The Common Occurrence Of Government Shutdowns - Fiscal Policy

Government shutdowns have been a common occurrence over the years under most every president. The length of the shutdowns have varied from 2 days in 1981 under President Reagan, 21 days in 1995 under President Clinton, and 34 days in 2019 under President Trump. A shutdown occurs when Congress fails to pass or the President refuses to sign legislation funding federal government operations and agencies.

Estimated costs of the most recent government shutdown are still unknown, with lost wages, exports, and government services essential to the operation of private sector businesses being affected. How much the shutdown may have weighed on the economy may not be known until later in the year.

Government shutdowns entail partial closure of certain agencies and departments, not complete closures. Departments affected during the most recent shut down include Homeland Security, Housing & Urban Development, Commerce, FCC, Coast Guard, FEMA, Interior, Transportation, and the Executive Office of the President.

Federal employees deemed as "essential" among the various departments are required to work without pay until a funding bill is passed by Congress. The closures affect numerous private businesses that rely and adhere to regulatory rules imposed by the Federal government, such as mortgage loans and Housing & Urban Development.

Sources: Congressional Records, https://www.congress.gov/congressional-record/2018/12/22