

Breakthrough, opening and the profitable decades

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The two headings of the summit tunnel met on 29 February 1880. The *Neue Zürcher Zeitung* announced the event the next day with a single word: “Durch!”.¹ The tunnel, about 15 kilometres long, was the longest railway tunnel in the world when it opened. It cost roughly 67 million francs, or about 4.6 million francs per kilometre including lining and installations.² After the breakthrough the lining, the track and the installations had to be completed. Trains began to run through the tunnel between Göschenen and Airolo on 1 January 1882. The inauguration festivities took place in May 1882 in Lucerne and in Italy, and regular service over the whole line from Immensee to Chiasso began on 1 June 1882.³ The Historical Dictionary notes that only between January and December 1882 did trains begin to run without interruption along Switzerland’s first Alpine transversal.⁴

The final accounts reflected the rescue. By the time the line was complete, the subsidies of the three states amounted to 119 million francs: 58 million from Italy, 31 million from Switzerland and 30 million from Germany. The share capital, originally 34 million francs, had been raised to 50 million francs.⁵ The Alptransit portal, citing the same figures, notes that the project was largely financed with foreign capital, with Italy providing about a quarter and Germany about a seventh of total construction costs of 238 million francs.⁶ The foreign share in the subsidies was therefore three quarters of the total. If one adds the foreign share in the private capital raised by the German and Italian banking groups, it is clear that most of the money invested in the Gotthard came from outside Switzerland. Zurich had supplied the leadership, the organisation and a substantial portion of the private capital. The bulk of the risk capital came from the treasuries and investors of Italy and Germany.

The commercial results soon vindicated the project. Traffic in the first year of operation exceeded expectations by a factor of six for passengers and by

a factor of two for freight.⁷ Freight revenues consistently exceeded passenger revenues, and operating surpluses rose year after year. The company paid dividends of around 7 per cent of share capital, a return that made Gotthard shares one of the most sought-after Swiss railway securities.⁸ The Gotthard company was also the technically most advanced of the Swiss private railways. It introduced automatic brakes, four-axle carriages, saloon cars and large steam locomotives.⁹ Tourism became an additional source of revenue. Between 1883 and 1901 the railway earned 1.3 million francs from tourist traffic. In the early twentieth century its publicity increasingly presented Italy as the destination of the journey.¹⁰

The economic geography of Switzerland changed with the line. The Historical Dictionary observes that goods traffic and part of the passenger traffic concentrated on the Gotthard axis, a development encouraged by the federal Railway Act of 1872, which allowed the construction of new access lines towards the Gotthard. By 1897 the company operated a network of 273 kilometres.¹¹ The regions along the old passes lost the carrying trade on which they had lived for centuries. Before 1882 some 13,000 tonnes a year had crossed the passes of Graubünden while the Gotthard road carried only 2,000 tonnes, a relation that the railway reversed within a few years.¹² Many of the new jobs in transit were filled by specialists from outside the valleys, so that the local population gained less than it had hoped.

For the investors, the Gotthard became a model of a successful infrastructure investment after a painful construction phase. The shareholders who had subscribed in 1871 at par saw the value of their holdings fall sharply and then recover, receiving dividends for nearly three decades. The bondholders kept their security until their claims were taken over by the Federal Railways in 1909. In the language of modern infrastructure finance, the Gotthard passed through the classic J-curve of a greenfield project: heavy losses in value during construction, a restructuring when the construction risk materialised, and stable, inflation-resistant returns once the asset was in operation. Zurich investors and bankers who lived through this cycle learnt to distinguish construction risk from operating risk, a distinction that is fundamental to the modern pricing of infrastructure assets.

1 Notes

1. SBB Historic, press release of 1 April 2025 (see above), on the breakthrough of 29 February 1880 and the NZZ headline; Meyer, “Durchbruch am Gotthard” (see above), dates the NZZ report to 1 March 1880. ↩

2. Bahndaten, “Gotthardbahn” (see above), on the cost of the tunnel. ↩
3. Wikipedia (German), “Gotthardbahn” (see above), on provisional service from 1 January 1882 and full service from 1 June 1882; Wikipedia (English), “Gotthard railway”, https://en.wikipedia.org/wiki/Gotthard_railway, on the inauguration festivities of 21 to 25 May 1882 in Lucerne and Chiasso. ↩
4. HLS, “Ferrovia del Gottardo” (Bärtschi), Italian version (see above).
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5. Röll, Enzyklopädie des Eisenbahnwesens, “Gotthardbahn” (see above), on the total subsidies of 119 million francs and their distribution, and on the increase of the share capital from 34 to 50 million francs. ↩
6. Alptransit portal, “Einweihung des Gotthardtunnels” (see above). ↩
7. Alptransit portal, “Einweihung des Gotthardtunnels” (see above). ↩
8. Bahndaten, “Gotthardbahn” (see above); Wikipedia (German), “Gotthardbahn-Gesellschaft” (see above), which also notes that the company owned 1,776 freight wagons in 1908. ↩
9. HLS, “Ferrovia del Gottardo” (Bärtschi), Italian version (see above).
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10. Heid et al., “Verkehr – Nord-Süd-Transit”, sozialgeschichte.ch (see above). ↩
11. HLS, “Ferrovia del Gottardo” (Bärtschi), Italian version (see above).
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12. Heid et al., “Verkehr – Nord-Süd-Transit”, sozialgeschichte.ch (see above), on the traffic volumes on the Graubünden passes and the Gotthard before the railway. ↩

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