



**Supplementary Notebook** (RTEP - Brazilian academic journal, ISSN 2316-1493)

## **A.S. ERMOLOV AS A REFORM FIGURE OF THE HEALTH-RESORT BUSINESS IN THE LATE 19<sup>TH</sup> - EARLY 20<sup>TH</sup> CENTURIES**

Lidiya I. Krasnokutskaya<sup>1</sup>

<sup>1</sup>*Branch of the state budgetary educational institution of higher education «Stavropol State Pedagogical Institute», Zheleznovodsk, Russia. karrass55@mail.ru.*

**Abstract:** *The presented article is devoted to a little-studied period in the history of management of Caucasian Mineral Waters from 1894 to 1905. The article reveals topical issues of improving the regulatory framework in the management of health resorts under the jurisdiction of the Ministry of Agriculture and State Properties and the supervision of Alexey Sergeevich Ermolov. Within the framework of the conducted study, the goals and causes of changes in the forms of resort management, structure and functions, as well as its financing system, are identified. The article reviews the aspects of Mineral Waters management reform aimed at improving mining, sanitary, medical, and balneological aspects, and the capital and railway construction, which were completed following the need to modernize the resort business. Particular attention is paid to the system of the resort administration's interaction with central and regional management bodies. The major economic component is identified as the organization of production and sales (export) of mineral water as a source of income and, therefore, the creation of a special fund for the development of the health-resort business. The article reviews the reasons and studies the problems of transferring state-owned health resorts from the formalized jurisdiction of the Ministry of Internal Affairs to the Mining Department of the Ministry of Agriculture and State Properties.*

**Keywords:** *Caucasian Mineral Waters, Mining Department, Minister of Agriculture and State Properties, A. S. Ermolov, Government Commissioner, Directorate, V.A. Bashkirov, V.V. Khvoshchinsky, S. N. Kulibin, protection districts, springs, mineral waters, Technical Committee on Healthcare, Mineralovodsk railway line, resort electrification, city status, visitors, special facilities.*

### **INTRODUCTION**

The development of the culture-significant health-resort business in Russia is closely related to the history of improving the state regulatory mechanisms (including the management of the named business), which incorporates the principles, methods, and structural links, along with the forms and means of monitoring the assessment and performance evaluation. The history of resorts in the Russian Empire manifests several managerial and administrative-reformatory approaches that remained in the focus of

attention of government bodies. The establishment and functioning of health resorts in Russia begin from the era of Peter the Great in the 18th century. However, its active involvement has taken off because of the decree of Emperor Alexander I of April 24, 1803, declaring the first of them - the Caucasian Mineral Waters - an area of special state significance. The resorts claimed quite some public attention and therefore, for almost a century, were under the spotlight of the governments, and personally the emperors of the Russian Empire. Their 80th anniversary was the moment when it became clear that these facilities require radical reorganization, mining-technological modernization, and improvement of balneotherapy conditions, as well as general improvements and upgrading to the level of modern requirements. Therefore, they were temporarily transferred from the Ministry of Internal Affairs to the Ministry of State Properties, which possessed the resources necessary and came by with the specialized Mining Department. After another 10 years, it became apparent that the temporary transfer of the Caucasian resorts had already yielded positive results. However, their remodeling has not yet been completed. Since 1893, a significant role in this matter belonged to the introducer of many reforms, Minister of Agriculture and State Properties A.S. Ermolov. During this period, resort lands began to be assimilated and major health resorts of the Black Sea province were established (Novorossiysk, Tuapse, Sochi, Gagra) (Kharaldina, 2006). A new impetus with a wider service for civilians and a new stage in resort business operation is manifested with the development of facilities in the North-East Caucasus (Goryachevodsk, Sernovodsk) (Akhmazov, 2014). During the study period, there were already more than a dozen state-owned resorts in the country. However, they all were in different standing. The reference point in the development of the resort business was the Caucasian Mineral Waters.

At present, the Caucasian Mineral Waters is known as the whole eco-resort region that has been performing the most important function in the health care system in terms of post-discharge adjustments and general rehabilitation for more than two centuries. This is a group of federally significant spa resorts in the Russian Federation (Stavropol Krai): Pyatigorsk, Kislovodsk, Essentuki, and Zheleznovodsk. The key element of the resort resources is represented by over 130 mineral springs of various types. However, the problems of effective state management of resorts and the preservation of unique natural resources remain partially unresolved. A significant share of reforms, transforming this industry, fell on the time of Minister A.S. Ermolov. Still, in the historiography of the problem, this period is investigated quite fragmentarily (Kryuchkov, 2015; Lazaryan, 2003; Smirnov, 2003; Kharaldina, 2006; Akhmazov, 2014). The health-resort policy pursued by the governmental bodies, ministry, and the minister personally, represents a new layer of knowledge of purposeful interest for subsequent research. The role of the central authorities in this problem has not been fully explored.

The **goal** of the presented research is to reveal the experience of state policy on the management of spa resorts in 1893-1905 for possible practical implementation in modern eco-resort aerial developments. The **historical background** of the research was represented by the unfolding spa resorts situation with their social significance and mineral healing wealth, and topical issues of improving the regulatory framework for their management from 1893 to 1905.

## MATERIALS AND METHODS

2.1 The work is based on the study of primary sources, first introduced into scientific circulation and extracted from the Russian State Historical Archive, the State

Archive of the Republic of North Ossetia-Alania, and the State Archives of the Stavropol Krai.

A significant information layer has been identified in published sources. A special place among them is occupied by ministry internal notes, Ermolov's office memos addressed to the State Council and personally to Emperor Nicholas II, as well as service records on the reorganization of health resorts by prominent doctor S.A. Smirnov, the first chairman of the Russian Balneological Society and the ex-director of the Caucasian Mineral Waters (KMV) during the period of its unincorporated entity (1863-1872). The particular interest for the study among the published sources represented the reports of the government commissioner and the KMV Directorate to the Ministry of Agriculture and State Properties; statements of the Mining Department and its officials and specialists; annual publications on the KMV and the Caucasus (essays, guidebooks, reference manuals published by the ministry), and periodicals. Another information layer quite significant for revealing the problems of the developmental dynamics of the country's health-resort industry was discovered in the materials of summer vocational studies - the All-Russian Congress of figures on climatology, hydrology, and balneology (1898, Petersburg and 1903, Pyatigorsk). A large group of sources was extracted from historiographic collections, which contained the documents of central and regional authorities of an administrative nature: circular letters, local acts and regulations, reports, and also the correspondence of central and local authorities on issues of the health-resort business collected in 'Extracts from acting laws and orders of ministries concerning the Caucasian Mineral Waters' (1914), 'Pyatigorsk in historical documents, 1780-1917' (1985), and 'Kislovodsk in historical documents 1803-1995' (1998). Based on a detailed analysis of the sources, the factors that influenced the transition from direct commissariat-style ministerial governing to directorship were further detailed.

2.2 Research into the problems of health-resort development is carried out using general methodological principles, such as historicism and objectivity, as well as dialectical approach. Also, an objective approach presupposes the historian's striving for a real reflection of the historical period under consideration, which makes it possible to get closer to understanding the object and subject under study - health-resort policy in the imperial period, and Ermolov's tenure as Minister of Agriculture and State Properties (1893-1905) in particular. Historicism helps to see the history of resort management as an evolutionary process in a specific historical context. The dialectical method reveals the heterogeneity and inconsistency of this process, which allows investigating the subject in the interaction of its elements and connections based on the study of a complex of sources, employing general scientific and special historical methods. One of them is the narrative-descriptive method, with the help of which a particular history of the development of the KMV and other state-owned resorts in the period under study was given. Genetic or retrospective methods were also widely used, allowing for tracking the evolution of factors that determined changes in the management (structure, functions, organization) of the culture-significant health-resort business. The historical-comparative method allowed considering the development of the Caucasian Mineral Waters (country's largest spa resort) in comparison with other state-owned resorts across the whole range of comparative moments: the features and operating scale, various government strategic approaches to the of each of the topical issues, both in terms of the statutory and regulatory base, staff and financial content, and the efficiency of its activities. The use of these methods (also including statistical analysis) made it possible to achieve the goal set, analyze and reveal the experience of state health-resort aerial developments in the conditions of 1893-1905 and the

possibility of its application in the conditions of the modern development of the Russian resort industry.

