Space for Notes
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David Ricardo,

On the Principles of Political Economy and Taxation

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Chapter 6: On Profits

The profits of stock, in different employments, having been shewn to bear a proportion to each other, and to have a tendency to vary all in the same degree and in the same direction, it remains for us to consider what is the cause of the permanent variations in the rate of profit, and the consequent permanent alterations in the rate of interest.

We have seen that the price[17] of corn is regulated by the quantity of labour necessary to produce it, with that portion of capital which pays no rent. We have seen, too, that all manufactured commodities rise and fall in price, in proportion as more or less labour becomes necessary to their production. Neither the farmer who cultivates that quantity of land, which regulates price, nor the manufacturer, who manufactures goods, sacrifice any portion of the produce for rent. The whole value of their commodities is divided into two portions only: one constitutes the profits of stock, the other the wages of labour.

[17 The reader is desired to bear in mind, that for the purpose of making the subject more clear, I consider money to be invariable in value, and therefore every variation of price to be referable to an alteration in the value of the commodity.]

Supposing corn and manufactured goods always to sell at the same price, profits would be high or low in proportion as wages were low or high. But suppose corn to rise in price because more labour is necessary to produce it; that cause will not raise the price of manufactured goods in the production of which no additional quantity of labour is required. If, then, wages continued the same, the profits of manufacturers would remain the same; but if, as is absolutely certain, wages should rise with the rise of corn, then their profits would necessarily fall.

If a manufacturer always sold his goods for the same money, for £1,000, for example, his profits would depend on the price of the labour necessary to manufacture those goods. His profits would be less when wages amounted to £800 than when he paid only £600. In proportion then as wages rose, would profits fall. But if the price of raw produce would increase, it may be asked, whether the farmer at least would not have the same rate of profits, although he should pay an additional sum for wages? Certainly not: for he will not only have to pay, in common with the manufacturer, an increase of wages to each labourer he employs, but he will be obliged either to pay rent, or to employ an additional number of labourers to obtain the same produce; and the rise in the price of raw produce will be proportioned only to that rent, or that additional number, and will not compensate him for the rise of wages.

If both the manufacturer and farmer employed ten men, on wages rising from £24 to £25 per annum per man, the whole sum paid by each would be £250 instead of £240. This is, however, the whole addition that would be paid by the manufacturer to obtain the same quantity of commodities; but the farmer on new land would probably be obliged to employ an additional man, and therefore to pay an additional sum of £25 for wages; and the farmer on the old land would be obliged to pay precisely the same additional sum of £25 for rent; without which additional labour, corn would not have risen, nor rent have been increased. One will therefore have to pay £275 for wages alone, the other, for wages and rent together; each £25 more than the manufacturer: for this latter £25 the farmer is compensated by the addition to the price of raw produce, and therefore his profits still conform to the profits of the manufacturer. As this proposition is important, I will endeavour still further to elucidate it.

We have shewn that in early stages of society, both the landlord's and the labourer's share of the *value* of the produce of the earth, would be but small; and that it would increase in proportion to the progress of wealth, and the difficulty of procuring food. We have shewn, too, that although the value of the labourer's portion will be increased by the high value of food, his real share will be diminished; whilst that of the landlord will not only be raised in value, but will also be increased in quantity.

The remaining quantity of the produce of the land, after the landlord and labourer are paid, necessarily belongs to the farmer, and constitutes the profits of his stock. But it may be alleged, that though as society advances, his proportion of the whole produce will be diminished, yet as it will rise in value, he, as well as the landlord and labourer, may, notwithstanding, receive a greater value.

It may be said for example, that when corn rose from £4 to £10, the 180 quarters obtained from the best land would sell for £1,800 instead of £720; and, therefore, though the landlord and labourer be proved to have a greater value for rent and wages, still the value of the farmer's profit might also be augmented. This, however, is impossible, as I shall now endeavour to shew.

In the first place, the price of corn would rise only in proportion to the increased difficulty of growing it on land of a worse quality.

