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DRAGOTIN GODINA: Exchange Cooperatives Will Free Us from the Slavery of Money and Capital

Author: Dragotin Godina
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About the author

Dragotin Godina (1876, Škedenj near Trieste–1965, Trieste) was a Slovenian nationalist who became a communist under the influence of the October Revolution, and, following his break with the Communist Party in the early 1920s, began developing idiosyncratic theories on creating a moneyless economy based on cooperatives. In the period after the Second World War, he continued to be an active participant in the social life of his native city of Trieste, a leader of

the cooperative movement, and a prominent exponent of pro-Yugoslav politics.[1]

Although he was born into a working-class family, he managed to enroll in the German high school in Trieste, which opened the door to further education, graduating from teacher training schools in Ljubljana and Koper. He was a very active participant in social life in Škedenj and Trieste, in organizations closely affiliated with the Slovenian national movement: he was the founder and president of the Slovenian reading room (*čitalnica*)[2] and the Economic Society in Škedenj (*Gospodarsko društvo v Škednju*), the oldest Slovenian cooperative on the coast. In addition, he was the leader of a local tambourine orchestra, the town's drama society and the local Sokol, a nationalist and pan-Slavic physical education organization. In 1905, he started working as a traveling salesman, and lived in Split, Zagreb, Kragujevac, and Belgrade. He then moved to Sofia, where he spent the longest period of time, working as a bookkeeper in several banks. After almost a decade there, in October 1915 he moved to Bucharest, and in August 1916 to Moscow. It seems that it was only in Moscow that he encountered the labor movement for the first time. There, he was the accountant of a factory for the production of military tents. After the revolution, the workers elected him as the manager of the factory, and then as a member of the Moscow Soviet.

In 1918, Godina completed the Bolshevik course for agitators and received a theoretical education, becoming a propagandist in the Red Army. He was a member of the Central Committee and deputy president of the newly founded Yugoslav Communist Group under the Bolshevik Party and one of the editors of their newspaper *Revolucija* (Revolution, 1918–1919). His wife Amalija and his daughter Milena[3] also participated in the revolution, but as agitators and organizers of the Italian Communist Group in Moscow. In the summer of 1919, Drago Godina returned to Trieste via Northern and Western Europe, where he lived as a bookkeeper, but was also an active agitator. Returning via France probably saved him from prison, because he was already on the arrest list of the Yugoslav police as a dangerous Bolshevik agitator. He joined the Italian Socialist

1 This text was prepared within the framework of the Higher School of Economics University Basic Research Program. The biography is based on the following sources: Martin Jevnikar, "Godina, Drago (1876–1965)," *Slovenska biografija* (Ljubljana: ZRC SAZU, 2013), http://www.slovenska-biografija.si/oseba/sbi1010100/#primorski-slovenski-biografski-leksikon (accessed April 24, 2024). Originally published in *Primorski slovenski biografski leksikon*, vol. 5/1, *Fogar–Grabrijan* (Gorica: Goriška Mohorjeva družba, 1978).

2 Reading rooms or reading halls were a particular type of a national cultural institution in the Austro-Hungarian Empire at the turn of the twentieth century. These were in effect the first public libraries, although generally founded at the private initiative of local notables and organized along ethnic lines. It was one of many types of such "institutions presenting national discourse," alongside worker and farmer cooperatives, theater and sports associations, etc. See Catherine Horel, *Multicultural Cities of the Habsburg Empire: Imagined Communities and Conflictual Encounters* (Budapest–Vienna–New York: Central European University Press, 2023), 229–34.

3 No relation to the famous actress of the same name.

Party and advocated that it join the Third International and make a complete political break with the reformists. As an author in the Trieste newspaper *Delo* (Labor, 1920–1934), he became a harsh critic of Henrik Tuma (1858–1935), one of the most famous Slovenian pre-war Marxists and a leader of the Yugoslav Social Democratic Party (*Jugoslovanska socialdemokratska stranka*, JSDS) in the Habsburg Empire. In addition, he led a group that called itself the "Communist-abstentionist current,"[4] which meant that, as communists, they completely rejected parliamentarism, considering it an outmoded bourgeois form of legislative power. Out of principle, they refused to participate in bourgeois elections and believed that the communists should encourage the workers to establish workers' soviets as supreme legislative and executive organs, taking into account the revolutionary situation at the time.

Godina attended the Congress in Livorno in January 1921, at which the Communist Party of Italy (PCI) was founded. He was the representative of the communists of Trieste. In the PCI he was close to Amadeo Bordiga (1889–1970), the party leader who articulated the anti-electoralist line and who would later become one of the leading anti-parliamentarian "left-wing communists" globally. However, while Bordiga accepted electoral participation as a tactical concession already in the summer of 1920, Godina persevered in his rejection of parliamentary politics. Due to internal party conflicts, he did not remain active in the PCI for a long time, and was probably expelled or resigned from the party not long after its Second Congress in 1922. According to the historian Ivan Očak, Godina was even a member of the Communist Party of Yugoslavia, but at the end of 1922 or at the beginning of 1923 he was expelled as an "ultra-leftist."

