THEODORE H. FRIEDGUT

Iuzovka and Revolution, Volume I

Life and Work in Russia's Donbass, 1869-1924

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Iuzovka and Revolution

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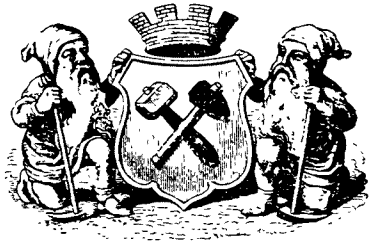
Iuzovka and Revolution

— VOLUME I —

Life and Work in Russia's Donbass, 1869–1924

Theodore H. Friedgut



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To the pioneering vision
of John James Hughes
and to the hundreds of thousands of Donbass workers
whose toil and blood made
that vision a reality,
this book is respectfully dedicated.

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PREFACE

These volumes had an almost accidental beginning. Frustrated by the stagnation of Soviet politics during Brezhnev's declining years, I was looking for a topic that would generate not only insights into the core values and problems of Soviet politics, but also some measure of intellectual interest in a field of research that was rapidly declining from tedium to unrelieved dreariness. I began to look backwards, considering the idea that a political biography of Nikita Khrushchev would not only provide an interesting challenge, but would also yield an understanding of the world that formed the current Soviet leadership.

My first discovery was the relative wealth of documentary and memoir literature covering the early years of political development in the mines and factories of the Donbass, where Khrushchev grew up, and where he began his political career. The eagerness of Soviet historians to gather and publish vast quantities of documents on every stage of the growth of the labor movement in the Ukraine as a whole, and in the Donbass as the most important proletarian concentration within the Ukraine, provided a skeleton of problems and events that soon began to take on human shape in the form of the multitude of memoirs published in *Letopis revoliutsii* and other journals of the 1920s, before Soviet history was pressed into the Stalinist mold.

Very quickly the social, political, and economic peculiarities of Iuzovka, the mine and mill town where Khrushchev grew up, came to the fore. Within a few months this mean and grimy industrial settlement stole center stage from the ebullient *apparatchik*, and the Khrushchev biography was shelved, displaced by a biography of Iuzovka.

The very fact that a successful and energetic 55-year-old Welshman had come to the barren steppe of the southeastern Ukraine to create a steel and coal complex for Russia was worth investigating. At first this new industrial development was referred to as the *Iuzovskii zavod* ("the Hughes factory"), but as it prospered and grew, the entire settlement was known by

its founder's name rendered as "Iúzovka" for the settlement, and as "Iúzovo" for the railway station.[1] The fact that over a hundred years later, with a population of over a million, Donetsk still remains the "Kingdom of Iron and of Coal" that Iuzovka grew to be, testifies to the soundness of the foundations Hughes laid.

Much more entered into it, though. Social and political relations took rather different forms than those that surrounded the growth of industry in central Russia. The Donbass was unpopulated. Mine and factory settlements developed mostly in places that had no previous social structure or institutions. In this they resembled some of the new settlements in America. But very little of the spirit and values of the open frontier was to be found here. In addition, Iuzovka was a company town, owned outright by Hughes' New Russia Coal, Iron, and Rail Producing Co, known in Russian as the *Novorossiiskoe obshchestvo kamenno-ugol'nago, zheleznago, i relsovago proizvodstva* (frequently abbreviated to N.R.O.). In this, the environment was unlike Moscow or St. Petersburg, where industrial development took place within established urban communities.

Then too, the population that did come to Iuzovka was heterogeneous in the extreme, unlike that of Moscow, which was more uniformly Russian, peasant, and Orthodox Christian. British owners of this company town bossed Russian workmen in a community served by Jewish artisans and merchants. All these groups were surrounded by Ukrainian peasants reluctant to participate in the industrialization of their region. Tracing the role of each community, its status, and the changing pattern of relations between them is an integral part of understanding Donbass politics and society.

The advance of industrial capitalism in Russia is epitomized by the development of Iuzovka. Seasonally migrant villagers became urban industrial workers. Money became the medium of their intercourse with other sectors of society. Industrial capitalism changed not only the venue and nature of their work, but relations with their fellow workers as well. As the Iuzovka steel plant's work force became settled, old village solidarities, expressed through the cooperative organization of labor and housekeeping, declined. To the extent that a stable labor force of coal miners came into being, the same processes may be observed.

[1] The name appears in documents in various spellings: "Hughesoffka," "Jusofka," and sometimes even "Jewsovka"!

The living and housing arrangements of the Donbass workers changed, as did their clothing and diet. Education, and with it the broader aspects of urban culture, entered their world. In the two generations that we are able to observe here there were immense changes: the Iuzovka inhabitants of 1917 lived very differently than did the town's founders. Did increased wellbeing and a higher material and cultural level change social attitudes and erase some of the barriers between the various groups in the settlement? Were new and different barriers erected?

As these many strands of Donbass life spun out and combined, different patterns appeared. A steel worker was not living the same life as a coal miner even within Iuzovka itself, let alone in comparison to the lives of those in the isolated and more primitive coal settlements scattered up and down the Donbass. What differences, if any, were created in the social and political outlook of these two groups of workers? Among Hughes' factory workers in Iuzovka we will be able to observe how different groups emerged as seniority and acquired skills were translated into economic status and security.

Coming to the Donbass, in particular to a factory settlement such as Iuzovka, the migrant peasant was confronted with a many-splendored world whose heterogeneity stood in stark contrast to the solid monotone of the village. The new worker was projected into a world of choice and change. In the village, skill, energy, and good fortune might dictate *how well* you lived, but not *how* you worked or lived, i.e., the structure and goals of your life and work had already been set by the traditional framework of village life. This framework, admittedly, had been changing since the emancipation of the serfs, but far more slowly than the raw and traditionless society of the industrial settlements. There the weak, the unfortunate, and the indolent might drink and drift. The cunning and acquisitive could become small property-holders and business people, and the ambitious could improve or change their skills, launching themselves and their descendants into a world of opportunity that remained largely unattainable to the villager. A whole spectrum of such types appeared in Iuzovka and in the Donbass, and the political behavior of the population in riot, war, and revolution cannot be understood without a knowledge of these people's lives and aspirations. It is the co-existence of these different groups as they simultaneously experienced what appear to be totally contradictory processes of development that lends Donbass society its richly challenging texture. Nor is this differentiation limited to the Russian

workers. In the impoverished Jewish community of small merchants and artisans, a relatively prosperous group of manufacturers, financiers, and professionals developed. Did their presence influence Iuzovka's politics and society in any way?

