

# “Capital’s Vast Paper Empire”

Harry Braverman

Reprinted from *Labor and Monopoly Capital: The Degradation of Work in the 20<sup>th</sup> Century* by Harry Braverman, *Monthly Review*, July-August 1974 edition; pages 55–58.

The function of the capitalist is to represent capital and to enlarge it. This is done either by controlling the production of surplus value [profit] in the productive industries and activities, or by appropriating it from outside those industries and activities. The industrial capitalist, the manufacturer, is an example of the first; the banker of the second. These management functions of control and appropriation have in themselves become labor processes. Here the productive processes of society disappear into a stream of paper—a stream of paper, moreover, which is processed in a continuous flow like that of the cannery, the meat-packing line, the car assembly conveyor, by workers organized in much the same way.

Just as in some industries the labor expended upon marketing begins to approach the amount expended upon the production of the commodities being sold, so in some industries the labor expended upon the mere transformation of the form of value (from the Commodity form into the form of money or credit)—including the policing, the cashiers and collection work, the record-keeping, the accounting, etc.—begins to approach or surpass the labor used in producing the underlying commodity or service. And finally, as we have already noted, entire “industries” come into existence whose activity is concerned with nothing but the transfer of values and accounting entailed by this.

Since the work of recording the movement of values is generally accomplished by a capitalist agency for its particular ends, its own accounting has no standing with other organizations. This leads to an immense amount of duplication. The normal presumption in inter-corporate dealings is not one of honesty but of dishonesty; unverified records are not considered adequate or trustworthy for any purposes but those of the institution which keeps them.

Thus each pair of corporations, in their dealings with each other in the transactions of purchase and sale, credit and payment, etc., maintain a complete set of records, each the mirror image of those kept by the other. That which appears on the books of one as a credit shows in the books of the other as a debit. Since, when disputes arise, the burden of proof is shuffled back and forth between the parties in accordance with available documentation, each set of records is as a rule a private affair to be used not for helpful coordination but as a weapon.

## Well-Guarded Structures

The internal record-keeping of each corporate institution is, moreover, constructed in a way which assumes the possible dishonesty, disloyalty, or laxity of every human agency which it employs; this, in fact, is the first principle of modern accounting. It is for this reason, among others, that double-entry bookkeeping proved so suitable to capitalist accounting. Under this system, every transaction is recorded at its birth in two places, and the entire movement of the values that pass through the enterprise is reflected in an interlocking set of accounts which check

and verify each other. The falsification of only one single account will usually lead directly to the falsifier, and as a rule the work of falsifying many accounts so that they continue in balance with each other is possible only through the collaboration of a number of people.

This system of dovetailing accounts is supplemented by a variety of independent checks and controls. In total, a modern financial system, although not impervious to falsification or error, is a well-guarded structure a large part of which exists for purposes of self-security, and as a rule such falsifications as are found in it appear not by accident but by the policy of the management.

Nor is this all. Since corporations must exhibit financial statements to the outside world for the purpose of raising capital, and since various other needs for such public disclosure exist—such as bank credit, settlement of accounts with outside parties as required under contract with them, etc.—still another means of establishing the truth of records is provided.

## **A Vast Paper Empire**

This is the independent audit by an accounting firm which makes it a “profession” to investigate records either when called upon or on a continuing basis, and to “certify” their results. The dishonesty presumed of all corporations is offset by the special function of such auditors, who are supposed to make a profession of honesty, although this is not usually the case either. At any rate, this brings into existence still another set of records and another species of duplicatory clerical work. And to this may be added much of the work of government regulatory and tax offices which deal with the same material from still other standpoints.

Thus the value-form of commodities separates itself out from the physical form as a vast paper empire which under capitalism becomes as real as the physical world, and which swallows ever increasing amounts of labor. This is the world in which value is kept track of, and in which surplus value is transferred, struggled over, and allocated.



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Fifth Estate #303, October 20, 1980

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