## RESULTS

The reforms conducted in the Ermolov's period resulted in the following transformations in the health-resort development of the Russian Empire:

3.1 The modernization of the spa resort was conducted based on the scientifically developed priority plans and projected promising developments; as a result of the activities of the Ministry of State Properties and personally A.S. Ermolov as a head of this ministry, changes have occurred in the forms of resorts' management such as the transfer from direct ministerial government to the established institutions of the KMV Directorate; the creation of related advisory bodies (Technical Committee on Health Care (1896), the Economic and Technical Committees, as well as the representative body of financial control of the Department of State Economy of the State Council, which supervised the Caucasian Mineral Waters (1901); also, the managerial regulatory and legal framework was brought up to date, along with the business and administrative, mining and sanitary, police, and financial issues.

3.2 The activities on the exploration of mineral springs and a further increase in the stock of hydrogeological resources were conducted only in properly surveyed secured areas;

3.3 The economy of the Caucasian Mineral Waters (KMV) resorts was stabilized and balanced: all plans and projects for the further development of the health-resort business were provided with state funding and at the expense of the resort fund specially created at the initiative of A.S. Ermolov (since 1901), as well as additional annual state subsidies. The multi-stage structure of the KMV resort financing was dismissed with the newly adopted 'Mineral Water Specialization Act' (1901). The established production and countrywide sale of bottled mineral water significantly increased the resort's income. The flow of visitors to KMV spa resorts increased from 6 thousand in 1893 up to 28 thousand in 1903. This indicated a new stage in the resort industry development, which was one of the reasons for their administrative transfer to the Ministry of Trade and Industry;

3.4 The launch of the Mineralvodsk railway line, connecting four resort branches, played a significant role in creating favorable conditions for spa visitors in matters of transport services, accommodation, and even meals; the resort area was now supplemented with capital structures with all the latest balneological features; the process of urbanization touched most of the aerial settlements, backgrounded by the manifestation of a new architectural appearance of Art Nouveau and neoclassicism styles, peculiar to that time. Minister A.S. Ermolov made quite a difference in achieving the promotion of the settlement of Kislovodsk into the status of a city with a simplified city administration.

## DISCUSSION

*4.1 Substantiation of the need for redevelopment of the Caucasian Mineral Waters, the building of priority plans and promising projects for the KMV modernization (1894 -1897), and public administration reform.*

A relatively new to the Russian Empire (since 1803), the resort business was known in Europe since the 16th century. It served as an auxiliary therapeutic and rehabilitation tool mainly for the noble and middle classes. Until the end of the conflict in the North Caucasus in 1859, treatment in the Caucasian Mineral Waters was largely accessible for the lower ranks, commissioned officers, and nobility. Thus, the target audience was quite limited. A separate page in the KMV history is the period of an unincorporated entity and some private contracting (1861-1883). It was followed by the redevelopment of the Caucasian Mineral Waters; the resort area was reassigned to the Mining Department, even though some of the officials demanded re-subordination of the resort to another ministry. The first 10-year experience of direct ministerial governing was convincing, but somewhat financially expensive (Krasnokutskaya, Krasnokutskiy, 2019). However, this decision undoubtedly testifies to the flexibility of the government policy regarding the resort business.

The problems of the KMV resorts demanded an urgent solution since their very presence in the middle of the season undermined the authority of the famous health resort of the Russian Empire. Therefore, in September of 1893, right after Ermolov's appointment to the position of the Minister of State Properties, ex-director of Mineral Waters (60s - early 70s of the 19<sup>th</sup> century), facilitator and the first chairmen of Russian Balneological Society in Pyatigorsk, a well-known KMV practitioner, S.A. Smirnov submitted a service report to the minister 'On the state of the Caucasian Mineral Waters, on the establishment of the Russian Balneological Society and the adoption of measures for the health-resort business development'. In terms of content, it was a voluminous, but highly informative and well-timed document for a novice head of department. Some of the provisions of this report deserve particular attention. In Smirnov's opinion, the Waters operation included three tasks: a) 'arrangements of all possible conditions for the successful treatment of patients - which was, in fact, the technical part; b) delivery of the correct guidance and medical aid to the patients - the medical part, and c) providing the greatest possible level of service to the Waters visitors - the facility management' (Russian State Historical Archive (RGIA). F.37. Op.66. D.2213. Ll. 86 - 87, n.d.).

Smirnov reasonably put the technical part in the first place because he was convinced that 'preservation and proper damming should be in the foreground as our main, fixed capital'. His hard-hitting assessment of the arrangement of bathing area structures speaks for itself: 'Many structures on the Waters, being of very ancient origin, still bear a primitive character' (Russian State Historical Archive (RGIA). F.37. Op.66. D.2213. Ll. 86 - 87, n.d.). Meanwhile, he believed that the Waters equipment should meet all the needs and expectations of the consumers. Smirnov correctly projected not only the demand for mineral waters but also its supply, that is, the opportunity of fully meeting the ever-increasing demand for spa services. He expressed sincere regret that 'The Caucasian Mineral Waters will hardly ever be able to satisfy 20-30 thousand visitors, as, for example, Vichy, Carlsbad, etc.' Smirnov also noted that when the railroad, established in 1875, eliminated the major setback to visit the Waters, the number of visitors immediately doubled, but, having reached 6 thousand, stopped at that. He argued that the reason for this limit is not only the recession in demand but also the limited ability to supply the services' (Russian State Historical Archive (RGIA). F.37. Op.66. D.2213. Ll. 86 - 87, n.d.).

Meanwhile, the lack of mineral water was felt by pretty much every town of the resort region. The concern of any resort manager for the exploration of new mineral springs and the rational use of old ones was of paramount importance. The required expansion of the material and technical base of the resort business involved the

establishment of Business Courtyards (*Delovoy Dvor*) not only in the center of the resort area in Pyatigorsk but in Kislovodsk as well (1894), which was also embraced by the director of the Mining Department, N.S. Kulibin (Kulibin, 1896). A manifestation of constant concern for the hydrogeological needs of the Waters was the selection and assignment of competent engineers. One of their famous representatives was K.F. Rugevich. His career was quite impressive: Rugevich was assigned to solve priority problems in the Waters by the Mining Department several times, headed the Tiflis branch of the same Department in Georgia; being a representative of the Ministry of Agriculture and State Properties, Rugevich not only promoted the development of the balneological, mining and technical infrastructure of the Caucasian Mineral Waters but also created project for the establishment of a similar health resort complex in Sernovodsk (State Archive of the Republic of North Ossetia-Alania (GARSOA) F.11. Op. 36 D.12. LL. 56-58, n.d.). After the field development of the Narzan mineral spring in 1894, Rugevich was sent on a business trip to foreign resorts in Germany, Austro-Hungarian Empire, Belgium, and France to study the most advanced technologies of the new venture. This trip preceded the upcoming projecting and improvement of several balneological facilities on the Caucasian waters.

Thus, a thorough report by Dr. S.A. Smirnov to the Minister of State Properties on the current condition of the Caucasian Mineral Waters revealed the main problems of this establishment and projected the main areas of state participation in health-resort development. Another very significant assessment directly related to the health-resort management was the service report 'On the shortcomings in the existing management', dispatched in 1894 by the government commissioner of the Caucasian Mineral Waters, an honorary physician-in-ordinary and state councilor I.V. Bertenson (14.03.1894 - 29.03.1895). In his report, Bertenson tried to outline the position of the government commissioner as the head of the resort. He wrote that the seemingly extensive powers of the commissioner turned out next to none in reality since his activities were completely dependent on the Mining Department in charge, which was managing the Caucasian Mineral Waters at a distance of more than 3200 kilometers. Bertenson believed that it is essential to capacitate the person entrusted with the management of the Waters 'with the broad powers and full confidence, so that in such an important matter not to resort to complicated correspondence with St. Petersburg' (State Archive of the Stavropol Krai (GASK), F.1016. Op. D. 22. L.7, n.d.). Apparently, it was not to deny the authoritative opinion of the medical scientist (and a protégé of A.S. Ermolov by this time); the KMV resorts management system clearly required transformational changes.