It has been already remarked, that if the labour of ten men will, on land of a certain quality, obtain 180 quarters of wheat, and its value be £4 per quarter, or £720; and if the labour of ten additional men, will on the same or any other land produce only 170 quarters in addition, wheat would rise from £4 to £4 4*s.* 8*d.;* for 170:180::£4:£4 4*s.* 8*d.* In other words, as for the production of 170 quarters, the labour of ten men is necessary, in the one case, and only that of 9.44 in the other, the rise would be as 9.44 to 10, or, as £4 to £4 4*s.* 8*d.* In the same manner it might be shewn, that if the labour of ten additional men would only produce 160 quarters, the price would further rise to £4 10*s.;* if 150, to £4 16*s.* &c. &c.

But when 180 quarters were produced on the
land paying no rent, and its price was £4 per
quarter, it is sold for £720
And when 170 quarters were produced on
the land paying no rent, and the price rose
to £4 4*s.* 8*d.* it still sold for 720
So 160 quarters at £4 10s. produce. 720
And 150 quarters at £4 16*s.* produce the same sum of . 720

Now it is evident, that if out of these equal values, the farmer is at one time obliged to pay wages regulated by the price of wheat at £4, and at other times at higher prices, the rate of his profits will diminish in proportion to the rise in the price of corn.

In this case, therefore, I think it is clearly demonstrated that a rise in the price of corn, which increases the money wages of the labourer, diminishes the money value of the farmer's profits.

But the case of the farmer of the old and better land will be in no way different; he also will have increased wages to pay, and will never retain more of the value of the produce, however high may be its price, than £720 to be divided between himself and his always equal number of labourers; in proportion therefore as they get more, he must retain less.

When the price of corn was at £4 the whole 180 quarters belonged to the cultivator, and he sold it for £720. When corn rose to £4 4*s.* 8*d.* he was obliged to pay the value of ten quarters out of his 180 for rent, consequently the remaining 170 yielded him no more than £720: when it rose further to £4 10*s.* he paid twenty quarters, or their value, for rent, and consequently only retained 160 quarters, which yielded the same sum of £720. It will be seen, then, that whatever rise may take place in the price of corn, in consequence of the necessity of employing more labour and capital to obtain a given additional quantity of produce, such rise will always be equalled in value by the additional rent, or additional labour employed; so that whether corn sells for £4, £4 10*s.* or £5 2*s.* 10*d.* the farmer will obtain for that which remains to him, after paying rent, the same real value. Thus we see, that whether the produce belonging to the farmer be 180, 170, 160, or 150 quarters, he always obtains the same sum of £720 for it; the price increasing in an inverse proportion to the quantity.

Rent then, it appears, always falls on the consumer, and never on the farmer; for if the produce of his farm should uniformly be 180 quarters, with the rise of price, he would retain the value of a less quantity for himself, and give the value of a larger quantity to his landlord; but the deduction would be such as to leave him always the same sum of £720.

It will be seen too, that, in all cases, the same sum of £720 must be divided between wages and profits. If the value of the raw produce from the land exceed this value, it belongs to rent, whatever may be its amount. If there be no excess, there will be no rent. Whether wages or profits rise or fall, it is this sum of £720 from which they must both be provided. On the one hand, profits can never rise so high as to absorb so much of this £720 that enough will not be left to furnish the labourers with absolute necessaries; on the other hand, wages can never rise so high as to leave no portion of this sum for profits.

Thus in every case, agricultural, as well as manufacturing profits are lowered by a rise in the price of raw produce, if it be accompanied by a rise of wages.[18] If the farmer gets no additional value for the corn which remains to him after paying rent, if the manufacturer gets no additional value for the goods which he manufactures, and if both are obliged to pay a greater value in wages, can any point be more clearly established than that profits must fall, with a rise of wages?

> [18 The reader is aware, that we are leaving out of our consideration the accidental variations arising from bad and good seasons, or from the demand increasing or diminishing by any sudden effect on the state of population. We are speaking of the natural and constant, not the accidental and fluctuating price of corn.]

