

United States of America

Staunch partisanship of the type that has characterised US politics for better than a decade saw the federal government open 2013 by backing away from the edge of a fiscal cliff only to end it staring squarely into the abyss of default on American government debt at year-end. Led both times to the precipice by Republican legislators from the House of Representatives, the political intransigence was limited neither to the domestic policy nor to the Grand Old Party (GOP) (Republican Party).

Not content to take unilateral action either on policy or military fronts to intervene in a humanitarian crisis in Syria, President Barak Obama opened the door for a diplomatic solution from an unlikely source. Notwithstanding US efforts to foster peace between Israel and Turkey and Palestine, Vladimir Putin's brokering of a reduction in chemical arms stocks held by the Syrian government gave rise to questions about America's willingness – indeed, its ability – to lead in world affairs.

And that development appeared by no means a bad thing, even if the gay-bashing Russian president fails to embrace the full spectrum of human rights. That diplomatic overtures arose in September 2013 from an equally unexpected quarter – newly elected Iranian President Hassan Rouhani – helped to underscore the stabilising effect of a US government so polarised by ideology as to appear paralytic in policy making.

With terrorism again proving itself a threat and concern over the authoritarian steps taken to combat it exposed by whistleblowers, the Obama Administration's second term got off to a difficult beginning. And an ongoing Congressional inquiry into events at the US diplomatic mission in Benghazi, in Libya, provided little relief, with gun violence and race relations making for a graphic backdrop to the domestic political infighting.

The contentious environment in Washington produced little in the way of policy initiatives aimed at strengthening the economy, with tenuous prospects for growth making companies unwilling to hire and leaving unemployment at stubbornly high levels. So, too, in the stock

market, where dividend pay-outs from record levels of corporate profits pushed share prices up and the continued taxpayer-funded repurchasing of moribund mortgage securities was deemed necessary to avoid recession.

Though yet another last-minute deal (signed by the President in the early hours of 17 October) reopened the federal government after a 16-day shutdown and averted the first-ever debt default in US history, the patchwork solution achieved at the expense of hard-line Conservatives aligned with the so-called Tea Party voting bloc extended the budget and borrowing-limit negotiations only into the New Year. And with them, the prospect of continued brinkmanship and a retaliatory legislative landscape in the run-up to mid-term elections in 2014.

Deadline dealings – 1

It took an 11th hour deal that arrived after midnight on New Year's Day 2013 to produce compromises on spending cuts and tax increases that were needed to stave off the so-called fiscal cliff – a package of still deeper cuts and steeper rises agreed to when the federal debt ceiling was breached in 2011. And after only 500-odd days of negotiations in the wake of the Budget Control Act (BCA) enacted in August 2011.

Among the tax cuts that were to expire at end-December 2012 were the pair of 'middle class' cuts enacted in the early years of the Republican administration of former President George W Bush and a temporary 2 per cent reduction in the 2012 payroll tax that was aimed at boosting consumer spending. Hikes in the levies on businesses and in the thresholds used to calculate the alternative-minimum tax that is applied to incomes as a means of limiting personal deductions were to take effect as part of the BCA, a 10-year programme that is aimed at shaving US\$1.2 trillion from annual spending.

Also set to commence were taxes related to the Patient Protection and Affordable Care Act. This is the system of subsidies, cost controls and provisions known as 'Obamacare' that is designed to extend insurance for medical care to an

KEY FACTS

Official name: United States of America

Head of State: President Barack Hussein Obama (Dem) (from 2009; re-elected 6 Nov 2012)

Head of government: President Barack Obama

Ruling party: Republican Party (in House of Representatives) (from 2010); Democratic Party (in the Senate) (from 2006)

Area: 9,300,000 square km

Population: 314.18 million (2012)* (308,745,538; 2010, census figure)

Capital: Washington DC

Official language: There is no official language declared in the constitution. English is the *de facto* working language and Spanish is the second, widely spoken, unofficial language.

Currency: US dollar (US\$) = 100 cents

Exchange rate: US\$1.00 per US\$ US\$0.78 per euro (Aug 2010)

GDP per capita: US\$49,922 (2012)*

GDP real growth: 2.20% (2012)*

GDP: US\$15,684.75 billion (2012)*

Labour force: 155.21 million (2012)*

Unemployment: 8.07% (2012)*

Inflation: 2.10% (2012)*

Oil production: 8.90 million bpd (2012)

Natural gas production: 681.40 billion cum (2012)

Balance of trade: -US\$740.80 billion (2012)*

* estimated figure



estimated 48 million uninsured Americans. Passed by Congress in 2010, albeit without a single opposition vote, the Democratic administration's landmark reform mandates the uninsured purchase coverage through a network of insurance exchanges from 1 January 2014.

The extension, to March 2013, permitted a compromise that saw taxes rise across the board. Among them, the Unearned Income Medicare Contribution of 3.8 per cent applied to capital gains by individuals, trusts and estates, as well as a boost in the top rate of income tax, to 39.6 per cent from 35 per cent for high earners; defined as individuals with more than US\$400,000 in annual income and couples with a combined income of more than US\$450,000. The deal also let expire the temporary 2012 payroll tax reduction and delayed spending cuts in around 1,000 government programmes; measures that legislators deemed necessary to stave off economic downturn that would result if laws related to deficit reduction had gone into effect.

The Congressional Budget Office estimates that federal legislators will add US\$330 billion in new spending over the 10-year life of the BCA, boosting the deficit by US\$3.9 trillion. This even as taxes under the plan will rise on 80 per cent of households with incomes between US\$50,000 and US\$200,000. The expiring cut in the payroll tax was expected to translate into a reduction of around US\$120 billion, or around seven-tenths of one per cent, in gross domestic product (GDP).

The Senate agreed the deal three hours before a midnight deadline on 1 January 2013, with the House following suit about 21 hours later. While sign-offs were achieved after the deadline, they were back-dated to the turn of the year. At mid-month, US ratings agency Fitch said a formal review of the government's credit rating, with a view to a downgrade from AAA, could result if Congress did not address the borrowing limit. It added that failure to produce a medium-term

plan for lowering the budget deficit could also trigger a downgrade, and with it higher borrowing costs for the federal government.

Obama 2.0

In the interim, Obama was sworn in for his second term, a ceremony during which he became the first president to mention homosexuality in an inaugural address when he compared same-sex couples with minorities and women in their struggle for civil rights. Little more than a month later, in February 2013, Republican legislators lent support to a Supreme Court brief that would accord Constitutional protection to same-sex marriage as the court moved to rule on a challenge to a California law – known as Proposition 8 – which legalises same-sex marriage in the state. More than 100 Republicans signed the brief that asked the court to overturn the Defence of Marriage Act, a federal law enacted during the presidency of Bill Clinton that defines marriage as solely between a man and a woman.

In March 2013, as cuts in federal spending began to take effect, Congressional leaders set to work on an agreement aimed at resolving the fiscal-cliff impasse. The deal achieved at mid-month staved off a total of US\$560 billion in deficit reduction and which the Congressional Budget Office estimated would undercut growth by around 3.5 per cent, according to published reports, and reckoned to precipitate a return to recession and the loss of as many as two million jobs. However, members failed to address the US\$16.4 trillion limit on government borrowing set during the 2011 debt crisis that looked to be exceeded before year-end 2013.

While the agreement saw budgetary matters quieted on Capitol Hill, the politics driving the disagreements surrounding them continued unabated, with the April 2013 release of a Republican report on events at the US Diplomatic Mission in Benghazi, Libya. It was there, on 11 September 2012, that insurgents killed four personnel, including US Ambassador to Libya, Christopher M Stevens.

While a Congressional investigation into the siege, in which a reported 250 armed paramilitaries swarmed the compound in the coastal city, had been ongoing since the previous autumn, House Republicans blamed both the White House and State Department for reducing security at the mission. The report also blamed the administration for failing to respond to distress calls on the night of the siege, which occurred on the 11th anniversary of the 9/11 terrorist attacks in New York City and Washington, DC.

The 46-page document absolved the Pentagon and military from responsibility, saying that the Obama Administration failed to heed repeated warnings about security at the compound. It also said that the administration had sought to mislead the public about the nature of the attack by failing to blame terrorists in its initial press briefing. While the administration rejected the claims as the product of party political bias, the Benghazi investigation led to the US Justice Department filing charges against militia leader Abu Khattalah in August 2013.

Success in Tel Aviv

The same Republican-alleged transgressions were not apparent in February 2013, when suicide bomber Ecevit Sanli detonated a bomb near the gate of the US Embassy in Ankara, Turkey. In what officials quickly labelled a terrorist attack, the bombing blamed by Turkish officials on the Revolutionary People's Liberation

Party/Front killed a Turkish guard and injured a journalist.

A month later, Obama brokered reconciliation talks between Turkey and Israel during a visit to Tel Aviv. On the occasion, Israeli Prime Minister Benjamin Netanyahu expressed regret to his Turkish counterpart, Recep Tayyip Erdogan, for a commando raid in 2010 that injured 10 people on a Turkish aid ship bound for the Gaza Strip.

The so-called Gaza Freedom Flotilla of six ships carrying food, medicines and construction materials, was aiming to break an Israeli-Egyptian blockade when the ships were boarded in May 2010. While five of the ships were commandeered without incident, conflict on a sixth led to shots being fired and injuries sustained, some serious.

Although international inquiries absolved Israeli sailors of charges of the use of excessive force, the event caused a breakdown of diplomatic relations between the two countries. As part of the agreement, which sees the reinstatement of ambassadors and restoration of diplomatic relations, Israel agreed to compensate Turkey for the incident. Obama, who was hailed on his visit, lauded the amelioration as an important lynchpin of regional stability.

Bombs and bombshells

Terrorism made itself felt on the home front, as well. On 15 April a pair of homemade explosive devices were detonated near the finish of the Boston Marathon.

Three people died and more than 250 others were injured in the attack, by a pair of locally based brothers of Chechen descent, Tamerlan and Dzhokhar Tsarnaev.

Federal authorities and local police used footage from closed-circuit cameras in the area to identify the men and a three-day manhunt ended with Tamerlan Tsarnaev dead and his younger brother in hospital following a fire in the suburb of Watertown. Dzhokhar Tsarnaev told police the pair were self-radicalised and found plans for the devices – pressure-cookers packed with nails and other projectiles – on the Internet. He remains in custody and faces more than two dozen charges related to the attack.

The extent to which the government pursues would-be terrorist and terrorist organisations came to light little more than a month later, at end-May 2013, when Edward Snowden, a contractor with the National Security Agency (NSA) detailed for journalists aspects of the federal government's surveillance of electronic communications. Among the revelations were coercion of telephone and Internet communications carriers, which provided access to transmissions and communications' records from their customers and users at the government's behest.

The so-called 'back-door access' was provided to the NSA by telecoms nationwide phone network Verizon, search-engine operator Google, the Facebook social media network, computer and telephone-maker Apple, and software

KEY INDICATORS		United States of America				
	Unit	2008	2009	2010	2011	2012
Population	m	304.72	307.37	308.75	*311.95	*314.18
Gross domestic product (GDP)	US\$bn	14,264.60	14,256.30	14,657.80	15,094.00*	15,684.75
GDP per capita	US\$	46,859	46,381	47,284	48,387	*49,922
GDP real growth	%	-0.3	-3.5	3.0	1.7	*2.2
Inflation	%	3.8	-0.3	1.6	3.1	*2.1
Unemployment	%	5.8	9.3	9.6	8.9	*8.1
Oil output	'000 bpd	6,736.0	7,196.0	7,513.0	7,841.0	8,905.0
Natural gas output	bn cum	582.2	69.3	611.0	651.3	681.4
Coal output	mtoe	596.9	539.9	552.2	556.8	515.9
Exports (fob) (goods)	US\$m	1,295,390	1,072,930	1,293,220	1,500,920*	1,561,910
Imports (fob) (goods)	US\$m	2,112,230	1,576,510	1,935,580	2,235,820*	2,302,710
Balance of trade	US\$m	-816,840	-503,580	-470,960	-734,900	*-740,800
Current account	US\$m	-673,266	-378,430	-470,244	-465,920	*-474,983
Total reserves minus gold	US\$m	66,610.0	119,720.0	121,390.0	131,130.0*	139,130.0
Foreign exchange	US\$m	49,580.0	261,500.0	261,500.0	53,378.6	*49,920.0
* estimated figure						

behemoth Microsoft, among other US giants. The 23-year-old Snowden also described the so-called 'Boundless Informant' tool used by the NSA to analyse data. This ran counter to claims by the government that the NSA lacked the capability to track communications at source. And he showed that the agency had routinely monitored communications by foreign diplomats and officials, including those from ally governments.