Nevertheless, statesmen treated the KMV structure differently. The reassignment of the medical institution of the Caucasian Mineral Waters to the Ministry of State Properties was of temporary nature (Krasnokutskaya, Krasnokutskiy, 2019). Only a clear positive example of the KMV resort operating in such conditions for the purpose of technical re-equipment of the hydrogeological base led senior officials to the idea of modernizing the other resort areas of the country in a similar way. However, having passed this period recognized as sustainable development, it became clear that the direct ministerial governing through the commissioners' appointees limited the initiative of regional leaders. A.S. Ermolov identified this constraining factor and came up with a proposal to the State Council to reform the whole resort management.

This decision was preceded by Ermolov's business trips to KMV. Since 1894, from the first personal visit, it became clear to Ermolov that the resorts had already evolved into a rather complex mechanism, not of a purely medical institution, but a unique region with four dynamically developing resort areas around Pyatigorsk, Kislovodsk,

Zheleznovodsk, and Essentuki. They had an updated hydrogeological and balneological material and technical base represented by 20 major mineral springs. The infrastructure was also sufficiently diverse: dozens of bathing areas and more than 20 capital hotels (which were still not enough); five expanded and improved spa parks; dozens of boulevards and flower gardens. Trains from various regions of the country arrived daily at Mineralnye Vody station, from where the passengers were delivered to each resort area by tilbury carts (Pyatigorsk in historical documents, 1780-1917, 1985).

Operational communications with the governmental bodies were conducted via telegraph. Also, telephone communication has already been established both within the resort areas and with other regions of the country. However, being a minister, A.S. Ermolov perceived the forthcoming modernization and reorganization of the health resort as a highly sensitive governmental task, which required constant concern and further improvements of the material and technical base. Perhaps it would be difficult to name an example of such focused attention to business affairs, as it was noted in the business practice of Minister A.S. Ermolov. He repeatedly (1894, 1897, 1900, 1901, and 1903) visited the Caucasian resorts, held meetings with local doctors and engineers; Ermolov was also directly involved in the development and public discussion of specific plans and projects of individual balneological capital structures.

Taking an active part in the life of the Caucasian Mineral Waters and nurturing the prospects for their development, the Minister of Agriculture and State Properties A.S. Ermolov arrived on the Waters for the first time in the summer of 1894. While examining the establishments in the most detailed way, Ermolov got acquainted with all the topical issues and, of course, could not help but be convinced of the urgency of changes not only in the management scheme but also of the need for a whole series of reforms and redevelopments. To clarify the immediate health-resort area needs, he convened two commissions under his chairmanship: one was composed of local doctors and technicians, the other - from officials of the Mining Department. These difficult tasks had to be solved after 80 years of operation when the facilities needed a radical reconstruction. The exorbitant and previously unknown costs for the country's budget in the further KMV development appeared to be somewhat deterrent. However, the most daring projects could be realistically implemented due to a balanced policy and with the support of other statesmen: the ministers of the interior affairs and finance, the Committee of Ministers, the State Council, and personally the Emperor.

In 1894, the long-awaited Mineralovodsk railway line connected all resort areas with the general network of the Russian railways. Ermolov witnessed a large-scale attendance to the KMV resorts, as well as the new demands, which have now become a top priority. There were not enough rooms in the hotels. There were very few catering facilities. And the biggest problems during the holiday season were the places of civilized lodgings. Yet, the presence of the operating railway removed these pressing problems for a while. The railway line made it possible to redistribute the resort guests to 10 suburban settlements, where the train stopped on the way to the future junction station of the Mineralovodsk line (including the 'optional' stops). The investigation of the KMV situation and its performance appraisal became more than convincing motivation for the call for further reforms in the resort business management, and the KMV resorts.

#### *4.2 Caucasian resorts management reform. Directorial period (1896) and implementation of plans and projects of KMV redevelopment (1894 -1897)*

A competent and well-timed decision by Ermolov as the minister became a

replacement of the institute of government commissioners - a plenipotentiary government representative on the Waters region with a local executive body - with the Directorate of the Caucasian Mineral Waters. Still, the resort as before remained under the jurisdiction of the Ministry of Agriculture and State Properties (Krasnokutskaya, Krasnokutskiy, 2019). Nevertheless, in the middle of March of 1896, Ermolov's innovation was followed by the introduction of the new management staff, highly approved by the opinion of the State Council on the management of the Caucasian Mineral Waters. According to the new provisional regulation 'On the management of the Caucasian Mineral Waters' (1896), the candidate recommended for the post of director (IV class according to the Table of Ranks and with a salary of 6 thousand rubles per year) was to be agreed at the level of Ministries of Internal Affairs and Agriculture and State Properties and should be approved by the emperor personally. Such a structured vertical of director's appointment took place because KMV remained a significant object in the state system of social policy of the Russian Empire. Healthcare issues were resolved in agreement with the Medical Department, thuswise being considered by the Medical Council of the Ministry of Internal Affairs.

Nominally, this management system did not differ in any way from the body established on the initiative of the governor of the Caucasus, Prince Mikhail Vorontsov in 1847 - 1860; however, in terms of the qualitative composition of the administrative apparatus, the Directorate of the Caucasian Mineral Waters had drastically differed. There were 33 employees on the payroll, including senior and junior mining engineers, senior staff physician, architect, special assignment officer, chemist, and the plant scientist. A new approach was found to the management of the aerial spa resorts: a permanent medical service was introduced, headed by a broad-powered Director of Medical and Sanitary Services, along with the staff supervisor and a paramedic. This scheme was not provisioned with the attending physicians; perhaps, it was one of the weakest links of the resort activities. Nevertheless, the attending physicians were contracted only seasonally (1901 Mineral Water Specialization Act. Extracts from acting laws and orders of ministries concerning the Caucasian Mineral Waters, 1914).

It was then that the question arose of which department the health resort area should be subordinated. To resolve this issue, a special meeting was called by decree of the Emperor under the Chairman of the Council of Ministers, Grand Duke Mikhail Nikolayevich, for the consideration of which adjutant general S.A. Sheremetev presented the 'Report on the mineral water business administration' (The Caucasian Mineral Waters, 1904). According to this report, it was supposed to rule out the Waters territory from the Terek Oblast and form a separate administrative unit under the name of the Department of Caucasian Mineral Waters, entrusting its management to a special supervisor with the rights of a governor and powers of a director. As a result of the highest meeting, the project was rejected since the formation of an independent territorial-administrative unit was premature, and, moreover, a rather difficult plan to implement. The task of complete resort redevelopment has not yet been completed.

Thus, the issue of the resorts reassigning from one department to another arose again and again since maintaining the Caucasian resorts on the state budget was costly, and many statesmen considered it a temporary phenomenon - until the completion of the improvement plans. Also, in 1898, a project was proposed for transferring the KMV with all the properties and mineral waters to a joint-stock company with a capital of 18 million francs, which was founded by a group of metropolitan aristocrats. Potential tenants planned to build beautiful hotels, health resort halls, plant gardens, etc. The



Waters administration was left to deal with hydrogeological and balneological issues. However, this project did not pass the State Council (Bogoslovsky, 1899).

The minister's opinion on this issue came to light from his 'memorandum' to Emperor Nicholas II (dated October 27, 1897), where he, referring to the experience of the KMV, along with the state-owned spas on Starorussky, Slavyanskiye, Iletsky, and Bussky waters proved that transferring them to private sector will not do much good since private entrepreneurs are interested not so much in the development, as in the immediate deriving of profit. This attitude led to the need to 'dispossess to the treasury' of numerous properties, sometimes even before the contract expiration (Ermolov, 1898). From time to time, the issue of transferring to the private sector was brought up again for discussion in the highest echelons of power. It is assumed that the constraining factor was the knowledge of the condition in which the resort was left after 22 years of private management. The following introduction of direct ministerial government - the period of the commissioner's (1883 - 1896) and then again, the director's management of the Waters - has not yet been allowed to solve the priority problems of the resorts as a specific branch of the national economy.

