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Federal Government Shutdown

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Why is in news?

The federal government is heading toward a shutdown that will disrupt many services, squeeze workers and roil politics as Republicans in the House, fuelled by hard-right demands for deep cuts, force a confrontation over federal spending.

While some government entities will be exempt — Social Security checks, for example, will still go out — other functions will be severely curtailed. Federal agencies will stop all actions deemed non-essential, and millions of federal employees, including members of the military, won't receive paychecks.

Government Shutdown:

A government shutdown happens **when Congress fails to fund the government**, in which case the **government stops all non-essential services**, while essential services such as the armed forces and police departments etc. continue to function.

A shutdown happens when **Congress fails to pass some type of funding legislation** that is signed into law by the president.

Lawmakers are supposed to pass 12 different spending bills to fund agencies across the government, but the process is time-consuming.

They often **resort to passing a temporary extension**, called a continuing resolution or CR, to allow the government to keep operating.

When **no funding legislation is enacted**, federal agencies have **to stop all non-essential work and will not send pay-checks as long as the shutdown lasts**.

When an agreement is not reached within the ending of a fiscal year, federal agencies may face a gap in funding.

In such a case, the government may pass a stopgap funding bill, such as the one signed into law by former President Donald Trump in December 2020, to buy time so that the coronavirus relief negotiations could conclude.

Effects of Shutdown:

Millions of **federal workers face delayed paychecks** when the government shuts down, including many of the roughly 2 million military personnel and more than 2 million civilian workers across the nation.

Nearly **60% of federal workers** are stationed in the Defense, Veterans Affairs and Homeland Security departments.

Beyond federal workers, a shutdown could have **far-reaching effects on government services**. People applying for government services like clinical trials, firearm permits and passports could see delays.

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Businesses closely connected to the federal government, such as federal contractors or tourist services around national parks, could see disruptions and downturns. The travel sector could lose \$140 million daily in a shutdown, according to the U.S. Travel Industry Association.

Lawmakers also warn that a shutdown **could rattle financial markets**. Goldman Sachs has estimated that a shutdown would **reduce economic growth by 0.2% every week** it lasted, but growth would then bounce back after the government reopens.

Others say the disruption in government services has far-reaching impacts because **it shakes confidence in the government to fulfill its basic duties**. The U.S. Chamber of Commerce warned, “A well-functioning economy requires a functioning government.”

Has this happened before?

Prior to the 1980s, lapses in government funding did not result in government operations significantly shuttering. But then-U.S. Attorney General Benjamin Civiletti, in a series of legal opinions in 1980 and 1981, argued that government agencies cannot legally operate during a funding gap.

Federal officials have since operated under an understanding they can make exemptions for functions that are “essential” for public safety and constitutional duties.

Since 1976, there have **been 22 funding gaps**, with 10 of them leading to workers being furloughed. But most of the significant shutdowns have taken place since Bill Clinton's presidency, when then-Speaker Newt Gingrich and his conservative House majority demanded budget cuts.

The **longest government shutdown happened between 2018 and 2019** when then-President Trump and congressional Democrats entered a standoff over his demand for funding for a border wall.

The disruption lasted 35 days, through the holiday season, but was also only a partial government shutdown because Congress had passed some appropriations bills to fund parts of the government.

Measures to end a shutdown:

It's the responsibility of Congress to fund the government. The House and Senate have to agree to fund the government in some way, and the **president has to sign the legislation into law**.

Congress often relies on a so-called **continuing resolution, or CR**, to **provide stopgap money to open government offices at current levels** as budget talks are underway. Money for pressing national priorities, such as emergency assistance for victims of natural disasters, is often attached to a short-term bill.

These legislation, if enacted, will fund and cover the various programmes that are covered under the appropriation acts. If not enacted, the government may have to shut down.