Following his expulsion from the Italian and Yugoslav communist parties, Godina dedicated himself to economic theory. He wanted to create a blueprint for a future society on a socialist but non-Marxist basis. Above all, he advocated the introduction of commodity money, that is, the use of goods with a clearly defined value as a means of payment, eventually moving onto completely moneyless exchange. He even founded a cooperative that functioned according to the principle of commodity money and exchange, but the fascist authorities forced him to close it. In 1926, he was the editor of the newspaper *Preporod* (Rebirth), although the fascists soon banned it as well. However, in 1927, Godina was one of the signatories (and alleged initiators) of a proclamation of the Slovenes of Trieste which called for the acceptance of new borders and integration of Slovenes within the Italian state. This proclamation led to the communists accusing Godina of collaborating with the fascist regime.[5]

4 Ivan Očak, *U borbi za ideje Oktobra: Jugoslavenski povratnici iz Sovjetske Rusije 1918–1921* (Zagreb: Stvarnost, 1976), 365.

5 "Slovenski komunistični fašizem," *Jutro* 8, no. 216, September 15, 1927, 2.

Regardless of what his relationship to the fascist authorities may have been after the 1927 proclamation, at some point not long after, he was forced to flee to Vienna for political reasons. He would stay there until the end of the Second World War, again engaging in journalistic activities, and wrote another book on commodity money in German. Upon his return to Trieste in 1945, Godina became a member of the Slovenian-Italian Anti-Fascist Union (SIAU), the front organization of the Communist Party of the Free Territory of Trieste. He continued to propagate the idea of commodity money, primarily through his newly founded General Professional Association (*Jugoslovanska strokovna zveza*). Moreover, Godina was one of the founders of the Independent Socialist Union in 1953. This was an Italian anti-Stalinist Communist Party founded under the patronage of the Communist Party of Yugoslavia as an attempt by Josip Broz Tito (1892–1980) to extend his influence over the labor movement in Western Europe. The party was dissolved in 1957, its members being dispersed between the PCI and the Italian Socialist Party. It is not known whether Godina joined one of those two parties. In 1963, he renewed his newspaper *Preporod*, but it was published for only one year. In the last years of his life, he wrote about economic issues in the Trieste magazine *Gospodarstvo* (Economy, 1947–1991), dealt with local history, and published his memories of the October Revolution. He died in Trieste in 1965, at the age of ninety.

Although Godina was the subject of some research in Yugoslav historiography, he appeared almost exclusively in the context of the participation of Slovenes in the October Revolution, and his later political views were dismissed as "sectarian." His activity in pro-Yugoslav communist circles after the Tito-Stalin Split of 1948 has never been examined. However, he is significant as a representative of non-communist anti-capitalist political thought in the interwar period. He was an original thinker with grandiose designs for total social transformation, a thinker whose plans undoubtedly transcended the peripheral social context of the Italo-Slovenian borderland that he was politically active in for most of his adult life.

MOST IMPORTANT WORKS: *Kako pridejo kmetje in delavci do svobode in blagostanja: poljudno razlaganje povodov in posledic današnjega gospodarskega poloma* (Idrija: Federacija rudarjev in gozdarjev, 1921); *Idealizem: temeljna načela politične in gospodarske borbe s kapitalizmom* (Trieste: self-published, 1924); *Menjalne zadruge nas rešijo suženjstva denarja in kapitala* (Trieste: self-published, 1925); *Proglas Slovencem v Italiji* (Trieste: self-published, 1927); *Mir ali nova vojna?* (Trieste: self-published, 1947); "Spomini Tržačana iz oktobrske revolucije," article series in *Primorski dnevnik*, October 2, 1955–February 2, 1956 (signed as Brežan).

Context

Following his break with the Communist Party of Yugoslavia around 1922/23, Dragotin Godina embarked on an ambitious task of developing his own system of philosophic and social thought, one that he thought should be, in opposition to Marxism, based on idealism rather than materialism. He believed that thought—although a material phenomenon—was able to develop independently of matter, a reversal of the famous Marxist dictum that social being determines consciousness. He concluded that a struggle for a better society was synonymous with a struggle for higher spiritual values. From these premises he proposed cooperatives as a form of competition with capitalist trade, and presumed that exchange cooperatives would, if given the chance, eventually push out the capitalist mode of production over time.

