

THE FORMATION AND DISTRIBUTION OF WEALTH

Anne-Robert Turgot

Translated & edited by Kenneth Jupp

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TURGOT, who was born in 1727, was appointed Comptroller-General by the twenty-one year old Louis XVI in 1774 and began a comprehensive reform of the financial structure of France. He sought to increase revenue without imposing new taxes. He proposed to remove the immunity from taxation enjoyed by the privileged classes and abolish the unfair advantages that had been granted to certain trade corporations. He also tackled the corruption that was rife in the bureaucratic governance of Paris. The consequence was an uproar from the ruling classes making the weak king give way to pressure and dismiss Turgot after only twenty months in office. This failure to deal with France's serious economic problems led inevitably to the revolution of 1789.

Turgot retired to devote the rest of his life until his death in 1781 to literature and science. He had written *Réflexions sur la Formation et la Distribution des Richesses*, now ably translated by Sir Kenneth Jupp, in 1766 when he had been Intendant of Limoges. It is a masterful analysis of the basics of economics – of the roots of a subject that is fundamental to the prosperity of nations.

Turgot believed that the source of all taxation should be the revenue from land. Interest, he said, should be fixed only by the

market without interference from any government. His views on money were clouded by the fact that in his day gold and silver were accepted and used as the common currency. He did not foresee that paper money without any intrinsic value would one day replace bullion. He was aware of paper money and had written about it but does not seem to have considered its importance in his *Réflexions*. In the same way he did not foresee the effects of the banking system's ability to create credit almost out of nothing so making it unnecessary that a fund of money capital be made available by lenders before borrowing can take place.

Turgot's analysis does make it possible to understand problems created in the modern world by high taxation on the productive part of the economy – and the consequent necessity of inventing the welfare state.

His visionary ideas fell out of favour in France and after the Revolution ceased to make much impact. Adam Smith's *The Wealth of Nations*, a title that was probably borrowed from paragraph 90 of *Réflexions*, overshadowed Turgot's work when it was published in 1776. But now seems an appropriate moment to revisit this masterpiece of political thought and this translation provides us with a timely opportunity to do so.