From the earliest days until 1918

England was the cradle of railway traffic. Rail ways had been in use from the early 18th century to serve industrial purposes. From the turn to the 19th century, steam-operated vehicles were used on them. In 1825, the first commercial railway was opened between Stockton and Darlington. The famous Rainhill Locomotive Trials (October 1829) ushered in the era of steam engine operation on tracks with a gauge of 4 feet (= 8 ½ inches = 1,435 mm). Steam operation was soon adopted in other countries, too. In 1829, the first railway was opened in America, followed by France in 1832, Belgium and Germany in 1835.

Initially, the political situation in Austria thwarted all efforts to introduce this modern means of transport in the monarchy, too. The dynasty opposed all modernization efforts considering modern achievements coming from the west of Europe a threat to absolutism and a medium nourishing revolution.

At the time, waterways were the only routes available for transportation of bulk products, such as wood or salt. In Austria, salt, which was extracted in salt mines of the Salzkammergut, was one of the most important trading commodities. As early as 1650, every day two to six-paired salt vehicles were carried on ship via the Traunsee lake and on the Traun and Danube rivers for transhipment in Linz and Mauthausen to supply customers in Bohemia and Moravia or for re-shipment on the Vltava river.

Horse-drawn railways

In 1810, a horse-drawn railway was opened at the Styrian Erzberg (Ore Mountain) for transportation of iron stones. It proved so successful that is was continuously expanded. In order to operate transports more efficiently and to overcome the land bridge between the Danube and Vltava rivers, initial plans foresaw the construction of a canal system. However, doubts about the economic viability of this system finally lead to opting for a horse-drawn railway between Budweis and Linz, which had a length of 128.8 km. This line was opened to traffic on 1 August 1832. In terms of length, the Linz-Budweis railway was the first interurban railway in Europe. Compared to previous transport systems, it had major benefits. However, it did not radiate a major impact and transport in Austria remained underdeveloped.

Concept for a railway network

In 1829, in an effort to improve the transport situation, Franz X. Riepl, professor at the Technical University of Vienna, began to design a railway network covering a length of 2, 200 kms. The network was to link between major cities of the monarchy and to link up Trieste, then the most important port of the country. Riepl already anticipated that cereals, wood and salt would not remain the only important goods to be transported. As the steam engine already had set out to conquer the world, he foresaw that coal would become the most important commodity to be transported in the future.

Riepls plans roused the interest of the banker Salomon von Rothschild. Although at the time there were almost no references available about this new transport mode, Rothschild was willing to invest a lot of money in the construction of a railway line, expecting handsome profits from this innovation. His vision was a railway to link

Vienna and the coal mines of Moravia-Silesia and he applied for a concession to construct the line as early as 1830. However, this was not granted under the reign of Franz I. Only after Emperor Ferdinand I had ascended the throne in 1835 did Rothschild see a new chance for realizing his vision. In 1836, he secured the concession to construct a steam-operated railway from Vienna to Cracow including a number of branches. Construction of the railway, which was called "Kaiser Ferdinands Nordbahn" in honor of the emperor, started in the same year. On 13 November 1837 at 3 p.m., the first trial train was operated on the Floridsdorf-Wagram stretch, the first section of the line to be completed.

The breakthrough

Securing the concession by Rothschild marked the breakthrough for railway construction in Austria. While Rothschild continued to realize Riepl's vision of a line north of the Danube, another banking institution applied for concession to construct railway lines south of the Danube. Railway construction had, however, hardly come in full swing, when serious problems did occur. Very soon it turned out that the interests of the shareholders in the new railways who were striving to earn quick profits were incompatible with the intentions of the State administration to develop the traffic system in the country for the benefit of the national economy.