In June 2013, the president defended the programme, saying in part that privacy concessions are necessary to keep the country safe. The *Guardian* newspaper, published in the UK and to whom Snowden first broke the story, reported that the administration brokered covert agreements with judges to permit warrantless searches of domestic communications, which contravene protections against illegal search and seizure under the Constitution's Fourth Amendment. Meanwhile, the government charged Snowden with espionage and launched an effort to extradite him to the US with the help of allied governments, which worked to prevent passenger flights on planes rumoured to be carrying Snowden to enter their airspace.

The ensuing chase saw Snowden ensconced at Moscow's Sheremetyevo Airport, where he remained for weeks before being granted temporary refugee status by the Russian government. Snowden was reportedly still in Russia near year-end 2013 and is considered by the US a fugitive from justice. Meanwhile, the *Guardian* continued to publish stories based on Snowden's revelations, which led to threats by the UK government of seizure of the paper's records and computer files. Editors at the paper in August 2013 publically destroyed the computer hard-drives containing the Snowden files rather than submit to a handover.

Amid the manhunt, the case of another whistleblower – Bradley Manning – was resolved in July 2013, when the US Army soldier was sentenced to 35 years in prison for violations of the Espionage Act. Manning was arrested in May 2010 and charged with transferring downloaded material from government databases to WikiLeaks, an Internet outlet that publishes submissions from anonymous sources. The non-profit's Australian founder, Julian Assange, has lived since June 2012 in the Ecuadoran Embassy in London, where he was granted asylum after attempts by aggrieved governments to make him stand trial for publishing what in effect are state secrets on the site.

The material Manning passed to WikiLeaks included reams of documents from US wars in Iran and Afghanistan, as well as videos of US airstrikes in both countries in which civilians were killed and injured. In a statement the day after the sentencing, Manning asked to be referred to as Chelsea, saying that he'd felt female since childhood and that he intended to undergo hormone replacement therapy as a prelude to sexual re-assignment surgery. Following the sentence, free-speech advocates condemned the length of the sentence as a disincentive to truth-telling.

Middle East initiatives

Building on its Turkish success, the Obama Administration worked to broker a new round of peace talks between Israel and Palestine that began in July 2013 with a meeting between representatives from both sides at the State Department in Washington. According to US secretary of state John Kerry, the two sides committed to establish a framework for peaceful co-existence, with final-status issues at the heart of discussions mediated by Martin Indyk, the administration's Mid-east peace envoy.

Israeli justice minister, Tzipi Livni, the country's chief negotiator, and senior Palestinian official, Saeb Erekat, attended the meeting and vowed to end more than seven decades of bloodshed with the establishment of a sovereign Palestinian state. The pair met with both the President and with Vice President Joe Biden.

The talks, the first in five years, began in earnest in August and are only the third such sessions since 2000. They commenced after Israel released 26 Palestinian prisoners, the first of four such exercises that are being made in an effort to keep the Palestinians at the negotiating table even as construction of Israeli settlements in disputed areas continued apace. US officials spoke optimistically, even as officials from both sides were expressing doubt about whether a self-imposed nine-month deadline for an agreement was too ambitious.

Elsewhere in the Middle East, partisanship at home produced vacillation in foreign policy as the president refused to be drawn into what looked like yet another costly military quagmire. Unfortunately for those caught in the crossfire of the Syrian civil war, the political football of intervention over charges of the use by the Syrian government of chemical weapons had humanitarian consequences. It also had reputational consequences for the US,

whose failure to act lent further weight to the perception of Israeli bias in regional affairs.

After more than a year of conflict and 61,000 lives lost, British and French diplomatic observers in April 2013 reported evidence that the government of Syrian President Bashar al Assad had deployed chemical weapons in rebel strongholds and on multiple occasions dating back to December 2012. The reports sparked debate in both the UK and France, as well as the US and at the United Nations (UN), with Obama saying at the time of the report that US military intervention was a possible response.

In June 2013, UN human rights workers confirmed French reports that sarin nerve gas had been used on multiple occasions, including in the town of Al Qusayr, a former strategic stronghold for rebels that was retaken by the Syrian Army. The rout was among a series of defeats dealt the rebels that forced Ghassan Hitto, prime minister of the opposition Syrian National Coalition (SNC), to step down after just four months on the job.

Hitto cited an inability to organise rebel forces and their political sympathisers as the reason for quitting the post. Meanwhile, tribal leader Amad Jarba, from the north-east part of the country, was elected as the SNC president amid increasing sectarian violence among Sunni and Shi'ite forces that complicated efforts at resolution further still.

Diplomacy prevails

With US intelligence showing the Syrian military capable of holding Damascus and most of central Syria and receiving aid from Iran, Russia, and the Lebanon-based Hezbollah Islamic paramilitary organisation to maintain control in the north, Obama resisted pressure to act, much of that coming from House Republicans. This even as the UN reported in July 2013 that the death toll in the conflict had exceeded 100,000.

A month later, in August 2013, more reports – including photos and footage – of chemical weapons attacks emanated from the country, chiefly from rebel-held areas in the capital suburbs of Erbeen, Ein Terma and Zamalka. Some 1,400 people died in those attacks, with victims – many among them women and children – shown exhibiting horrific injuries.

Amid denials by the Assad regime that it had used chemical weapons, a team of UN inspectors came under sniper fire as it sought to investigate the sites of previous attacks. Coupled with the graphic nature

of documentary evidence from the August attacks around Damascus, calls grew for action from among human rights campaigners and international aid agencies.

The outcry saw Obama seeking support from allies, including British Prime Minister David Cameron and French President Francois Hollande, to form a coalition bent on intervention. However, with Syrian allies China and Russia vowing to veto resolutions on intervention by the UN Security Council (UNSC), proposed strikes on the bases suspected of being the sources of the attacks – labelled by Kerry as a ‘moral obscenity’ – were rendered matters for national governments.

The reaction from opposition party members was as strong, with Republicans in Congress urging Obama ‘to get off the sidelines’ and intervene. However, and sensing a protracted intervention that would weaken him politically, Obama resisted unilateral action.

The British parliament was the first to vote on authorisation of a military strike, refusing Cameron’s request at the end of August 2013. Meanwhile, Obama, too, said that while he strongly favoured a strike based on the preponderance of evidence that Syria had repeatedly used chemical weapons on its own people, he would leave the decision to Congress, imploring House Speaker John Boehner to propose a resolution that never came.

Parliamentary deputies in Paris demanded a vote in the wake of Cameron’s defeat in the House of Commons. Sensing similar popular disaffection, and despite strong statements to the contrary, Hollande also backed down from acting unilaterally.

Unlikely heroes

With Kerry proffering a diplomatic solution in the wake of both the British failure and the unwillingness of Congressional leaders to authorise action by the US military, the effort got a boost from Moscow. Following comments made by Russian foreign minister, Sergei Lavrov, about giving over Syrian chemical weapons stocks to international control, on 11 September Putin published an opinion piece in the *New York Times* newspaper that suggested grave consequences for US intervention and stressed his government’s willingness to lead in brokering an arms-control agreement.

Syrian foreign minister, Walid al Moallem, in early September, acknowledged for the first time that his government possessed chemical weapons. He said the Assad regime was willing to

reveal locations of chemical-weapons stockpiles and to cease production. He added that international inspectors, including those from the UN, would not be impeded in their investigations of the veracity of the country’s destruction programme, which is to be completed by mid-year 2014.

A joint proposal by the US and Russia compels the UNSC to take up the issue in the event of Syrian non-compliance, which the council approved at the end of September 2013. This as Russia disputed a UN report of chemical-weapons use as biased. Meanwhile, the sectarian violence among rebel groups saw the SNC losing control of the opposition to fundamentalist leaders.

While the diplomatic solution spared the US a return to armed conflict, Putin’s rebuke of ‘American exceptionalism’ sounded loudly around the region and around the world. This as he drew criticism for signing a domestic law at end-June 2013 that makes promotion of homosexual lifestyles a criminal offence. With war-weary populations in a host of Western countries, including the US, unwilling to act in the face of overt repression, Moscow’s efforts to fill the vacuum raised Russia’s stature in Middle East diplomacy.

The election of Hassan Rouhani, who triumphed in Iran’s presidential election in June 2013, also changed the region’s political dynamic. The moderate cleric and lawyer carried 50.88 per cent of the popular vote and easily out-pollled Teheran mayor, Mohammad Bagher Ghalibaf (16.46 per cent) and four others in the bid to replace outgoing President Mahmoud Ahmadinejad.

A political moderate and in stark contrast to his sabre-rattling predecessor, among Rouhani’s initial acts as president was to journey to New York, where he addressed the UN General Assembly in a bid to allay fears over the country’s nuclear programme. On the visit, at end-September 2013, Rouhani said that his government was ready to hold talks with the United States after three decades of diplomatic hostilities that followed Iran’s 1979 Islamic revolution. And although a mooted one-on-one session never materialised, Rouhani and Obama spoke by phone during the visit.

Rouhani told the UN that Iran was ready to broach negotiations that would increase transparency and reduce mutual distrust between Iran and its neighbours and the world at large. He added that his country had mastered nuclear power generation on

an industrial scale and that there was no turning back from that development.

The failure to meet with Obama served to dampen expectations of a more significant breakthrough. Nevertheless, observers were heartened, interpreting Rouhani’s tone as speaking to a domestic audience. Chief among them are the political conservatives around Ali Khamenei, the country’s Supreme Leader, who are sceptical about approaches with the West. On his return to Teheran, Rouhani was met by protestors who objected to the conciliations.

Economic anaemia

The economy also fell victim to politicking in 2013, with efforts to strengthen the modest rebound in the wake of the recession five years earlier producing only middling results. Despite corporate profits achieving collective records for two years on the trot, the contentious environment in Washington and uncertainty over the president’s health insurance programme led companies to withhold investing in job creation.

Instead, and with new taxes on higher earners failing to lift the level of capital gains levies closer to the 40 per cent tax imposed on the top rate of employment income, companies and the vested executives and boards running them chose to continue distributing profits to shareholders. As it had done in 2012, demand for dividend pay-outs kept prices for shares in listed US companies at or near record highs for most of 2013.

As a result of the paucity of investment, the jobless rate held steadily above 7.5 per cent – where it had lingered since the 2007 financial crisis and the recession in 2008 and 2009 that followed – for most of 2013. And among the initial casualties of the budget-cutting by the GOP-controlled House was food aid, with the Federal Food Stamps programme that is used by around 48 million low-income Americans being slashed in September 2013 by US\$39 billion over 10 years. In an earlier vote, the Senate authorised cuts of US\$4.5 billion to the programme.

In the Treasury market, the Federal Reserve – the central bank – did a *volte face* at mid-year on an announced plan to gradually curtail a third round of quantitative easing (dubbed QE3) since the financial crisis. Under the programme, resumed in September 2012 after Ben Bernanke (the Federal Reserve chairman) had determined that the recovery was unsustainable, the Fed committed buying up US\$40 billion per month of mortgage-backed

securities guaranteed by the Federal National Mortgage Association, also known as Fannie Mae, and the Federal Home Loan Mortgage Corporation, or Freddie Mac – agencies whose credits underpin the housing market.