After being part of the abstentionist current within the PCI, Godina was expelled from the Communist Party, by some accounts already in 1921, or a bit later in 1922/23. In any case, he was considered "ultra-left," meaning he did not share the mainstream Comintern tactics on electoralism and the question of revolutionary retreat in the early 1920s, in the face of the ebbing of the revolutionary tide. The communists announced a tactical retreat at the time, starting with the New Economic Policy in 1921, allowing for capitalist agriculture based on petty commodity production in the countryside. In parallel, the Third International developed a platform of limited collaboration with reformist parties. This entailed joint political and economic actions with the social democratic parties in Western Europe and with the agrarians in East Central Europe, what was called the United Front policy. Godina, who already opposed electoralism in general, appears to have also opposed this tactical shift. While even Lenin explicitly spoke of the NEP as "state capitalism" and considered it a temporary retreat, Godina saw in it an abandonment of revolutionary ideals and a degeneration of the Soviet workers' state from which there was to be no return.

Once outside of the Communist Party, Godina began developing his own variant of socialism. He still held the Russian Revolution of October 1917 in high regard, but eclectically believed it also opened the space for a spiritual transformation. While upholding a belief in socialism, he also expressed that such a society can only come about through the struggle of superior "Eastern" peoples as opposed the "Western" ones already irreparably corrupted by capitalism. Presumably due to his background in trade, Godina was particularly focused on the need to abolish monetary exchange altogether, which formed the basis of his vision for a new society.

To this end, after the completion of his work *Idealism, the Fundamental Principles of the Political and Economic Struggle against Capitalism* (1924), he

wrote a shorter pamphlet cumbersomely titled *Exchange Cooperatives Will Free Us from the Slavery of Money and Capital*, republished in translation below. In it, he briefly outlined his vision of how to actually overcome capitalism as an alternative to Soviet socialism, which he no longer considered socialist, saying explicitly that the Russian people too were "enslaved by the international big capitalists." Instead of a capitalist Russia masquerading as socialist, Godina proposed an economic system based around exchange cooperatives, which he also attempted to start in Trieste. It appears that he was influenced by both his background in the Slovenian nationalist movement before First World War, and the Slavophile populist traditions with which he was well-acquainted.

Godina's major departure from Marxism is his belief that exploitation arises not out of expropriation of surplus labor, but out of the act of trade itself—the intermediary, the merchant, is the one who appropriates surplus value, a process he describes as "horribly costly." Trade is, in his view, a completely unnecessary part of the economy. Instead, he essentially proposes a form of bartering mediated through cooperatives, a process which he describes in detail in the text below. The local cooperatives would connect with other cooperatives at national and international levels to exchange various goods and services: trade between capitalists and merchants would be replaced by barter between cooperatives. These would be established already within capitalism and could and would outcompete existing forms of trade with their low prices, which should arise out of the absence of intermediaries in the form of merchants and money. Ideally, these institutions would also be as cost-effective as possible, with minimal staff and facilities in order to avoid accumulation of additional unnecessary expenses.

In Godina's vision, payment according to labor would still exist, but would eventually be replaced by payment in kind as cooperatives become dominant in economic life. Withdrawal of money would, in his view, eliminate unemployment, which he believes is caused primarily by "a shortage of money." The fear of unemployment, which is in fact a fear of not having money to survive, would disappear as people would receive goods and services from cooperatives, further incentivizing them to perform productive work of their own free will and in new cooperation with others around them, creating a form of naturally arising collectivism.

The obvious implication of Godina's writing is that, for a system of cooperatives to work, the economic order must be built upon compact, economically rational borders. From the perspective of Trieste, once a mighty Austrian port, this meant the absolute necessity of political and thus economic unity with its hinterland, which had traditionally supplied it with agricultural products. However, this "organic" unity had been broken by the postwar settlement and the loss of territory to the Kingdom of Serbs, Croats, and Slovenes. Godina found another

solution for this problem, as eclectic as all his other solutions, but certainly the most controversial one: he expressed critical support for the Italian fascist regime and some of its expansionist goals. His 1927 *Proclamation*, while stating irredentism was obsolete, also justified Italian expansionism in the Triestine hinterland by the need for a functioning system of exchange cooperatives in the Greater Trieste area. His ambitions to create what he saw as an economically rational system of cooperatives able to compete with capitalism resulted in embracing a form of civic nationalism within the existent status quo and led the outraged communists to accuse him of collaborating with the fascist regime.

The precise details of his compromise with the fascists in 1927, as well as his post-Second World War turn to Tito's variant of communism remain under-researched. Nevertheless, his intense intellectual activity in the mid-1920s, eclectic and ambitious, was a rare attempt by a Slovenian Triestine thinker to make a concise theory of overarching social transformation and propose a completely new socio-economic system for the world. While at times inconsistent and certainly overly optimistic, Godina's thought warrants merit and the attention of historians of ideas.