And so what was originally meant to be a largely political exploration became, in addition, an attempt to examine the development of a complex social unit. In the process the project grew from a modest monograph to two fat tomes divided by topic rather than chronology. I have attempted to write each as a comprehensible entity in itself; I have also tried to avoid unnecessary duplication by referring the reader of each volume to discussions in its companion. I did not premeditate a two-volume work. My original focus was to be purely political. However, as I became more familiar with the living and working conditions of the Donbass's populations, I was convinced that this dimension of life explained much about their political behavior and, beyond that, had intrinsic interest and importance. It is, therefore, the compelling nature of the research material that dictated the existence of this volume. Without an examination of the cultural fabric of the Donbass factory workers' and miners' daily lives, without an understanding of their most existential aspirations and problems, and without an analysis of the social differentiations that developed among them, I felt I would be unable to understand their politics.

Yet the political core remains. On the foundations of the social inquiry that fills this first book, a second volume devoted to political analysis will be needed to complete the project. The influence of the autocratic bureaucracy on the society and life of the Donbass was of the greatest importance. It set the bounds of the industrialists' activities and totally constricted the development of any sort of civic politics among the workers. But also important is the triangular relation of the government (both local and central), the employers, organized as the Congress of Mining Industrialists of South Russia, and the workers, first as the working forces in individual mines and factories, and later as agglomerated into the various groups within the revolutionary movement. The relations between the radical intelligentsia and the workers must enter into this analysis as well. If such relations were problematic in all of Russia, they were all the more so in the particular conditions of the Donbass.

In the political analysis of Iuzovka's development I have been able to examine not only the evolution of the various corporate actors, but their interaction both in times of peaceful routine and in the recurring civil,

economic, and military crises that swept the area. In particular, the 1892 cholera riots, the 1905 revolution, and the year 1917 are highlights of this story. Along with this, however, the changing political interplay during the intervals between crises teaches us much about the values and perceptions of the various segments of the Donbass population. Our analysis ends in June of 1924, when the reconstruction of Iuzovka was virtually complete. Life, for the moment, had returned to a daily routine after seven harsh years of disruption. The name of the city was changed in that month to Stalino, symbolizing the new era that stood before the city's inhabitants.

ACKNOWLEDGMENTS

The debts I have accumulated in the six years I have devoted to this project are enormous. First and foremost I want to acknowledge the cooperation and enthusiastic encouragement given me by Dr. David Balfour, grandson of Archibald Balfour, one of the initiators of the New Russia Co., and by Mr. Vladimir de Boursac, great grandson of John James Hughes. Both of these gentlemen shared with me their information, memories, and memorabilia and encouraged me to push the project forward. Richard K. Kindersley of St. Antony's College, Oxford, kindly provided the first contact with them, and I am grateful.

My research began during a sabbatical leave in the Departments of Political Science and History at the Sir George Williams campus of Concordia University in Montreal. I am grateful to the university authorities and faculty for providing a congenial and stimulating environment, and to the inter-library loan staff who worked cheerfully and efficiently above and beyond the call of duty, scouring the libraries of North America for the obscure tomes and journals that I kept requesting. Mme. J. Budon and the Credit Lyonnais in Paris were most cooperative in allowing the use of their rich and well-ordered archive, as was M. Piot of the Credit du Nord. Their appreciation of the historical riches preserved in their archives is commendable.

The staff of the Slavic Library of Helsinki University deserves special commendation, as do all the administrators of that most welcoming institution. Their skill, knowledge, and cooperative spirit made the researcher's life pleasant and easy and maximized the value of their wonderfully rich library holdings. *Kiitos!* To the Canada-Soviet Academic Exchange I am deeply indebted for a grant that made possible archival research in the USSR, work crucial to the completion of this project. I am grateful to the Academy of Sciences of the USSR, and to the staffs of the archives and libraries I visited in Leningrad and Moscow. In particular, the staff of the Donetsk Oblast' State Historical Archive deserves my thanks. Unused to

visiting researchers from North America, they nevertheless showed proverbial southern hospitality and provided me with material more valuable than could have been expected.

The Centre for Russian and East European Studies at the University of Toronto provided congenial physical and intellectual surroundings for the writing of the first draft, and I am grateful to Professor Timothy Colton, the Director of the Centre, for his personal and institutional hospitality. The Political Science Department of the University of Pennsylvania has been more than kind in giving me a home and in keeping my academic duties from being overly arduous while I completed my project. I am grateful to the Penn-Israel Exchange Program and to the Center for Soviet and East European Studies at the University of Pennsylvania for their financial support of my appointment as Gershman Visiting Professor in the Department of Political Science for 1987–88.

My intellectual debts are boundless. First of all I have been inspired and challenged by the standards of research and interpretation set by the generation of scholars now dealing with Russia's society during the period with which I am concerned. Coming to this work as a political scientist rather than as a historian I had much to learn about sources and method. What I owe these colleagues is abundantly clear in my great reliance on their writings. In a number of cases I was able to follow their trail-blazing work through archival sources that might never have occurred to me. Such, in particular, was John P. McKay's example in using the bank archives in Paris from which I derived much benefit. I owe thanks to Avraham Ben Yaacov for his energy and efficiency in scouting out the locations and working hours of these archives. Paul Kolsto told me of the Quisling Archive at Oslo University, and its librarians took the initiative in finding the document I needed in the Nansen Archive there. Professor Patricia Kennedy Grimsted was most generous in offering of her expertise in the use of Soviet archives, and, as if by magic, produced the *putevoditel'* that enabled me to penetrate to the heart of the Donetsk Regional Archive without wasting a moment of precious research time. John Hutchinson graciously took time from his own research to share with me his own well informed views of Russian politics and society and provided me with the very important records of the first two All-Russian Congresses of Factory Doctors. *Nizkii poklon*!

Many individuals have been kind enough to read portions of my manuscript or listen to my lectures on Iuzovka, and their comments and ques-

tions have undoubtedly sharpened my understanding and kept me from numerous errors. Professor Sergei I. Potolov of Leningrad was kind enough to devote time and effort to discussions with me and directed me to important archive files in both Leningrad and Moscow. Vadim Vladimirovich Zuev of Donetsk accompanied me happily on an expedition through the city in my quest for the original houses of old Iuzovka. When the residents immediately identified him as an *apparatchik* and raised embarrassing questions as to housing and living conditions, he faced them with undaunted aplomb and good cheer. Without him I would not have been able to understand much of what I saw there of both the old and the contemporary Donbass society. Abraham Ascher, Robert E. Johnson, Alfred Rieber, Harvey Dyck, Ziva Galili y Garcia, Richard Stites, Elena Hellberg, Cynthia Whittaker, and Carter Elwood have all contributed comments and questions that challenged me to focus my formulations. Last but not least, I owe sincere thanks to my colleagues in the Department of Russian and Slavic Studies at the Hebrew University of Jerusalem who generously bore the load of teaching and administration during the last two years while I have been wandering the world freely, gathering and writing this history.

Adrienne Anne Shirley deserves both praise and gratitude for her skillful job of introducing order into my unruly prose and erratic apparatus.

I am grateful to the editors of *Slavic Review* and the *Canadian Slavonic Papers* for permitting me to use material from articles first published in those journals.

As great as these happily acknowledged debts are, the critics who will sit in judgment of my work are reminded that all errors of omission, commission, or interpretation which they may claim to find are fully and solely my own.