Undertaken previously in 2008 and again in 2010, the technique enables the Fed to influence interest rates on the inter-bank market at times when rates of growth and corresponding lending rates to businesses and consumers are low. By maintaining the federal funds rate at near zero, the central bank can more effectively regulate money supply. With growth still proving marginal in December 2012, the Fed better than doubled the monthly rate of purchases under QE3, to US\$85 billion in order to reduce risk in the housing market and encourage private-sector banks to lend.

A second-quarter rise in GDP of 2.5 per cent and correspondingly stronger upward trends in underlying fundamentals led Bernanke to reveal at a press conference in mid-June 2013 that the Fed would begin reducing its purchasing levels of agency mortgage debt. Under the plan, the level of buying would fall to US\$65 billion a month by September 2013 and would continue to decline until mid-year 2014, when QE3 would cease.

Without setting a timetable, the Fed chairman said rates would rise based on inflation trending at a 2 per cent target and declines in unemployment to 6.5 per cent. However, the equity market perceived an impending rate rise and that set off a bout of profit-taking that shaved around 4.3 per cent off the Dow Jones Industrial Average in three trading days following the Bernanke briefing.

Continued market turmoil and a sudden sharp rise in interest rates led the Fed to announce in September 2013 that it would continue QE3 at the monthly level of US\$85 billion. The yield on 10-year US Treasury notes had jumped up to 3 per cent in the wake of the June 2013 announcement to begin scaling back its buying activity. It stood below 1.6 per cent a month earlier, in May 2013.

Also influencing the Fed decision was a fall in three consecutive months in sales of existing homes. The Pending Homes Sales Index compiled by the National Association of Realtors and based on contracts signed fell by 1.6 per cent in July, following the announcement of the intention to scale back QE3 purchases. The steeper-than-expected decline showed that a sharp rise in mortgage rates, in

evidence since May 2013, had undercut recovery in the housing market.

Meanwhile, Obama also dropped hints that Bernanke would leave the Fed at the end of his term in January 2014. Among the proposed replacements was Lawrence J Summers, the Clinton-era Treasury secretary and former president of Harvard University. However, there was opposition from elected officials in both parties over Summers' role in dismantling the Glass-Steagall Act, a reform passed following the stock market crash of 1929 that precipitated the Great Depression, and the lifting of which helped to spark the financial crisis of 2007.

Amid growing criticism aimed at the president, Summers withdrew from consideration in mid-September 2013. His move saw observers speculating that Janet Yellin, the Yale economist who is vice-chair of the Fed's board of governors, will be Bernanke's successor.

Indicative of the sideways-trending economy was news in August 2013 that jobless claims fell to their lowest seasonally adjusted levels since June 2007. However, the protracted period of high relative unemployment was seen as dampening consumer spending, which declined in the second quarter of 2013 for the first time in four years. That resulted in a slowing of corporate profits, to a projected rate of 3.3 per cent growth, or less than half of the 7 per cent rise in 2007, according to the US Commerce Department.

Reloading the debate

Social issues grabbed headlines at mid-year with the not-guilty verdict that a Florida jury delivered in the case of a man who shot an unarmed teen that took on racial overtones and stirred the perennial political arguments over gun control. George Zimmerman, participant in a neighbourhood watch programme in Sanford, Florida, was cleared of murder charges in the shooting of 17-year-old Trayvon Martin, a black high school student. The case raised questions about the state's so-called 'stand your ground' law that permits the use of deadly force by those whose life or property is threatened by a perceived assailant.

The shooting, which took place in February 2012, was in the wake of a year-long rash of forced-entry burglaries in a gated community of 260 homes in the suburb of Orlando. According to police reports and emergency calls, Zimmerman, a watch co-ordinator, pursued Martin through the neighbourhood and shot him after an

altercation as the teen neared his family's rented townhouse.

Because of the nature of the incident, and driven by national media, the crime and ensuing investigation made news across the country, with the black community charging that the crime was racially motivated and both sides of the gun-control debate citing the case as an argument both for and against imposing limits on the Second Amendment's right to bear arms. The issue ultimately also caused the Florida legislature to review the 'stand your ground' statute.

Zimmerman was charged with second-degree murder in April 2012 and remained free on bail ahead of a trial that commenced in June 2013. After a month of testimony, the jury took a day to deliberate before rendering the not-guilty verdict, which set off a wave of protests around the country over racial profiling and the extent of the right to self-defence.

In the interim, a December 2012 shooting at a Connecticut elementary school that left 27 dead, most of them children, stoked the gun-control debate further still. In that incident, 20-year-old Adam Lanza shot his mother, a target-shooting enthusiast, with her own semi-automatic rifle in their Newtown home. He then drove the short distance to the Sandy Hook Elementary School and embarked on the second-bloodiest rampage by a single shooter in US history.

Lanza shot and killed six school administrators and teachers and 20 children before turning the gun on himself as police arrive

Risk assessment

Politics	Good
Economy	Fair/improving
Regional stability	Good

COUNTRY PROFILE

Historical profile

1700s As the eighteenth century progressed, an increasing number of European settlers arrived. British attempts to assert authority over its 13 North American colonies led to conflicts with the French and the indigenous population. In order to recoup losses after winning the conflict the British imposed higher taxes (which led to the slogan 'no taxation without representation'); civil unrest followed and the first stirrings of an independence movement.

1776 Independence from Britain was declared by the colonies.

1781 Rebel states set up a loose confederation, codified in Articles of

Confederation, after defeating the British at the Battle of Yorktown.

1783 The British accepted the loss of their colonies under the Treaty of Paris.

1787 The 'founding fathers' drew up the constitution, which created a federal structure for the United States of America.

1788 The constitution came into effect.

1789 George Washington was elected the first US president.

1800s During the nineteenth century, populations expanded across the plains to the west coast. By 1850, a combination of land purchases, war and diplomacy had created much of the modern-day US.

After 1850, immigrants began arriving from all over the world, mainly attracted by the industrial jobs in the north.

The south remained committed to agriculture and the use of slaves.

1860 When the abolitionist Abraham Lincoln became president, the south seceded from the north and civil war was declared in 1861.

1865 The north won the civil war, but after Lincoln's assassination blacks in the south remained disenfranchised and segregated.

1898 The US's emergence as a world power was demonstrated when Spain lost control of its colonies in Cuba, Guam, the Philippines and Puerto Rico, after being defeated in Cuba by the US.

1914 The US declared its neutrality at the start of the First World War.

1917 The US declared war on Germany after a torpedo attack on the passenger vessel *Lusitania* a year earlier. Over one million US troops had served on the Allied side by the time the war ended in 1918.

1929 The Wall Street crash resulted in a lengthy economic recession referred to as the 'Great Depression'.

1941 After remaining neutral at the outbreak of the Second World War in 1939, the US declared war on the Axis powers following the Japanese air attack on Pearl Harbour.

1944 The US led the Allied liberation of Nazi-occupied Western Europe.

1945 Following the victory in Europe, the US dropped two atomic bombs on the Japanese cities of Hiroshima and Nagasaki, ending the Pacific War.

1947–50s The US's Marshall Plan was instrumental in the rebuilding of post-war Western Europe and Japan, providing financial aid. The Cold War emerged between the capitalist US and Western Europe and the communist Soviet Union and its Eastern European bloc.

1950–53 The US led a UN military force against communist North Korea after it had invaded South Korea. The Chinese intervened on the side of the North Koreans. A cease-fire was agreed in 1953, but no peace treaty was ever signed.

1962 Tensions between the Soviet Union and the US reached a climax during the Cuban missile crisis.

1963 John F Kennedy, the first Catholic and youngest-ever US president, was assassinated in Dallas, Texas in November. Vice President Lyndon B Johnson became president.

1964–73 The US was embroiled in the Vietnam War. The US government provided South Vietnam with military assistance against communist North Vietnam, but was forced to withdraw in 1973 when the war was lost and there was mounting domestic opposition to the high number of casualties.

1974 President Richard Nixon, who was elected in 1969, was forced to resign over the Watergate scandal involving a break-in at Democrat headquarters; tape recordings made in the White House showed he had sanctioned the burglary and subsequent cover-up. Vice President Gerald Ford became president.

1970s and 1980s was a period of great technological advancement and declining industrialisation when US corporations became worldwide leaders and US brands in computers, fast-food and entertainment became global brands. The collapse of the Soviet Union by 1991 left the US as the world's sole superpower.

1979 Iranian students attacked the US embassy in Tehran and held 63 hostages for 444 days. A failed military rescue mission in 1980 damaged the chances of incumbent Jimmy Carter winning the 1980 presidential election.

1980 Ronald Reagan became president. As a conservative populist his policies were based on reducing federal services and cutting tax, particularly for high-income earners, later dubbed Reaganomics.

1988 George H W Bush won the presidential election.

1989 US troops invaded Panama to oust General Manuel Noriega from power.

1991 In the first Gulf War, a US-led coalition forced Iraq to withdraw from Kuwait.

1992 The Democratic Party (D) candidate Bill Clinton defeated the Republican Party (R) incumbent, George Bush, in presidential elections.

1995 A bomb in Oklahoma killed over 160 people; it was the worst case involving domestic terrorists in US history.

1996 Clinton was re-elected president.

1999 The US led a NATO military campaign against Yugoslavia in response to Serbian violence towards ethnic Albanians in the Kosovo region.

2000 George W Bush was elected president but only after controversial vote counting was declared valid by Florida's Supreme Court.

2001 On 11 September, two passenger jets were flown into the twin towers of the World Trade Centre in New York, demolishing both towers. A third jet was crashed into the Pentagon in Washington. In all, 3,025 people died in the attacks. President Bush declared a 'war on terrorism'. The US launched military action in Afghanistan against the Taliban and Osama bin Laden's extreme Islamist al Qaeda group, blamed for being behind the terrorist attacks. The giant energy provider Enron declared bankruptcy when massive accountancy frauds were uncovered.

2002 President Bush described Iran, Iraq and North Korea as part of an 'axis of evil'. A multi-billion dollar accounting fraud in WorldCom became the biggest failure in US business history to date. The Department of Homeland Security was formed with a remit to protect the US against terrorist attacks.

2003 The space shuttle Columbia broke-up on re-entry killing its crew of seven astronauts. A US-led coalition invaded Iraq. Within two months President Bush declared that 'major combat operations in Iraq have ended'.

2004 The US restored diplomatic relations with Libya after a break of 24 years. Former president, Ronald Reagan died. A Senate report declared the war on Iraq was based on 'flawed' information. Institutional failings in intelligence agencies and the government were held to be responsible for the failure to prevent the 11 September 2001 attack. George W Bush was re-elected president.

2005 New Orleans was devastated by hurricane Katrina; hundreds of people died and thousands made homeless.

2006 The Supreme Court ruled that it would be unconstitutional for Guantanamo Bay prisoners to be tried by military tribunals. Former president Gerald Ford died.

2007 The collapse of the sub-prime loans market had a knock-on effect on all major US banks with total losses estimated at US\$500 billion. A credit squeeze began and spread abroad.

2008 The government was forced to extend lines of credit for Fanny Mae and Freddy Mac (institutions mandated by the US Congress to provide funding to the housing market), to meet their financial obligations. One of the largest independent US banks, Lehman Brothers, filed for bankruptcy with losses of US\$3.9 billion, with a further US\$138 billion lost in Federal Reserve-backed advances. The financial crisis deepened in domestic and international markets as the House of Representatives (congress) delayed agreement in funding a US\$700 billion rescue plan. In presidential elections, Barack Obama (D) won with 52.7 per cent of the

vote on a turnout of 64 per cent. The Democrats also won a majority in the Congress and the Senate. The world's leading economies, the Group of 20 (G20), agreed to co-ordinate action to stimulate economic growth.

