Shipping Company started its activity in 1830 but radically implemented it only in 1835, after the Ottoman Empire yielded to Russian pressure to implement river navigation on the Danube. See Miroslav Šedivý, “From hostility to cooperation? Austria, Russia and the Danubian principalities 1829–40”, *The Slavonic and East European Review*, no. 89.4 (October 2011): 630–661; 644–650, available at: <https://doi.org/10.5699/slaveastorev2.89.4.0630>. For a detailed analysis of steam navigation on the Danube and the role played by Austria, see Constantin Ardeleanu, *International Trade and Diplomacy at the Lower Danube. The Sulina Question and the Economic Premises of the Crimean War (1829–1853)* (Brăila: Editura Istros, 2014), 17–49.
- 7 According to the data provided by G. Panjek, in the three years between 1827 and 1829 the average yearly value of the goods entering and leaving Trieste by sea from, or to, the Ottoman Empire, the Black Sea, and Egypt constituted 17.3% of the total value of the goods mobilized in the Austrian port; the Austrian Littoral, the Ionian Islands and the Dalmatian coast constituted 9%. See Panjek, “Una ‘commercial officina’”, 286–287.
- 8 In July 1835, three representatives of Austrian Lloyd, during their stay in Vienna, obtained from the Prince of Metternich, the Minister of the Interior, Franz Anton von Kolowrat, and the President of the Chamber of Finance, Peter Joseph von Eichhoff, the informal approval for the creation of the steamship company; they consequently submitted a petition to the Emperor on the matter. See Ronald E. Coons, *I primi anni del Lloyd Austriaco. Politica di governo a Vienna ed iniziative imprenditoriali a Trieste* (translated by Virgilio Giormani, Paola Giormani) (Bologna: Del Bianco, 1982), 49.
- 9 For an overview on the Triestine insurer-merchants’ involvement in the foundation of Austrian Lloyd, see Ugo Cova, *Commercio e navigazione a Trieste e nella monarchia asburgica da Maria Teresa al 1915* (Verona: Del Bianco, 1992), 151–162.

2.2 *The Core of the Starting Capital: Salomon Rothschild*

When, in 1836, Austrian Lloyd (*Seconda Sezione del Lloyd Austriaco*) was eventually established, it was organized as a joint stock company.¹⁰ While this form of business entity was still uncommon in the Austrian Empire, Trieste was already versed in it, since most of the prosperous insurance companies of the city had formerly adopted this shareholding structure in their own organizations.¹¹ Nevertheless, the chronic lack of capital that characterized Trieste's economic landscape¹² would never enable local entrepreneurs to engage in an expensive venture such as the creation of a steam navigation company. Moreover, the few private banks existing in the port from the second decade of the nineteenth century, were not powerful enough to support the project, as they were mostly devoted to providing limited commercial credit to the city's maritime merchants.

Yet, even the wider banking sector of the Habsburg state offered restricted possibilities for access to credit for private enterprises. The main bank of the empire, the Austrian Bank, founded just twenty years earlier, provided its services almost exclusively to the government and to a small group of selected banking houses.¹³ The latter, in their turn, granted little credit to the private sector, as they were primarily involved in speculations on the state's public debt.¹⁴

The solution that ultimately allowed Austrian Lloyd to raise the necessary capital established by its first statute—1,000,000 florins, in 1,000 shares of 1,000 florins each¹⁵—was the extensive support of Salomon Mayer von Rothschild, who personally acquired 600 shares.¹⁶ The reasons why Rothschild decided to

10 Although the name may suggest otherwise, the Austrian Lloyd Steam Navigation Company was legally established as an autonomous company, formally separated from the maritime intelligence agency created in 1833. In this contribution, unless otherwise specified, the denomination "Austrian Lloyd" always refers to the steam navigation company.

11 Coons, *I primi anni del Lloyd Austriaco*, 54.

12 During the eighteenth and first half of nineteenth century, in Trieste, the credit for local investments was largely provided by real estate properties, used as collaterals for transactions. This is one of the main reasons that explain the lack of available monetary capital. For a view on Trieste's financial system between the eighteenth and nineteenth century, see Panariti, "Assicurazione e banca".

13 See Richard R. Rudolph, *Banking and Industrialization in Austria Hungary. The Role of Banks in the Industrialization of the Czech Crownlands, 1873–1914* (New York: Cambridge University Press, 2008), 68.

14 Panariti, "Assicurazione e banca", 409.

15 *Statuti della Seconda Sezione del Lloyd Austriaco*, 1836, *Archivio storico del Lloyd Austriaco* (hereafter *ASLT*) 4138.

16 Other branches of Rothschild's family were involved in the venture: for example, the first two steamships ordered in Britain by the company were built with the

support Austrian Lloyd so generously can be explained by the different levels of interest, and the different connections he had with Trieste, the Austrian state, and with the emerging steam-driven technology.

Firstly, the local credit institute Morpurgo-Parente in the Adriatic port, established in 1834, had strong relations with the Viennese branch of the Rothschild family: one of its founders, Marco Parente, had been Rothschild's agent in Trieste since the beginning of the century.¹⁷ As Parente was among the main founders of Austrian Lloyd, he probably had an important role in attracting Rothschild's capital to the venture. Secondly, a possibly greater attraction was represented by the investment in the relatively new steam technology, an entrepreneurial risk Salomon Rothschild was already motivated to undertake, considering his leading role in the construction of the Austrian Nordbahn railway since 1830.¹⁸ Projects like Nordbahn and Austrian Lloyd, with their implicit public interest, represented both a potentially remunerative short-term investment¹⁹ and a rather familiar way to protect and extend his interests connected with the state, as it would be clearly evident from the very first period of activity of the steam navigation company.

2.3 *The State's Expectations*

For the Austrian government, the establishment of a regular steam navigation service in the eastern Mediterranean represented an important political issue.²⁰ As early as 1721, Austria was the first foreign power to obtain from the Ottomans the right to establish a regular postal service between the imperial embassy in Istanbul and Vienna. This first basic service, almost entirely unchallenged by other foreign competitors, gradually evolved and branched out during the eighteenth century, becoming the favourite channel for mail entering and going outside the Ottoman Empire. The nearly unrivalled supremacy of the Austrian post service, however, risked to come to an end at the first third of

collaboration of Nathan Mayer Rothschild of London (*Protocollo di Sessione del Consiglio di Amministrazione della Società di navigazione a vapore* (hereafter *PCA*) no. 1, 16 June 1836, *ASLT* 4138).

17 See Miguel A. Lopez-Morell, *The House of Rothschild in Spain, 1812–1941* (Farnham: Ashgate, 2013), 348–350.

18 See Niall Ferguson, *The House of Rothschild: Money's Prophets 1798–1848* (New York: Penguin, 1999), 358–362.

19 For the first 1,000 shares, the company pledged to pay 5% of interest yearly (*PCA* no. 17, September 27, 1836, *ALTS* 4138).

20 On the importance of the post service for European powers between the eighteenth and the mid-nineteenth century, see Daniel R. Headrik, *When Information Came of Age: Technologies of Knowledge in the Age of Reason and Revolution, 1700–1850* (New York: Oxford University Press, 2000), 182–189.

the following century, when France, Great Britain, and the newly-born Greek Kingdom obtained similar concessions on Ottoman lands.²¹ The French case was particularly alarming for Vienna: in 1835, the French Parliament was discussing a project for the creation of a steam navigation company devoted to a mail service with the Levant. The plan, which would eventually have materialized two years later with the opening of two connected regular lines between Marseilles-Istanbul and Piraeus-Alexandria, was a state initiative and, as such, fully supported by state capital.²²

In the Austrian case, the conjuncture generated by entrepreneurial dynamism in Trieste and the availability of the conspicuous capital investment provided by Rothschild, drove the state onto a different path. In 1837, the *Hofkammer* finalized a contract with Austrian Lloyd providing rates to be paid by the state for every mail carried by the company to and from the ports of the Ionian Sea, the Greek Kingdom, the Ottoman Empire, and Egypt.²³ In this way, the state hoped to strengthen its influence in the Levant without fully bearing the onerous costs of maintaining a steam fleet that, in the thinking of Vienna, would have been mostly covered by commercial gains in a traditionally profitable area.

However, this rather optimistic view was not entirely shared by the circle of Triestine entrepreneurs, who probably expected, on the contrary, to earn significant profits from the postal contract.²⁴

3 Relations with the Austrian State

3.1 *The Discreet Presence of Vienna, 1837–55*

An analysis of the economic and political assumptions that accompanied the foundation of the Austrian Lloyd reveals the salient characteristics that would

21 See Stanford J. Shaw and Ezel K. Shaw, *History of the Ottoman Empire and Modern Turkey*, vol. 2: *Reform, Revolution and Republic: The Rise of Modern Turkey, 1808–1975* (Cambridge: Cambridge University Press, 2002), 229.

