

What would a U.S. government shutdown mean for Canada and Republicans?

by [Luiza Ch. Savage](#) on Wednesday, April 6, 2011 12:14pm - [0 Comments](#)

The U.S. government faces the possibility of a shutdown if House and Senate leaders cannot reach agreement over reauthorizing government spending by Friday. That would mean federal workers would be required to stay home and shut off their government issued cell phones. National Parks and the Smithsonian museums would close and the processing of paper federal tax returns would be suspended, among many other impacts.

A senior administration official said this morning on a conference call with reporters that roughly 800,000 government jobs could be affected.

The official said there would be various impacts on the U.S. economy. For example, the shutdown would mean a freeze on processing of loan guarantees by the Federal Housing administration, which now account for one in three American mortgages. "Having the FHA unable to guarantee loans in this period will have a significant impact on the housing market that is very fragile." The processing of loans and loan guarantees by the Small Business Administration would also be suspended, the official said.

The potential shutdown would not affect jobs that are considered essential to the protection of life and property such as law enforcement and uniformed military. But many civilian Pentagon employees would stay home.

Border security would continue, officials said. But on a conference call with reporters, administration officials were unable to say for sure how customs inspections at the border would be affected and were waiting for more information from the Department of Homeland security. Also the Environmental Protection Agency would suspend work on environmental impact statements required for the approval of new infrastructure.

I presume this would be true as well for the State Department that is reviewing the proposed Keystone XL pipeline. I put the question to a State department spokeswoman but all she would say was, "What it comes down to is that the president and the congressional leadership has expressed their confidence in the ability to avoid a U.S. government shutdown. They want to do that so we can continue to provide critical services. As far as contingency planning, I can't get into the details of what the plans are for every agency and function. As a matter of course, our agencies have contingency plans for shutdowns." She said in the event of shutdown, more information "would be forthcoming."

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Earlier today I also spoke with Chris Edwards, director of tax policy at the Cato Institute, a conservative think tank that has been advocating spending cuts, about Republican strategy on the shutdown. Below is a condensed version of that conversation.

Q: Do you expect a shutdown?

A: It strikes me that shutdown is still fairly likely. (...)

The ultimate question is how much is the bloc of House conservatives willing to compromise from \$60 billion in spending cuts that they have promised their conservative voters. Speaker Boehner can't make a deal with Democrats in the House and moderate Republicans and leave all these conservative Republicans out in the cold. This is the first major vote in the budget that the new conservative freshman Tea Party-types will be making. I think it would be suicide for Boehner to make a deal without them.

Maybe Boehner can get them to agree to a lower number and promise them something else for next year or for the debt limit vote that is coming up. Each side can throw bones to the other side on various issues.

Q: Why do you say it would be political suicide for Speaker Boehner to reach an agreement relying on the vote of House Democrats and moderate Republicans rather than conservative Republicans?

A: All these other budget votes are coming up, a vote on the debt-limit bill, on the 2012 budget. I don't think Speaker Boehner can afford to alienate these conservatives in the House. I think later on they are going to be running to replace him as Speaker, frankly. He's got to get the support of conservatives. They represent about two-thirds of the Republicans in the House. Up until now the narrative has been that conservatives don't want to bend on the \$60 billion at all but perhaps they could compromise at \$40 or \$50 billion if they are promised a vote down the road or further cuts down the road with the debt limit bill.

Q: What would shutdown mean for Canada – for border security, for military operations?

A: Every agency has been dividing all their employees between essential and non-essential. The uniformed military and border security wouldn't be affected. But backroom stuff like passports and visa applications would close down. Any Canadian trade mission or other mission to Washington would have to reschedule because executive branch employees they want to speak to aren't going to be at their desk. I have a friend at work who was running a marathon this weekend, and the marathon needs a permit from the National Park Service. They've been told they'll have to cancel the run. It's going to be bureaucratic stuff. There will still be border security, air traffic control.

Q: In the past, federal workers have received back-pay for the weeks they missed. But in this deficit environment, do you think it is likely they will get their pay?

A: I don't think that will be an issue of contention. I haven't seen any Republicans say that they want to furlough federal workers to save money.

Q: How long would you expect a shutdown to last?

A: I don't think it will be three or so weeks like back in 1996. I suspect it will be shorter. Both parties want to move on from this. Unlike in 1996 when Clinton felt comfortable that Republican would get blamed for it, the poll on the front page of the Washington Post yesterday showed the public is exactly divided down the middle. They would be blamed equally. Obama is already being blamed for being too hands off on policy. Republicans have bigger fish they want to fry like the 2012 budget. Neither side has incentive for a long shutdown.

But I think it is being falsely portrayed that Republicans are scared to death of any shutdown. I don't think that's right. The reality of 1995 and 1996 was sure the Smithsonian closed down, but there was no crisis, no air traffic control accident. I don't think they fear a close down for a few days or a week. But neither side would want it to close down longer than that. In fact, Republicans may be thinking there is some advantage to a shut down because for later battles over the budget it would show they are willing to do that.