In July 1896, on the initiative of A.S. Ermolov, the joint meeting of Departments of Laws and State Economy had again considered the issue of centralizing the KMV management. As a result, the Waters Directorate was named the central body, subordinated directly to the Ministry of Agriculture and State Properties. The last government commissioner V.A. Bashkirov was appointed the first director. Also, another advisory body with great powers was approved to provide some assistance to Directorate - the Technical Committee on Healthcare. All the innovations in issues of landscaping, architecture projects, estimates, the use of electricity in resort institutions, mining problems, and the adoption of various rules and regulations should have been now collectively discussed at the Committee meetings - just to avoid mistakes when making a final decision.

Thus, the decision on the KMV jurisdiction was postponed until the completion of the reconstruction. This task, as before, was assumed by the Ministry of Agriculture and State Properties. The ministry was assigned temporary control over the Waters management so their operation sequence, approved on March 13, 1896, survived without any changes. This opinion of the joint meeting also received the highest approval by the Russian imperial administration on July 24, 1896 (Krasnokutskaya, Mikhaylenko, 2004). The season of 1897 confirmed the feasibility of this management reform. Thus, the senior physician, Doctor V.V. Svyatlovsky, assessed the Waters operation sequence as exemplary (RGIA. F.381. Op.46. D.157. LL. 87, n.d.). This way, the revocation of the crisis management (direct ministerial management) and establishment of an independent governing body - a governmental healthcare foundation with the institution of directorship subordinated to a particular ministry - characterizes a new stage in the development of the resort business from 1896 to 1905.

Thus, in the mid-90s of the 19<sup>th</sup> century, a purposeful system for the management organization, coordination, and control by the central government authorities has developed; the system was designed to meet public needs in providing treatment and local recreation using the healing and health-improving properties of natural resources. The system was also featured by the constant improvement of regulations and new types of working relapses with local healthcare providers. 'Work on the Waters has boiled, - wrote famous entomologist and local resident Alexander Stark, - and over the past ten years, we have upgraded our wonderful resort with major buildings, equipped with all the latest balneological aids and appliances' (The Caucasian Mineral Waters,

1904). However, the resort required constant attention and further improvement of the material and technical base.

Stark called these years 'truly outstanding achievements', witnessing Ermolov's accomplishments of the late 90s of the 19th - early 20th centuries (The Caucasian Mineral Waters, 1904). At the same time, the project for Waters modernization, initially developed at the end of 1894, underwent various additions and changes with the active participation of engineers from the Mining Department S.F. Rugevich and S.N. Kulibin. Its further development was entrusted to the Department of Waters, which drew up a complete list of works necessary for complete redevelopment and allocated a budget in the amount of 4.3 million rubles (The Caucasian Mineral Waters, 1904). According to the adopted plan and local projects, the construction work started with the renovation of the existing facilities. In the first two years, the priority was given to spa resorts in Pyatigorsk: new refrigerators were installed at Nikolaevsky and Ermolovskiy bathing areas to cool down sulfur-spring waters from their original 40 - 55 ° C. In 1895, due to the constantly felt shortage of baths, a 13-cabin extension was erected at the Nikolaevsky building; a similar 8-cabin compartment was attached to Sabaneevskiy bathhouse; the number of mud baths has been increased in the Ermolovskiy building (Krasnokutskaya, Mikhaylenko, 2004).

The most urgent matter in Kislovodsk was the construction of a new damming for the Narzan spring. These works took less than a year, and Kislovodsk again received high-quality mineral water. A freshwater pipeline was built for the use of the water from a spring near the Lermontovskaya rock; this particular project was arranged by the Department of Waters in cooperation with the Society of the Vladikavkaz Railway. The electric lighting was installed on the streets of the resort town prior to the season of 1895. The new bathhouse, named after the director of the mining department K.K. Skalkovsky was erected; the Narzan spring gallery was provided with a new bottling facility. 5355 bottles of local mineral water were sold in 1896; 5 years later the local merchant E. Kireev opened a glass factory in the town of Mineralnye Vody and in 1902 this number reached unprecedented 6 million bottles. In 1913, before World War I, the volume of the KMV enterprises production was estimated at 9.6 million bottles of mineral water (Lazaryan, 2003).

The expansion of the health-resort area ran into departmental obstacles. The resort lands were state property, but the city of Pyatigorsk and four surrounding *stanitsas* (large Cossack settlements) Goryachevodskaya, Essentukskaya, Kislovodskaya, and Zheleznovodskaya were subordinated to the Ministry of Internal Affairs and the Army Department, respectively. A very significant circumstance appeared the increase in the territory of the Kislovodsk resort area by acquiring a plot of land of 40 acres from the Cossack settlement; the land plot was used for a new park (Krasnokutskaya, Mikhaylenko, 2004). To form a new summer cottage plot for private dachas near the Essentukskaya Cossack village, 1284 dessiatines (land measure equivalent to 2.7 acres) were alienated and broken down into 210 lease plots. The commander in chief in the Caucasus, Prince G.S. Golitsyn contributed to the alienation of this site by lobbying this project through the Army Department, believing that 'this acquisition is quite necessary' for the future of the resort region (The Caucasian Mineral Waters, 1904). This decision was also made possible due to a special meeting between Minister A.S. Ermolov and Prince G.S. Golitsyn in the fall of 1897 in the city of Essentuki. Indeed, the spa resort region was expected to change for the better.

The thoroughness of approaches to all areas supervised by the ministry was a distinctive feature of the Minister of Agriculture and State Properties A.S. Ermolov as a leader. The implementation of plans for the KMV resorts modernization was much dependent on the active initiative of their direct curator in the Mining Department.

Ermolov paid particular attention to his functional role in the ministry, realizing that specific local projects, HR and scientific and technical potential, the system of management, organization, and control were entirely under the jurisdiction of the Department.

Ermolov's period on service was marked, first of all, by the reform of the Mining Department and its structural divisions. His particular attention was drawn to the activities of the Scientific Mining Committee, which underwent some radical changes. The latter contributed to the expansion of the Committee's functions as a research, scientific-advisory, and expert and information body. The pure managerial tasks played a role in his activities to a lesser extent by far. However, Ermolov was facing the task to coordinate applied scientific work and fulfilling a wide range of issues of scientific support for the activities of the ministry and its Mining Department. Based on the regulations adopted at that time, the functions of the Scientific Mining Committee included the supervision over the execution of the mining operations and construction procedures conducted in the protected area of mineral springs. The Committee was also in charge of issuing official findings on new samples of mining equipment, and consideration of business trips reports of the Mining Department employees sent on various technical missions. The final cost performance reports were dispatched straight to the Minister of Agriculture and State Properties.

An important place was occupied by informational and marketing activities related to the promotion of resorts: the publication of reports, guidebooks, updated reference manuals, etc. Thus, the specification and expansion of the range of issues of the Mining Department and the Scientific Mining Committee had a positive effect on the solution of significant issues at all state-owned resorts, including the KMV. First, it affected issues of scientifically-based exploitation of mineral resources and capital developments in the protected areas of mineral springs. The resorts developed rapidly, revealing their potential more and more each year. Another line of work of the Scientific Mining Committee was HR management. The Committee was also entrusted with the departmental control of the personnel training system. According to the established rules, upon completion of the study, the graduates were obligated to undergo practical training over the course of the year. Based on their training progress reports, the local mining authorities and the Mining Scientific Committee were recommending the young specialists to the appropriate assignments, often with the subsequent promotion to the next rank.

Thus, the department in charge of the resort region remained a stable management body, the functions of which were significantly concretized and strengthened, covering several issues of ever-expanding modernization of the scientific and technical component of the industry (thus complementing the development of industrial Russia in general). The latter issue was the true call of the time since scientific and technical thought did not stand still in the conditions of the development of mining engineering. It was actually the most vulnerable aspect in the activities of the country's resorts and particularly in the Caucasian Mineral Waters, which still in some way lacked a competent mining and engineering service. Its service structure started with a hydraulic engineer, which was the very first engineering position introduced at KMV; its servicemen were responsible for supplying water to bathing areas in the era of A.P. Ermolov, during the period under study it was already an engineering network, managed by the resort's engineering service. Created by the efforts of the first government commissioner N.P. Shchepkin, it was constantly improving within the first years of his management of the resort (Krasnokutskaya, Krasnokutskiy, 2019).