22 Marie-Françoise Berneron-Couvenhes, *Les Messageries Maritimes. L'essor d'une grande compagnie de navigation française, 1851–1894* (Paris: PUPS, 2007), 43–50.

23 PCA no. 59, 21 June 1837, ASLT 4138.

24 While discussing these first agreements with the government, by November 1836 the board of directors of the company observed that “being limited by a small amount of freights on goods, and a circumscribed amount of passengers, our main source of gain must be granted by the transport of mail” (PCA no. 23, 16 November 1836, ASLT 4138). For an overview on the limits of steamers in this period, see Daniel Headrick, *The Tentacles of Progress. Technology Transfer in the Age of Imperialism, 1850–1940* (New York: Oxford University Press, 1988), 23–25.

determine the future development of the company. We will now attempt to provide, in a broad overview, some pivotal landmarks to define the two main phases that characterized the relations between Austrian Lloyd and the state.

By taking the decision not to be directly involved in the management of a maritime postal service in the eastern Mediterranean, the Austrian government tied its political interests to a private enterprise. Vienna was then inevitably forced to back its development, albeit not granting, at least at the beginning, any direct financial support.

For this reason, since 1837, state concessions came through indirect but important advantages, such as granting the company a monopoly on the Trieste-Venice line.²⁵ Also, Austrian Lloyd's steamers enjoyed the same fiscal privileges as the Austrian imperial navy, and followed the same quarantine procedures for company's ships coming from the Levant.²⁶ If these special favours already placed Austrian Lloyd in a very privileged position compared to other private enterprises, the confirmation of its peculiar status came in 1838–39, when it was hit by an early financial crisis.²⁷ On this occasion, Vienna accepted to subscribe as guarantor of a loan of 500,000 florins offered by Salomon Rothschild to Austrian Lloyd,²⁸ thus tying the state economic interests with the company's survival.

These privileges, together with progressive improvements in the conditions of postal contracts²⁹ and with several other loans obtained through the involvement of the state, kept the company sheltered from both local and international competition. A tangible outcome of the concessions for the postal service was the increasing amount of mail carried by the company: during the first nineteen years of activity it underwent a spectacular growth, going

25 It was an extension of the contract originally granted to Allen and Morgan, and acquired by Austrian Lloyd at its foundation, in 1836. Later additions granted other privileges, such as the exclusive transport of tax money from Venice to Trieste on company steamers. See: *Congresso Generale della Società di navigazione a vapore del Lloyd Austriaco* (hereafter *CGLA*), 1840, *ASLT* 4288.

26 See *CGLA*, 1839, *ASLT* 4288. For an analysis on the complex debates that led the government to grant these privileges see Coons, *I primi anni del Lloyd Austriaco*, 88–97.

27 *Ibid.*, 97–99.

28 *CGLA*, 1839, *ASLT* 4288. For more details on the operation, see Coons, *I primi anni del Lloyd Austriaco*, 113–116. The loan was similar to the one Rothschild granted to the Nordbahn railway in the same period. See Ferguson, *The House of Rothschild*, 361–362.

29 In 1840, Austrian Lloyd subscribed a contract for the transport of mail between Trieste, Venice, the Dalmatian coast, and Ancona, granting its ships the formal status of Austrian postal steamers. See *La Società di Navigazione a Vapore del Lloyd Austro-Ungarico dalla sua fondazione fino ai giorni nostri, 1836–1886* (Trieste: Tipografia del Lloyd Austriaco, 1886), 12. The renewal of the postal contract with Vienna, in 1845, granted the company the entire earnings from the transport of mail (*CGLA*, 1846, *ASLT* 4288).

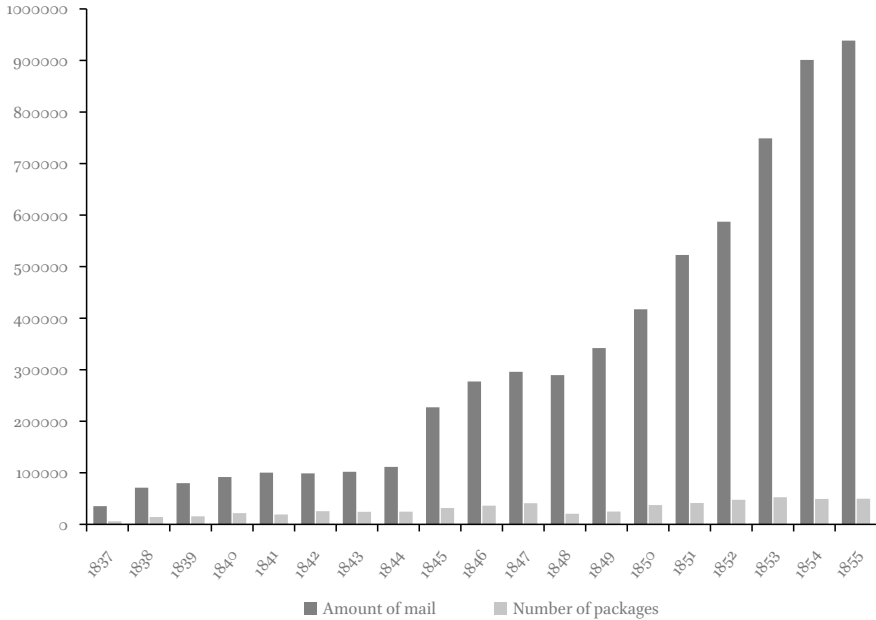


CHART 15.1 Mail traffic by Austrian Lloyd, 1837–1855
 SOURCE: CONGRESSO GENERALE DELLA SOCIETÀ DI NAVIGAZIONE A VAPORE DEL LLOYD AUSTRIACO (HEREAFTER CGLA), YEARS 1837–1855, ARCHIVIO STORICO DEL LLOYD AUSTRIACO (HEREAFTER ASLT)

from 35,205 letters in 1837 to 938,623 in 1855 (see Chart 15.1); in the same period, postal packages similarly increased from 5,787 to 49,787. While enlarging their services, Austrian Lloyd's executives in Trieste were able to retain extensive independence in the management of the company's affairs, maintaining their entrepreneurial initiative despite the veiled presence of Vienna.³⁰ The advantages provided to Austrian Lloyd that contributed to its maritime expansion laid on the autonomous synergy between the board of directors' decision-making and the relatively unobstructed support of the government. The overall positive results of this first period of operations is clearly depicted in the balance sheets. During the period between 1840 and 1844 the company's net profit registered a slight growth, that significantly improved after the beginning of activities on the Danube and the Black Sea in 1845 (see Chart 15.2).

30 See Coons, *I primi anni del Lloyd Austriaco*, 211.

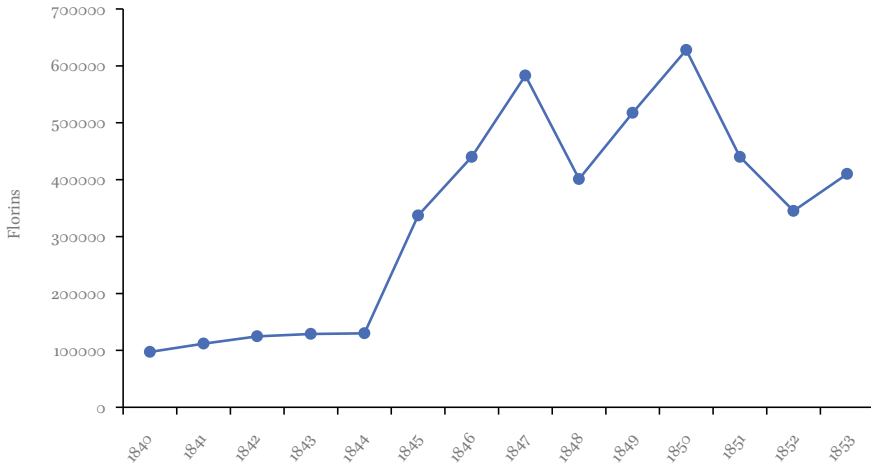


CHART 15.2 Austrian Lloyd's annual net profit, 1840–1853

SOURCE: CGLA, YEARS 1840–1853, ASLT

3.2 *A State-Subsidized Company, 1855–1918*

The middle of the nineteenth century was a crucial time in the development of relations between steam navigation companies involved in subsidized postal services and their respective governments. Evidence of the high costs of the new technology persuaded most of the European powers that postal services by steamers were too difficult to maintain, if unsupported by both state intervention and commercial capital. This had been, for example, the case with Austria's old major rival in the Levant: France. Paris' original plan of 1835 had proved a failure, mostly due to the lack of investments and the inadequacy of its steamers, that were built more as warships than merchant ships.³¹ However,