The farmer then, although he pays no part of his landlord's rent, that being always regulated by the price of produce, and invariably falling on the consumers, has however a very decided interest in keeping rent low, or rather in keeping the natural price of produce low. As a consumer of raw produce, and of those things into which raw produce enters as a component part, he will, in common with all other consumers, be interested in keeping the price low. But he is most materially concerned with the high price of corn as it affects wages. With every rise in the price of corn, he will have to pay out of an equal and unvarying sum of £720 an additional sum for wages to the ten men whom he is supposed constantly to employ. We have seen in treating on wages that they invariably rise with the rise in the price of raw produce. On a basis assumed for the purpose of calculation, [chap.5; use your browser's Back button to return here], it will be seen that if when wheat is at £4 per quarter, wages should be £24 per annum

£24 per annum

When Wheat is at	£	*s.*	*d.*	wages would be	£	*s.*	*d.*
	4	4	8		24	14	0
	4	10	0		25	10	0
	4	16	0		26	8	0
	5	2	10		27	8	6

Now, of the unvarying fund of £720 to be distributed between labourers and farmers,

When the price of Wheat is at	£	*s.*	*d.*	the labourers will receive	£	*s.*	the farmer will receive	£	*s.*	*d.*
	4	0	0		240	0		480	0	0
	4	4	8		247	0		473	0	0
	4	10	0		255	0		465	0	0
	4	16	0		264	0		456	0	0
	5	2	10		274	5		455	15	*

* The 180 quarters of corn would be divided in the following proportions between landlords, farmers, and labourers, with the above-named variations in the value of corn.

Price per qr.			Rent.	Profit.	Wages.	Total.
£	*s.*	*d.*	In Wheat.	In Wheat.	In Wheat.	
4	0	0	None.	120 qrs.	60 qrs.	
4	4	8	10 qrs.	111.7	58.3	
4	10	0	20	103.4	56.6	180
4	16	0	30	95	55	
5	2	10	40	86.7	53.3	

and, under the same circumstances, money rent, wages, and profit, would be as follows:

Price per qr.			Rent.			Profit.			Wages.			Total.		
£	*s.*	*d.*	£	*s.*	*d.*	£	*s.*	*d.*	£	*s.*	*d.*	£	*s.*	*d.*
4	0	0	—	—	—	480	0	0	240	0	0	720	0	0
4	4	8	42	7	6	473	0	0	247	0	0	762	7	6
4	10	0	90	0	0	465	0	0	255	0	0	810	0	0
4	16	0	144	0	0	456	0	0	264	0	0	864	0	0
5	2	10	205	13	4	445	15	0	274	5	0	925	13	4

And supposing that the original capital of the farmer was £3,000, the profits of his stock being in the first instance £480 would be at the rate of 16 per cent. When his profits fell to £473 they would be at the rate of 15.7 per cent.

£465	15.5
£456	15.2
£445	14.8

But the *rate* of profits will fall still more, because the capital of the farmer, it must be recollected, consists in a great measure of raw produce, such as his corn and hay-ricks, his unthreshed wheat and barley, his horses and cows, which would all rise in price in consequence of the rise of produce. His absolute profits would fall from £480 to £445 15*s.* ; but if from the cause which I have just stated, his capital should rise from £3,000 to £3,200 the rate of his profits would, when corn was at £5 2*s.* 10*d.* be under 14 per cent

If a manufacturer had also employed £3,000 in his business, he would be obliged in consequence of the rise of wages, to increase his capital in order to be enabled to carry on the same business. If his commodities sold before for £720 they would continue to sell at the same price; but the wages of labour, which were before £240 would rise when corn was at £5 2*s.* 10*d.* to £274 5*s.* In the first case he would have a balance of £480 as profit on £3,000, in the second he would have a profit only of £445 15*s.*, on an increased capital, and therefore his profits would conform to the altered rate of those of the farmer.

There are few commodities which are not more or less affected in their price by the rise of raw produce, because some raw material from the land enters into the composition of most commodities. Cotton goods, linen, and cloth, will all rise in price with the rise of wheat; but they rise on account of the greater quantity of labour expended on the raw material from which they are made, and not because more was paid by the manufacturer to the labourers whom he employed on those commodities.

In all cases, commodities rise because more labour is expended on them, and not because the labour which is expended on them is at a higher value. Articles of jewellery, of iron, of plate, and of copper, would not rise, because none of the raw produce from the surface of the earth enters into their composition.

It may be said that I have taken it for granted, that money wages would rise with a rise in the price of raw produce, but that this is by no means a necessary consequence, as the labourer may be contented with fewer enjoyments. It is true that the wages of labour may previously have been at a high level, and that they may bear some reduction. If so, the fall of profits will be checked; but it is impossible to conceive that the money price of wages should fall, or remain stationary with a gradually increasing price of necessaries; and therefore it may be taken for granted that, under ordinary circumstances, no permanent rise takes place in the price of necessaries, without occasioning, or having been preceded by a rise in wages.