2009 Barack H Obama was inaugurated as president and quickly moved to approve the American Recovery and Reinvestment Act. The US\$787 billion stimulus package (totalling over US\$2 trillion since 2008) was designed to stabilise the financial and banking sectors. An additional 17,000 military troops were deployed to Afghanistan; 38,000 personnel were already deployed and expected to remain until at least 2012. President Obama's US\$3.6 trillion budget for 2010 was published and approved by Congress. President Obama committed a further 30,000 US troops to Afghanistan, bringing US military strength to 100,000. Other foreign troops totalled around 32,000 at the end of 2009.

2010 The US announced that people travelling from or through 14 countries (Afghanistan, Algeria, Iraq, Lebanon, Libya, Nigeria, Pakistan, Saudi Arabia, Somalia, Cuba, Iran, Sudan, Syria and Yemen) would be subject to extra screening measures, including pat-downs, scanning and the inspection of hand luggage. The *Patient Protection and Affordable Care Act* (PPACA; commonly referred to as Obamacare) was signed in March, sparking widespread political and public protest. Twenty six states objected to the reforms, in particular the 'individual mandate' that requires all adult Americans must buy healthcare insurance or pay a fine, claiming the act challenged the constitution. The 2010 census took. The US and Russia signed another nuclear disarmament treaty in Prague (Czech Republic). The treaty limits the number of warheads and launchers each country may possess. The signing took place only after the US scrapped previous plans for a 'missile shield' based in Eastern Europe that Russia considered provocative. BP's Deepwater Horizon oil well off the Louisiana coast ruptured creating the largest oil spill in US history. Over 90,000 records compiled by the military concerning their operational involvement in Afghanistan, including previously hidden details, were leaked and published on the internet. The US placed a ban on all cargo from Yemen, following the discovery of improvised bombs sent by agents of al Qaeda. In mid-term elections, the Republicans won 243 seats (out of 435) in congress, while in the senate, despite losing six seats, the Democrats retained a majority of 51 seats (out of 100) and two incumbent independents voting with the Democrats. President Obama signed a

landmark law allowing gay people serving in the military to be open about their sexuality.

2011 In March a two year freeze on new military trials for detainees at the Guantanamo Bay prison was lifted. In March, the US joined in a five-country coalition (Canada, France, Italy and the UK) to impose a no-fly zone over Libya. The 2010 census showed that Hispanics outnumbered African Americans for the first time in most metropolitan areas. Osama Bin Laden, the leader of al Qaeda, was shot dead by US military special forces in his fortified hideout on the outskirts of Abbottabad in north-west Pakistan in May. His body was flown first to Afghanistan and then buried at sea. The Nasa Shuttle programme ended in May, when its last shuttle returned from the space-station to earth; it was a victim of government budget cuts. In June the Defence Secretary confirmed that 'preliminary' talks between the US and the Taliban in Afghanistan had taken place. In June President Obama announced the withdrawal of 10,000 US troops from Afghanistan in 2011 and another 23,000 by the end of September 2012. The US Joint Chief of Staff, Admiral Mullens stated to a US Senate inquiry, in September, that the militant Islamist Haqqani Network (allied to the Taliban), for one, acts as a veritable arm of Pakistan's Inter-Services Intelligence Agency' (ISIA). He referred to two terrorist attacks, one on coalition troops and the other on the US embassy, both in Kabul and in September, of which, he said the Haqqani Network had support from the ISIA. Trade agreements with South Korea, Panama and Colombia were agreed by both houses of congress in October. The agreement with South Korea was the biggest deal since the Nafta agreement of 1994. President Obama said the deals would safe-guard American jobs and boost foreign trade. The US military operations in Iraq were formally ended on 18 December, as the last 4,000 soldiers left (200 soldiers remained as advisors). However, 15,000 US personnel remain in the world's largest embassy, the US embassy in Bagdad.

2012 The defence secretary announced on 1 February that the US will seek to wind down combat operations in Afghanistan in 2013. On 16 April, US-citizen Jim Yong Kim was appointed as president of the World Bank. In April the governments of the US and Japan reached an agreement whereby around 9,000 US marines will be relocated outside Japan, leaving a force of 10,000 on the island of Okinawa. The final date of closure of the USAF Futenma airbase on Okinawa remains to be decided. On 28 June the Supreme Court dismissed the challenges of

the 26 states to the PPACA and designated the act as constitutional. However, the ruling stated that Congress could place conditions on the use of federal funds to provide Medicaid (a healthcare programme for low-income citizens). US astronaut, Neil Armstrong, the first man to walk on the moon, died on 26 August, aged 82. On 25 September President Obama, in an address to the UN General Council, condemned extremism, saying that it was 'the obligation of all leaders to speak out forcefully against violence and extremism'. The largest ever recorded hurricane (later downgraded to a post-tropical cyclone) struck the east coast of the US, south of Jersey City, on 29 October. It was over 1,600 kilometres in diameter with wind speed up to 120kph. The cyclone caused storm surges of up to 4 metres, which caused extensive damage to low-lying regions along the eastern seaboard. Around one million people were evacuated from all states within its path while electricity to 6.2 million residents and 29 hospitals was cut. Presidential elections took place on 6 November, which was won by incumbent Barack Obama with 50.6 per cent; Mitt Romney (Rep) won 47.9 per cent. Of the 33 seats in the senate elections, the Democrats won 21 seats (for a total of 53 seats, out of 100), Republicans 10 (total 45 seats), independents (voting with Democrats) two. In elections for the House of Representatives, the Republican Party won 243 seats (out of 435), Democratic Party 200 seats. As the year ended the so-called 'fiscal cliff' loomed as Congress debated the relative merits of tax cuts v increased spending.

2013 A financial crisis was narrowly averted as compromise rather than consensus turned out to be the order of the day in Congress. After a number of false starts, the very beginning of the 2013 New Year saw Congress approve a mixture of tax rises and spending cuts, thereby avoiding the dreaded fiscal cliff. Two home-made bombs went off near the finish of the Boston Marathon on 15 April. Three people were killed and 264 injured. Two Chechen brothers were identified; one was shot while being arrested and the younger brother was captured and charged with the bombing. The trial of US Army Private Bradley Manning on spying charges ended on 30 July with the judge finding him guilty on 20 charges including theft and computer fraud, but not guilty on the most serious charge of aiding the enemy. On 1 August the American Edward Snowden, who had been sheltering in Moscow's Sheremetyevo Airport since 23 June, was granted a one year passport with permission to stay. The Americans expressed annoyance that asylum was

granted to a man who had been charged with leaking documents showing the extent of US government snooping and said they were 'reconsidering' a meeting scheduled for September between President Obama and President Putin at the G20 economic talks to be held in St Petersburg. The meeting was cancelled on 7 August and the Russians expressed 'disappointment.' Intercepted conversations between two senior al Qaeda figures prompted the closure of 19 US embassies and consulates in North Africa and the Middle East for a week from 4 August. On 9 August 'non-emergency' staff were withdrawn from the US consulate general in Lahore, Pakistan, although the move was said not to be connected to the earlier closures. 18 of the embassies were reopened on 12 August; the embassy in Sana'a remained closed. On 24 August thousands of people gathered at the Lincoln Memorial in Washington DC to commemorate 50 years since Martin Luther King's 'I have a dream...' civil rights speech. Vice President Joe Biden said on 27 August that there was 'no doubt' the Syrian government had used chemical weapons on its people and it must be held accountable. On 31 August President Obama said he would formally ask Congress to authorise military action against Syria. However, it became obvious that despite Mr Obama's efforts Congress would probably not authorise military action. Presidents Obama and Putin held discussions at the G20 meeting in St Petersburg which apparently led to a Russian proposal that Syria should surrender all its chemical weapons. It appeared that Syria would agree to the proposal. On 10 September President Obama gave a televised speech to the nation confirming he had postponed asking Congress to authorise the use of force, while at the same time setting out a binding set of circumstances that would need to be followed by Syria. In an article published in the *New York Times* on 11 September Russian President Putin made an appeal to the American people over the Syrian crisis the day before a scheduled meeting between Russian and US officials on Syria's chemical weapons. In an 'opinion' article he said that millions of people see the US not as a model of democracy but as relying on brute force. A hand shake between President Rouhani of Iran and President Obama did not materialise during Mr Rouhani's visit to the UN in September, but a 15-minute telephone call was said to be cordial. Part of the US government shut down on 1 October after Congress failed to agree on the new budget; the Republicans were demanding the repeal or delay of the Obamacare law, signed into law in March 2010. President

Obama stood his ground, accusing the Republicans of holding the government to ransom. The President initially cancelled the last two stops (Malaysia and the Philippines) on his Asian tour starting 5 October, and later the whole tour. He will no longer attend an Asia-Pacific Economic Co-operation (Apec) summit meeting in Bali and an East Asian summit in Brunei. Secretary of state, John Kerry said that nevertheless US commitment to Asia remained undiminished. On 8 October the President offered to talk with the Republicans, but not until they agreed to lift 'threats' against the economy; earlier, Republican House Speaker John Boehner had told reporters he was 'disappointed that the president refuses to negotiate'. Talks to avert the debt crisis were held between President Obama and Republican leaders on 10 October. After talks held on 14 October both sides reported they were inching towards a deal. After several more hiccoughs, and with just hours to spare, a deal was passed by 285–144 in the House of Representatives, when the Republican leadership begrudgingly agreed to support the measure. President Obama signed the bill in the early hours of 17 October. Under the bill the treasury's borrowing authority is extended until 7 February, and the government is funded until 15 January 2014, allowing government agencies to reopen and hundreds of thousands of employees to return to work.

Political structure
Constitution

The constitution of 17 September 1787 came into effect on 4 March 1789. The constitution strictly separates powers between the executive (presidential administration), legislature (Congress – Senate and House of Representatives) and judiciary (Supreme Court).

Independence date
4 July 1776

Form of state
Federal presidential democratic republic
The executive

The president, elected for a maximum of two terms of four years by an electoral college of representatives elected from each state, wields executive power. The president is both the chief of state and head of government.

National legislature

The bicameral Congress consisting of the House of Representatives (typically referred to as The House) and Senate, all legislative power is vested in Congress, which must be equally agreed by both houses. Each house has unique powers, as all revenue-raising bills must originate in the lower house, while all treaties and top appointments by the president are

sanctioned by the upper house. All House members are appointed for fixed two-year terms, and re-elected at the same time, whereas Senators are elected for fixed six-year terms and around one-third are elected in rotation every two years. The House has 435 members which are apportioned among the states by population number. The Senate has 100 members, two from each state regardless of its population. It also has non-voting members for US overseas territories.

Legal system

The legal system is based on English common law. There are judicial reviews of legislative acts. The US accepts compulsory International Court of Jurisdiction (ICJ) authority, although only with reservations. The nine justices of the Supreme Court are appointed for life by the president, with confirmation by the Senate.

Last elections

3 November 2010 (senate, partial); 6 November 2012 (House of Representatives, senate (partial) and presidential)

Results: House of Representatives: Republican Party won 243 seats (out of 435), Democratic Party 200 seats.

Senate (2008): (35 seats out of 100): Democrats 53.8 per cent of the vote (20 seats); Republicans 42.4 per cent (15 seats). (*Full senate: Democrats 60 seats; Republicans 40 seats*).

Senate (2010): (37 seats out of 100): Democrats 13 seats (overall total 51, plus two independents members who vote with the Democrats) Republicans 24 seats (overall total 47). (*Full senate: Democrats 53 seats; Republicans 47 seats*).

Senate (2012): (33 seats out of 100): Democrats won 21 seats (total 53 seats), Republicans 10 (total 45 seats), independents (voting with Dems) two. (*Full senate: Democrats 55 seats; Republicans 45 seats*).