31 In 1851, the French government finally resolved to create the *Compagnie de Messageries Nationales*, a *société anonyme* that took over French mail carrying in the Mediterranean, receiving in return fixed state subsidies for each regular line covered. This path, already tried by the British, who in the 1850s were supporting several companies in the same way, would be followed by other powers, such as Russia, with the Russian Steam Navigation and Trading Company (1857), and Spain, with the *Compañía transatlántica Española* (1861). On the *Compagnie de Messageries Nationales*, see Couvenhes, *Les Messageries Maritimes*; on British companies, see Grosvenor M. Jones, *Government Aid to Merchant Shipping*, 53–55; on the Russian Steam Navigation and Trading Company, see Sergey I. Шловайский, *Исторический очерк пятидесятилетия Русского Общества Пароходства и Торговли [History essay on the Russian Steam Navigation and Trading Company: 1857–1907]* (Odessa: Tipographia Aktsionernogo Yuzhno-Russkogo Obshchestva Pechatnogo Dela, 1907), 30; on the *Compañía Transatlántica Española* see Jones, *Government Aid to Merchant Shipping*, 193–194.

even the solution adopted by the Austrian Empire was not optimal; despite the results achieved in the first years of activity, the involvement of Vienna would ultimately prove too limited to guarantee long-term economic stability for Austrian Lloyd.

The year 1854 finally brought the problems to light. While the company was going through a period of expansion, it had to suddenly face the effects of the outbreak of the Crimean War. The rise of the cost of coal³² and the interruption of the Danube routes caused a deficit of 949,405 florins, driving the board of directors to demand, for the first time, direct financial support from Vienna.³³ The result of the request was the new postal contract of 1855, that introduced, also for the first time, a subsidy for specific shipping lines.

According to the executives' view, this would be just a transient phase; once they had recovered from the crisis, Austrian Lloyd would eventually be able to rely again "only on its own strength".³⁴ In fact, this agreement inaugurated a second, long period in the history of the company, that saw the private Trieste-based entrepreneurial initiative gradually fade, in favour of increasingly centralized control by Vienna over the management of Austrian Lloyd.

From 1858 on, an annual subsidy was determined by a fixed rate of florins per league on a fixed number of voyages at a certain speed, defined by the government on an average ten-year basis. In addition, since 1871, the state agreed to refund the duties paid for the passage of the Suez Canal for steamers under postal contract.³⁵ The subsequent dependence for the company's development on the direct participation of the Austrian state is evident when observing the net profits earned by Austrian Lloyd in the period 1856–1914, together with the state subsidies received in the same period (Table 15.1). However, at first glance, the direct involvement of the Austrian state seems much inferior than that of many other European powers similarly engaged in supporting private steam navigation companies. For instance, in 1885, the subsidy per mile granted by the Italian Kingdom to the *Società Generale Italiana* was 93% higher than that of Austrian Lloyd's; the one granted by the French government to *Messageries*

32 The general expenses for navigation, including coal, dramatically rose from 2,777,517 florins in 1853 to 5,285,320 florins in 1854. Although this increase was partially due to the addition of thirteen new steamers in the fleet, in the words of the board of directors, it was largely caused by the increase in freight rates for the transport of coal in the Mediterranean. The Danube line marked a loss of 1,247,472 florins from the previous year. See *CGLA*, 1855, *ASLT* 4209.

33 The Trieste executives were aware that the war was just a passing issue, but they recognized that stronger intervention by the state was a necessary condition for the company to survive the new international competition. See *CGLA*, 1855, *ASLT* 4209.

34 *CGLA*, 1855, *ASLT* 4209.

35 *CGLA*, 1872, *ASLT* 4229.

Maritimes was 275% above Vienna's allowance.³⁶ Nevertheless, it is necessary to consider that the privileges obtained by the company in the first 30 years of activity partially counterbalanced the comparatively limited subsidies.³⁷

In this framework of growing economic dependence on the state, it is relevant to observe how a deep political change, such as the creation of the dual monarchy of Austria-Hungary in 1867, radically affected the subsidy policy toward the Lloyd. The separation of the Hapsburg Empire into two political entities under the same monarch generated sharp conflicts between Vienna and the Hungarian parliament concerning the economic support to be given to Austrian Lloyd (Austrian-Hungarian Lloyd from 1867 to 1891), triggered by the minimal interest of the Hungarians in supporting what they perceived as a pre-eminently Austrian tool of power. The situation caused several delays in the renewal of the company's postal contracts that were eventually stipulated separately, according to the specific needs of the two parts of the empire.³⁸ A solution was finally found in 1891, when the company passed under the exclusive authority of the Cisleithanian³⁹ government, and Budapest diverted its subsidies to the Adria Steam Navigation Company, based in the Hungarian port of Fiume.⁴⁰

Direct state intervention brought further limitations to Austrian Lloyds' management. Regarding maritime operations, the above-mentioned delays of new contracts added to a general tendency by the government to tighten its control on the company's affairs. One of the apogees of this trend was the contract of 1891, that required the approval of the Ministry of Commerce for alterations to the company's freight rates, and the mandatory purchase of a significant proportion of Austrian coal for the steamers.⁴¹ By that time, even the shareholders' revenues had long been partially subordinated to the ultimate decisions of the government: as early as 1865, Vienna had to be consulted

36 See Giovanni A. Di Demetrio, *Studi comparativi sul Lloyd Austro-Ungarico* (Trieste: Tipografia del Lloyd Austro-Ungarico, 1886), 22.

37 For an overview of the policies adopted by different governments during the nineteenth and the early twentieth century in support of navigation, see Jones, *Government Aid to Merchant Shipping*, 9–26.

38 The absence of a Hungarian contribution to the Austrian-Hungarian Lloyd is reflected in the diminishment of the Austrian subsidies in the period 1870–90 in Table 15.1.

39 After the creation of the Dual Monarchy, Cisleithania was the common denotation of the northern and western part of the empire, with Vienna as capital.

40 Astori and Stefani, *Il Lloyd Triestino*, 368–370.

41 The mandatory purchase of coal from national mines was not a novelty for Lloyd; already in 1877 in Trieste there raged a debate regarding the evident lack of convenience of Austrian-Hungarian coal over English coal. See, for example, "L'importazione dei carboni e le esigenze del governo," *L'Indipendente*, 15 June 1877.

before granting the annual dividends.⁴² But one of the fields where the state's presence proved most evident was the company's administration. From 1865, two of the seven members of the board of directors had to be elected among the shareholders residing outside Trieste, and the president of the company had to be subject to government approval.⁴³ In 1878, Vienna obtained a direct choice over two members of the Board;⁴⁴ in 1891, the appointment of the president became an imperial prerogative.⁴⁵ Finally, from 1907, the yearly shareholders' general assembly was moved from Trieste to the empire's capital.⁴⁶

This progressive loss of influence by the Trieste establishment over the company coincided with a broader decline of the city's elite in its leading entrepreneurial role. The main reason for this development is related to the economic transformation of the Adriatic city from a commercial port to a transit port, and the consequent reduction of Trieste's traditional role as a maritime emporium. This was the result of a complex conjuncture of economic factors, such as the new commercial needs of the influential industrial capitalists of the inner regions of the empire, and the infrastructural development of both internal and international railway connections. This shift in economic dominance towards these rising industrial elites, gradually restricted the opportunities of the local merchant-insurers of Trieste, giving way to new leading economic and financial actors supported by the state.⁴⁷

The effects of these changes were already visible in Austrian Lloyd's executives since 1865, when a member of the board of directors, appointed in compliance with imperial requests, was Leopold von Wertheimstein, Rothschild's agent involved in the creation of the *K. k. priv. Österreichische Credit-Anstalt für Handel und Gewerbe* (Imperial Royal Privileged Austrian Credit Institute for Commerce and Industry), founded in 1855.⁴⁸ Predictably enough, the

42 Astori and Stefani, *Il Lloyd Triestino*, 240.

43 *Ibid.*, 242.

44 *Ibid.*, 352.

45 *Ibid.*, 392.

46 Dieter Winkler and Georg Pawlik, *Die Dampfschiffahrtsgesellschaft Österreichischer Lloyd, 1836–1918* (Graz: H. Weishaupt Verlag, 1986), 38–39.

