The Lesson of "Nonessentials"

A couple of my friends are "nonessentials." That's a noun, plural, for people who are not indispensable, a term for people who have been officially and publicly categorized by the federal government as unnecessary, superfluous, not vital and not needed.

That might seem like an unkind way to describe people, but the good news for the nonessentials is that they don't have to show up for work during shutdowns and they still get paid — or as Dire Straits put it, "Money for nothin' and chicks for free."

That lyric was a favorite line of a cook I knew from Libya. Not fully fluent with English, he got one word wrong, repeatedly, singing "Money for nothin' and checks for free." He was fun until the day President Reagan launched air strikes against Libya in retaliation for the Libyan sponsorship of terrorism against American troops.

In any case, the number of nonessentials on the federal payroll isn't small. A *Wall Street Journal* review of agencies' shutdown plans found that more than 818,000 dispensable workers would be furloughed. "In all, the federal government employs just under 2.9 million civilian employees."

Additionally, the paychecks of these nonessential federal workers aren't small. "Federal workers earning double their private counterparts" read a 2010 headline of a USA Today article that summarized a comparative income study conducted by the newspaper.

"At a time when workers' pay and benefits have stagnated, federal employees' average compensation has grown to more than double what private-sector workers earn …," reported USA Today's Dennis Cauchon. "Federal workers have been awarded bigger average pay and benefit increases than private employees for nine years in a row. … Federal civil servants earned average pay and benefits of $123,049 in 2009 while private workers made $61,051 in total compensation, according to the Bureau of Economic Analysis."

In his 1946 classic, "Economics in One Lesson," Henry Hazlitt wrote about the economic impact of civilian government employees "whenever they are retained in excessive numbers and do not perform services for the community reasonably equivalent to the remuneration they receive."

Focusing on unnecessary government employees and the transfer of income from the private sector to the public sector, the transfer of money away from those who earned it to those who didn't earn it, Hazlitt wrote that "if these bureaucrats are not retained in office, the taxpayers will be permitted to keep the money that was formerly taken from them for the support of the bureaucrats."

That transfer of income back to the private sector creates no loss of overall purchasing power in the economy, just a geographical shift in demand, Hazlitt explained: "Washington is less prosperous and can, perhaps, support fewer stores, but other towns can support more."

Hazlitt made clear that he was "not talking about public officeholders whose services are really needed," i.e., "policemen, firemen, street cleaners, health officers," etc.

"When your money is taken by a thief, you get nothing in return," wrote Hazlitt. "When your money is taken through taxes to support needless bureaucrats, precisely the same situation exists. We are lucky, indeed, if the needless bureaucrats are mere easy-going loafers. They are more likely today to be energetic reformers busily discouraging and disrupting production."

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