Presidential: Barack Obama won 50.55 per cent of the vote, Mitt Romney 47.86 per cent; five other candidates each won less than 1 per cent.

Next elections

November 2016 (presidential, House of Representatives and 33 senate seats)

Political parties

Ruling party

Republican Party (in House of Representatives) (from 2010); Democratic Party (in the Senate) (from 2006)

Main opposition party

Republican Party

Population

314.18 million (2012)* (308,745,538; 2010, census figure)

Last census: 1 April 2010: 308,745,538
The 2010 census recorded a 9.7 per cent increase in the population from the 2000 census. The count was of all of residents

and included Puerto Rico, American Samoa, Northern Marianas Islands, Guam and the US Virgin Islands. Censuses have taken place every ten years since 1790; the figures are used to allocate congressional seats and federal funds.

The US has the third-largest population in the world (after China and India) and contains a varied social and ethnic mix. The US is not following the trend of an ageing population as seen in many OECD countries.

The growth in population indicates a high rate of immigration rather than a fertility rate no greater than 2.0 per cent. Approximately 22 per cent of the population is under 14 years of age.

Population density: 31 inhabitants per square km. Urban population 82 per cent (2010 Unicef).

Annual growth rate: 1.0 per cent, 1990–2010 (Unicef).

Ethnic make-up

The 2010 census showed that Hispanics (16.7 per cent of the total population in 2010) now outnumber African Americans (13.6 per cent of the total population in 2010) in most metropolitan areas for the first time. Hispanics are expected to be around a third of the population by 2050. Some 12 per cent of the total population claim British ancestry, 16.5 per cent German and 12 per cent Irish ancestry.

Religions

There are some 90 religious organisations in the US with over 50,000 members each. There are approximately 86 million Protestants, 58 million Catholics, six million Jews and over six million members of other faiths. The total number of members of religious groups is estimated to be about 156 million. In the southern United States, the 'bible belt' stretches from California to Florida where the Baptist Church and Evangelism is strong. Numerous protestant sects can be found, each with their own unique outlook.

Education

Under a federal system, each state sets its own educational cycles; each year is a grade, from 1–12. Whichever cycle is adopted it incorporates 12 years. Education is mainly funded at local and state levels with policy set by the local school boards and state education authorities. Some federal funding is available to meet special needs. Schooling is generally compulsory from the age of six (states vary) to 16 years. Pupils at elementary and high schools (up to age 18) generally pay no tuition fees; further education establishments in general charge tuition fees. There is no state assistance for either tuition or living expenses for most university and undergraduate students, although loans are available. Some grant

assistance is provided for students from low income and disadvantaged categories and scholarships are available on a competitive and special category basis.

High school graduates who decide to continue their education may enter a technical or vocational institution, a two-year college, or a four-year college or university.

The 2000 census reported that there were over 32 million elementary school children and over 15 million in high school and combined, projected number was expected to exceed 53 million, a figure not reached since the baby boomers swelled numbers in the early 1960s. The majority of high school students go on to college. Altogether, the system caters for over 72 million individuals in education.

Educational expenditure is typically around 7 per cent of the annual GDP. Elementary and secondary schools spent about 60 per cent of this total, and colleges and universities accounted for the remaining 40 per cent.

Compulsory years: 6 to 16

Enrolment rate: 98.5 per cent gross primary enrolment; 94 per cent gross secondary enrolment, of relevant age groups (including repeaters). (Unicef 2012).

Pupils per teacher: 16 in primary schools.

Health

Healthcare is largely a private-sector concern. Exceptions include the extensive Medicare programme for the elderly and the lesser Medicaid programme for those on welfare. Some emergency hospital treatment is free of charge for the poor. Health expenditure of 13 per cent of GDP is greater than the Organisation of Economic Co-operation and Development (OECD) average of 8 per cent.

Most people have private health insurance, either as a job benefit or paid for by themselves and is becoming a major financial burden, both for individuals and for the companies who pay for employee health schemes.

The *Patient Protection and Affordable Care Act* (PPACA; commonly referred to as Obamacare) was signed into law by President Obama on 23 March 2010, introducing reforms to improve access to affordable healthcare coverage for everybody in the US; it also provided protection for consumers from abusive insurance company practices. In 2010, almost 50 million Americans were uninsured for healthcare, of which the groups that lacked insurance were: white 15.4 per cent, Asian 18.1 per cent, black 20.8 per cent, Hispanic 30.7 per cent.

The act was divided into nine titles, with a rolling timetable of implementation, from June 2010 to 1 January 2012.

HIV/Aids

HIV prevalence: 0.6 per cent aged 15–49 in 2003 (World Bank)

Life expectancy: 78 years, 2004 (WHO 2006)

Fertility rate/Maternal mortality rate: 2.1 births per woman, 2010 (Unicef)

Child (under 5 years) mortality rate (per 1,000): 7 per 1,000 live births (WHO 2012); 1 per cent of children aged under five are malnourished (World Bank).

Welfare

Income security programmes are in general a mixture of federal and state funding and vary from state to state. The major programmes are unemployment compensation, housing subsidies for low income families and individuals, food stamps, child nutrition, payments to the disabled and family support payments. While states provide some limited form of income security, federal government policy concentrates on encouraging recipients back to work. In addition, the federal government makes social security payments to one in six Americans, either aged or disabled.

Pensions

Medicare trustees, in 2004, reported that the finance for the programme, set up to pay retirees, was deeply underfunded. Retirement payments are made from current revenue and the US\$72 billion obligation (including the social security pension), to expected numbers of retirees, will outstrip assets and budgets by 2014, leaving the government to either make up the shortfall with tax increases or cut the pension benefits.

A trend by private companies to convert defined benefit and final salary schemes into defined contribution schemes (with uncertain benefits) has increased, with 75 per cent conversion in two decades, and US underfunding of defined benefit schemes estimated at US\$278.6 billion. One of the largest providers of a defined benefit pension – United Airlines – has proposed transferring assets to the Pensions Benefit Guaranty Corporation (PBGC), a federal insurer, and divesting itself of a costly legacy. Worry has been expressed that if this and other businesses do likewise it could bankrupt the PBGC and require a government bail out costing tens of billions of dollars.

Main cities

Washington (capital, estimated population 603,860 in 2012), New York (8.2 million (m)), Los Angeles (3.8), Chicago (2.7m), Houston (2.1m), Philadelphia (1.5m), Phoenix (1.5m), San Antonio (1.4m), San Diego (1.3m), Dallas (1.2m).

Languages spoken

There is no official language declared in the constitution. English is the *de facto* working language and Spanish is the second, widely spoken, unofficial language.

Official language/s

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Media

The Constitution guarantees both press and broadcasters freedom of speech, subject to the laws of libel and slander, although even in the latter cases, there are well established public interest defences to these charges.

The law that prevents dual ownership of broadcast and print media outlets was scrapped by the Federal Communications Commission (www.fcc.gov) in December 2007. Media entities will now be able to own both TV channels and newspapers in 20 US cities, but only if there are already eight independently owned media businesses existing in the market concerned, and any TV channel to be purchased is not one of the top four rated stations.

Press

US media organisations since 2000, including the Hearst Corporation, the New York Times Company, the Tribune Company and the Journal Register Company, which all own more than one state- or city-wide publication, have reacted to a downturn in their income (from loss of circulation and a drop in advertising revenue) by either restructuring their newspaper entities or closing them altogether; several major newspapers are under threat of closure.

Dailies: There are over 1,500 daily newspapers, published in either the morning or evening and mostly serving a city, state or region. The majority of newspapers are published in English, while some serve ethnic communities and are published in other languages. The main national dailies include *USA Today* (www.usatoday.com), *New York Times* (www.nytimes.com), *Washington Post* (www.washingtonpost.com), *Los Angeles Times* (www.latimes.com), *Boston Globe* (www.boston.com), distributed nationally in main centres. Other major publications include, the *Philadelphia Enquirer* (www.philly.com), *Baltimore Sun* (www.baltimoresun.com), *Chicago Sun-Times* (www.suntimes.com), *San Francisco Chronicle* (www.sfgate.com), *Detroit Free Press* (www.freep.com), *Chicago Tribune* (www.chicagotribune.com), *Atlanta Journal* (www.ajc.com) and *Houston Chronicle* (www.chron.com).

Tabloid daily newspapers include the *Daily News* (www.nydailynews.com) and the *New York Post* (www.nypost.com).

Weeklies: There are around 8,000 national magazines, mostly published in English and widely read including *Time* (www.time.com), *Newsweek* (www.newsweek.com) and *US News & World Report* (www.usnews.com). *The Nation* (www.thenation.com), a bi-monthly and *Harvard Political Review* (<http://hprsite.squarespace.com>) are independent political magazines. Condé Nast (www.condenast.com) publishes over 30 speciality magazines targeting women, men, young and old and special interests. The *Christian Science Monitor* (www.csmonitor.com), became a weekly publication, with a daily website, in 2009. In October 2012, the currents affairs magazine *Newsweek* announced that from 31 December the complete publication will be online, due to revenue loss as traditional advertising has declined.

Business: The *Wall Street Journal* (<http://online.wsj.com>), the premier financial and business daily, is published in four regional editions. Major business magazines include *BarronsWeekly*, published by the *Wall Street Journal Business Week* (www.businessweek.com), *Forbes* (www.forbes.com) and *Fortune* (<http://money.cnn.com> with a link to *Fortune*). Others business news is carried by *Market Watch* (www.marketwatch.com), *Investor's Business Daily* (www.investorsbusinessdaily.com) and *Washington Business Journal* (<http://washington.bizjournals.com>). Business magazines which target ethnic groups include black entrepreneurs, *Black Enterprise* (www.blackenterprise.com), *Minority Business Entrepreneur* (www.mbemag.com) and Hispanic groups, *Enterprise* (<http://hol.hispaniconline.com>).

Periodicals: The *Harvard Political Review* (<http://hprsite.squarespace.com>) is an independent political magazines published four times a year. *The New Yorker* (www.newyorker.com) is an influential literary monthly magazine.

Broadcasting

Radio: Virtually all US households have a radio and there are several national networks with numerous local stations offering a variety of programmes to cater for all tastes. Clear Channel (www.clearchannel.com) is the largest commercial network with over 1,200 stations. CBS Radio (www.cbsradio.com) and ABC Radio Network (<http://abcradionetworks.com>) provide premium quality radio programmes to its own stations and affiliates (privately-owned stations that broadcast programmes made by others).

Regional networks include Keystone Broadcasting (www.keystonebroadcasting.com), Sheridan Broadcasting Network (SBN), which operates the American Urban Radio Networks (www.auranet.com), of radio stations and affiliates targeting black American audiences and the non-commercial National Public Radio (www.npr.org), which has member stations broadcasting news, talk and cultural shows. In Spanish, the Hispanic radio network (<http://especiales.univision.com>), broadcasts in major cities nationwide. External radio services are provided in over 40 languages to all parts of the world by the Voice of America radio network (www.voanews.com).

Television: Virtually all US households have a television set and 60 per cent have cable TV. In June 2009 all US public television services were switched to digital signals.

With the rapid growth in new technology in digital and satellite broadcasting the dominance of the four major commercial TV broadcasting networks has decreased. New mediums allow a wide variety of programmes to be seen at times dictated by the audience, eroding viewer numbers for the traditional broadcast stations. Cable TV services in their turn are being challenged by wifi services. In the large cities, viewers may have 50 or more channels to choose from, allowing advertisers to target their audience. Since viewer ratings determine success all networks compete fiercely with each other for viewers and advertising revenue. The four major networks are Columbia Broadcasting System (CBS) (www.cbs.com), National Broadcasting Corporation (NBC) (www.nbc.com), Capital Cities/ABC (ABC) (<http://abc.go.com>) and Fox. In January 2013 the Qatar-based Al Jazeera group bought Current TV, the cable television network founded by former vice president, Al Gore. In August Current TV was relaunched as Al Jazeera America. The national public broadcasting network (PBS) (www.pbs.org) is supported by donations from the government and 'pledges' from viewers.