47 See Nereo Salvi, "La crisi di trasformazione dell'emporio di Trieste in porto di transito (1856–1865)," in *La crisi dell'Impero austriaco dopo Villafranca*, ed. Istituto per la storia del Risorgimento italiano, Comitato di Trieste e Gorizia (Trieste: Monciatti, 1961), 201–265; Daniele Andreozzi, "La Filadelfia d'Europa e il suo porto. Crescita, poteri e miti a Trieste," in *Visibile/Invisibile: percepire la città tra descrizioni e omissioni. VI Congresso AISU*, eds. Salvatore Adorno, Giovanni Cristina, and Arianna Rotondo (Catania: Scrimm Edizioni, 2014), 1052–1055.

48 *CGLA*, 1866, *ASLT* 4222. For Leopold von Wertheimstein, see Barbara Staudinger, *Salon Austria. Die großen Köpfe österreichisch-jüdischer Kultur* (Wien: Metroverlag, 2014), 39–41.

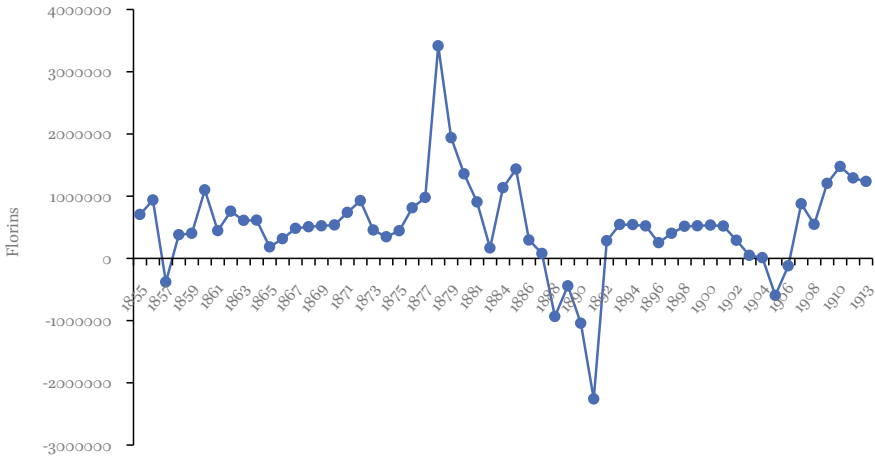


CHART 15.3 Austrian Lloyd's annual net profit, 1855–1913

SOURCE: CGLA, YEARS 1855–1913, ASLT

managerial changes occurring in this period of transformation were combined with the growing presence of private Austrian credit institutions, even among the company's shareholders. A significant example is the Union Bank, that played an important role in the recapitalization of Austrian Lloyd in 1905, and in 1906 had one of its managers elected to the company's board of directors. The bank was, at the same time, a powerful provider of credit for Austrian industry, and the owner of sugar refineries that, by the beginning of the twentieth century, represented one of the strongest Austrian exporters.⁴⁹ Thus, the case of the Union Bank summarizes several relevant factors that were at the root of the changes that took place within Austrian Lloyd during the last decades before the First World War.

The effects of the state's economic involvement in Lloyd's fortunes can be seen in the company's balance sheets. According to the figures provided in the annual shareholders' meetings between 1856 and 1914, this period was characterised by a low growth trend,⁵⁰ that went through two moments of major crisis between 1886 and 1891, and 1901–1906 (Chart 15.3), when substantial capital was absorbed by the expansion of the fleet (cf. Chart 15.8). Although both crises could have theoretically endangered the very existence of the company, they did not mark the end of Austrian Lloyd, in fact they both generated a

49 Rudolph, *Banking and Industrialization*, 256 (note 21).

50 The only exception are the years between 1878 and 1880, when Lloyd earned exceptional income transporting Austrian troops destined for Bosnia-Herzegovina and numerous Circassian forced migrants from Constantinople to the Anatolian and Syrian coasts.

TABLE 15.1 Average annual net profits (including state subsidies) and state subsidies, 1855–1910

Period	Average annual net profit (florins)	Average annual State subsidies (florins)
1855–60	523,528	1,420,588
1861–65	520,937	2,011,070
1866–70	472,423	1,995,906
1871–75	581,487	1,912,000
1876–80	1,699,772	1,782,016
1881–85	909,808	1,737,022
1886–90	-409,230	1,807,523
1891–95	-74,819	3,125,059
1896–1900	444,483	3,597,259
1901–1905	54,559	4,123,904
1906–1910	796,501	5,117,819

SOURCE: *CGLA*, YEARS 1855–1910, *ASLT*; COMPANY'S BALANCE SHEETS, YEARS 1887–1910

stronger state response, through an increase in subsidies (see Table 15.1) that allowed Austrian Lloyd to survive, but not to prosper.

This condition represents well the accomplishment of a transformation that began in 1855. The progressive participation of Vienna ultimately reshaped the company as an extension of the Austrian state at sea, subordinating its success to the political and economic priorities of the whole empire.

4 Services and Fleet

4.1 *The Regular Lines*

Even before 1855, most of Austrian Lloyd's maritime activities were carried out on regular lines. The very first contract with the state, in 1837, required it to make two monthly voyages between Trieste, Constantinople, and Alexandria, calling at Corfu, Patras, Piraeus, Syros, Smyrna, and Crete. However, this request was shaped by the original plans of the founders, who had planned to offer scheduled services both in the Adriatic Sea and in the Levant. These were, then, the two first axes in the company's line evolution. In the Adriatic, the old Venetian line, originally ran by Allen and Morgan and acquired in 1836 by Lloyd, was immediately joined by a second to Kotor, which would later expand into the

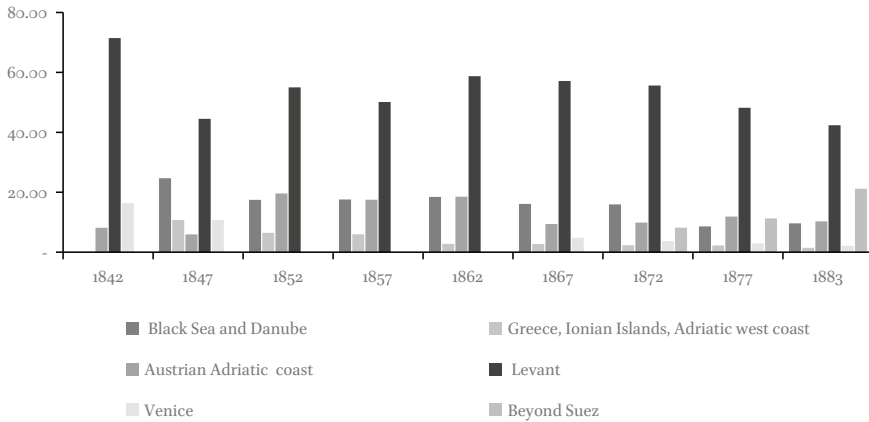


CHART 15.4 Percentage distribution of the yearly regular navigation income of Austrian Lloyd by geographical area, 1842–1883
 SOURCE: CGLA, YEARS 1842, 1847, 1852, 1857, 1862, 1867, 1872, 1877, 1883, ASLT. NB: THE GEOGRAPHICAL AREAS ARE MOSTLY PRESENTED ACCORDINGLY TO THE SUBDIVISION ORIGINALLY PROPOSED BY THE COMPANY IN THE YEARLY REPORTS TO ITS SHAREHOLDERS. HOWEVER, SOME MINOR CHANGES HAVE BEEN MADE IN ORDER TO STANDARDIZE THEM AND TO OFFER A CLEARER GENERAL PICTURE

Dalmatian-Albanian line. In the Levant, Constantinople and Syros quickly become the pivots of the company’s regular connections: from the Ottoman capital there branched the secondary lines for the Anatolian coast, Syria, and Egypt, while Syros gained a primary role in the network of shipping lines linking mainland Greece, Crete and, more directly, Alexandria. With the acquisition of the Danube Steamboat Shipping Company in 1845, even the Black Sea opened up to Austrian Lloyd; at least since 1855, their steamers regularly called as far as Varna and Trabzon.⁵¹

In order to have an overview of the most relevant factors on income in this first period of the company’s activity, we can compare the figures in Chart 15.4 with the those of Table 15.2, providing the percentages of goods, passengers, and specie transported by Austrian Lloyd in the different geographical areas in the years 1842, 1847 and 1852. The Levant was by far the main operational area for the company; it held the record on the transport of goods and specie, while

51 For a detailed description of the lines in the Levant and in the Black Sea, see Umberto Del Bianco, *Il Lloyd Austriaco e gli annulli marittimi dell’Austria-Ungheria. vol. 2: Le linee del Levante, l’attività postale sul Danubio e le rotte tra la Turchia e l’Austria* (Milano: Sorani Editore, 1978), 295–419.