PART I

The Rise of the Donbass, 1869–1914

CHAPTER 1

Introduction: The Donbass before Iuzovka

"The rare villages scattered in the steppe are composed of huts, thatched cottages resembling nothing so much as piles of straw, cupped in a fold of land, usually where a stream is flowing."[1] This was how the French engineer Monin, sent to survey economic activity in the Donbass, described it in the year 1882. It was a barren, uninviting area. Though Donbass land is fertile, precipitation is infrequent and irregular. Summers are hot and dry, with strong winds that raise an "unbelievable dust."[2] There is virtually no plant growth whatsoever. The result is that it is sparsely populated, a fact of some significance to this volume, for it means that when the vast mineral riches of the Donbass were finally developed, there was no local labor surplus to be turned to their exploitation. A new, foreign work force had to be brought to this steppeland of the southeastern Ukraine, complicating the already difficult task of creating a modern industrial society.

The Donbass is geographically within the Ukraine, yet the Ukrainian population of the area plays only a marginal and largely reactive role in our history. For the Ukrainian peasant, industrial labor was a foreign way of life introduced by foreign intruders. As we shall see, Ukrainian peasants avoided entering the coal mines and steel mills as long as any other option was open to them. A survey published in 1886—when the Donbass coal

[1] J. Monin, *Notice sur le Bassin Houiller du Donetz, Nouvelle Russie* (Paris: Dubuisson et Co., 1882). Archive Nationale, Paris (henceforth, AN), File 65AQ-K69, p. 3.

[2] M. I. Retivov, "Organizatsiia protivokholernykh meropriatii i lechenie kholernykh bol'nykh na ugol'nykh rudnikakh T——va dlia razrabotki kamennoi soli i uglia v Iuzhnoi Rossii," in I. D. Astrakhan, ed., *Trudy vtorago vserossiiskago s'ezda fabrichnykh vrachei* (Moscow: 1911), vol. 1, p. 70.

boom was well under way, and metallurgy was solidly established and nearing its takeoff point—showed that three-quarters of the indigenous farm families in Slavianoserbsk uezd in the northern Donbass, were supplementing their income by non-agricultural activity. Yet of 6,922 families surveyed, only 42 had a member permanently employed in mining and only 599 took temporary employment in the mines. An unspecified number of these were working in peasant mines located on the peasants' own land.[3] In the Donbass, density of population was half of that in the central provinces of Russia, while individual landholdings were much larger. In the gubernii of Kursk, Orel, Tula, Riazan, and Tambov population density was 44.2 persons per square verst. The Donbass, with its fertile but unwatered black soil had only 21.6 souls per square verst.[4] The peasants of the Donbass had holdings ranging from one-and-a-half to two times as large as those of Bolkhov uezd in Orel guberniia. An article by I. M. Lukomskaia compares an area of Orel guberniia from which there was great emigration, to the two main industrial uezdy of Ekaterinoslav guberniia. She cites zemstvo statistics showing the following sizes of landholdings: Bolkhov uezd in Orel—7.0 desiatin per household, 2.3 per capita; Slavianoserbsk uezd in Ekaterinoslav—9.8 desiatin per household, 3.1 per capita; Bakhmut uezd in Ekaterinoslav—13.8 desiatin per household, 4.2 per capita.[5] Even within the environs of Ekaterinoslav guberniia the difference in population density between the agricultural northwest and the Donbass in the southeast is striking. In 1869, the year that John Hughes began construction of his steel mill and coal mines, the pioneering Russian sociologist Flerovskii wrote that Ekaterinoslav averaged 983 persons per square mile, while the Don Cossack Territory had only 338.[6] Those Russian peasants who had the strength and the initiative to seek a way to earn money for the purchase of additional land, as well as a sufficiently large family to permit some members to seek work far from home

[3] *Sbornik statisticheskikh svedenii po Ekaterinoslavskoi Gubernii* (Ekaterinoslav: 1886), vol. 3, Slavianoserbsk uezd, pp. 291, 296. (Henceforth cited as *S.S.S.* with volume no. and uezd name.)

[4] *Trudy s'ezda gornopromyshlennikov iuga Rossii. XVIII. 1893* (Kharkov: 1894), p. 328. (Henceforth cited as *Trudy*, no. of session, year of session, page no.)

[5] I. M. Lukomskaia, "Formirovanie promyshlennogo proletariata Donbassa 70-e, nachalo 80-kh godov XIXv," in *Iz istorii razvitiia rabochego i revoliutsionnogo dvizheniia* (Moscow: Akademiia nauk, 1958), p. 301.

[6] N. Flerovskii (V. V. Bervii), *Polozhenie rabochego klassa v Rossii* (Moscow: Gosudarstvennoe sotsial'no-ekonomicheskoe izdatel'stvo, 1938), p. 265.

while still leaving enough members behind to work the family holding in the home village, poured into the Donbass in growing numbers. They were attracted by the high wages paid by the industrialists, many of them foreign, who were investing in the region. This frenzy of economic activity and rapid population growth created opportunity in the service sector and on the fringes of the coal and metallurgy industries for small crafts, merchant activities, and small businesses. Since the greater part of the Donbass lay within the Pale of Settlement, that area of the southwestern Russian Empire in which Jews were permitted to reside, a considerable Jewish population was soon attracted. Right through the 1917 revolutions, the tense interplay between English owners, Russian workers, a Jewish service community, and the surrounding Ukrainian peasantry, forms one of the central dramas of political and social life in Iuzovka.

These volumes will present an analysis of all aspects of this relationship. The change in modes of earning a living and in standards of living, the creation of new economic groups struggling for a place among the existing elites of imperial Russia, forms one plane of analysis in this first volume. The presence or absence of community, and the connections or disjunctions among various national, economic, and religious groups, form the focus of our social analysis. The political plane, developed in detail in the second volume will deal with social forces as they attempted to organize, or to prevent organization, for a restructuring of participation in decision-making on both local and national levels.

The developmental process that Russia went through in the fifty years spanning the turn of the century took place in many parts of the western world at much the same time. Occasionally we will have cause to compare it with developments in the United States or in countries of western Europe. Yet Russia had a different historical background and a different political structure, and these play a major role in the direction taken by events and in the choice of solutions to the problems that arose. In similar fashion, the Donbass had its own unique features that made its development differ from that of Russia's central industrial areas. Much of our discussion will be devoted to weighing the importance of these features.[7]

[7] For a stimulating discussion of the same processes in France, to which my own discussion is much indebted, see Eugen Weber, *Peasants into Frenchmen* (London: Chatto and Windus, 1977). The monographic literature on various aspects of Russian development is growing rapidly and is already too voluminous for mention in a single note. See the bibliography in this volume for a listing of such works.