Professional approaches were required for the entire economy of the resort region to dynamically develop the water supply system (both mineral and fresh). The Mining Department did everything to make it a management body of an integrated systemic nature with the mining and technical, and the hydrogeological service departments, headed by a senior engineer and dedicated engineers assigned to each of the departments.

Realistically assessing the situation with the constantly expanding network of balneological facilities and improving resort infrastructure, each Caucasian resort community clearly realized the range of approaching problems. The engineers managed to solve the issues of uninterrupted mineral water treatment and supply independently and with no off-board assistance. However, urgent and technically sophisticated issues such as the insufficient volume of Essentuki No. 17 mineral water spring, the periodic dying away of Elizavetinsky spring in Pyatigorsk and, finally, the desalination of the Narzan spring in Kislovodsk caused great concern to the administration of resorts, curators from the ministry and, of course, the general public. The adoption at the state level of several provisions on the protection of springs and surrounding areas became quite timely. One of the keystones became the adopted Regulation 'On the borders of the Caucasian Mineral Waters protection districts' (1898); its implementation was followed by the approval of 'Obligatory rules to be observed within the Caucasian Mineral Water protection districts' (Pyatigorsk in historical documents, 1780-1917, 1985). Still, 'The law on sanitary zone and environmental protection of medicinal lands' will be adopted only in 1914. However, some much-needed acts were adopted on the local level and ensured the safety of mineral resources during earthworks and ensured future development.

#### *4.3 Intensification of Russian health-resort business problem-solving with reference to A.S. Ermolov's visits to domestic and foreign healing spring resorts and the holding of scientific congresses (1898, 1903)*

In January 1897, the projected works, proposed by the KMV administration together with specialists from the Mining Department, were discussed in a Special Commission, which introduced some other amendments. For the final determination of the development project and obtaining the required emperor's decree, the Minister of Agriculture A.S. Ermolov and the chamberlain of the Royal Household N.S. Abaza were sent on an assignment trip to the Waters in the summer of the same year. Thus, two senior imperial officials, having familiarized themselves in detail with the present-day situation, analyzed the already developed plan for the Waters modernization. In all his initiatives as the minister, including activities that literally gave a new life to the health-resort business, Ermolov was backed up by his immense authority among the central and local levels of officials and the general public. Also, the Ministry of Agriculture and State Properties always paid serious attention to the municipal improvement of rural settlements. His 'trust mandate' was so well-recognized by the society that Ermolov was named the honorary citizen of the city of Pyatigorsk (Smirnov, 2003).

Another serious step became the revival of the Russian Balneological Society (in response to the request by Dr. S.A. Smirnov), with material support from the KMV Directorate since 1898 (Russian Balneological Society, 150<sup>th</sup> Anniversary, 2013). Resorts felt the need for clinical studies of the effect of mineral water treatment on the condition of Waters visitors, as well as constant medical monitoring of the daily quality composition of mineral waters. Thus, this action also contributed to the minister's

authority among the KMV medical personnel. At the same time, Ermolov found it useful to familiarize himself with the state of balneological affairs at the main European resorts, and for this purpose, he planned a trip abroad. So, in the autumn of 1898, he made a special trip to Europe to study foreign experience in health-resort management. Ermolov carefully studied the most advanced foreign achievements and sought to introduce this experience into his home country system. In this regard, evaluating the Caucasian Mineral Waters activities and development more than a century later, it should be noted that the Waters became a kind of a testing ground or experimental site. Ermolov's task was clearly related to the strategy of upgrading the KMV to the European level. Moreover, being the newly appointed Minister of Agriculture and State Properties, A.S. Ermolov was convinced that Russian spa resorts should be able to successfully compete with Western European ones.

He concluded that the main reason why the Russian Waters did not meet all the requirements was their age-old equipment, especially in comparison with European resorts, which has been developing unhindered for four hundred years. The mistrust of the public in the quality of services provided on the Waters led to the fact that potential visitors preferred to pay more but enjoy more 'sophisticated' amenities at foreign resorts. Also, the prospective customers from the noble classes often did not take into account the fact that in matters of actual disease management, they could get much more health treatment at Russian resorts than at foreign ones (Ermolov, 1898). S.A. Smirnov, the former Director of KMV, in his address to Minister A.S. Ermolov also proudly emphasized the advantages of the Caucasian waters and noted that in foreign practice, hot mineral water is usually diluted by two-thirds of cold freshwater. Therefore, he wrote, 'our bathhouses are rightly considered stronger in their effect than many foreign ones' (Pyatigorsk in historical documents, 1780-1917, 1985). A.S. Ermolov, in his service note to Emperor Nicholas II regarding the reconstruction of the resort, wrote that the Caucasian Mineral Waters, during the century of service to mankind, gained wide popularity not only in Russia but also abroad, being valuable state property and therefore, they deserve the most serious attention of the government. He also noted that there is still a lot to be done so that the Caucasian resorts could compete with the minor Western European ones. However, from a therapeutic point of view, the Russian waters undoubtedly stand alongside the most popular of Western Europeans (RGIA. F.381. Op.46. D.157. L.86, n.d.).

Ermolov formulated his proposals on these issues in a report to the State Council. The Minister argued that Russian resorts are not worse than foreign ones and therefore it is necessary to properly organize their functioning, investing in stages for further modernization (Krasnokutskaya, Mikhaylenko, 2004). As for private initiative, he proposed not to reject the desire of business people to invest in the development of the resort's infrastructure but not to enter a sphere of activity that is not extrinsic to the state management, and not to assign the 'private occupation' to the activities that it is currently not capable of. This opinion was used as the basis for the Waters Reconstruction Project. It also resulted in Ermolov's report to the State Council 'On the issue of redevelopment of the Caucasian Mineral Waters' (Pyatigorsk in historical documents, 1780-1917, 1985). In his report, Ermolov insisted on preserving state management of resorts and increasing allocations for their improvement, emphasizing that mineral waters should be considered not from the point of view of their profitability but as a valuable gift of nature, intended to alleviate 'suffering' humanity. Ermolov, at the same time, argued that 'the issue of the improvement of our waters is not of only medical or patriotic interest, but also a very serious economic challenge' (Pyatigorsk in

historical documents, 1780-1917, 1985). Although a mission set involved 'to gradually weaning the Russian public from inexplicable addiction to everything foreign', so to accomplish that it was required to learn the service system at foreign spa resorts (Kryuchkov, 2015).

Among the various measures aimed at beautification and modernization were the erection of hydropathic venues and new bath-houses; damming of new springs, which remained in their primitive state; the building of health resort halls and restaurants; reconstruction of aerial water supply and several other projects, drafting a specific redevelopment plan. An amount of about 3 million rubles was requested for its execution, subject to release of these funds within 5-6 years (Ermolov, 1898). This was a fairly handsome amount for the state budget. Indeed, the state had invested only 7 million rubles for the entire previous period from the very beginning of the resort foundation until 1883 (RGIA. F.1149. Op.12. D.7. LL. 136-137, n.d.). The minister made a specific proposal for annual funding, which 'would allow the case to be carried out on solid foundations' and complete the project on time. In his report, Ermolov assigns a great deal of attention to the commercial initiative in such developments as the building and maintenance of hotels, selling mineral waters outside the region, stage and entertainment activities, etc. The preliminary negotiations with an authorized representative of the French Vichy company (obviously, quite experienced in such venues) were held on the Waters earlier, in 1896, and the ministry was awaiting a final answer. Concerning the new ministerial set-up (and with the view of the forthcoming prospects for the beautification of the resort settlements territory), the first Directorate, leading by V. Bashkirov, took the path of active cooperation with the merchant and entrepreneurial circles, and with the city public administration (Lazaryan, 2003).

Although the requested amount was confirmed by numerous and repeatedly verified preliminary calculations, Ermolov was deeply aware that this was a significant allocation previously not practiced in relation to the Caucasian Mineral Waters. He exercised quite some persistence and even impertinence, all in the interests of the cause, as Ermolov emphasized in his report 'to convince the emperor that in recent years, disproportionately large sums of money were spent on events, although of undoubted importance, but the most short-term significance' (RGIA. F.381. Op.46. D.157. LL. 87, n.d.). The result of studying the situation on the KMV and the trip abroad was his service note to Emperor Nicholas II 'On the question of the redevelopment of the Caucasian mineral waters', dated October 27, 1897. Ermolov referred to the coincidence of opinion with the chamberlain N.S. Abaza that modernization requires significant costs without expecting an immediate return. And that such condition can only be provided by the state. Ermolov substantiated that 'only the government can look at mineral waters not as a profitable or quitrent item, but as a valuable gift of nature intended to alleviate suffering humanity, even if it required well-known (significant) material sacrifices' (RGIA. F.381. Op.46. D.157. LL. 87, n.d.).