MAP 15.1 The Austrian Lloyd's regular lines in 1844
SOURCE: TRIESTE, CIVICO MUSEO DEL MARE

competing with the Venetian line for passenger traffic. Since 1845, goods transported on the Black Sea and Danube lines constituted a significant addition to Austrian Lloyd's activities.

In this pre-subsidized period, the remarkable privileges granted by the government, in exchange for comparatively limited obligations, allowed the company to independently pursue its expansion strategies and modify its services according to commercial opportunities. Nevertheless, the boundaries of this autonomous growth were defined by the limits of the company's own capital; in 1845, Austrian Lloyd managed to counterbalance the expensive effects of the Danubian takeover only thanks to a generous loan granted by the Austrian treasury.⁵² In 1852, the brief opening of a river shipping line on the Po and a lake shipping line on Lago Maggiore,⁵³ were equally financed by external credit.⁵⁴

52 Astori and Stefani, *Il Lloyd Triestino*, 118.

53 *La società di navigazione del Lloyd Austro-Ungarico*, 31.

54 Coons, *I primi anni del Lloyd Austriaco*, 205.

TABLE 15.2 Percentages of the distribution of Austrian Lloyd's traffic in the years 1842, 1847, and 1852

Year	Area	Goods	Passengers	Specie
1842	Levant	78	41	43
	Venice	16	43	47
	Austrian Adriatic	5	9	5
	Other	1	7	5
1847	Levant	40	21	36
	Venice	5	22	29
	Austrian Adriatic	2	21	7
	Black Sea	46	14	19
	Other	7	22	7
1852	Levant	44	20	36
	Venice	10	25	28
	Austrian Adriatic	4	29	15
	Black Sea	35	10	11
	Other	7	16	10

SOURCE: *CGLA*, YEARS 1842, 1847, 1852, *ASLT*

In this context, as previously noted, the end of the 1850s represents an important turning point in the evolution of both the port of Trieste and Lloyd itself. In 1857, the Südbahn railway finally reached the city, connecting it to its hinterland up to Vienna.⁵⁵ This development overlapped with the beginning of direct state intervention over the company. From that moment onwards, the dependence of Austrian Lloyd on imperial subsidies drove the major developments on the company's regular lines.

While the postal contract of 1855 only forced Lloyd to keep the lines already open, the reorganization of the subsidy terms, in 1858, brought stricter bounds. The agreement signed with the government imposed Lloyd to run 25 regular lines, granting subsidies for a total of 518 voyages to the western Adriatic,

55 For an overview on Trieste and its railways connections up to the First World War, see Giacomo Borruso, Giuseppe Borruso, and Cristina Bradaschia, "Le infrastrutture di trasporto terrestre a sostegno dei traffici portuali triestini," in *Storia economica e sociale di Trieste*, vol. 2, 775–800.

Greece, Egypt, the rest of Ottoman Empire's Mediterranean coasts, and the Black Sea, while asking the company to perform another 1,601 voyages at its own expense in Austrian waters.⁵⁶ One of the main outcomes of these requests was the opening of two fast lines dedicated to passengers for Constantinople and Alexandria, and the establishment of a slower regular service in the Levant for the transport of goods on a new Greek-Oriental line. Similar conditions, renewed in 1865, did not cause major changes to this structure.

Meanwhile, Lloyd's board of directors was discussing the opportunities that the imminent opening of the Suez Canal would offer the company. Nevertheless, a prompt initiative in this direction was hampered by the advent of the Dual Monarchy in 1867, that delayed state support for the new Indian lines, thus forcing Austrian Lloyd to open, without any support, an early connection with Bombay. Only in 1872 was the company finally granted a contract that allowed the inauguration of a regular monthly line to the Indian port, with a subsidy of 190,000 florins and a refund on duties for the Suez Canal.⁵⁷ Chart 15.4 indicates that during the first ten years after the opening of the Asian ocean lines, the operations beyond Suez gradually gained importance, representing 23% of the company's income by 1883. This matched with the increase of goods transported by Lloyd beyond the Canal: between 1872 and 1883 the percentage of the company's total traffic rose from 5% to 13% (see Table 15.3).

The slow but tangible growth of influence in Asia by Austrian commerce corresponded with a similarly slow expansion of the lines.⁵⁸ In 1877, services were regularly extended from Bombay to Ceylon, Calcutta, and Singapore; in 1880–81 to Hong-Kong and Shanghai. Although these achievements in the East appear belated compared to those of other major international competitors, such as *Messageries Maritimes* or the Peninsular and Oriental Company, they need to be seen alongside the different political and economic interests that France and Great Britain had in Asia. Both these European powers were developing their Asian colonial possessions; this, in turn, granted French and British steam navigation companies a definite flow of traffic on their regular lines. The case of Austrian Lloyd was rather different; at the opening of Suez, Austria had no direct commercial relations with Asia,⁵⁹ and certainly no colonies.

56 Astori and Stefani, *Il Lloyd Triestino*, 240–241.

57 *Ibid.*, 345–346.

58 For a general view of Austrian commercial relations with Asia, see Fulvio Babudieri, *Trieste e gli interessi austriaci in Asia nei secoli XVII e XIX* (Padova: CEDAM, 1966); Giovanni Bussolin, *Della Imperiale Privilegiata Compagnia Orientale del secolo scorso e del Lloyd austro-ungarico nel secolo presente* (Trieste: Tipografia del Lloyd Austro-Ungarico, 1882).

59 In the middle of the nineteenth century, imports and exports from and to Asia were still completely absent in Trieste. See Panjek, "Una 'commercial officina'", 287–289.

TABLE 15.3 Percentages of the distribution of Austrian Lloyd's traffic in the years 1872, 1877, and 1882

Year	Area	Goods	Passengers	Specie
1872	Levant	45	31	45
	Venice	8	8	6
	Austrian-Hungarian Adriatic	11	41	29
	Black Sea	26	14	16
	Red Sea, India	5	4	0
	Other	5	1	4
1877	Levant	45	33	50
	Venice	8	5	3
	Austrian-Hungarian Adriatic	12	39	35
	Black Sea	16	11	7
	Red Sea, India	8	4	2
	Other	11	2	3
1883	Levant	43	32	39
	Venice	5	5	2
	Austrian-Hungarian Adriatic	12	35	48
	Black Sea	17	14	6
	Red Sea, India, China	13	7	2
	Other	10	7	3

SOURCE: CGLA, YEARS 1872, 1877, 1882, ASLT

The beginning of the 1880s was marked by Lloyd's attempts to regularly connect with the American continent, resulting in the establishment of a Brazilian line in 1882. This was the only western line kept by the company after 1891, when new agreements between Austria and Hungary assigned to Austrian Lloyd only the services for the eastern Mediterranean and Asia; the regular maritime voyages going west—both the Mediterranean and America—were almost totally assigned to the Hungarian company Adria.⁶⁰

60 The connections with Brazil were kept by both companies alternately. See Astori and Stefani, *Il Lloyd Triestino*, 369. On the Hungarian company Adria, see Pelles Márton and Zsigmond Gábor, *A fiumei magyar kereskedelmi tengerészet története (1868–1918)/The Hungarian Maritime Trade History of Fiume (1868–1918)* (Pécs: Pro Pannonia Kiadói Alapítvány, 2018), 86–119.

TABLE 15.4 Percentages of the distribution of Austrian Lloyd's traffic in the years 1892, 1897, and 1902

Year	Area	Goods	Passengers	Specie
1892	Levant	48	30	44
	Venice	2	7	2
	Dalmatia	10	35	41
	Black Sea	10	12	6
	Red Sea, India, China	20	4	6
	Other	10	12	1
1897	Levant	38	37	35
	Venice	2	9	6
	Dalmatia	5	30	40
	Black Sea	14	10	9
	Red Sea, India, China, Japan	21	4	9
	Other	20	10	1
1902	Levant	31	30	71
	Venice	1	6	1
	Dalmatia	4	40	2
	Black Sea	11	11	5
	Red Sea, East Africa, India, China, Japan	33	7	20
	Other	20	6	1

SOURCE: CGLA, YEARS 1892, 1897, 1902, ASLT

From 1891, the Lloyd's expansion trajectories were thus even more oriented to the east. Further growth brought the Asian lines to their maximum extent in 1893 with a connection to Japan, and the opening of a line to Durban and the east African coast in 1899–1902.⁶¹ In the same period, the Indian service underwent a general improvement to meet the rising demands from the Austrian sugar industry,⁶² that, since the end of the nineteenth century, constituted

61 On the problems related to the east African line, see Astori and Stefani, *Il Lloyd Triestino*, 375.

62 As already noted, between the end of the nineteenth century and the first years of the twentieth century, the influence of the Austrian sugar industry was tangible inside Austrian Lloyd. For the production of Austrian-Hungarian sugar and its export at the beginning of the twentieth century, see Frank R. Rutter, *International Sugar Situation*.