The effects produced on profits would have been the same, or nearly the same, if there had been any rise in the price of those other necessaries, besides food, on which the wages of labour are expended. The necessity which the labourer would be under of paying an increased price for such necessaries, would oblige him to demand more wages; and whatever increases wages, necessarily reduces profits. But suppose the price of silks, velvets, furniture, and any other commodities, not required by the labourer, to rise in consequence of more labour being expended on them, would not that affect profits? Certainly not: for nothing can affect profits but a rise in wages; silks and velvets are not consumed by the labourer, and therefore cannot raise wages.

It is to be understood that I am speaking of profits generally. I have already remarked, that the market price of a commodity may exceed its natural or necessary price, as it may be produced in less abundance than the new demand for it requires. This, however, is but a temporary effect. The high profits on capital employed in producing that commodity, will naturally attract capital to that trade; and as soon as the requisite funds are supplied, and the quantity of the commodity is duly increased, its price will fall, and the profits of the trade will conform to the general level. A fall in the general rate of profits is by no means incompatible with a partial rise of profits in particular employments. It is through the inequality of profits, that capital is moved from one employment to another. Whilst then general profits are falling, and gradually setting at a lower level in consequence of the rise of wages, and the increasing difficulty of supplying the increasing population with necessaries, the profits of the farmer may, for an interval of some little duration, be above the former level. An extraordinary stimulus may be also given for a certain time, to a particular branch of foreign and colonial trade; but the admission of this fact by no means invalidates the theory, that profits depend on high or low wages, wages on the price of necessaries, and the price of necessaries chiefly on the price of food, because all other requisites may be increased almost without limit.

It should be recollected that prices always vary in the market, and in the first instance, through the comparative state of demand and supply. Although cloth could be furnished at 40*s.* per yard, and give the usual profits of stock, it may rise to 60 or 80*s.* from a general change of fashion, or from any other cause which should suddenly and unexpectedly increase the demand, or diminish the supply of it. The makers of cloth will for a time have unusual profits, but capital will naturally flow to that manufacture, till the supply and demand are again at their fair level, when the price of cloth will again sink to 40*s.*, its natural or necessary price. In the same manner, with every increased demand for corn, it may rise so high as to afford more than the general profits to the farmer. If there be plenty of fertile land, the price of corn will again fall to its former standard, after the requisite quantity of capital has been employed in producing it, and profits will be as before; but if there be not plenty of fertile land, if, to produce this additional quantity, more than the usual quantity of capital and labour be required, corn will not fall to its former level. Its natural price will be raised, and the farmer, instead of obtaining permanently larger profits, will find himself obliged to be satisfied with the diminished rate which is the inevitable consequence of the rise of wages, produced by the rise of necessaries.

The natural tendency of profits then is to fall; for in the progress of society and wealth, the additional quantity of food required is obtained by the sacrifice of more and more labour. This tendency, this gravitation as it were of profits, is happily checked at repeated intervals by the improvements in machinery, connected with the production of necessaries, as well as by discoveries in the science of agriculture which enable us to relinquish a portion of labour before required, and therefore to lower the price of the prime necessary of the labourer. The rise in the price of necessaries and in the wages of labour is however limited; for as soon as wages should be equal (as in the case formerly stated) to £720, the whole receipts of the farmer, there must be an end of accumulation; for no capital can then yield any profit whatever, and no additional labour can be demanded, and consequently population will have reached its highest point. Long indeed before this period, the very low rate of profits will have arrested all accumulation, and almost the whole produce of the country, after paying the labourers, will be the property of the owners of land and the receivers of tithes and taxes.

Thus, taking the former very imperfect basis as the grounds of my calculation, it would appear that when corn was at £20 per quarter, the whole net income of the country would belong to the landlords, for then the same quantity of labour that was originally necessary to produce 180 quarters, would be necessary to produce 36; since £20:£4::180:36. The farmer then, who produced 180 quarters, (if any such there were, for the old and new capital employed on the land would be so blended, that it could in no way be distinguished,) would sell the

	180	qrs. at £20 per qr. or	£3600
the value of	144	qrs. { to the landlord for rent being the difference between 36 and 180 qrs. }	2880
	36	qrs.	720
the value of	36	qrs. to labourers ten in number	720

leaving nothing whatever for profit.