Business television channels include CNBC (www.cnbc.com), Bloomberg (www.bloomberg.com) and Fox Business Network (www.foxbusiness.com), which was launched to challenge CNBC. Most broadcasting is in English, but there are also TV and radio stations serving local ethnic communities in their own languages. The Hispanic community is relatively well served in Florida, California and New York City.

Worldwide US government services are provided by VOA, International Broadcasting Bureau (<http://ibb7-2.ibb.gov>).

Other news agencies: UPI (United Press International): www.upi.com
Associated Press: www.ap.org
Voice of America: www.voanews.com

Economy

The US economy is a balance of two opposites: on one side is the largest economy by GDP worldwide, significantly driving global growth, but on the other has an eye-watering budget deficit – US\$1.56 trillion (as published in the September 2011 budget). To maintain this balance, the US has both world-class reserves of natural resources including oil, natural gas and minerals, a large mechanised agriculture sector including cotton, wheat and livestock, and a manufacturing sector that produces a wide range of products for its large domestic market and larger foreign markets. It produces a diverse range of goods for export, including hi-tech instruments, electronic, computer and telecommunications equipment, automobiles and aircraft, foods and drinks, iconic and cultural movies, music and literature. If the US does not directly produce manufactured goods it is often the owner of offshore manufacturing processes, which export their international brand names worldwide. The US is also a major centre of financial services, including banking, insurance and investment. It is a world leader in scientific research including medicine, computer sciences, astronomy, oceanography and earth sciences. It also has a large, well-funded and innovative military force. It also spends; its people, institutions and businesses use credit to buy the products that keeps the US economy (and by association, global trade) growing.

GDP growth was 1.9 per cent in 2007, which, as the global economy crisis began to take hold, the economy fell into recession with an annual rate of -0.3 per cent in 2008. The crisis had been sparked by a downturn in the US property market, which had become inflated by cheap loans that encouraged speculative borrowing, particularly through 'subprime' loans. These loans had been re-packaged and sold to banks and other investors worldwide. As the subprime market collapsed investors suffered major losses as stock markets fell significantly and lending almost ceased in a credit squeeze that brought commerce to a standstill. What had begun as defaults in a risky market escalated, as financial institutions and banks worldwide were unable to borrow to cover their debts and had to be rescued by governments, causing national economies to fall into full-blown economic depression. The recession deepened in 2009 as GDP growth fell to -3.5 per cent as consumer spending (which

had previously driven growth) fell as wages and salaries shrank, before recovering in 2010, as global trade picked up, with growth of 3 per cent.

In 2008 as the economic crisis took a grip of the global financial system, the US bank rate was cut to an historic low of 0.25 per cent in an attempt to stimulate the US economy. A new US\$1.5 trillion bank bailout plan was announced in 2009 and President Obama signed a US\$787 billion economic stimulus plan that included measures to create jobs, boost consumer spending and rebuild the infrastructure through the use of tax breaks and federal funding. The unemployment rate in October 2009 rose to 10.2 per cent, the highest rate since 1983; 8.2 million workers had lost their jobs since the beginning of the global economic crisis in 2007. The governor of the US Federal Reserve said the world's financial crisis was the worst since the 1930s. Lehman Brothers, a global investment bank, was declared bankrupt in September 2008, with losses of US\$613 billion. The biggest quarterly loss in US corporate history was announced in March 2009 by the insurance giant AIG, at US\$61.7 billion. In November 2008, the government had given AIG a financial bailout of US\$150 billion to save the company from collapse during the economic crisis. On 18 March the Federal Bank announced that it would buy around US\$1.2 trillion worth of long-term government debt to help boost lending.

The reputation of the US as a world leader, not only in financial services and as the stimulus for world trade, but also as a prudent and reputable global partner took a severe blow during the economic crisis. The US government began a review of its banking regulations that is on-going, while federal prosecutors investigate allegations of massive fraud perpetrated on investors, corporate and personal. In September 2011, the government was unable to pass legislation to allow the US\$1.56 trillion budget and suffered an embarrassing loss of its triple A rating as Standard and Poor's downgraded the US credit rating, the first in the history of such ratings.

External trade

The USA is a founder member of the North American Free Trade Agreement (Nafta), under which it has tri-lateral trade agreements with Canada and Mexico. Nafta has FTAs with a number of regional trading blocs. Around 30 per cent of all exports are achieved through Nafta. The US is the leading global exporter of a number of products including wheat and corn, liquefied natural gas, aluminium, sulphur, phosphates, salt and is the third

largest exporter of rice. It is reliant on imported hydrocarbons, but is the world's largest producer of electricity. It has a full range of manufacturing industries, which provide around 20 per cent of GDP, from hi-tech semiconductors and telecommunications to automotive and aerospace assembly fabrication, from pharmaceutical and petrochemical production to metal processing, mineral extraction and foodstuff production including cheese, soya beans and tobacco. The services sector, including financial services, is an important source of foreign earnings. The South Korean parliament did not endorse the FTA until 15 March 2012. Under the FTA, 80 per cent of traded goods have their tariffs removed and a further 15 per cent will so by 2017.

The US Congress finally ratified free trade agreements (FTA) with Colombia, Panama and South Korea on 13 October 2011. The South Korean FTA had been in negotiations for 16 years and is expected to increase US exports by up to US\$10 billion. However, the South Korean parliament has yet to endorse the agreement.

Imports

Principal imports are consumer goods (over 30 per cent of total), oil and natural gas, industrial supplies, agricultural products, capital goods, (over 30 per cent), computers, telecommunications equipment, vehicles and parts, office machines and electric generating and distribution machinery.

Main sources: China (18.7 per cent of total in 2012), Canada (14.3 per cent), Mexico (12.2 per cent).

Exports

Main exports are telecommunications and computers equipment (around 50 per cent of total), agricultural products (wheat, corn, rice soya beans, tobacco), industrial materials (aluminium, pig iron, ferroalloys), manufactured goods, vehicles, aircrafts, banking and financial service.

Main destinations: Canada (18.9 per cent of total in 2012), Mexico (14 per cent), China (7.2 per cent).

Agriculture

Agriculture accounts for just 2 per cent of total GDP and employs approximately 3 per cent of the country's workforce. However, despite its relatively small contribution to total US GDP, the agricultural sector continues to account for half of the world's corn production and over 20 per cent of world grain output. The US is the world's largest agricultural exporter and exports account for about 25 per cent of farmers' receipts.

Capital-intensive farming techniques produce dairy products, potatoes, fruit, vegetables and poultry for urban markets in

the north-eastern states; wheat, barley, maize, oats, soya beans, fodder crops, pigs and cattle in the mid-west and central plains; cotton, tobacco, peanuts, citrus fruits, rice and sugar cane in the south; cattle and sheep in the central and western states; apples, berries and nuts in the Pacific north-west; and vines, apples, citrus fruits, peaches, tomatoes, olives, cotton and rice in California.

In 2007, subsidies for cotton growers were declared illegal by the WTO, following an official complaint by Brazil that such payments constituted unfair trade. Brazil reserved the right to impose sanctions against the US, which could amount to US\$4 billion.

The fishing industry is well established in the United States and the sector is highly developed on both the Pacific and Atlantic coasts.

Total seafood exports typically amount to over US\$3 billion, mainly comprising ground fish (38 per cent), salmon (18 per cent), herring, lobster, shrimps, squid and crab. The top US export markets include Japan (37 per cent), Canada (21 per cent) and the EU (18 per cent). Shrimps account for approximately 36 per cent of total fish and seafood imports.

One third of the total land area – 225.9 million hectares (ha) – of the United States is covered in forested land. Forests and other wooded areas are mainly concentrated in the east and west of the central plain.

The major part of the forest is classed as semi-natural, with less than a tenth remaining undisturbed, located mainly in Alaska and the west. About nine-tenths of the forest is available for wood supply. The government owns nearly two fifths of forest and other wooded land, while the remainder is shared among private individuals and institutions, forest industries and some by indigenous peoples.

Forestry is widespread and about half domestic timber needs are met by Oregon and Washington states, with the south-east producing increasing quantities of softwood for pulp. About 30 per cent of global industrial roundwood comes from the US. The US produces and consumes large quantities of sawn timber, wood-based panels and paper. It is also the largest importer and the second-largest exporter, of forest products.

Industry and manufacturing

The industrial sector remains a relatively significant contributor to the US economy. The sector employs over 20 per cent of the total workforce and contributes approximately 22 per cent to total GDP. The manufacturing sector has declined in significance over recent years as the services sectors have expanded.

There has been a shift in the manufacturing sector away from 'smokestack' industries, such as cars, primary metals and heavy machinery, towards high-technology industries, such as aerospace, communications equipment, electronic components and computers. Food, printing and publishing and textiles and clothing are also important.

Tourism

The US has a range of sights, cultures, entertainment, sports, interests and experiences to offer any visitor, of which there were 54.9 million in 2009. However, US travellers visiting foreign destinations in 2009 topped 61 million. An overwhelming number of foreign visitors (over 7.79 million) either arrived in or visited New York City by at least a ratio of 2:1. Miami, Los Angeles, Orlando and San Francisco each attracted 2.2–2.6 million visitors in 2009. Almost nine million passengers embarked from US ports, on the 161 cruise liners in operation in 2009, the majority of which left from a Florida dock. At the height of the tourist boom in 2008, before the global economic crisis cut visitor numbers, tourist spending totalled US\$767 billion, of which accommodation and food and beverages accounted for the majority of the total at just under US\$265 billion. At the same time over US\$112 billion was spent on airfares to and within the US.

The USA is ranked second (behind France) among the world's top destinations for arrivals but first for tourist receipts. In 2010, total visitor numbers were 59.7 million, with 20 million visitors arriving from Canada and 13.4 million from Mexico, 3.9 million from UK and 3.4 million from Japan. Travel and tourism contributed an average 8.6 per cent of GDP over the 2007–11 period, with the forecast for 2012 at 8.5 per cent.

The tourism industry accounted for an average 8.6 per cent of GDP (2007–11) and provided employment to 10 per cent of the workforce (1.4 million jobs) in the same period. Although visitor exports topped US\$155 billion in 2011, domestic spending on travel and tourism was over US\$674 billion as most US citizens prefer to take holidays in their own country. In May 2011, travel industry representatives complained that too many potential visitors were being either turned away or troubled by restrictions on foreign tourists and called on the government to ease visa rules and have border controls offer a more welcoming demeanour. An estimated 78 million 'unfamiliar tourists' were denied entry or put off applying between 2000–10; only 36 countries worldwide benefit from visa-free, 90-day, entry to the US.

Environment

The US is not a signatory to the Kyoto Protocol.

Mining

The mining sector contributes approximately 4 per cent to total US GDP and employs approximately 4 per cent of the total US workforce.

While there are economically exploitable reserves of virtually every mineral within the US, these are insufficient to meet the needs of the economy in almost all circumstances. The country is 100 per cent dependent on imports for its consumption of bauxite, graphite and manganese among others. Mineral resources include ores of iron, copper (about 13 per cent of worldwide production), lead (17 per cent of worldwide production), gold (15 per cent), silver (12 per cent) and nickel. The US accounts for approximately 17 per cent of worldwide aluminium production.

Hydrocarbons

Total proven oil reserves were 30.9 billion barrels at the end of 2011. Around 80 per cent of proven reserves are located in just four states: Texas, Louisiana, Alaska and California. Production in 2010 was 7.8 million barrels per day (bpd), which was an increase of 3.6 per cent on the 7.5 million bpd in 2009. As mature oil fields have declined in production there has been a compensating increase as more deepwater oil wells in the Gulf of Mexico and onshore oil fields in Alaska have come on-stream.

