



The White House ordered government agencies to begin shutting down late on Monday after Congress failed to find a compromise on a government spending bill before a midnight (0400 GMT Tuesday or 9.30 AM) deadline.

(Reuters) - There will be far-reaching consequences for everything from National Park admissions to economic data.

Much of the impact or relative lack of disruption is determined by whether agencies are partly funded by industry user fees or deemed to be essential services.

Here is a roundup of some of the impact that would be felt:

- **FEDERAL WORKERS:** As many as 1 million federal employees could face unpaid furloughs or missed paydays, according to the president of the American Federation of Government Employees, which represents 670,000 union members.
- **THE WHITE HOUSE:** The Executive Office of the President will furlough about 1,265 staff and retain 436 as excepted workers. Among the staff retained will be 15 to provide "minimum maintenance and support" for the White House. Executive agencies will be reduced to skeleton staff, including four at the Council of Economic Advisors.
- **ECONOMIC DATA:** The United States will stop publishing much of its economic data if the government shuts down, including the closely watched monthly employment report.
- **U.S. SECURITIES AND EXCHANGE COMMISSION:** The SEC would continue reviewing applications for initial public offerings (IPOs) and monitoring markets as normal in the early weeks of a government shutdown, and can continue operating fully for a few weeks, a spokesman said.
- **DEPARTMENT OF HEALTH AND HUMAN SERVICES:** Signup for the new U.S. health exchanges under the Affordable Care Act due to start on October 1 will proceed. Across the vast department and its sub-agencies, about 52 percent of staff will be furloughed - some 40,512 workers. Among the programs shuttered would be the Centers for Disease Control's annual seasonal flu influenza program. The National Institutes of Health would not admit new patients in most circumstances.



The Last Government Shutdown Caused The Monica Lewinsky Scandal

- **U.S. FOOD AND DRUG ADMINISTRATION:** Some 55 percent of the FDA's employees will be working. Of those reporting to work, 74 percent will be funded with fees paid to the FDA by the industries it regulates. The FDA's expert advisory committee meetings, which recommend whether the agency should approve new products, will for the most part continue. The next scheduled panel is on October 8 to recommend whether to approve expanded use of certain pacemakers and defibrillators from Medtronic Inc. (MDT.N). The FDA will cease most of its food safety, nutrition and cosmetics activities, such as routine inspections of plants and facilities. It will also be unable to monitor imports, and will cease certain compliance and enforcement activities.
- **U.S. INTELLIGENCE AGENCIES:** Substantial numbers of intelligence personnel could be placed on leave, but those assigned to vital national security missions, including supporting the president, and collecting data from informants or spy devices such as eavesdropping systems or satellites, will generally remain on the job.
- **Shawn Turner, chief spokesman for National Intelligence Director James Clapper, said:** "The immediate and significant reduction in employees on the job means that we will assume greater risk and our ability to support emerging intelligence requirements will be curtailed."
- **NATIONAL PARKS:** National parks would close, meaning a loss of 750,000 daily visitors and an economic loss to gateway communities of as much as \$30 million for each day parks are shut, according to the non-profit National Parks Conservation Association.
- **DEFENSE DEPARTMENT:** All military personnel would continue on normal duty status, but half of the Defense Department's 800,000 civilian employees would be placed on unpaid leave. Pentagon has said it will halt military activity not critical to national security.
- **Officials have said military personnel, who are paid twice a month, would receive their October 1 paychecks but might see their October 15 paychecks delayed if a government shutdown takes place and no funding deal is reached by October 7.**
- **INTERNAL REVENUE SERVICE:** Most of the federal tax agency's 90,000 employees would be furloughed. Taxpayers who requested an extension beyond the April 15 deadline to file their 2012 taxes must do so by October 15 and will be able to file these returns even if the IRS is still shut down then.
- **FEDERAL RESERVE AND OTHER FINANCIAL AGENCIES:** Bank regulators, including the Federal Reserve and the Consumer Financial Protection Bureau, would stay open because they do not rely on Congress for funding. The Federal Deposit Insurance Corp and the Office of the Comptroller of the



- Currency pay for them and would remain open. Loans guaranteed by Fannie Mae and Freddie Mac will still be available during the government shutdown. Both firms, which were seized by the U.S. government in 2008 as rising mortgage losses threatened them with insolvency, will continue normal operations. The Federal Housing Administration, which offers mortgage lenders guarantees against homeowner defaults, will have limited operations.
- JUSTICE DEPARTMENT: Fewer than 18,000 of the department's 114,486 employees would be furloughed, and if the furlough is prolonged, some of those could be brought back to work. Criminal litigation would continue under a government shutdown, while civil litigation would be curtailed or postponed as much as possible "without compromising to a significant degree the safety of human life or the protection of property," the department said in its contingency plan.
- COURTS: The U.S. Supreme Court would probably operate normally, as it has during previous shutdowns, but a spokesman declined to share the high court's plans. Federal courts would remain open for about 10 business days if the government closes on October 1, and their status would be reassessed on or about October 15.
- U.S. TRADE REPRESENTATIVE'S OFFICE: Already squeezed by automatic spending cuts imposed by the so-called sequester, the USTR office has reduced travel to the 41 countries where there are concerns about intellectual property, Trade Representative Michael Froman said.
- ENVIRONMENTAL PROTECTION AGENCY: The agency would be one of the hardest hit, with less than 7 percent of its employees exempt from furlough. The broad-based shutdown of all but emergency services would delay rule-making, potentially including finalization of renewable fuel volume requirements for 2014.
- AGRICULTURE DEPARTMENT: USDA meat inspectors would stay on the job. Statistical reports would not be published, and the important October 11 U.S. crop report could be delayed depending on how long a shutdown lasts. USDA has said its website, USDA.gov, "will go dark and be linked to a 'splash' page," denying access to historical data and other information.
- TRAVEL: Air and rail travelers in the United States should not feel a big impact, since passport inspectors, security officers and air traffic controllers will all continue to work as usual. WASHINGTON SIGHTS: Most popular tourist spots in the nation's capital would close, including the Lincoln Memorial, the Library of Congress, the National Archives, the National Zoo and all Smithsonian Museums. The zoo's live animal webcams would be disabled. All animals will continue to be fed and cared for



Sources: Reuters: <http://in.finance.yahoo.com/news/happen-furloughed-u-government-shuts-013609242.html>

ARIHANT capital markets Ltd.

3rd Floor Krishna Bhavan, 67 Nehru Road, Vile Parle (E) Mumbai – 400057

Tel. 022-42254800 Fax. 022-42254880

Visit us at: www.arihantcapital.com.