I have supposed that at this price of £20 the labourers would continue		
to consume three quarters each per annum or	£60	
And that on the other commodities they would expend . . .	12	
	72	for each labourer.

In all these calculations I have been desirous only to elucidate the principle, and it is scarcely necessary to observe, that my whole basis is assumed at random, and merely for the purpose of exemplification. The results though different in degree, would have been the same in principle, however accurately I might have set out in stating the difference in the number of labourers necessary to obtain the successive quantities of corn required by an increasing population, the quantity consumed by the labourer's family, &c. &c. My object has been to simplify the subject, and I have therefore made no allowance for the increasing price of the other necessaries, besides food, of the labourer; an increase which would be the consequence of the increased value of the raw materials from which they are made, and which would of course further increase wages, and lower profits.

I have already said, that long before this state of prices was become permanent, there would be no motive for accumulation; for no one accumulates but with a view to make his accumulation productive, and it is only when so employed that it operates on profits. Without a motive there could be no accumulation, and consequently such a state of prices never could take place. The farmer and manufacturer can no more live without profit, than the labourer without wages. Their motive for accumulation will diminish with every diminution of profit, and will cease altogether when their profits are so low as not to afford them an adequate compensation for their trouble, and the risk which they must necessarily encounter in employing their capital productively.

I must again observe, that the rate of profits would fall much more rapidly than I have estimated in my calculation: for the value of the produce being what I have stated it under the circumstances supposed, the value of the farmer's stock would be greatly increased from its necessarily consisting of many of the commodities which had risen in value. Before corn could rise from £4 to £12 his capital would probably be doubled in exchangeable value, and be worth £6,000 instead of £3,000. If then his profit were £180, or 6 per cent on his original capital, profits would not at that time be really at a higher *rate* than 3 per cent; for £6,000 at 3 per cent gives £180; and on those terms only could a new farmer with £6,000 money in his pocket enter into the farming business.

Many trades would derive some advantage, more or less, from the same source. The brewer, the distiller, the clothier, the linen manufacturer, would be partly compensated for the diminution of their profits, by the rise in the value of their stock of raw and finished materials; but a manufacturer of hardware, of jewellery, and of many other commodities, as well as those whose capitals uniformly consisted of money, would be subject to the whole fall in the rate of profits, without any compensation whatever.

We should also expect that, however the rate of the profits of stock might diminish in consequence of the accumulation of capital on the land, and the rise of wages, yet that the aggregate amount of profits would increase. Thus supposing that, with repeated accumulations of £100,000, the rate of profit should fall from 20 to 19, to 18, to 17 per cent, a constantly diminishing rate, we should expect that the whole amount of profits received by those successive owners of capital would be always progressive; that it would be greater when the capital was £200,000, than when £100,000; still greater when £300,000; and so on, increasing, though at a diminishing rate, with every increase of capital. This progression however is only true for a certain time: thus 19 per cent on £200,000 is more than 20 on £100,000; again 18 per cent on £300,000 is more than 19 per cent on £200,000; but after capital has accumulated to a large amount, and profits have fallen, the further accumulation diminishes the aggregate of profits. Thus suppose the accumulation should be £1,000,000, and the profits 7 per cent the whole amount of profits will be £70,000; now if an addition of £100,000 capital be made to the million, and profits should fall to 6 per cent, £66,000 or a diminution of £4,000 will be received by the owners of stock, although the whole amount of stock will be increased from £1,000,000 to £1,100,000.