In February 2012, the US and Mexico signed an agreement to co-operate on developing the deep-water oil and gas fields that straddle their mutual border in the Gulf of Mexico.

The US is the world's largest net importer of oil, receiving over 20 per cent of the world's total, with the largest supplies originating from Canada, the Middle East and Africa. Consumption was 19.5 million bpd in 2010 a figure that has remained largely constant, despite fluctuations since 1997.

Refinery capacity was 17.7 million bpd in 2011. As no new refineries have been built since the 1980s and any new refinery will take years before it become operational the US must continue to import refined oil to meet its domestic demand. Proven natural gas reserves were 8.5 trillion cubic metres in 2011, with production at 651.3 billion cubic metres (cum), while consumption was 690.1 billion cubic metres.

In April 2012, the Environmental Protection Agency (EPA) issued its first set of guidelines for hydraulic fracturing (fracking), which releases natural gas from shale rock. Previous tests of fracking had caused earthquakes and pollution of

groundwater though the release of many ancillary agents. Energy companies will be required to capture many of these compounds during the drilling process.

US coal reserves account for over a quarter of the world's total reserves (around 28 per cent), estimated at 237 trillion tonnes. The US produces 556.8 billion tonnes of oil equivalent (end 2011). The states with the largest coal production include Wyoming, West Virginia and Kentucky. More than 90 per cent of US coal output is consumed by the electricity sector. There is a trend towards consumption of coal with lower sulphur content in order to meet environmental targets for sulphur dioxide emissions.

Energy

Total installed generating capacity was 977GW in 2008, producing around 4.2 trillion kilowatt hours (kWh). Electricity demand is growing by 1.5 per cent per annum. This increase will require a significant addition in generating capacity and the government forecasts that 1,300 new power plants will be needed between 2002 and 2020. In 2007 coal-fired power stations accounted for 48.7 per cent of all generation, with natural gas at 21.5 per cent, nuclear at 19.4 per cent, hydropower at 6 per cent and the remainder by others, including renewables. The Federal Energy Regulatory Commission (FERC) is responsible for the regulation of the bulk power transmission system and wholesale bulk power markets. Independent utilities companies generate and sell electricity in a competitive market with consumers free to choose their suppliers. Following California's near miss with energy cuts due to a crisis in cost, the state has encouraged the use of renewable power sources. A contract was let in 2009 for the world's largest photovoltaic energy power station producing in total 2,610MW through a series of solar power plants, to be built by 2016.

The first nuclear reactors to be built since 1978 were approved in February 2012. Two nuclear reactors will be built at an existing power plant in the state of Georgia. The project is expected to cost US\$14 billion and be operational by 2016–17.

Financial markets

Stock exchange

American Stock Exchange (AMX)

Commodity exchange

Chicago Board Options Exchange (CBOE)

Banking and insurance

The banking and financial services industry in the US is noted for its complicated regulations, which are overseen by numerous federal and state authorities with overlapping jurisdictions.

Regulatory agencies include the Federal Reserve, the Federal Deposit Insurance Corporation (FDIC), the Securities and Exchange Commission, the Comptroller of the Currency, the Department of Justice and state bank departments. Depositors in banks or savings and loan associations which are members of the FDIC or Federal Savings and Loan Insurance Corporation have their deposits guaranteed to a limit of US\$100,000 by the government's system of deposit insurance.

In February 2012 the Bank of America, Chase Manhattan, Citibank, Wells Fargo, JPMorgan Chase and Ally Financial Incorporated agreed to provide US\$25 billion in relief to one million beleaguered home owners and state authorities for taking illegal shortcuts during foreclosures proceedings.

Central bank

Federal Reserve System

Time

There are six time zones

Eastern Standard Time – GMT minus five hours (daylight saving, minus four hours)

Central Standard Time – GMT minus six hours (daylight saving, minus five hours)

Mountain Standard Time – GMT minus seven hours (daylight saving, minus six hours)

Pacific Standard Time – GMT minus eight hours (daylight saving, minus seven hours)

Alaska Time – GMT minus eight hours (no daylight saving)

Hawaii Time – GMT minus 10 hours (no daylight saving)

Daylight saving from March (from 2007, previously daylight saving started in April) to November

square kilometres (2,185 square miles), and averages a depth of 150mm.

Hemisphere

Northern

Climate

The size of the land area and the natural mountain barriers give a wide range of climates. It is tropical in Hawaii and Florida, arctic in Alaska, semi-arid in the great plains west of the Mississippi River and arid in the Great Basin of the south-west. California (especially the south) has a Mediterranean-style climate with mild winters and hot summers. The south and Gulf of Mexico areas have a semi-tropical climate. The east coast and the mid-west are invariably very cold in winter and very hot in summer. Snow can be heavy at times, but most cities are equipped for swift snow removal from major streets and the transportation system can cope fairly well in poor weather. Most buildings, cars and public transport are well heated or air-conditioned, according to the season.

Dress codes

There are no overriding dress codes. In the Wall Street financial district of New York and other financial centres, business suits are *de rigueur*, while on the west coast, senior executives might wear anything from suits or sports jackets and trousers to jeans and T-shirts. The more normal business attire would be a business suit, shirt and tie. Despite the reputation US businessmen have for flashy dressing, formal colours are more acceptable, with dark suits, dark socks and sombre ties being the most acceptable form.

Entry requirements

Passports

Required by all.

Extensive information can be gained through <http://travel.state.gov>.

The US has introduced machine-readable passport (MRP) technology to enhance security measures, screening visitors into and out of the US.

Visitors who do not possess MRP passports are required to apply for a visa for entry.

For Canadian citizens only, under the Nexus programme entry may be achieved using a Nexus photo-identification card.

All arrivals, including US citizens, travelling between Canada, Mexico, Central and South America, the Caribbean and Bermuda through land borders or by sea (including ferries) must have a passport or other biometric, secure documentation as proof of identity since, 23 January 2008.

Visa

Extensive information can be gained through <http://travel.state.gov>.

Visas are required by all, with some exceptions under the Visa Waiver Program

(VWP). This reciprocal programme allows citizens of, among others, most of the EU, Australasia and Japan entry without a visa if they possess a machine readable passport (MRP) and have a return/onward ticket, entry for business and tourist visits up to 90 days.

All citizens of visa-free countries who do not have a MRP must apply for a visa. All other visitors must apply for a visa.

Currency advice/regulations

The import and export of local and foreign currencies is allowed. Amounts over US\$10,000 (or foreign equivalent) must be declared.

Gold coins, medals and bullion may be imported unless originating from embargoed countries.

Travellers cheques, in US dollars, are widely accepted.

Customs

Personal items are duty-free. National alcohol allowances may be in excess of state allowances and may result in excess amount being taxed or confiscated. Certain firearms and ammunition are allowed with a customs permit, obtained in advance.

Prohibited imports

Illegal drugs (personal medication requires a doctor's certificate); soil, plant and animal products (including endangered species); meat, poultry (fresh, dried or canned) and live fish (unless certified disease-free), their eggs (unless canned, pickled or smoked); Cuban cigars (purchased in any country); wildlife and endangered species (including hunting trophies, shells and crafted items); fireworks and hazardous material; some South American pre-Columbian artefacts; merchandise from embargoed countries and counterfeit items.

These prohibitions apply to transit passengers.

Health (for visitors)

Mandatory precautions

No vaccination certificates are required, however, visitors from countries where cholera or yellow fever is rife, or where an outbreak of infectious disease occurred within six months of arrival, will require vaccination certificates.

Advisable precautions

There are no major health hazards for visitors, and no inoculations or vaccinations are necessary.

All personal medicines must have a physician's certificate declaring their prescribed use. As health costs can be extremely high medical insurance, including emergency evacuation, is necessary.

Hotels

Major hotels have toll-free telephone numbers (with an 800 area code) for reservations. Unless a deposit has been paid,

a hotel room will often not be held after 1700/1800, even when the hotel is notified of late arrival. Check-out times vary from 1000–1300 and short extensions can be arranged. Visitors may be charged for overstaying check-out time without making arrangements. Most good hotels have restaurant facilities, bars, free parking and swimming pools. Many hotels provide courtesy transport or an airport bus service.

Road-side motels are numerous and relatively inexpensive.

Credit cards

Major credit and charge cards are widely accepted. A credit card is essential for car hire and usually necessary for hotel bookings.

Public holidays (national)

Fixed dates

1 Jan (New Year's Day), 4 Jul (Independence Day), 11 Nov (Veterans' Day), 25 Dec (Christmas Day).

Any holiday falling on Saturday is taken on Friday before; holidays falling on a Sunday are taken on Monday following.

Variable dates

Martin Luther King's Birthday (third Mon in Jan), Washington's Birthday (third Mon in Feb), Memorial Day (last Mon in May), Labour Day (first Mon in Sep), Columbus Day (second Mon in Oct), Thanksgiving Day (fourth Thu in Nov).

Statutory and public holidays are fixed by state legislation and vary considerably between states.

Working hours

Most offices remain closed on the Friday following Thanksgiving. Working hours vary considerably depending on the industry.

Banking

Mon-Fri: 0900–1500.

Business

Mon-Fri: 0900–1700.

Government

Mon-Fri: 0830–1730.

Shops

Mon-Fri: 0930–1800; Sun: 1200–1700.

Telecommunications

Mobile/cell phones

GSM 850 and 1900 services are available throughout most of the country.

Electricity supply

110–120V AC, 60 cycles single phase, with flat two-point plug fittings.

Weights and measures

Units of measurement used in the US are in general the same as the imperial system. Short ton = hundredweight = 45.4 kilograms, one pound = 0.45 kilogram; one gallon = 3.79 litres, one pint = 0.47 litre. Conversion to metric system is taking place very slowly and on a voluntary

basis, with the US Metric Board co-ordinating the process.

Social customs/useful tips

People are likely to use first names in discussions with you. They are also likely to refer to someone else by their surname only. Neither of these usages is considered impolite.

The main cultural role model in the US is that of the pioneer, the isolated man or woman battling against the odds, the story of someone rising from a deprived background to become rich and/or famous.

This has led to an admiration for hard work, free enterprise and determination. Gun ownership by civilians is considered, by many, to be a part of American heritage.

San Francisco legislators voted in November 2012 to ban nudity in public places for anyone over the age of five.

Security

The US has a reputation for crime and violence. New York, Baltimore, Chicago, Detroit, Washington and Los Angeles have a high rate of robbery. Washington, Detroit, Baltimore, Dallas, Houston, Philadelphia, Atlanta and Los Angeles have high murder rates.

However, much of the trouble is concentrated in parts of each city and avoiding these neighbourhoods will considerably reduce any risk. Elementary precautions should prevent visitors having too much trouble. Avoid walking in deserted streets, and try to walk on the street-side rather than next to buildings. Always be aware of the kind of neighbourhood it is. At night, except in lively and well-lit areas, call a taxi to collect you rather than walking to look for one.

Although the risk of being mugged is often exaggerated (and crime figures have been falling since the mid-1990s), it is recommended not to resist a robbery attempt. Keep your valuables (especially expensive jewellery) out of sight.

Getting there

Air

International airport/s: The US is accessible by air from all continents and a vast number of countries. Some of the busiest international airports are La Guardia (LGA) (New York), Los Angeles (LAX), Miami International Airport (MIA), O'Hare International Airport (ORD), Hartsfield-Jackson Atlanta Airport (ATL); other important international airports include those in Boston (Logan Airport), Dallas-Fort Worth, Philadelphia, Houston, San Francisco, Washington Dulles International and John F Kennedy Airport (Newark).

Airport tax: Departure taxes are included in the price of a ticket, although local

airport departure tax may be charged if the ticket was purchased outside the US. There is a national programme that allows airports to impose a passenger facility charge of up to US\$4.5.

Surface

Road: The US has land borders with Mexico in the south and Canada in the north and there are plenty of efficient overland border crossings between the US and these countries. Border crossings are strictly controlled.