The Donbass—the Donetsk Basin—is today Donetsk Oblast' in the Ukrainian SSR. In the mid-nineteenth-century it lay mainly within Ekaterinoslav guberniia, particularly the eastern portion, composed of Slavianoserbsk, Bakhmut, and Mariupol uezdy, as well as a portion of Kharkov guberniia and the western edge of the Don Cossack Territory (*Oblast' voiska Donskogo*).[8] The term "Donbass," an acronym for *Donetskii Bassein*—the watershed of the Donets River, is said to have been used first in the 1820s by the geologist E. P. Kovalevskii, the first person ever to make a detailed geological map of the region.[9] The northern border of the Donbass was formed by the course of the Donets River; the basin stretched 150 kilometers from north to south, encompassing an area of 23,500 square kilometers.[10]

Coal was first discovered in the Donbass in 1724, when an English surveyor named Nixon came with four assistants to look for coal in the Donetsk range.[11] As was the case in other European countries (England, for instance), little significance was attached to the discovery at the time, for lack of an appropriate social and economic framework. In a peasant economy blessed with abundant wood there was no market for coal. It was only towards the end of the century that the English engineer Charles Gascoyne, invited by the Russian government to help develop its metallurgical industry, submitted a plan for the use of Donbass coal and local iron ore. In November 1795, an imperial decree ordered the construction of an iron smelter and foundry on the Lugani River—the beginnings of the town of Lugansk—and the establishment of a "quarry" (*lomka*) to dig the coal found in the area.[12] Not only was the technical know-how provided by foreigners, but the factory as well drew from its beginning on nonlocal workers, setting the pattern for later developments: metal workers were brought from the crown factories of the Urals; peasants were brought from

[8] Levus, "Iz istorii revoliutsionnago dvizheniia v Donetskom Basseine," in *Narodnoe delo, sbornik 3* (Paris: 1909), p. 44. See also *Trudy, XVIII. 1893*, p. 327.

[9] S. I. Potolov, *Rabochie Donbassa i XIX veke* (Moscow-Leningrad: Izdatel'stvo Akademii nauk, 1963), p. 9.

[10] Auguste M. Pourcel, *Memoir sur les recents developpements de l'industrie houillere au Donetz et la mine de Chtcherbinovka* (ms., 23 pp.), (Paris: Ecole Superieure des Mines, 1897).

[11] L. Liberman, *V ugol'nom tsarstve* (Petrograd 1918), p. 8 See also, Iu. Iu. Kondufor, ed., *Istoriia rabochikh Donbassa* (Kiev: Naukova dumka, 1981), vol. 1, p. 15.

[12] Kondufor, *Istoriia*, p. 17 See also the account of Patricia Herlihy, "Ukrainian Cities in the 19th Century," in Ivan Rudnitsky, ed., *Rethinking Ukrainian History* (Edmonton: Canadian Institute of Ukrainian Studies, 1981), p. 149.

Lipetsk and Tambov regions. As these proved insufficient, army recruits and criminals sentenced to hard labor were sent in as reinforcements, setting precedents for possible solutions to a chronic labor problem which was to plague the Donbass through most of its history.[13] The factory was never a success: it suffered from the poor quality of its coking coal and from insufficient transportation both for bringing iron ore from a distance of sixty kilometers and for marketing its production. The isolated nature of this enterprise is indicated by the fact that during the first ten years of its existence, the two coal mines that supplied it produced ninety percent of the coal mined in the entire Donbass region.[14] These two mines, the Dagmar and the Capital, produced 200,000 pud a year to meet the factory's modest needs; had there been transport and a market, they could have produced seven million pud a year.[15] In 1845, the smelting operations of this factory were closed down and it began using pig iron hauled in from the Urals for its production of iron goods. Subsequently a new smelter was set up in Kerch, in the Crimea, where it was hoped that the proximity to iron ore, and to the sea as an avenue of transport, would contribute to the plant's success.[16] The capture of this plant by Anglo-French forces during the Crimean War gave the Russian authorities pause to consider the strategic problems of siting what was even then seen to be one of the cornerstones of national power for the coming years. Later attempts to build the Petrovskii smelter near Poliakov's South Russian Coal Co. mines on the Korsun River and a smelter at Lisichansk were quickly abandoned at the end of the 1860s.[17] The Lisichansk smelter, equipped under the supervision of Professor Ivan Time, succeeded in producing the first pig iron in Russia smelted in a coal-fired blast furnace. Because of economic problems—chiefly a lack of capital and of appropriate infrastructure—the smelter never went beyond experimental production.[18]

[13] A. G. Rashin, *Formirovanie rabochego klassa v Rossii* (Moscow: Izdatel'stvo sotsial'no-ekonomicheskoi literatury, 1958), p. 446 n.1.

[14] Kondufor, *Istoriia*, p. 17.

[15] "Raport direktora Gornago Departmenta predstavlennyi Gospodinu Ministru Finansov o sostoianii gorno-zavodskoi promyshlennosti v Rossii za posledniia desiat' let," *Gornyi zhurnal*, no. 1, 1874, p. 32.

[16] A. Keppen, ed., *Istoriko-statisticheskii obzor promyshlennosti Rossii. Gruppa 4. gornaia i soliianaia promyshlennost'* (St. Petersburg 1882), pp. 80–81. See also, B. F. Brandt, *Inostrannye kapitali v Rossii i ikh vlianie na ekonomicheskoe razvitie strany* (St Petersburg. vol. 2, n.d.), p. 45.

[17] Brandt, *Inostrannyie kapitaly*, vol. 2, pp. 44–45

[18] "Raport direktora," p. 31.

Despite renewed efforts to activate the Lugansk smelter in its old location, it never reached fifty thousand tonnes of pig iron production per year and was finally closed down in 1872 when John Hughes' New Russia Coal, Iron, and Rail Producing Co. began pouring a steady stream of pig iron from its first blast furnace.[19] It took nearby iron ore and limestone, mixed and melted them in blast furnaces fired by Iuzovka coal, and poured ingots of pig iron that were later worked into beams and rails. A few years later the pig iron was processed into steel, and this steel was rolled, cast, and forged into a variety of forms, but always with railway rails as a main end product. Because it began with ore, limestone, and coal, and ended with a finished product, the New Russia factory was known as a "full-cycle" enterprise.

This marked the birth of the modern Donbass. Cutting back the Lugansk factory's activity meant that only 231 families with a total of 361 souls remained employed there, while 710 families totaling 1,207 souls lost their livelihood.[20] Most of these returned to their villages or sought to settle in new areas, but some were hired at Hughes' factory and were to provide an experienced, if sometimes problematic element of the Iuzovka labor force. As will be shown later, others of the technical personnel of the Lugansk and Lisichansk factories played various roles in the Donbass.