MAP 15.2 Main axes of Austrian Lloyd's regular lines in 1909

one of the main exports on Austrian Lloyd's steamers bound for the Indian continent.⁶³

The last overview of the traffic on Lloyd's lines in the three years 1892, 1897, and 1902 (Table 15.4) shows this further eastward shift in the company's operations. It shows, for the first time after the opening of the Black Sea lines back in 1845, a gradual decrease in the importance of the Levant for the transport of goods, combined with an evident increment of 13% on the lines beyond the Suez Canal between year 1892 and 1902. Nevertheless, regarding the movement of passengers and the specie transported, the data still underlines the

Origin of the Sugar Problem and its Present Aspects under the Brussel Convention (Washington: Government Printing Office, 1904), 37–47.

63 See Antonello Brandi, *Il Lloyd Triestino e i traffici con l'India: merci, passeggeri, scambi tra Trieste e l'oriente indiano* (MA diss., Univeristy of Trieste, 1995–96), 161–163.

dominance of the Dalmatian coast and the Levant, confirming the consistent importance of these two areas in these crucial sectors of Austrian Lloyd's activities, even at the beginning of the twentieth century.

4.2 *The Occasional Voyages*

Although most of the company's activities developed on regular lines, unscheduled voyages constituted an increasingly important part of Austrian Lloyd's operations. During the period from 1845 to 1899, their economic impact on profits registers an important rise, with a peak of nearly 17% in the five years between 1876 and 1880, and a significant 12% at the end of the century (Chart 15.4).

Under the wide umbrella of unscheduled voyages were grouped various kind of services that, due to their occasional nature, were not organized on a scheduled basis. In the long period of Austrian Lloyd's existence, we can broadly identify three categories of voyage corresponding to these characteristics.

The first one was constituted by tramp shipping activities that the company added to its regular lines. These were alternatively used to estimate the commercial potential of future maritime connections,⁶⁴ to compensate for losses caused by economic and political events,⁶⁵ or to seize a sudden market opportunity in an area not adequately covered by regular services. An example of the latter case is constituted by the above-mentioned Austrian sugar export boom on the eve of the twentieth century. From 1897, Lloyd employed additional steamers on their Indian line to meet the extraordinary request of tonnage from Trieste.⁶⁶

The second category was related to contracts occasionally signed with foreign governments for specific tasks, such as the transport of troops, supplies, migrants, and pilgrims. One of the privileged partners of these agreements was the Ottoman Empire, that provided several remunerative opportunities for the company. During the Crimean War, Ottoman troops were transported on Lloyd's ships; in the 1870s, the Sultan's regiments leaving Constantinople for Yemen travelled on a special monthly line provided by the company;⁶⁷ in 1885,

64 This was the case, for example, with the already mentioned early unsubsidized voyages to India, or the single explorative voyage to Melbourne in 1881: Astori and Stefani, *Il Lloyd Triestino*, 355.

65 During the Russo-Turkish War of 1877–78, for example, the complex political situation brought a sudden stop to the Danubian and Black Sea lines, that was balanced by the company with an increase in unscheduled activities, such as the temporary opening of a Karamanian service on the Anatolian coast: *CGLA*, 1878, *ASLT* 4238.

66 *CGLA*, 1898, *ASLT* 4257.

67 *The Bradford Observer*, 12 November 1874, 8.

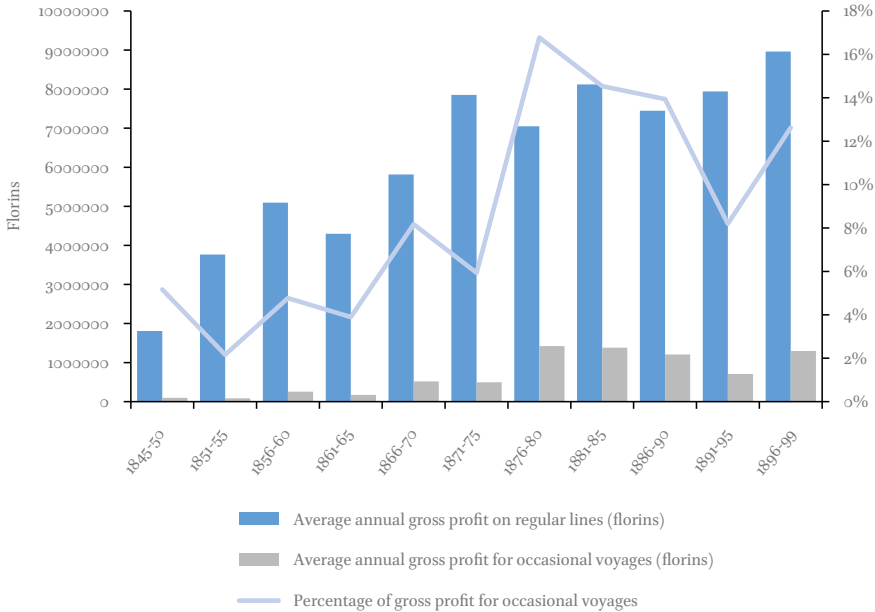


CHART 15.5 Austrian Lloyd navigation incomes on regular lines and occasional voyages, 1845–1899
 SOURCE: CGLA, YEARS 1845–1899, ASLT

the mobilization of Ottoman soldiers for the Serbo-Bulgarian War extensively involved Lloyd’s steamers.⁶⁸ Even the maximum annual number of passengers ever transported by the company, reached in 1878 (Chart 15.5), was mostly the result of the mass movement of roughly 136,000 Circassian forced migrants, who Austrian Lloyd agreed, with the Ottoman government, to transport from Constantinople to the Anatolian and Syrian coasts.⁶⁹

The third kind of activity was connected to the articles signed in the postal contracts with Vienna, and had essentially the same political-military nature. Lloyd had to provide the state with extraordinary services in case of need, which were paid in addition to the regular subsidy. For example, the importance of these assignments become particularly remarkable with the opening of military operations in Bosnia-Herzegovina in 1878. In the same year, the company carried, in addition to soldiers, 8,000 horses and 90,000 tons of supplies for

68 *The Morning Post*, 12 October 1885, 5; *The Citizen*, 9 November 1885.
 69 *CGLA*, 1879, *ASLT* 4239.

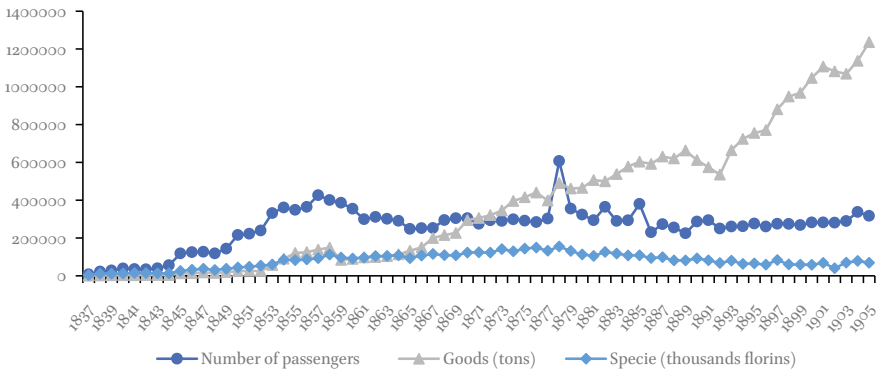


CHART 15.6 Passengers, goods and specie transported by Austrian Lloyd, 1837–1905
SOURCE: CGLA, YEARS 1837–1905, ASLT



FIGURE 15.1 Postcard depicting the Austrian Lloyd steamer the *Leopold* docked in Trieste (c.1910)

the Austrian Imperial Army.⁷⁰ Four years later, Lloyd had nine of its steamers constantly employed for the transport of troops in southern Dalmatia.⁷¹

The significance of the two last categories described was not limited to their effects on the company's fortunes. The existence of an Austrian steam fleet

⁷⁰ Ibid.

⁷¹ *Nottingham and Midland Counties Daily Express*, 1 February 1882, 8.

with an important political and military role, not just for the empire itself, but for other powers on the international chessboard, projected the empire's influence overseas, thus partially compensating for its lack of colonial possessions.

