



Press Release

Evaluating the Costs of a Government Shutdown

ANDREW EVANS | JANUARY 3, 2019

With the partial federal government shutdown well underway, AAF's Director of Fiscal Policy Gordon Gray examines how a shutdown costs both taxpayers and the economy. Many of the costs are relatively small compared to the entire federal budget, he notes, but paying something for nothing is always bad policy.

An excerpt:

It is unclear what benefit a government shutdown produces, as history suggests it is an ineffective negotiating ploy. Evaluating the other side of that proposition – the cost of a shutdown – is also challenging and subject to uncertainty, but more easily measured. In general, government shutdowns impose costs through three channels: federal budgetary costs, forgone services, and, last and most amorphous, economic disruption. These channels are to some extent interdependent and at times overlapping, but they represent the avenues by which the shutdown imposes real costs on the federal fisc and the economy in general.

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