The consent of the financial department and the State Council on the costs associated with the development of the KMV was the main condition for solving the impending task. However, only the emperor himself could give permission to introduce this issue for consideration at the State Council. Also, against the background of solving the problems of the Caucasian Mineral Waters, Ermolov did not lose sight of the opportunity to establish new resort areas on the southern outskirts of Russia. Under his patronage, the Mining Department organized in the summer of 1897 an academic geological expedition to the Kuban region and the Black Sea provinces; the expedition proved huge environmental resources and identified the tasks for their development. In

this regard, A.S. Ermolov supported the idea of the Ministry of Internal Affairs and the 'Society of Public Health' to hold a congress of climatologists, hydrogeologists, balneologists. The main purpose of the congress was to define a further strategy of development: a comprehensive study of resources, identification of needs and the formation of a treatment base, development of a financing system, elimination of multi-agency management, and improvement of legislative functioning (Krasnokutskaya, 2007).

Separate sessions of the Congress (St. Petersburg) were exclusively devoted to the problems of the KMV and the future Black Sea resorts. It was decided to organize the next Congress in Pyatigorsk and dedicate it to the 100th anniversary of the Caucasian Mineral Waters. The country had never known such a level of discussion on health-resort regions. This was the beginning of the formation of the spa industry. Thus, a program for the guaranteed health-resort development (and funds for its financing) was designed largely due to Minister A.S. Ermolov's thorough attention to elaborating Caucasian Mineral Waters strategic profile. The developmental progress of the Caucasian resorts over the next 5 years preceding the II Congress was phenomenal.

The building of new modern bathhouses, hydropathic structures, and comfortable hotels has become a distinctive feature of the new five years in the history of the Caucasian Mineral Waters. The total KMV redevelopment included even more expensive projects such as an access expressway to the Ostrovsky baths in Zheleznovodsk (the bathhouse and facilities were also rebuilt); reconstruction of the Novo-Baryatinsky bathhouse; a new damming to secure secondary losses and to protect from the inflow of soil and surface waters in Mariinsky spring. The whole aerial water supply was reconstructed, new pump rooms were arranged at Smirnovsky, Ivanovsky, Staro-Baryatinsky, and Novo-Baryatinsky springs; in 1900, the modernization reached mineral springs 'Shtolnya No. 1 and No. 2'; the latter made chalybeate spring water accessible for internal use in various sections of the public park. The construction of a three-story state-owned hotel with 130 rooms has begun (Krasnokutskaya, Mikhaylenko, 2004). The rest of the developments, just like on the other resort areas, concerned the thorough renovation of all the bathing areas and other establishments.

A new bathhouse building named after the director of the Mining Department Skalkovsky was erected in Kislovodsk. The Narzan spring gallery was provided with a new bottling facility; at the end of the century, Narzan spring water was supplied to various regions of the empire, including the Baltic States and Finland (Kryuchkov, 2015). Pyatigorsk also received a new bathhouse building with a facility for hydrotherapeutic procedures (baths, showers, rinsing, etc.). The Minister was also quite persistent in expanding urbanization processes at the KMV. He supported the idea of extending Kislovodsk boundaries and transforming it from a settlement into a city; Ermolov fought for his idea for two years. In 1903, the settlement of Kislovodsk was promoted into the status of a city with a simplified city administration (Yanovsky, 2009b).

A new independent trend in the state resort policy has become a private dacha and resort building in designated areas, thanks to which the resort territories acquired modern architectural appearance and were expanded at the expense of state and Cossack lands. Thus, a resort area around Kislovodsk had a significant territorial increase through the acquisition of a plot of land of 40 acres from the Cossack settlement (Excerpts from the report of the mining engineer S.N. Kulibin on the improvement of baths, Narzan mineral springs and the opening of a freshwater pipeline in Kislovodsk, 1894-1895, 1998). In Pyatigorsk, in 1902, state-owned summer cottage allotments each of 600 square *sazhens* (Russian measure of length equal to 2.13 meters), were established in the surroundings of the famous Lake

Proval. Initially, those allotments were supposed to create a new settlement, quite convenient, for instance, for renting apartments to visitors, given their proximity to all major healthcare and resort institutions. However, the implementation of this project has begun only after the official decision to sell the plots. Nevertheless, by the 100th KMV anniversary, a new neighborhood unit of fashionable summer cottages has already been built here (Krasnokutskaya, Mikhaylenko, 2004).

Another important aspect in resort redevelopment was a new style in the hotel industry - destination spa hotels with medical services - prototypes of modern spa-resort hotels with year-round service. Thus, in 1903, a new bathhouse building (designed by architect A.N. Klepinin) with 60 bathing areas and 2 large swimming pools of 30 sq. m each with flowing Narzan water was erected. Also, another large hotel 'Russia' of the same high-class type was built in an adjacent lot; the construction of a new 'Grand Hotel' with the Narzan baths facilities and year-round operation has begun next year. The Kazennaya (state-owned) hotel was opened in Pyatigorsk in 1903; it was already a year-round spa hotel with 150 beds, providing not only accommodation and meals but also full treatment. Steam heating, elevators, restaurants, and concert halls distinguished this hotel from similar facilities on the Waters. So, the other resorts soon gradually gained the opportunity to work throughout the whole year too (Excerpts from the report of the mining engineer S.N. Kulibin on the improvement of baths, Narzan mineral springs and the opening of a freshwater pipeline in Kislovodsk, 1894-1895, 1998). Modern comfortable state-owned hotels were built in Zheleznovodsk. In Essentuki, the Kompaneiskaya hotel was simply purchased by the KMV and renamed Kazennaya.

A new bathhouse for the Novo-Sabaneevski baths was built in Pyatigorsk. Essentuki invested in extensive explorations for the scarce mineral springs of water No. 17 and No. 18. The grandiose Emperor Nicholas II bathhouse building and the Tsander (Russian transliteration for Gustav Zander) Institute of mechanotherapy and physiotherapy were erected in the same breath. The first energy system in Caucasian Mineral Waters started with the first Russian hydroelectric power station in Podkumka River and was named 'Belyi Ugol' (White Coal); the station provided electric lighting to the resorts already in 1903. The first Russian electric tramway was also launched across Pyatigorsk; it was one of the first environmentally friendly projects, which turned out very convenient for mass intra-city traffic. Minister A.S. Ermolov also took part in the test trip (Krasnokutskaya, Mikhaylenko, 2004). The construction of galleries in the center of Pyatigorsk and Zheleznovodsk became a part of arranging the 100th anniversary of the resort celebration; the galleries simultaneously served as a place for recreation, promenade, various exhibitions, concerts, and entertainment. The first Spa Hall in Kislovodsk also has become a wonderful city landmark.

Approaching the 100th anniversary of the Caucasian Mineral Waters, the Ministry of State Properties in cooperation with the Ministry of Internal Affairs managed to organize the II Congress of climatologists, hydrogeologists, and balneologists. The event was held in 1903 in September as it was the usual closing season time in Pyatigorsk. For the first time, the Caucasian resorts were hosting such several scientists and specialists, as well as senior officials of the Russian Empire. The participants also went on exploratory trips and got acquainted with the therapeutic areas of Goryachevodsk (Kizlyar department), Sernovodsk (Sunzhensky department), Nalchik (Terek Oblast), and Teberda (Kuban Region). The II Congress attracted three times more participants than the 1<sup>st</sup> one - over 1.5 thousand people (Krasnokutskaya, Mikhaylenko, 2004). Minister Ermolov was an honorary chairman and an active participant; over 30 expert



reports were presented to the congress participants. Since the interaction between the resort management and city self-government bodies very often came into conflict on administrative, economic, and sanitary-hygienic topics, representatives of the Russian Balneological Society proposed to introduce the deputies of the city self-government into the Waters directorate (Proceedings of the First All-Russian Congress of figures on climatology, hydrology and balneology in memory of Emperor Peter the Great, 1899-1900). However, the congress rejected this proposal, instead adopting a resolution on a petition to the government on the establishment of a balneological institute in Pyatigorsk. Balneological science required comprehensive clinical and laboratory studies of mineral springs and their impact on human health. For each of the resorts, specific decisions were found concerning management and scientific and technical reformations (Proceedings of the First All-Russian Congress of figures on climatology, hydrology and balneology in memory of Emperor Peter the Great, 1899-1900). The most important result was the fact that the level of KMV development received very different assessments from the participants of the congress, up to the most critical. However, the general dynamics of the growth of the KMV resorts and a rather high level of beautification in comparison with other resort lands of the country were much in evidence, and this could not be denied by experts.