4.3 *The Austrian Lloyd Fleet and the Austrian Merchant Marine*

The evolution of Austrian Lloyd's fleet during the 78 years of its activity between 1836 and 1914, saw different recognizable steps which defined the pattern of the company's growth. Before presenting them, it is useful to take a broad view of the composition of the fleet during its whole history. Of a total of 229 steamers employed by Lloyd, 59% were built in Austrian shipyards, while 31% were built in Great Britain, and the residual 10% were of French, German, Dutch, and Swiss production. These general figures were reflected in the distribution of tonnage built in Austrian and foreign shipyards; as visible in Chart 15.7, foreign construction represented 33% of the total gross tonnage of the fleet between 1836 and 1913. Nevertheless, the proportion of home-built and foreign-built steamers underwent significant changes during the long history of the company, related both to the growing ability of Lloyd to construct its own ships, and with Austrian state pressures to encourage national shipbuilding.

In the first fifteen years of its activity, Lloyd purchased only 8% of the tons of its fleet from foreign markets, against 92% tons of Austrian provenance. The limited size of steamships in this period allowed the company to rely on small Trieste shipyards for the construction of hulls,⁷² while importing the engines for their ships from Great Britain.⁷³ However, the limited building capacity of local facilities, combined with the high costs of the materials,⁷⁴ become evident when Lloyd underwent an important expansion of its fleet in the decade 1850–60. At that time only 29% of the 31,100 tons added to the fleet was produced in Austrian shipyards, while the rest was mostly acquired on the British market.

During the same years, Lloyd started the construction of its own shipyard in Trieste, considering it a necessary investment in order both to answer the increasing demand for highly specialized maintenance of steamship

72 From 1847, the hulls were occasionally built in the San Marco shipyard, rented out by Austrian Lloyd for the refurbishment of the fleet. See Fulvio Babudieri, *Squeri e cantieri a Trieste e nella regione giulia dal Settecento agli inizi del Novecento* (Trieste: LINT, 1986), 22.

73 Since 1836, Austrian Lloyd had owned a forge in Trieste, acquired from Morgan's steam company. In 1839, it was transformed into a workshop equipped to repair steamers' machines, but was unable to produce anything other than cylinders for the engines. See Daniele Andreozzi, "Gli 'urti necessari'. Dalla manifattura all'industria (1718–1914)," in *Storia economica e sociale di Trieste*, vol. 2, 608.

74 Babudieri, *Squeri e Cantieri*, 29.

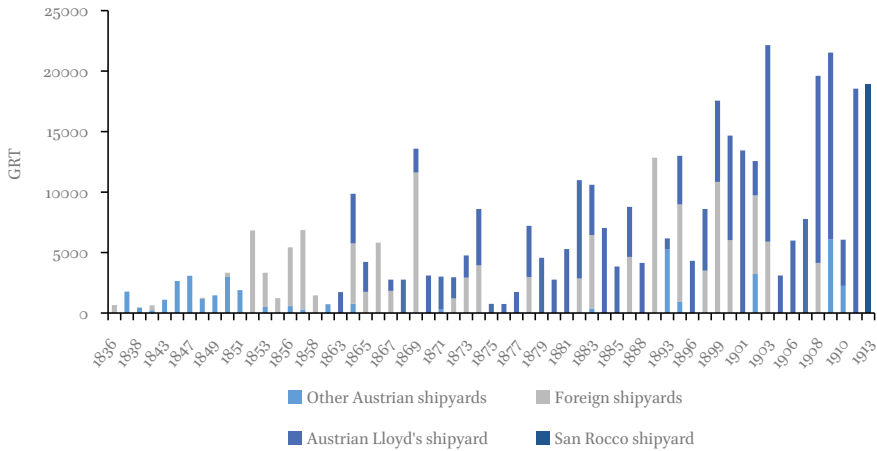


CHART 15.7 Provenance of Austrian Lloyd's gross registered tonnage, 1836–1913
 SOURCE: ELABORATED FROM WINKLER AND GEORG PAWLK, *DIE DAMPFSCIFFFAHRTSGESELLSCHAFT ÖSTERREICHISCHER LLOYD, 1836–1918* (GRAZ: H. WEISHAUPT VERLAG, 1986), 131–136

technology,⁷⁵ but also to gain independence in the construction of maritime engines. While during the first period from its opening, in 1861, Lloyd's shipyard started to both repair and produce new steamers for the fleet, its role in the growth of tonnage between 1861 and 1874 remained secondary in comparison with its foreign purchases, which still represented 54% of the added gross tonnage. But the next great expansion, in 1878–88, was characterized by a leading role for Lloyd's constructions: 74% of the 65,227 new fleet's tonnage was built in the company's docks in that period. The growth of production at the Lloyd's shipyard can be largely explained by the favourable access to credit provided to Austrian Lloyd, which allowed it to invest in home-construction despite the high expenses. The new shipbuilding programme of the 1880s, in fact, was initially founded on an extraordinary state loan of 3,000,000 florins, accorded to cover the unbalanced investment in the new ships.⁷⁶

The latter part of the nineteenth century, and the beginning of the twentieth, were marked by a strong commitment by Vienna to Lloyd, both in terms of economic support for its shipbuilding and for a direct influence on the fleet's

75 See *CGLA*, 1853, *ASLT* 4205.

76 Astori and Stefani, *Il Lloyd Triestino*, 366. Vienna's weight in the fortunes of Austrian Lloyd's shipyard is evident when compared with the modest Austrian shipbuilding activity of the second half of the nineteenth century, and with the general trend of foreign purchases of the Austrian merchant marine. See Babudieri, *Squeri e Cantieri*, 32–33; Andreozzi, "Gli 'urti necessari'", 611.



FIGURE 15.2 Celebrations for the laying of the foundation stone of Austrian Lloyd's shipyard (30 May 1853)

SOURCE: TRIESTE, CIVICO MUSEO DEL MARE

development strategies. The postal contract of 1891 granted an interest-free state loan of 1,500,000 florins specifically designated to the fleet's renewal, then utilised alongside two other massive loans of 4,200,000 florins (1895) and 18,000,000 crowns (1901) at 4% interest. One of the last agreements with Vienna, in 1906, provided another 6,000,000 crowns loan for the fleet's expansion, bounding the company to an increase in its total tonnage of 120,000 tons until 1919.⁷⁷ The result of this policy was a substantial growth in Lloyd's fleet, which doubled its gross registered tonnage between 1891 and 1913, passing from 122,321 tons to 237,222 tons (Chart 15.8). Out of the total of the newly-acquired gross registered tonnage in that period, 75% had been built in Austrian shipyards, and 67% came from Austrian Lloyd's docks.⁷⁸

77 Astori and Stefani, *Il Lloyd Triestino*, 395.

78 In this percentage is included the tonnage built for Austrian Lloyd by the San Rocco shipyard in 1913. San Rocco was founded in 1910 with a great equity participation by Austrian

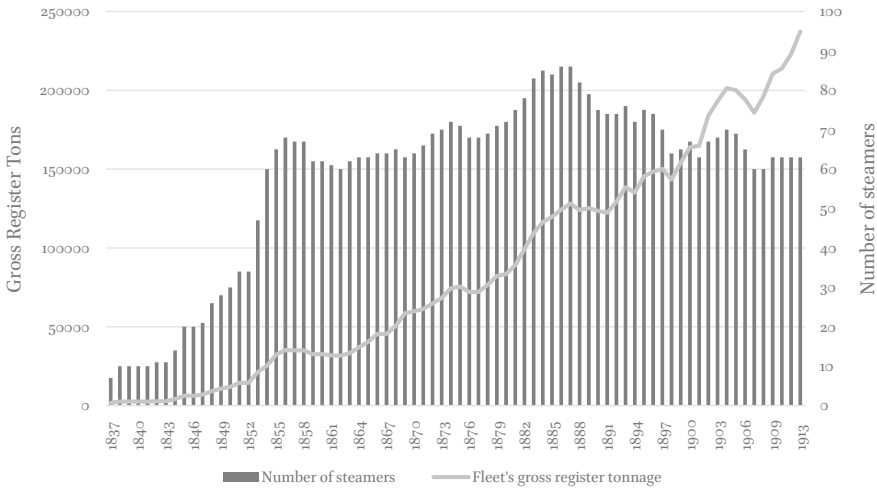


CHART 15.8 Growth of Austrian Lloyd's fleet, 1837–1913
SOURCE: CGLA, YEARS 1837–1903, ASLT

Concluding this analysis on the development of Austrian Lloyd's fleet, it is necessary to relate the growth of the company to the general development of the Austrian merchant marine within the framework of the transition from sail to steam navigation.