In its coal production, the Donbass was divided into a southeastern portion, lying mainly within the Don Cossack Territory, and a western portion, lying in Ekaterinoslav guberniia. The former produced anthracite, while the latter, a larger area producing the bulk of Donbass coal, was almost exclusively bituminous. The beginnings of anthracite production in the Grushevsk region of the Donbass can be traced back to 1817; this production grew comparatively rapidly, largely due to the proximity of the port cities along the shore of the Sea of Azov.[21]

The first "model" mines, in the area were designed to introduce the latest techniques of mechanized coal extraction to this comparatively new, but prospectively rich, region. They were established by *ROPIT*—the Russian Steamship and Trading Company. In 1865 an engineer named Wagner, the mines' director and one of the pioneers in development of the

[19] Potolov, *Rabochie Donbassa*, ch. 1, and P. I. Fomin, *Gornaia i gornozavodskaia promyshlennost' iuga Rossii* (Kharkov: 1915), vol. 1, chapters 1–2 (hereinafter *Gornaia promyshlennost'*), give detailed accounts of this early pre-capitalist development of the Donbass.

[20] *S.S.S.*, vol. 3, Slavianoserbsk uezd, p. 25.

[21] Kondufor, *Istoriia*, vol. 1, p. 19.

Donbass coal industry, imported the first steam engines for coal raising and water pumping. It is typical of Russia's situation at the time (and even much later) that this valuable equipment sat for six months until a crew capable of installing and maintaining it could be assembled.[22] The mine was not only highly mechanized for its time, but was intended to provide a social model as well. A large infirmary was built, pay was distributed to the workers on a monthly basis (rather than semi-annually as was the custom at the time), and two-storey stone houses were constructed to house the workers.[23] In its scale and in its production and living arrangements the ROPIT mine stood in bold contrast to virtually all the other mines of the Don Cossack Region, which were at that time almost exclusively family enterprises worked by hand or by draught animals and lacking all investment or technological improvement.

Peasants often mined outcroppings of coal on the lands of their own village association, or rented portions of a landlord's coal-holdings and mined them on a sharecropping basis. Such mines never went deep and rarely used any mechanical power. A human-powered or horsedrawn winch was used for raising coal to the surface, and a pit one meter square and ten meters deep was considered an achievement. Even as late as 1884, when there were numerous examples of modern mines to be seen in the Donbass, only 17 of the 57 coal shafts in the Slavianoserbsk district had steam-powered equipment, while the remaining 40 were worked by horsepower.[24]

An *artel'* consisting of five or six people at least would work such a mine. The cost of opening such a mine was estimated at the end of the 1880s to be about 175 rubles. Such a sum was beyond the means of almost any group of peasants and required loans at interest or credit against a contract to sell coal at a pre-set, usually low, price. In this way, peasants were drawn out of their parochial subsistence economy, and connected to the rest of society by a commercial nexus. In the regions of Ekaterinoslav guberniia in which peasants worked their own mines and average land-

[22] I. P. Khlystov, *Don v epokhu kapitalizma* (Rostov: Izdatel'stvo Rostovskogo universiteta, 1962), p. 147. The "modern-ness" of the ROPIT mine, was, of course, judged within the Russian context. The first steam engine used for pumping a mine was installed at Dudley Castle in Great Britain, in 1712. See Anthony F. C. Wallace, *The Social Context of Innovation* (Princeton, N.J.: Princeton University Press, 1982), p. 53.

[23] V. Domger, "Sovremennoe sostoianie nekotorykh rudnikov iuga Rossii," *Gornyi zhurnal*, no. 11, 1874, p. 161.

[24] *S.S.S.*, vol. 3, Slavianoserbsk uezd, p. 339.

holdings were somewhat smaller than in other regions of the province, there were a higher incidence of working of rented land and larger holdings of working livestock. The coal income allowed peasants to expand their economy, as well as giving them an economic alternative to having to work on the landlord's holdings in order to pay the high rents or redemption payments with which their own land might be burdened.[25] This seasonal coal mining could yield a cash income of seventy to one hundred rubles, far more money than peasants had had at their disposal previously, and sufficient to support a family of four to five people through much of the year.[26]

In similar fashion, individuals or small partnerships with an initial capital of only a horse and wagon and a few rubles became substantial merchants and coal producers in their own right through dealing with these peasant miners.[27] As may be seen in Malkin's career, many of these small-scale entrepreneurs were active in the Donbass for considerable periods; they often shifted from mine to mine, opening and abandoning pits as short-term opportunity presented itself. Ludwig Erhardt, an otherwise unidentified personage, pointed out this phenomenon to the Minister of State Domains in a note that sums up all the evils of this practice. He states that the peasants often rented out their lands for a pittance in cash and a few buckets of vodka, that wages paid at such mines were low and living conditions poor, and that the short-term outlook and lack of investment were destroying the coal seams. Erhardt recommended that short-term rental of coal lands be prohibited.[28] The fact that Erhardt placed all blame for such practices on the Jews does not invalidate his other observations: we will

[25] Gr. Shreider, "Ocherki kustarnoi gornoi promyshlennosti," *Russkaia mysl'*, no. 10, October 1889, p. 72.

[26] Shreider, "Ocherki," pp. 69, 85 n.26.

[27] The sources allow us to trace the career of Ia. L. Malkin, a Jewish merchant of the second guild, a member of the Congress of Mining Industrialists of South Russia in 1882—see *Trudy. XVII. 1882*, pp 180–89 for list of coal shippers. In *S.S.S.*, vol. 3, Slavianoserbsk uezd, pp. 390–91, 397, Malkin is noted as being involved in coal mining and transport as well as having contracted with a partner for developing a mine on lands rented from a village association. In *Trudy. XVII. 1892*, pp. 358–59 he is listed as 46th of 236 Donbass coal shippers, having marketed 280 tonnes of coal in the course of the year. TsGIAL, F.37, op.55, d.199, p 46, contains a 1913 report that states that Malkin operated the Novo-Grigorevka mine and employed 129 workers (of whom only 24 were accompanied by their families). All the data indicate a small, short-term, substandard mine.

[28] TsGIAL, F.381, op 50, ed. khr.3, pp. 100–106. The memo is undated, but its location in the archive and internal evidence would indicate that it dates from the early 1870s.

see in the course of our discussion that the problem raised here was central in the economic development of the Donbass coal industry.

The peasant-owned mines were never an economic factor in the production of Donbass coal—even as early as 1884 they accounted for only about 2½ percent of all coal mined in the region.[29] The "capitalist" mines of the greater and lesser merchants and coal producers were rather different. As we shall see, their owners played the most active role in the workings of their professional association, the Congress of Mining Industrialists of South Russia, setting the tone of its policies far more than the foreign giants who dominated the production side of the industry in both coal and metallurgy.

