

Shutdown – a \$24 bil. hit to U.S. economy

Publisher's note: *Sens. Dianne Feinstein (D), Barbara Boxer (D) and Harry Reid (D) voted to end the government shutdown and raise the debt ceiling, Sen. Dean Heller (R) voted against it; Reps. Tom McClintock (R) and Mark Amodei (R) voted against it.*

By Toluse Olorunnipa, Kathleen Miller and Brian Wingfield, Bloomberg

Gum Tong owns a diner in Washington, D.C., and Matt Bellinger charters fishing boats in the Florida Everglades. They have this in common: The shutdown of the U.S. government cost them money they will never get back.

Pete's Diner & Carryout, a 50-year-old Capitol Hill eatery frequented by House Speaker John Boehner, lost about 80 percent of its usual business, said Tong, surrounded by empty seats and Halloween decorations. Bellinger missed out on \$1,000 a day in canceled charters because Everglades National Park was closed.

"What people have been doing in droves is saying 'We'll go to Disney World,' or 'We'll cancel our trip and go home'," Bellinger said in a telephone interview. Nineteen groups dropped plans for four-hour fishing trips.

"I can't make that money back," he said. "It's gone."

The U.S. economy is big and resilient. Now with the 16-day shutdown ended and the threat of a U.S. default at least delayed, economists will probably look back on this as a glitch, one of those passing crises that seem so common nowadays.

For people like Tong and Bellinger, and for thousands of small businesses, this was no glitch. It's money that can't be easily recovered, creating a long-term ripple effect – with the holidays approaching – that will be difficult to forget.

Business leaders say they are nervous. Companies from Knoll Inc. to NCI Inc. have said they expect the shutdown to affect fourth-quarter revenue. Knoll, an office furniture maker, expects about \$10 million of government business to be pushed into next year, Chief Executive Officer Andrew Cogan told analysts Wednesday on a conference call.

Americans were the most pessimistic about the nation's economic prospects in almost two years in October, as concern mounted that continued political gridlock will hurt the expansion. The monthly Bloomberg Consumer Confidence Index expectations gauge plunged to minus 31, the lowest level since November 2011, from minus 9 in September, a report showed today.

Standard & Poor's Ratings Services yesterday said the shutdown has shaved at least 0.6 percent off of fourth-quarter 2013 gross domestic product growth, or taken \$24 billion out of the economy.

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