#### *4.4 Economic stabilization of the Caucasian Mineral Waters and the introduction of a law on the allocation of funds for the country's resorts. Establishment of the KMV control body.*

The economic stabilization of the Caucasian Mineral Waters was gradually achieved due to the ambition and dedication of Minister A.S. Ermolov. The opinion of the State Council on the allocation of funds was approved by the imperial administration in April 1899. It was decided to release funds from the State Treasury to complete the redevelopment of the Caucasian Mineral Waters in the amount of 350 thousand rubles per year for the term of six years, starting from January 1, 1900. In the case of failure to attract investors and entrepreneurs to the construction of health resort halls, restaurants, and other entertainment facilities on the Waters, the minister was given the right to apply for an increase in this amount, but not more than 400 thousand rubles (RGIA. F.381. Op.46. D.157. L.86, n.d.). The adopted system of financing the needs of the KMV made clear a reliable course that was taken to create solid material support for the Waters modernization. Thus, due to Ermolov's thorough attention to elaborating Caucasian Mineral Waters strategic profile and personal dedication, the guaranteed financing allowed conducting all the planned projects for Waters redevelopment. The rapid progress of development required a change in the system of resort financing. Besides, an important question arose in 1900 on the state-owned KMV revenue sharing. The fact is that all the funds received from the Caucasian Waters turned entirely to the state revenue, while the expenses were annually subsidized from the funds of the State Treasury, according to the estimates of the Mining Department.

Meanwhile, the practice of the Kemmernsky, Starorussky and Sergievsky Waters, which were supported by the income received from their exploitation from the sums of the special fund, showed that such a procedure is incomparably more convenient. Still, there were many commercial features in the Waters operation. The expenditures for the new calendar year required a quick decision; however, the amounts approved by the State Council could not be quickly revised. Besides, the income and expenditure estimates for the resort receiving maintenance from the treasury were drawn up in September, when it was still impossible to foresee all future resort needs for the next season. Therefore, a Special

Meeting was called in December 1900 to comprehensively consider the issue of the Caucasian Mineral Waters revenue sharing (Report of the Mining Department of the Ministry of Agriculture and State Properties for 1900-1901, 1901).

The summer season of 1901 was followed by the approval of another opinion of the State Council, by virtue of which a resolution was adopted to grant the Minister of Agriculture and State Properties the right to turn all income (within the next 10 years, starting from 1901) received from the Waters exploitation into a special KMV fund, with the provision to spend these funds at own discretion. The adoption of such a document testifies to the pragmatic correctness of the strategy built by Minister A.S. Ermolov. On the other hand, it also manifested the trust and confidence of the central authorities. Also, over the course of five years, the Treasury allocated 30 thousand rubles annually to secure the function of the resort's special facilities (1901 Mineral Water Specialization Act, 1914). The same season was backed up by the adoption of the 'Rules for the Caucasian Mineral Waters dual system bookkeeping' and the 'General rules for the disposal of mineral waters special funds', which allowed conducting the financial and economic activities of the Waters directorate according to the new system. The data for 1900 - 1901 is necessary and sufficient to estimate the general health-resort profitability, which amounted to 404 079 and 609 820 rubles, respectively (Report of the Mining Department of the Ministry of Agriculture and State Properties for 1900-1901, 1901). The annual volume of visitors in the first three years has increased from 7.5 to 9.4 thousand people - by almost two thousand in total. And by 1913 it reached already 41 thousand visitors a year (Smirnov, 2003).

Establishing a railway service connecting all KMV resorts and merging to the railway communication system throughout Russia opened new prospects in the development of the Caucasian resorts. This progressive government decision allowed for even more intensive development of the health-resort region. 12 back-to-back (inbound/outbound) trains served the Mineralovodskaya line in the summer season (Kryuchkov, 2015). The provision of internal, fast, and environmentally friendly mass transit also created new prospects for tourism and accommodation not only in the KMV resorts but also in the nearby settlements. 10 stations and substations of the Mineralovodskaya line solved several pressing problems for visitors to the resort (food, housing, recreation, etc.). Thus, the railway connection was extended from Central Russia to the North Caucasus, and a separate railway line connected all major resort areas at the Mineralnye Vody junction, facilitating the commute and boosting the influx of resort visitors and tourists. This government decision also turned out to be quite progressive in terms of accelerating the overall development of the whole region.

Comparing the volume of visitors to Caucasian resorts with other state-owned resorts in 1901 will provide the figures that characterize the level of their development: the Kemmernsky waters served 3140 people, Starorussky - 2380, Lipetsky - 627, and more than 14 thousand people have chosen the KMV (Report of the Mining Department of the Ministry of Agriculture and State Properties for 1900-1901, 1901). Surely, these indicators clearly explain the reason for the government's interest in the further development of KMV resorts. Ermolov achieved the allocation of up to 4 million rubles (in a 12-year timeframe) from the state budget for the complete redevelopment of the Caucasian Mineral Waters. Already in 1895, 300 thousand rubles were spent on local beautification; in 1899, 5 million rubles were allocated to be invested for the similar purposes until 1905. 'This clearly demonstrates the good attitude the government treats the Caucasian Mineral Waters with, helping sicken Russian people on the regular basis' (Conquered Caucasus Alvin Kaspari, 2010).

The revenue increase at KMV directly depended on the resort attendance; the latter was one of the most important items of income. The concentration of state funds in the Directorate and the very income itself made it possible to conduct intensive capital construction and continue aerial beautification. The acquisition of greater powers in financial matters led to the need to create the KMV financial control bodies. The Department of State Economy under the State Council agreed with Ermolov's proposal to create such a control body. From 1900 to 1905 the Caucasian Mineral Waters were under the directorship of V.V. Khvoshchinsky; due to his tireless efforts, the planned improvement of the resort was mainly brought to completion. In general, the activities of the Ministry of Agriculture and State Properties in the last twelve years have been aimed solely at bringing the domestic nature-healing facilities to the level of well-known European resorts. However, several changes took place in the central state apparatus of Russia in 1905. In particular, the Ministry of Agriculture and State Properties was incorporated into the Main Directorate of Land Management and Agriculture. On October 27 of the same year, a new Ministry of Trade and Industry was created. After a short-term subordination to the Ministry of Finance, Caucasian Mineral Waters were transferred in 1905 under the jurisdiction of the Mining Department of the Ministry of Trade and Industry, which controlled them until 1917 (Yanovsky, 2009a).

According to the medical publications of the time, the attitude of the Ministry of Trade and Industry to resort regions has noticeably acquired the character of commercial interest (Krasnokutskaya, Mikhaylenko, 2004). The frequent change of ministers (from 1905 to 1909 six trade ministers were replaced) also did not contribute to an understanding of specific needs and requirements of the Caucasian resorts. Within the framework of the Mining Department of the new ministry, the resort business was assigned to the Department of Salt and Minerals, and only one of its offices was actually dealing with the very Waters issues (Maksheev, 1915). In the previous period, the resorts were assigned to the Department of Oil and Mineral Waters, which contributed more to their natural proximity; nowadays, it was more of a commercial component. Still, regarding the Caucasian Mineral Waters management, the regulatory framework continued to improve in terms of expanding the powers of the Directorate. The KMV Directorate now submitted annual commercial reports. The intensity of government participation in the development of state-owned resorts has become even more differentiated.