DRAGOTIN GODINA
Exchange Cooperatives Will Free Us from the Slavery of Money and Capital

"The Organization of Barter Cooperatives"

The main purpose of economic cooperatives is to organize a direct exchange of goods without using money. When members of an economic cooperative have a crop or a finished product, they do not have to look for a buyer with money, which is usually difficult and sometimes even impossible, but instead take their goods straight to the cooperative, hand them over, and receive in return a certificate confirming the delivery of goods of a certain value (e.g. worth 270 lire). With this certificate, the members may withdraw, at any time, any other goods from the cooperative stock in the value of 270 lire.

If the members wish to obtain goods that might not be stored in the warehouses of the relevant cooperative, the latter can supply them through the cooperative's central office. However, the cooperative members do not receive a single certificate in the amount of 270 lire, but rather two certificates for 100

lire each, one for 50 lire, and one for 20 lire. Thus, for example, they can immediately take 120 lire worth of goods out of the warehouse while saving the other two 150-lire certificates for another occasion.

Economic cooperatives are not based on capital and do not aim to accumulate or increase capital. Instead, they are merely intermediaries for the exchange of goods between their members. That is why economic cooperatives sell goods to their members at the same prices as they buy them without making the slightest profit.

When purchasing goods from their members, cooperatives collect a percentage determined by their respective committees to cover the administrative expenses. For example, a cooperative committee decides that certain goods should be subject to a 3% administrative charge. If the cooperative takes over 670 lire worth of such goods from its member, it does not issue a certificate for 670 lire, but 3 per cent less, i.e. 650 lire, while one certificate for 20 lire is handed over to the cashier for administrative expenses.

"Cooperative Reciprocity"

Given its purpose of exchanging goods, it is clear that a single, completely independent cooperative located in a village or town would make no sense. What goods could be exchanged between the members of a village cooperative? None or almost none because farmers in the same village usually grow similar crops. Even in a fairly large town, such a cooperative would be incomplete, lacking mainly farm produce.

Therefore, an entire network of such cooperatives must be set up in towns and villages to facilitate the exchange of a wide variety of crops and products. The greater the number of such cooperatives, the more independent they will be from the rest of the economic world.

However, each cooperative must be an economic unit independent from the others, with its own administrative and supervisory committees. This is the only way to ensure that its members can take a keen interest in it and keep it under constant supervision, which is indispensable for it to operate regularly and fairly and to enjoy the confidence of its members.

Individual cooperatives must be federated, with central management at the helm, looking after common affairs and ensuring that all members collaborate harmoniously.

The central management receives reports from each cooperative about the types and quantities of the goods that the relevant cooperative can supply to the other cooperatives, as well as about what types of goods it needs

to acquire. Based on these reports, the central management can schedule the exchange of goods between the individual cooperatives.

The central management also manages the exchange of goods with other cooperative organizations. The central management sends those amounts of its cooperatives' products that are not consumed within the cooperative federation to other cooperative organizations in exchange for goods not produced by the federation. In case of necessity, central management is also involved in wholesale. Naturally, it sells the goods the cooperatives produce in excess of the internal demand and purchases the goods that the cooperatives do not produce or are short of.

To maximize the benefits of their members, cooperatives must keep their costs as low as possible. Therefore, their business and administration must be as simple as possible. Cooperatives must not even dream of setting up luxurious stores with many assistants and commercially-styled offices at the very onset of their business operations. It is understandable that merchants do this because they want to outdo their competitors and lure people into their shops.

Economic cooperatives, however, do not need such publicity, as they will be best recommended by their low prices, which make it impossible for any merchant to compete with them. Merchants cannot sell goods at the same price as they buy them, as this can only be achieved by economic cooperatives whose only aim is not to accumulate capital but instead ensure benefits for their members.

In the beginning, it will be sufficient for each cooperative to find suitable facilities (a dry cellar, cottage, barn, or similar) for storing the goods. Initially, hiring and paying a dedicated employee to receive and deliver the goods is also unnecessary. As long as the turnover is low, this work can be done by the cooperative members themselves during their free evening hours, and perhaps not even every day—for reasonable compensation, of course, because any useful work deserves to be paid.

For the sake of a more straightforward and swifter business and to facilitate supervision, goods should not be weighed and measured when they are delivered to the cooperatives. Instead, they should be weighed or measured beforehand and packaged in appropriate quantities in sealed packages marked with the quantity and price, as is the case with tobacco, chicory, candles, etc.

Apart from the central management, economic cooperatives must also have central warehouses, where they send the products they do not consume and obtain whatever they do not produce on their own.

The business between the cooperatives and the central warehouse is the same as between the cooperative members and the warehouse. The cooperatives receive certificates for the goods handed over to the central warehouse, indicating the value of the delivered goods, and obtain the goods they need from the central warehouse in return for these certificates. The certificates issued by the central warehouses also enable the cooperatives to obtain goods directly from the fraternal cooperatives without any intervention from the central warehouse.