There can, however, be no accumulation of capital, so long as stock yields any profit at all, without its yielding not only an increase of produce, but an increase of value. By employing £100,000 additional capital, no part of the former capital will be rendered less productive. The produce of the land and labour of the country must increase, and its value will be raised, not only by the value of the addition which is made to the former quantity of productions, but by the new value which is given to the whole produce of the land, by the increased difficulty of producing the last portion of it. When the accumulation of capital, however, becomes very great, notwithstanding this increased value, it will be so distributed that a less value than before will be appropriated to profits, while that which is devoted to rent and wages will be increased. Thus with successive additions of £100,000 to capital, with a fall in the rate of profits, from 20 to 19, to 18, to 17 per cent &c. the productions annually obtained will increase in quantity, and be of more than the whole additional value, which the additional capital is calculated to produce. From £20,000 it will rise to more than £39,000 and then to more than £57,000 and when the capital employed is a million, as we before supposed, if £100,000 more be added to it, and the aggregate of profits is actually lower than before, more than £6,000 will nevertheless be added to the revenue of the country, but it will be to the revenue of the landlords and labourers; they will obtain more than the additional produce, and will from their situation be enabled to encroach even on the former gains of the capitalist. Thus, suppose the price of corn to be £4 per quarter, and that therefore, as we before calculated, of every £720 remaining to the farmer after payment of his rent, £480 were retained by him, and £240 were paid to his labourers; when the price rose to £6 per quarter, he would be obliged to pay his labourers £300 and retain only £420 for profits: he would be obliged to pay them £300 to enable them to consume the same quantity of necessaries as before, and no more. Now if the capital employed were so large as to yield a hundred thousand times £720 or £72,000,000 the aggregate of profits would be £48,000,000 when wheat was at £4 per quarter; and if by employing a larger capital, £105,000 times £720 were obtained when wheat was at £6, or £75,600,000, profits would actually fall from £48,000,000 to £44,100,000 or 105,000 times £420, and wages would rise from £24,000,000 to £31,500,000. Wages would rise because more labourers would be employed, in proportion to capital; and each labourer would receive more money wages; but the condition of the labourer, as we have already shewn, would be worse, inasmuch as he would be able to command a less quantity of the produce of the country. The only real gainers would be the landlords; they would receive higher rents, first, because produce would be of a higher value, and secondly, because they would have a greatly increased proportion of that produce.

Although a greater value is produced, a greater proportion of wheat remains of that value, after paying rent, is consumed by the producers, and it is this, and this alone, which regulates profits. Whilst the land yields abundantly, wages may temporarily rise, and the producers may consume more than their accustomed proportion; but the stimulus which will thus be given to population, will speedily reduce the labourers to their usual consumption. But when poor lands are taken into cultivation, or when more capital and labour are expended on the old land, with a less return of produce, the effect must be permanent. A greater proportion of that part of the produce which remains to be divided, after paying rent, between the owners of stock and the labourers, will be apportioned to the latter. Each man may, and probably will, have a less absolute quantity; but as more labourers are employed in proportion to the whole produce retained by the farmer, the value of a greater proportion of the whole produce will be absorbed by wages, and consequently the value of a smaller proportion will be devoted to profits. This will necessarily be rendered permanent by the laws of nature, which have limited the productive powers of the land.

Thus we again arrive at the same conclusion which we have before attempted to establish:—that in all countries, and all times, profits depend on the quantity of labour requisite to provide necessaries for the labourers, on that land or with that capital which yields no rent. The effects then of accumulation will be different in different countries, and will depend chiefly on the fertility of the land. However extensive a country may be where the land is of a poor quality, and where the importation of food is prohibited, the most moderate accumulations of capital will be attended with great reductions in the rate of profit, and a rapid rise in rent; and on the contrary a small but fertile country, particularly if it freely permits the importation of food, may accumulate a large stock of capital without any great diminution in the rate of profits, or any great increase in the rent of land. In the Chapter on Wages, we have endeavoured to shew that the money price of commodities would not be raised by a rise of wages, either on the supposition that gold, the standard of money, was the produce of this country, or that it was imported from abroad. But if it were otherwise, if the prices of commodities were permanently raised by high wages, the proposition would not be less true, which asserts that high wages invariably affect the employers of labour, by depriving them of a portion of their real profits. Supposing the hatter, the hosier, and the shoemaker, each paid £10 more wages in the manufacture of a particular quantity of their commodities, and that the price of hats, stockings, and shoes, rose by a sum sufficient to repay the manufacturer the £10; their situation would be no better than if no such rise took place. If the hosier sold his stockings for £110 instead of £100, his profits would be precisely the same money amount as before; but as he would obtain in exchange for this equal sum, one tenth less of hats, shoes, and every other commodity, and as he could with his former amount of savings employ fewer labourers at the increased wages, and purchase fewer raw materials at the increased prices, he would be in no better situation than if his money profits had been really diminished in amount, and every thing had remained at its former price. Thus then I have endeavoured to shew, first, that a rise of wages would not raise the price of commodities, but would invariably lower profits; and secondly, that if the prices of all commodities could be raised, still the effect on profits would be the same; and that in fact the value of the medium only in which prices and profits are estimated would be lowered.