## CONCLUSION

Having studied the topic 'A.S. Ermolov as a reform figure of the health-resort business in the late 19th - early 20th centuries', it should be recognized that the period under study is associated with several administrative reforms aimed at improving the setting of the resort business. An analysis of the activities of this period allows disputing several studies claiming the absence in the Russian Empire until the beginning of the WWI of the central body coordinating the development of the country's resort lands and businesses. This period differs radically in this regard, bringing much more effective development to many resort lands, and the Caucasian Mineral Waters, in particular. The decisive importance in this progress belongs to the central governing bodies and personally the Minister of Agriculture and State Properties A.S. Ermolov, the period of direct resort supervision of which fell on 1893-1905. The health-resort developmental strategy in this era is of scientific interest also because such an attitude of the central authorities to the problems of the Caucasian tourist environment allowed bringing it to

certain independence and even perfection. The acquisition of independence in the management of the KMV resorts (end of 1896) had a positive effect on the further development of the whole region. All those purposefully conducted activities radically changed the development of already existing resorts, as well as contributed to the creation and expansion of the natural healing areas on a legal basis. The issue of KMV resorts subordination was of recurring nature, but Ermolov always defended the state's right to manage their environmental, balneological, and hydrological constituents. Meanwhile, he considered it possible to use and invest private capital in improving the urban resort infrastructure. The effectiveness of all the reforms carried out under Ermolov's patronage affected the most important indicators of the resort's life: an increase in occupancy, strengthening of the medical balneological base, and beautification of the resort lands. Studying all materials on Ermolov's era made it possible to prove that advancing the regional KMV resorts to such a level inevitably affected general guidelines of the health-resort business development in the Russian Empire. The positive experience of the common imperial approach to the management of state-owned health-resort establishments also automatically spread to the other resort lands in the country. Although the resorts remained a culturally-significant object in the state system of social policy of the Russian Empire, however, they also required further modernization and beautification. Due to its versatility, the governmental system of resort construction and management in the Russian Empire from 1893 to 1905 remains insufficiently studied and requires further research, which is very important for the prospects for the development of modern health-resort business.

## REFERENCES

- 1 Bagdasaryan, A.A., Krasnokutskaya, L.I. (2007). Chronicle of the Pyatigorsk Museum of local lore, 1847 – 2005. Pyatigorsk: Vestnik Kavkaza.
- 2 Bogoslovsky, V.S. (1899). Modern management of Caucasian Mineral Waters. Pyatigorsk: Nagornov print shop.
- 3 State Archive of the Republic of North Ossetia-Alania (GARSOA) F.11. Op. 36 D.12. LL. 56-58.
- 4 Ermolov, A.S. (1898). To the question of reconstruction of the Caucasian Mineral waters. St. Petersburg: Suvorin publishing house.
- 5 (1914). 1901 Mineral Water Specialization Act. Extracts from acting laws and orders of ministries concerning the Caucasian Mineral Waters. Collection of documents, comp. by Mikhaylov. Pyatigorsk: Manuylov print shop.
- 6 (1998). Excerpts from the report of the mining engineer S.N. Kulibin on the improvement of baths, Narzan mineral springs and the opening of a freshwater pipeline in Kislovodsk, 1894-1895. Kislovodsk in historical documents 1803-1917. Collection of documents. Stavropol: Education Development Institute publishers.
- 7 (1904). The Caucasian Mineral Waters. The 100th anniversary. St. Petersburg: R. Golike and A. Vilborg partnership.
- 8 Krasnokutskaya, L.I., Mikhaylenko, V.I. (2004). Management of the resorts Kavminvod (1803-2003). Pyatigorsk: Vestnik Kavkaza.
- 9 Krasnokutskaya, L.I., Krasnokutskiy, V.S. (2019). State policy of Russia in the management of resorts of Caucasian Mineral Waters: its nature and features in the 70's-early 80's of the XIX century. Journal 'Scientific Humanitarian Knowledge', 12, 101-112.
- 10 Krasnokutskaya, L.I. (2007). Summer vocational studies as one of the mechanisms of management, development and improvement of natural health resorts (late XIX - early

XX centuries). II International congress. Problems and prospects for the development of tourist clusters: innovative factors of their sustainable development, April 23-26, 2007. Ed. by Y. B. Danilovich. Essentuki: Institute of Regional Economics of the Russian Academy of Sciences.

11. Kryuchkov, I.V. (2015). Foreign experience in the development of the resorts of the Caucasian Mineral Waters in the late XIX - early XX centuries. Scientific Society of Caucasian Studies. Retrieved from: <http://www.kavkazoved.info/news/2015/02/15/inostranny-opyt-v-razvitii-kurortov-kavminvod-xix-xx-veka.html>.

12 Kulibin, S.N. (1896). Essay on the history of the Caucasian Mineral Waters (1717 — 1895). St. Petersburg.

13 Lazaryan, S.S. (2003). Evolvement of entrepreneurship in the Caucasian Mineral Waters region, 1780-1917. Pyatigorsk: North Caucasus Federal University.

14 Maksheev, N.N. (1915). To the question of the centralized resort management. Proceedings of the Congress on the improvement of domestic healing areas under the patronage of His Imperial Majesty. Pyatigorsk: Ministry of Railways publishers.

15 Nesmachnaya, S.I. (2008). History of the Caucasus in the people. Vol. 6. Stavropol: 'Pressa'.

16 (1901). Report of the Mining Department of the Ministry of Agriculture and State Properties for 1900-1901. St. Petersburg: Suvorin publishing house.

17 (2010). Conquered Caucasus Alvin Kaspari. Pyatigorsk: 'Sneg'.

18 (1985). Pyatigorsk in historical documents, 1780-1917. Stavropol: Stavropol book publishing house.

19 Russian State Historical Archive (RGIA). F.37. Op.66. D.2213. Ll. 86 – 87.

20 RGIA. F.381. Op.46. D.157. L.85.

21 RGIA. F.381. Op.46. D.157. L.86.

22 RGIA. F.1149. Op.12. D.7. LL. 136-137.

23 RGIA. F.381. Op.46. D.157. LL. 87.

24 (2013). Russian Balneological Society, 150<sup>th</sup> Anniversary. Pyatigorsk 'Publishing House'.

25 Svyatlovsky, V.V. (1908). Caucasian mineral waters. Ekaterinoslav: Kopylov publishing.

26 (1896). North Caucasus news, August 4, 1896, 1.

27 (1895). 'Caucasian mineral waters' seasonal, June 12, 1.

28 Seregina, O.I. (2006). The resort life of the North Caucasus in the late XIII - early XX century: economic, political and legal aspects. Kislovodsk: Tutor publishing house.

29 Smirnov, B.N. (2003). Caucasian Mineral Waters: organization and development of sanatorium-and-health-resort care. Moscow.

30 (1899-1900). Proceedings of the First All-Russian Congress of figures on climatology, hydrology and balneology in memory of Emperor Peter the Great: Vol.1. Russian Society for the Preservation of Public Health. St. Petersburg.

31 (1905-1906) Proceedings of the Second All-Russian Congress of figures on climatology, hydrology and balneology in memory of Emperor Peter the Great: Vol.1. Russian Society for the Preservation of Public Health. St. Petersburg.

32 Kharaldina, Z.E. (2006). Establishment of the health-resort business in the Kuban-Black Sea region: administrative aspect. Journal 'Social policy and sociology' (Moscow), 2, 197-204.

33 Yanovsky, V.S. (2009a). The role of V.V. Khvoshchinsky and S.V. Tilicheev in the state policy on the management of the Caucasian Mineral Waters. Journal 'Scientific problems of humanitarian research', 1, 42-47.

34 Yanovsky, V.S. (2009b). Influence of state and city authorities on the development of Russia's resort towns in the late 19th - early 20th centuries (based on Pyatigorsk and Kislovodsk materials). Pyatigorsk: 'Magik'.

35 Akhmazov, T.Z. (2014). Establishment and development of restorative health services in the North-Eastern Caucasus. XIX century - 1940. Moscow. Retrieved from: [https://docviewer.yandex.ru/view/256581249/?\\*=UMUdkYxJf2GfQm9TJ1eHmxgd51t7InVybcI6Imh0dH.ru](https://docviewer.yandex.ru/view/256581249/?*=UMUdkYxJf2GfQm9TJ1eHmxgd51t7InVybcI6Imh0dH.ru).