If we observe the distribution of net tonnage in the Austrian merchant marine during the period 1881–94, when the sail definitively lost its predominance over steam (Chart 15.9), we can see that the overtaking of steamers from sailing ships is led exclusively by the steady increase in Austrian Lloyd's tonnage, which, in 1894, still represented 85% of the total steam tonnage of the merchant marine (Chart 15.9). These figures underline how the high costs of steam technology, and the exclusive privileges granted by the state to Austrian Lloyd both in national and foreign waters, ultimately excluded other Austrian actors from the exploitation of steam. Moreover, between the 1880s and the first half of the 1890s, the extensive economic aid offered by Vienna to the company allowed Austrian Lloyd to undertake a path of development for its fleet which was in clear contrast with the general negative growth trend of the

Lloyd, which decided to move all its construction activities to this new shipyard, reserving the old one for repairs only. See Babudieri, *Squeri e Cantieri*, 23.

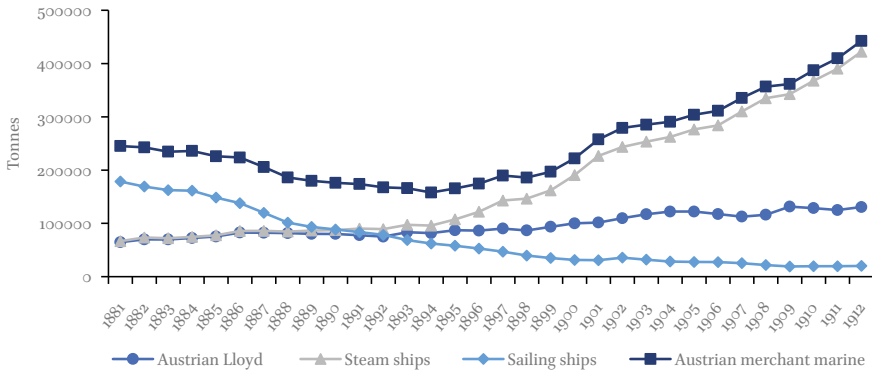


CHART 15.9 Development of the net tonnage of the Austrian merchant marine, 1881–1912
 SOURCE: I. R. GOVERNO MARITTIMO, ANNUARIO MARITTIMO, YEARS 1881–1912

Austrian merchant marine (Chart 15.9), thus emphasizing even more Lloyd's role in the decline of sailing ships.⁷⁹

The predominance over Austrian steam shipping enjoyed by Lloyd since its foundation, only saw a progressive decay from the second half of the 1890s as a result of the new state's aid policy, that for the first time embraced extensively all the Austrian merchant marine. The introduction of tax exemptions on trade, income, shipbuilding, and ship purchasing, together with a grant of several large amounts that did not apply to ships operating under postal contracts,⁸⁰ boosted a rapid increase in the merchant steam tonnage, quickly reducing Lloyd's all-encompassing presence. In 1912, on the eve of the First World War, steamers composed 95% of the whole merchant fleet (Chart 15.9), mostly acquired at competitive prices from foreign markets⁸¹ by the other 34 steam navigation companies that flourished in the previous decade.⁸² By then, Lloyd retained only 26% of the total merchant steam net tonnage,⁸³

79 See Giulio Mellinato, *Crescita senza sviluppo: l'economia marittima della Venezia Giulia tra Impero asburgico ed autarchia (1914–1936)* (San Canzian d'Isonzo: Consorzio Culturale del Monfalconese, 2001), 33–34.

80 See Jones, *Government Aid to Merchant Shipping*, 89–93.

81 See Babudieri, *Squeri e cantieri*, 31–32.

82 I. R. Governo Marittimo, *Annuario marittimo per l'anno 1905, compilato per cura dell'Imperial Regio Governo Marittimo in Trieste* (Trieste: Tipografia del Lloyd Austriaco, 1905), cxvi–cxxi.

83 I. R. Governo Marittimo, *Annuario marittimo per l'anno 1913, compilato per cura dell'Imperial Regio Governo Marittimo in Trieste* (Trieste: Tipografia del Lloyd Austriaco, 1913), cxxii–cxxxiii, cliv.

having finally lost its overwhelming role as sole actor in Austrian merchant steam shipping.

5 Conclusions

The motto of Austrian Lloyd, *Vorwärts* (“forward” in German), could be taken as a fitting metaphor that ultimately summarizes the all-encompassing role of the company in shaping the dynamics of the transition from sail to steam in the Austrian Empire on multiple levels. Vienna’s exclusive reliance on Lloyd’s activities, joined with the interests of new Austrian industrial actors, determined the almost lonely ascent of the company in the Austrian steam merchant marine business. Thus, the affirmation of the new technology in the empire’s merchant fleet, until the last quarter of the nineteenth century, was driven by a single, powerful actor, able to push all national maritime competitors out of the steam business. This almost monopolistic role had, in turn, a wide range of implications that deeply characterized all of Austria’s maritime landscape during the long transition from wind power to steam.

It is noteworthy that, in the Austrian case, much of this slow technological process ultimately depended on state intervention. Given the weight of Vienna’s aid on the fortunes and, finally, on the very existence of the company, the political motive of imperial support constituted one of the cornerstones in the development of Austrian Lloyd. The general recognition of the company as a powerful steam navigation business, and its identification with the Hapsburg Empire’s presence on the seas, represented a necessary tool for the state in order to affirm its influence in international theatres. Clear evidence of the company’s political role is provided by the fact that its agents in the Levantine ports were frequently designated as Austrian consuls,⁸⁴ and, at the beginning of the twentieth century, were often considered as “quasi-envoys of a foreign power”, in the words of an Austrian parliament member.⁸⁵ Furthermore, the particular importance of this influence in the Ottoman Empire was often proved in practice. For example, the unfulfilled Austrian colonial aspirations

84 See Rudolf Agstner, “Die Errichtung eines österreichischen General-Consulats in Constantinopel hat auf sich zu beruhen—Zur Geschichte der österreichischen (österreichisch-ungarischen) Konsulate in der Türkei 1718–1918,” in *Österreich in Istanbul*, eds. Rudolf Agstner and Elmar Samsinger (Wien: LIT, 2010), 137–174.

85 Arthur Breycha-Vauthier, *Österreich in der Levante, Geschichte und Geschichten einer alten Freundschaft* (Wien-München: Herold, 1972), 95.

on the Anatolian peninsula⁸⁶ were nevertheless actively supported and legitimized through Lloyd's presence, while the empire's progressive annexation of Bosnia-Herzegovina⁸⁷ was largely sustained by the logistical support of Lloyd's services.

In the light of the profound economic changes brought by industrialization,⁸⁸ the lone presence of Lloyd on the landscape of steam shipping, alongside Trieste's uniqueness as the only outlet to the sea from the Cisleithanian part of the empire, made Lloyd one of the targets for the new capitalism emerging in the nineteenth century. Both the early participation of Salomon Rothschild as main shareholder, and the further progressive marginalization of Trieste's elite in the management of the company, marked a clear trajectory of the affirmation of Austrian industrial capitalism over Trieste's traditional merchant capitalism. As we have seen, the influence of banking and industrial actors from the empire's hinterland over Lloyd, consolidated together with a policy of state subsidy, displayed the strong correlation in interests between the Austrian government and the new leading economic protagonists of the empire. In this sense, the definitive transfer of the shareholders' yearly assembly to Vienna, in 1907, represents the final convergence point of the centripetal movements that began more than half a century earlier.

- 86 See Roy Bridge, "Tarde Venetibus ossa: Austro-Hungarian colonial aspirations in Asia Minor (1913–1914)," *Middle Eastern Studies*, no. 6.3 (October 1970): 319–330.
- 87 On the colonial nature of the Austrian intervention in Bosnia-Herzegovina, see Clemens Ruthner, "Habsburg's only colony? Bosnia-Herzegovina and Austria-Hungary, 1878–1918," *SEEU Review*, no. 13.2 (18 January 2019): 2–14, available at <https://doi.org/10.2478/seeur-2018-0002>.
- 88 For an overview of the economic development of the empire in the second half of the nineteenth century, see Scott McNeil Eddie, "Economic policy and economic development in Austria-Hungary, 1867–1916," in *The Cambridge Economic History of Europe*, vol. 8: *The Industrial Economies: the Development of Economic and Social Policies*, eds. Peter Mathias and Sidney Pollard (Cambridge: Cambridge University Press, 1986), 814–886.