The first State railway period (1842 to 1854)

In 1840, only 144 km of railway lines were in operation and further development coming to a standstill was a pending threat. Speculative outgrowth, problems to raise capital, and considerable delays in construction prompted the government to intervene in traffic policy for the benefit of the economy and the population at large and to no longer leave railway construction to private interests which only wanted to make quick profits. The driving force behind these efforts was then Finance Minister Kübeck. Notwithstanding Riepl's concept, he presented yet another railway construction program designed to create a state railway network with new lines to be constructed and already existing lines to be nationalized. This program ushered in the first state railway period in Austria and the Semmeringbahn was one of the lines built under this program. The State turned out to be more successful in the construction of railway lines. By late 1854, 994 km of railway lines, or 69.22%, out of a total of 1,433 km of railway lines in Austria were State railways. To manage the State railways, the "General Directorate of the State Railways" was established on 23 February 1842. The greatest achievement of the State administration was the completion of the southern trunk line, already included in Riepl's concept, from Vienna to the port of Trieste which was opened to traffic on 15 October 1857.

The second private railway period (1854 to 1873)

The State railway period which was ushered in by Kübeck in 1841 with the construction and operation of State-owned railways came to an end in the 50ies of the 19th century. Due to the unfortunate policy pursued by the young Emperor Franz Josef I. and his ministers Austria was on the verge of a war (general mobilization due to the Crimean War) and State bankruptcy. To consolidate the budget, railway policy was completely changed in spite of State railway operations having been successful (in 1851, the capital invested yielded an interest of 2.4%; in 1854: 3.1 %)

As the State for financial reasons was no longer able to continue railway construction, private investors were invited and high profits were granted to them. Other than in the first private railways, the concession term was prolonged from 50 to 90 years and the State assumed interest guarantees. Moreover, all State railways already existing were sold, at prices cut to the bone, some of them to foreign (French) investors thus destroying national wealth totaling several hundreds of Kronen. From 1854 onwards, the prospect of huge profits resulted in the construction of numerous new private railways, such as the Kaiserin Elisabeth Westbahn, etc. In 1859, railway construction more or less came to a standstill due to the war operations. After the war against Prussia in 1866 railway construction was massively pushed forward to revive the economy and alleviate the economic woes of the population. The following years up until 1873 were marked by a railway construction boom and a strong economic upswing fostered by industrialization.

The second State railway period (1873 – 1918)

The socalled Ausgleich (compromise) with Hungary in 1867, which resulted in the reorganization of the empire as a dual monarchy, also had a major impact on traffic policy. Hungary promptly turned away from the private railway system. With the establishment of MAV, the Hungarian State Railways, the State again took over responsibility for railway construction.

In Austria, the era of private railways continued until the stock exchange crash and collapse of the economy in 1873. For the second time, the economic weaknesses of the private railway system came to the fore resulting in the need to implement major changes in traffic policy. When several private railways became insolvent the State was forced to take them over. The economic crisis resulted in a complete halt of private railway construction. To link up the country to the transport system and to create jobs (and thus to alleviate the economic woes of the population), railway lines were built at State cost and within a few years only numerous railway projects were completed (e.g. Arlbergbahn in 1884).

At the end of 1884, the State railway network again covered a total of 5,103 km. On 1 July 1884 the "kk Generaldirektion der Staatsbahnen" (Imperial General Directorate of the State Railways) was founded and entrusted with the management of these lines. This was the hour of birth of the "kaiserlich-königliche Staatsbahnen" ("kk StB"), the Imperial State Railways. From this time onward, safeguarding the monopoly position of the Imperial State Railways was a major objective of traffic policy. This goal was achieved by nationalizing the existing private railways (KJB, KFNB, ÖNWB, StEG, etc,) or at least by taking over traffic or building new railway lines (e.g. the second railway line to Trieste). Up until the end of the monarchy, the only major private railway in Austria which was not nationalized was the Südbahn southern railway. As at 1 January 1914, out of a total of 22, 981 km of railway tracks on Austrian territory, 18,859, i.e. 82.06%, were state-owned or private railways run by the state.