In addition to the sparseness of population, the structure of land-holding in the steppe region had much to do with the fact that the local peasantry did not go into the mines. The greater part of the land in the Donbass region had been in crown holdings which maintained few serfs. Serfdom had never been strongly entrenched in the region, even on privately held lands.[30] With the economic stimulus of the coal boom, the village associations began acquiring land rapidly. Between 1884 and 1886 landholdings of village associations in Slavianoserbsk uezd grew from 6,582 desiatins to 27,109, while local landlords, tempted by rising prices, were selling to coal companies and to the peasant associations. In the above period landlords' holdings declined from 247,274 desiatins to 231,372 desiatins.[31] As will be discussed later, it was more advantageous for the coal entrepreneurs to acquire land from the landlords or from crown lands than from the village associations. The expansion of industry thus did not dislodge the peasants from their lands. On the contrary, it seems to have provided them with the opportunity to enlarge their holdings. In addition, even when peasant associations leased their lands to large coal producers, they retained the rights to mining the first 15 sazhen (32 meters) depth.[32] Indeed, as might be anticipated, the peasants were soon aware of the income to be derived from mining and turned increasingly towards supplementing their agricultural income by working their own mines. Of twenty peasant mines in Slavianoserbsk uezd in 1884, four

[29] *S.S.S.*, vol. 3, Slavianoserbsk uezd, p. 419

[30] Kondufor, *Istoriia*, vol. 1, p. 15.

[31] *S.S.S.*, vol. 3, Slavianoserbsk uezd, p. 4.

[32] V. Islavin, "Obzor kamennougol'noi i zhelezodelatel'noi promyshlennosti donetskago kriazha," *Gornyi zhurnal*, no. 1, 1875, p. 45.

opened in the 1870s, and thirteen in the 1880s. Only two were from earlier years.[33] The relatively large landholdings and the predominance of individual farmers in the steppes are said to have remained a powerful economic and political factor in the region well into the 1920s,[34] though it might have been expected that the many poor farmers among them might have been tempted to leave agriculture for industry by the prospect of higher income. There was a persisting pattern, however, of clinging to the land. When the serfs were emancipated in 1861, the crown serfs who worked in the Lisichansk smelter were offered their freedom with a land allotment. Despite the fact that these were described as virtually all "hereditary proletarians" who had never farmed, one-third of them chose to return to the land.[35]

The growth of the coal industry and, in its wake, of metallurgy was swift and intense. Of 57 commercial coal mines in the heart of the Donbass in 1884, 46 were opened between the mid-1870s and the mid-1880s.[36] So striking was this phenomenon of economic growth that the Russian press (and, in particular, many conservative and nationally-inclined elements who viewed askance the phenomenon of an upstart entrepreneurial stratum sailing giddily into prosperity on a floodtide of foreign capital) referred to it as the "coal craze" (*uglomaniia*).[37]

The basic political factor influencing the Russian government in its decision to develop its coal and iron industries had been the Crimean War. English and French forces and their supplies had sailed to the Crimean peninsula through the Mediterranean and Black Seas more swiftly than Russian forces could be transported overland. Shaken by this fact and humiliated by the technological inferiority of Russian arms, the regime decided (however reluctantly) that it must follow the path that western Europe had taken almost a century earlier. The railroad was seen as key to the efficient conquest of Russia's vast expanses. Coal and iron were the sine

[33] E. F. Bogutskii, "Polozhenie gornorabochikh v Donetskom Basseine," *Iuridicheskii vestnik*, November 1890, p. 447.

[34] H. H. Fisher, *The Famine in South Russia, 1919–1923* (New York: Macmillan, 1927), p. 265.

[35] Shreider, "Ocherki," p. 48.

[36] Bogutskii "Polozhenie," p. 447.

[37] N. Kavraiskii, "Rudnichnaia rel'sovaia otkatka liudmi s tochki zreniia khoziaistvennoi, s prilozheniem tablitsy normal'nago truda otkatshchika," *Gornyi zhurnal*, no. 11, 1871, p. 188n. Although the main thrust of Kavraiskii's article is strictly technical, it contains much stinging social and political criticism.

qua non of railway development.[38] The French geologist Le Play, in his 1842 *Voyage dans la Russie Meridionalle*, had already indicated the full extent of the Donbass' mineral wealth, focusing the regime's eyes on the south as the locus of future development. The stage was set for a South Russian industrial revolution.

[38] A. Keppen, "Materialy dlia istorii gornago dela na iuge Rossii," *Gorno-zavodskii listok* (henceforth *G-z l*), no. 18, 1899, pp. 3958–59.

CHAPTER 2

The Genesis of Iuzovka

John James Hughes pioneered in creating the model for Donbass development: he brought three necessary elements of heavy industry—iron ore, coal, and rail transport—into a self-sufficient entity based on industrial enterprise to which both capital and labor could be attracted. There, where in 1870 he first settled in a lonely shepherd's cottage, now stands the city of Donetsk, with its population of over a million. Although no monument to Hughes is to be found in the city, his impact is clear. An urban center built on coal and metallurgy, it has followed the path which he charted from its earliest days.

Hughes was born in 1814 in the town of Merther Tydfil in South Wales.[1] After what is described as a "home education" he was apprenticed to the local Cyfartha Iron Works where his father was also employed, gained additional experience at the Ebbw Vale works, and, at the age of twenty-eight, struck out on his own, buying the Uskside Engineering Co. at Newport. Here he evidently had free play for his considerable energy and ingenuity: eight years later we find him director, then president of the Millwall Engineering Company, a major marine engineering firm on the Thames.

Hughes had made a name for himself in marine engineering with such innovations as the development of an improved naval gun mount. When the British government, looking to armor its fleet, held a competition for

[1] The main published biographical sources are: Emrys G. Bowen, *John Hughes* (Cardiff: University of Wales Press, 1978); Samuel Knight, "John Hughes and Yuzovka," *Planet*, vol. 21, 1974, pp. 35–41; J. N. Westwood, "John Hughes and Russian Metallurgy," *Economic History Review*, 2d ser., 1965, pp. 564–69; and the *Russkii biograficheskii slovar'* (New York: Kraus Reprints, 1962), vol. 24, p. 318. In addition to these I have derived some understanding of the man from his letters to various Russian government officials, from memoirs and observations of persons who saw him at work in the early days of the New Russia Co., and from conversation with his great-grandson.

armor plate, Hughes' Millwall firm came out on top. This success made Hughes' reputation. At fifty he was at the peak of an enviable career.

It was the reputation of Millwall's armor plate that first attracted Russian attention to John Hughes. The tsar's government sent General Totleben and Col. (later Major General) Gern to England to inquire as to the possibility of using Millwall armor to strengthen Fort Konstantin at the approaches to Kronstadt. It would appear that Russian intentions went beyond this one project, for when Hughes arrived in St. Petersburg for negotiations, additional proposals regarding the development of Russian metallurgy were broached.

The Russians first proposed that Hughes take over the management and modernization of the metal works run by the naval ministry at Kolpino. After visiting the site and examining its operations Hughes, seeing no prospects of putting this backward plant onto a modern industrial footing, refused.[2] It was then that the building of an entirely new plant in the south was proposed.

The failure of the state-run Lugansk and Lisichansk metallurgy enterprises, combined with the painfully slow development of Donbass coal, was a source of chagrin to the Russian government. Plans for rapid expansion of the railway network made the establishing of a large rail-producing factory a high priority. The 1868 opening of the new Putilov works in St Petersburg showed what Russia could do in this field. Production in this plant soon reached two million pud per year (32,760 tonnes), providing 400 versts of track, and the work force grew to 2,500 men.[3] This, however, was only a small part of Russia's need, and the siting of Putilov in St. Petersburg, where it would remain dependent on coal and iron imported from abroad, left the mineral wealth of the Donbass undeveloped.

