

## U.S. Economy Lost \$11 Billion to Government Shutdown

By Clara Knapp, J.D. Candidate 2021 | February 5, 2019

The [longest government shutdown](#) in U.S. history ended on January 25, 2019, after a 35 day partisan standoff between Democrats and Republicans. One primary point of contention was Trump's demand for \$5.7 billion to fund a border wall, which Democrats vehemently [opposed](#). In response to Democratic leaders' refusals to fund a [physical barrier](#) for the border, President Trump told Democrats "he was willing to have the government shut down for '[years](#)' over border wall funding." Fortunately for American people, that turned out not to be the case. Yet.

When President Trump finally signed a bill to reopen the government, amid [flight delays](#) and other shutdown-instigated [crises](#) resulting from understaffed government jobs, many federal workers went back to work. However, many of these workers, who went weeks without pay, were left feeling demoralized, like "[pawns](#)" in a "political game of chess."

Further, the 800,000 [federal employees](#) working for the affected government departments and agencies still can't breathe a sigh of relief. Since the bill Trump signed did not contain border funding, the President only reopened the federal government for three weeks for the purpose of "negotiating" border security funding. That means if Trump and Congress cannot reach an agreement, it could mean another partial shutdown beginning on February 15.

The government shutdown has also had far-reaching financial impacts on the American Economy. [Standard & Poor's](#) released a report on January 25 estimating that the partial government shutdown would end up [costing](#) the U.S. economy at least \$6 billion, which ironically, is more money than it would have cost to fund the border wall that started the entire month-long debacle. However, on January 28, the Congressional Budget Office released an even more troubling [report](#) stating that the five-week shutdown cost the U.S. economy \$11 billion, "with nearly a [quarter](#) of that total permanently lost."

In its initial assessment, S&P expected businesses to bounce back quickly once the government reopened but found instead a delay in indirect costs. Now, S&P is [cautioning](#) Americans about the "end" of the shutdown, reminding us that "little agreement on Capitol Hill will likely weigh on business confidence and financial market sentiments." The initial funding battle is over, but in a few weeks if an agreement is not reached, a [new shutdown](#) will likely begin. If shutdowns become a pattern, the [economy](#) will react, and we may experience further reductions in [growth expectations](#).