It was suggested to Hughes, probably through Gern, that he tour the Donbass area and see whether it appeared a promising site for the development of metallurgy. Prince Kochubei had already been granted a concession for the building of a full-cycle metallurgy plant and rail-producing factory based on local Donbass materials, but this concession had

[2] E. M. Garshin, "Poezdka na Iuzovskii zavod i poputnyia zametki o tekhnicheskom obrazovanii v Donetskom kamennougol'nom raione. Doklad," *Trudy po tekhnicheskomu obrazovaniiu, 1890–1891* (St. Petersburg: 1891), 3d ed., p. 2. Garshin's source is evidently personal conversation with Hughes' sons in Iuzovka.

[3] Reginald E. Zelnik, *Labor and Society in Tsarist Russia* (Stanford: Stanford University Press, 1971), p. 213.

not been exploited. It was intimated that should Hughes be ready to fulfill the conditions of the concession, it would be made available for him to purchase. Guided by Ia. I. Drevnitskii, a local shepherd reputed to know every rock and fold of land in the district, Hughes visited the area.[4] After viewing the coal seams and other resources, Hughes decided that the locale was suitable and submitted a grandiose proposal to the Russian government. In addition to the coal, iron-smelting, and rail-producing works in the proposed Kochubei concession, Hughes suggested both a locomotive works and railways linking the new enterprise to the center of Russia and to the Sea of Azov.[5] Hughes also undertook to train local workers and estimated a possibility of marketing up to thirty million pud of coal annually within a short time.

A complex series of negotiations followed involving not only Kochubei, but also various other persons associated with the land rights, the marketing of the goods to be produced, and other aspects of the project. Hughes eventually purchased the concession for the sum of 24,000 pounds sterling paid in shares of the New Russia Co., and 30,000 silver rubles in cash (equalling approximately another 3,000 pounds sterling).[6] The Russian authorities rejected Hughes' ideas for expanding the project; the two sides agreed, however, to the original idea, and the Minister of Railways approved the agreement on April 15, 1869. Three days later the Russian government officially promulgated the agreement. The Articles of Agreement of the New Russia Co. were signed in London on May 28, and on July 3 the two documents were registered together at the Registrar of Companies in London.[7]

[4] *Novorossiiskoe obshchestvo. Iuzovka. Ekaterinoslavskoi gubernii* (Ekaterinoslav: Baranovskii, 1910), p. 5.

[5] TsGIAL, F.219, op.1, d.23846, pp. 16–18. Letter dated November 12, 1868, from Hughes to the Minister of Railways.

[6] See the Articles of Agreement of the New Russia Co. in Companies' House, London, File 446, *New Russia Co.*. In addition to Prince Kochubei as holder of the concession, the agreement names: Prince Paul Lieven, on whose lands the factory and mines were to be constructed; Christopher Ivanoff, a leaseholder on Lieven's estate; and George Fronstein of St. Petersburg, a guild merchant who held rights to market rails and iron plates to be produced by the plant. The price paid by Hughes for the concession is noted in V. S. Ziv, *Inostrannye kapitali i Russkoi gornozavodskoi promyshlennosti* (Petrograd, 1917), p. 1. See also I. A. Gonimov, *Staraia Iuzovka* (Moscow: Sovetskii pisatel', 1967), p. 13. Both sources mention only the 24,000 pounds. The additional cash payment is in the Articles of Agreement, p. 2, one-half to be paid six months after formation of the New Russia Co., the other half one year after the company's formation.

[7] The English translation of the agreement appears as an annex to the New Russia Co.'s

Hughes undertook the forming of an English company with three hundred thousand pounds capital for the construction of an iron smelter, a rail-producing plant, coal mines, and an eighty-five verst railway joining the site of his enterprise to the Kursk-Kharkov-Azov railway. The blast furnaces were to be in operation and capable of producing one hundred tons of cast iron weekly, while the coal mines were to be capable of producing two thousand tons per day as soon as the branch railway was completed and ready to haul the coal away. In return Hughes was to receive a subsidy of fifty kopeks a pud on the production of rails up to a quantity of three hundred thousand pud per year for a period of ten years.[8] This was a considerable incentive since the cost of a pud of rails imported through Taganrog was said to be one ruble at that time, and the sale price of rails to the Russian government mentioned in the Articles of Agreement is 1.38 rubles per pud.[9] Nevertheless, the subsidy by itself was insufficient stimulus for the metallurgy industry, for the offer of this premium had been standing through the mid-1860s without any private entrepreneurs coming forward to take advantage of it in South Russia.[10] Most important for Iuzovka's future character, the agreement stipulated that at the end of the ten-year period, Hughes was to receive outright ownership not only of the lands granted to the company but also of such further lands as the company might have in the meantime rented from local landowners to accommodate expansion needs. This provision set the seal on Iuzovka as a

Articles of Agreement and bears Hughes' signature, along with those of William Kelk, an accountant acting for the other New Russia shareholders, and Alfred Cox of Bristol, banker for the new company. On the Russian side, the agreement is signed by "The Minister of Communication, Ways Engineer General Lieutenant Melnikof," and "The Minister of Finance, Secretary of State Reutern." The translation is certified as true by the "Chief Engineer of the Board of Plans of the Railway Department, N. Goobsky." Hughes was represented at the signing by Samuel Keith Gwyer. The original Russian text of the agreement may be found in TsGIAL, F.219, op.1, ed. khr.23846, pp. 69–74. The copy cited by Pototov in his *Rabochie Donbassa* (Fond 37, op.67, d.213) appears to be a draft intended for office use. Not only is it unsigned, but it bears a notation: "The conditions of the agreement are not written fully, and are not literal (*ne vse, i ne tekstual'no*)." Notice of the Russian government's granting of the concession to Hughes appeared in the *Times* of London, June 16, 1869, p. 4, col. 2.

[8] Ziv, *Inostrannye kapitaly*, p. 1, claims that the original Kochubei concession called for only five years of subsidies.

[9] Gonimov, *Staraia Iuzovka*, p. 11. Articles of Agreement, p. 3.

[10] A. Keppen, "Materialy," *G-z I*, no. 2, 1902, pp 5409–410 I. Glivitz, *Potreblenie zheleza v Rossii* (St. Petersburg: 1913), p. 53, dates introduction of the subsidy on rail production from February 15, 1866, and writes that it was part of a package of financial measures designed to encourage development of the iron industry and of the railways

company town in the fullest meaning of the word and determined many features of its future social structure. Construction materials and equipment were to be imported duty-free under the supervision of an engineer who would be appointed by the government to watch over the implementation of the agreement. On November 22, 1869, Court Councillor N. Lebedev was transferred from his position as Chief of the Urals Mining Industry in order to observe "the construction of the mines and factories of the New Russia Coal, Iron, and Rail Producing factory."[11] Lebedev was instructed to file monthly reports "because of the importance of the matter," and the first of these reports was filed on December 24, 1870.[12]

Hughes had lost no time in forming the company and raising the capital. Although the Franco-Prussian war and tensions relating to the "Eastern Question" clouded Anglo-Russian relations,[13] Hughes' professional prestige and connections attracted a number of prominent personalities among his seventeen original shareholders, facilitating the bank loan from Cox that provided the bulk of the company's first working capital. Hughes raised a total of 50,000 pounds sterling. Of this, however, 20,000 pounds had to be deposited in a Russian bank as a performance bond to guarantee that, in accordance with the terms of the agreement, a blast furnace would be in operation within nine months, and that the stipulated one hundred tons of pig iron per week would be produced.[14] As we shall note, these terms were to cause Hughes many sleepless nights and anxious days as he pitted himself against the realities of the Donbass steppe.

The Cox loan was of crucial importance to the new company, for of the 6,000 shares of 50 pounds each authorized in the company's statutes, only 1,452 were issued by November 1869. Some of these were quite clearly issued in payment of "services rendered" or to facilitate future operations, as was customary in Russia, adding nothing to the company's available capital.[15] Such shares would include the 100 shares owned by Major Gen-

[11] *Gornyi zhurnal*, no. 12, 1869, p. xvi. The archival source, TsGIAL, F.37, op.67, d.213, p. 3, puts it rather more bluntly: Lebedev was sent to "audit the company's doings" ("*dlia kontrolia nad deistvii*").

[12] TsGIAL, F.37, op.53, d.746, p. 26. Memo dated December 22, 1870, from Mining Department director Rashet.

[13] See the *Times* of London, November 23, 1869, for anxious comments on this score.

[14] TsGAOR, F.7952 (*Izdatel'stvo istorii fabrik i zavodov*), op.6, d.119, p. 3. This file contains both original documents and copies that served Gonimov in his writing of *Starata Iuzovka*.

[15] Archive of the Credit Lyonnais (henceforth CL followed by file number and details),

eral Gern, who was a director of the company, the 400 shares listed under the name of Prince Paul Lieven, on whose land the factory and mines were to be built, and very likely the shares owned by Count Dmitri Nesselrode.[16] The prudence of conforming to local custom was, however, demonstrated early on. In a letter to the Minister of Finance, Hughes mentions his indebtedness to General Gern, who "most kindly interfered on my behalf" after Hughes had been informed that the equipment shipped from England had been lying on the Taganrog docks for two months "and no remonstrance had [had] the slightest effect upon the Railway Authorities."[17]

If the political climate was unfavorable, the recession in English coal trade made it easy for Hughes to recruit skilled Welsh miners to accompany him to the Donbass. Large numbers of miners were leaving Wales for Argentina and Australia, and the emigration was expected to encompass several thousand men before the end of 1869.[18] There is no record of exactly how many Welsh and English workers came with Hughes to the Donbass at the end of 1869; estimates run from seventy to over one hundred.[19] It is clear, however, that although British workers retained a number of key technical and administrative posts into World War I, and some remained as administrators as late as 1919, virtually from the first stages of the construction and test running of the plant, Hughes sought to recruit and train Russians for the plant's operation and expansion. Hughes' original proposal had included this intention, but this aspect of his ambitions, as so many others, was harder to bring to fruition than he had imagined. Addressing himself to Count Valuev, the Minister of State Domains, whose ministry had authority over mining industry enterprises at this

File 1607, *Frais generaux speciaux a la Russie pour un charbonnage*, January 2, 1903. This is a bitter twenty-five page report on the special payments that must be made from top to bottom of Russian society by foreigners attempting to operate a business in that country.

[16] Companies' House, London, File 4467, *New Russia Co.*, vol. 1. List of shareholders as of November 9, 1869.

[17] TsGIAL, F.37, op.53, d.746, p. 24. Letter of Hughes to Minister of Finance, November 7, 1870.

[18] The *Times* of London, June 15, 1869, p. 11, col. 6.

[19] Potolov, *Rabochie Donbassa*, p. 101, writes that there were seventy. In a letter dated May 17 (29), 1896, John Hughes, Jr., states that he cannot ascertain the exact number of Welshmen who accompanied his father to Russia, but that it was "considerably in excess" of the eighty people in the accompanying list. See Welsh National Library MS. 3617B. It should be noted that Hughes is writing here only of Welsh residents of Iuzovka and not of other Britishers who were there.

time, Hughes confessed: "When I commenced these works I set my mind upon training the Russian workmen (knowing at the time that it would cost much time and money) with a view to creating a colony of iron-workers who would be attached to the place, and the Directors in London quite approved of my plan. To attain this was my pride and ambition and it is discouraging that the results have not been more satisfactory after twelve months' experience."[20]

Economic development in the Donbass was fundamentally different from previous efforts to develop Russian metallurgy. The Urals region, a traditional site of Russia's metallurgy, had developed factories as crown enterprises. As has been noted, the unsuccessful Lugansk and Lisichansk undertakings had also been based on state initiative. The New Russia Company on the other hand, was established on the basis of private capital. At virtually the same time, D. A. Pastukhov, a Russian entrepreneur, also began building a metallurgy plant in the Donbass, at Sulinsk: he was investing his own fortune in an attempt to develop a new smelting process using both local ores and local anthracite coal in the blast furnaces.[21] Pastukhov did not contract for any government subsidies on his products. He did, however, receive the right to import his machinery free of duties and was given a monopoly on the use of scrap steel and iron from Black Sea naval bases at advantageous prices.[22] At the same time, as the demand for coal and iron offered prospects of profit, both Russian and foreign private investment capital began pouring into the Donbass.[23]

From the beginning of foreign involvement in Donbass development there had been Russian opposition on nationalist grounds. Some critics argued against industry as a foreign and corrupting force in Russian life; others wrapped themselves in the flag to protest foreign dominance in the development of Russia's resources. As we have already noted, it was in fact the nationalist desire to repair Russia's international standing in the speediest possible fashion that lay behind inviting Hughes to develop the New Russia Co. In this the nationalists found themselves in agreement

[20] TsGIAL, F.37, op.53, d.746, p. 115. Letter of Hughes to Valuev, October 15, 1874.

[21] In the U.S., Pennsylvania anthracite had been used for smelting iron from the 1840s. See Wallace, *The Social Context*, p. 108.

[22] Khlystov, *Don*, p. 148. See also I. Glivitz, *Zheleznaia promyshlennost' v Rossii* (St. Petersburg: 1911), pp. 18–19; P. I. Fomin, *Gornaia promyshlennost'*, vol. 1, p. 435 n.1.

[23] Brandt, *Inostrannye kapitaly*, vol. 2, pp. 46–66, gives the founding dates, capitalization and brief histories of all the main metallurgy and metal working factories of the Donbass.