Rail: There are limited passenger services from Mexico, crossing the border at either Yuma, El Paso or Del Rio. Rail links from Canada include Vancouver–Seattle, Toronto–Chicago and Montréal–New York, although these are not all direct and without layovers. Some rail lines run up to the border with Canada, in Michigan

Water: The US has numerous sea and inland water ports and is well served by the international shipping lines.

Getting about

National transport

Inter-state transport can be variable, however the US is generally perceived to have one of the most advanced transport structures in the world, including metro systems in most major cities and sufficient national bus networks. Transport by ferries and helicopters is also widely available. Nevertheless, the easiest and quickest method of crossing great distances in the US is by air.

Air: A highly developed network of airline services connects most towns of importance. Fare systems have been deregulated, leading to sharp competition.

Road: There is a comprehensive network of highways (interstate) that bisect the country from the east to west coast and from the borders with Canada through to Mexico. During the winter even the interstates can be closed or slowed by snow. There is an extensive secondary road system.

Buses: A wide network of air-conditioned long-distance buses link all major cities, but smaller cities and rural areas are generally not well served by public transport. Greyhound is the main bus system in the US and plays an important transport role in most parts of the country.

Rail: Around 245,000km of grade one railroad links approximately 500 stations. Most long-distance trains are air-conditioned and equipped with dining and sleeper carriages. Amtrak is generally comfortable and runs a popular shuttle service between New York and Washington; the New York to Boston route is also well travelled. Much of the national network is in need of new equipment, however, and in terms of time and cost, rail

travel compares poorly to air travel on most inter-city routes.

Water: Ferries supply connections for national Highways across the Mississippi at various places.

City transport

Most cities have a good public transport network including a mixture of buses, suburban trains and subways. At night, taxis are the safer option for travel. Fares vary in different cities. Public transport is woefully inadequate in Los Angeles and the cable cars of San Francisco are a special treat. Commuter rail services throughout the US are usually safe and reliable.

Most cities have severe parking problems in downtown areas and it is more convenient to travel by public transport or taxi.

Taxis: It is wise to confirm the approximate cost when entering a cab.

In Los Angeles, taxis do not cruise streets looking for passengers, but there are taxi stands at airports, major hotels, and train and bus terminals.

Taxi fares in Washington DC are based on the unmetered zone system with a basic fare and each zone charged extra; drivers may stop and pick up several passengers following the same general route. Enquire in advance how many zones you will ride.

Buses, trams & metro: There are bus services in all main cities. Many hotels have courtesy bus services to and from airports. In New York City buses are slower than the subway, and especially crowded during rush hours, but the routes are more varied and the stops more frequent, usually every two blocks. The subway is the fastest way to get around. Trains are identified by number or letter which are displayed on the front and sides of the cars. Some are local and some express so be sure the train you board stops where you need to get off. If travelling after 2200, wait for the train in the areas marked for off-peak hours.

A subway connects downtown Chicago and O'Hare International Airport with fast and frequent services from Terminal 2; from the city, the Dearborn Street subway runs to the airport.

Union Station is the transport hub in Washington DC. Connections between Metrorail and Metrobus are available at all Metrorail stations.

Ferry: There are commuter ferries across Boston, San Francisco and New York harbours.

Car hire

Car hire is widely available in major cities. A valid overseas or international driving licence and an international credit card are required. Other methods of payment may not be accepted. Driving is on the right. States are free to set their own speed limits: Montana has no day-time

limit but at night the limit is 55mph; 75mph in Kansas, Nevada and Wyoming; 70mph in California, Missouri, Oklahoma, South Dakota and Texas. For further information on state highways see www.us-highways.com with links to other relevant sites.

BUSINESS DIRECTORY

The addresses listed below are a selection only. While World of Information makes every endeavour to check these addresses, we cannot guarantee that changes have not been made, especially to telephone numbers and area codes. We would welcome any corrections.

Telephone area codes

The international direct dialling code (IDD) for the United States of America is +1, followed by area code and subscriber's number:

Alaska	907	NY, Manhattan	
Albuquerque	505	Newark	212
Atlanta	404	Montana	406
Austin	512	Oklahoma City	
Boston	617		405
Chicago	312	Philadelphia	215
Denver	303	Phoenix	602
Des Moines	515	Pittsburgh	412
Detroit	313	Portland	503
Hawaii	808	Sacramento	916
Houston	713	St Louis	314
Kansas City	816	St Paul	612
Indianapolis	317	Salt Lake City	801
Las Vegas	702	San Francisco	415
Los Angeles	213	Seattle	206
Louisville	502	Washington DC	
Memphis	901		202
Miami	305	Wichita	316
New Orleans	504		
New York	718		

Useful telephone numbers

Emergency services: 911

Chambers of Commerce

British-American Business Council, 52 Vanderbilt Avenue, 20th Floor, New York NY 10017 (tel: 661-5660; fax: 661-1886; e-mail: info@babac.org).

United States Chamber of Commerce, 1615 H Street, NW, Washington DC 20062 (tel: 659-6000; e-mail: intl@uschambers.com).

Banking

Bank of America, 555 California Street, San Francisco, California, 94104 (tel: 415-622-3456; fax: 510-675-8170).

Bankers Trust, 280 Park Avenue, New York, New York, 10017 (tel: 212-250-2500; fax: 212-250-4029).

Chase Manhattan, 1 Chase Manhattan Plaza, New York, New York, 10081 (tel: 212-552-2222).

Chemical Bank, 270 Park Avenue, New York, New York, 10017 (tel: 212-270-6000; fax: 212-682-3761).

Citibank, 399 Park Avenue, New York, New York, 10043 (tel: 212-559-1000; fax: 212-223-2681).

First National Bank of Chicago, 1 First National Plaza, Chicago, Illinois, 60670 (tel: 312-732-4000; fax: 312-732-5965).

Inter-American Development Bank, 1300 New York Avenue NW, Washington DC 20577 (tel: 202-623-3900; fax: 202-623-2360).

Morgan Guaranty Trust, 60 Wall Street, New York, New York, 10260 (tel: 212-483-2323; fax: 212-233-2623).

Nations Bank, 100 North Tryon Street, Charlotte, North Carolina, 28255 (tel: 704-386-5000; 704-386-0645).

Central bank

Federal Reserve System, 20th Street and Constitution Avenue, NW, Washington DC 20551 (tel: (202) 452-3000; fax: (202) 452-3819).

Stock exchange

American Stock Exchange (AMX), www.amex.com

Nasdaq OMX, www.nasdaqomx.com

National Stock Exchange (NSX), www.nsx.com

International Securities Exchange, www.ise.com

Miami Stock Exchange (WS4X), <http://ms4x.com>

Commodity exchange

Chicago Board Options Exchange (CBOE), www.cboe.com

Chicago Mercantile Exchange (CME), www.cmegroup.com

Chicago Climate Exchange (CCX), www.chicagoclimatex.com

Intercontinental Exchange (ICE), www.theice.com

Kansas City Board of Trade (KCBT), www.kcbt.com

Minneapolis Grain Exchange (MGEX), www.mgex.com

Travel information

Amtrak (tel: 1-800-872-7245; internet: www.amtrak.com).

California Tourism, PO Box 1499, Sacramento, CA 95812-1499 (1-916-444-4429; internet: www.visitcalifornia.com).

Greyhound Lines Inc, PO Box 660362, MS 470 Dallas, TX 75266-0362 (tel: 789-7000; internet: www.greyhound.com).

John F Kennedy International Airport, Building 14, Jamaica, New York 11430, (tel: 244-4444; internet: www.kennedyairport.com).

LaGuardia Airport Hangar 7 Center, Third Floor, Flushing, New York 11371 (tel: 533-3400; fax: 533-3421; internet: www.laguardiaairport.com).

Los Angeles International Airport, 1 World Way, Los Angeles, Ca 90045 (tel: 646-5252; internet: www.lawa.org/lax).

Metropolitan Transportation Authority, 347 Madison Avenue, New York, NY 10017-3739 (internet: www.mta.nyc.ny.us).

Miami International Airport, PO Box 592075, Miami, Florida 33159 (tel: 876-7000; fax: 876-7398; internet: www.miami-airport.com).

O'Hare International Airport, PO Box 66142 Chicago, Illinois 60666 (tel: 686-3700, 686-2200; fax: 686-3573; internet: www.ohare.com).

Visit Florida, Welcome Center, The Capitol, West Entrance, Tallahassee FL 32301 (tel: 488-6167; fax: 414-2560; internet: www.visitflorida.com).

Ministries

Department of Agriculture, 1400 Independence Avenue, SW, Washington DC 20250 (tel: 720-3631; internet: www.usda.gov).

Department of Commerce, 1401 Constitution Avenue, NW, Washington DC 20230 (tel: 482-2000; fax: 482-2741; internet: www.commerce.gov).

Department of Defence, The Pentagon, Washington DC 20301-1950 (tel: 692-7100; fax: 428-1982; internet: www.defenselink.mil).

Department of Education, Federal Office Bld 6, 400 Maryland Ave, Washington DC 20202 (tel: 401-3000; fax: 401-0596; internet: www.ed.gov).

Department of Energy, 1000 Independence Avenue, SW, Washington DC 20585 (tel: 586-5000; fax: 586-4403; internet: www.energy.gov).

Department of Health and Human Services, 200 Independence Ave, SW, Room 615F, Washington DC 20201 (tel: 690-7000; fax: 690-7203; internet: www.hhs.gov).

Department of Homeland Security, 3801 Nebraska Avenue, NW, Washington DC 20528 (tel: 282-8000; fax: 282-8401; internet: www.dhs.gov).

Department of Housing and Urban Development, 451 7th Street, SW, Room 10000 Washington DC 20410 (tel: 708-0417; fax: 619-8365; internet: www.hud.gov).

Department of the Interior, 1949 C Street, NW Washington DC 20240 (tel: 208-7351; fax: 208-6956; internet: www.doi.gov).

Department of Justice, 950 Pennsylvania Ave, NW Washington DC 20530-0001 (tel: 514-2001; fax: 307-6777; internet: www.justice.gov).

Department of Labor, 200 Constitution Ave, NW Washington DC 20210 (tel: 693-6000; fax: 693-6111; internet: www.dol.gov).

Department of State, 2201 C Street, NW Washington, DC 20520-0001 (tel: 647-5291; fax: 647-7120; internet: www.state.gov).

Department of Transportation, 400 7th Street, SW Washington DC 20570 (tel: 366-1111; fax: 366-7202; internet: www.dot.gov).

Department of the Treasury, 1500 Pennsylvania Ave, NW Washington DC 20220; (tel: 622-1100; fax: 622-0073; www.untreas.gov).

Office of the President, The White House, 1600 Pennsylvania Ave, Washington DC 20500 (tel: 456-1414; fax: 456-2461; internet: www.whitehouse.gov).

Other useful addresses

British Embassy, 3100 Massachusetts Avenue NW, Washington DC 20008-3600 (tel: 588 6500; fax: 588 7850; internet: www.britainusa.com).

Consumer Product Safety Commission, 4330 East West Highway, Bethesda, MD 20814 (tel: 504-7923; fax: 504-0124; internet: www.cpsc.gov).

Council of Economic Advisers, The White House, 1600 Pennsylvania Avenue NW Washington, DC 20500 (tel: 456-1414).

Environmental Protection Agency, Areil Rios Bld, 1220 Pennsylvania Ave NW, Washington DC 20460 (tel: 814-5000; internet: www.epa.gov).

Federal Trade Commission, 600 Pennsylvania Avenue, NW, Washington DC 20580 (tel: 382-4357; internet: www.ftc.gov).

New York Stock Exchange, 11 Wall Street, New York, NY 10005 (tel: 656-3000; internet: www.nyse.com).

Office of Science and Technology Policy, Executive Office of the President, 725 17th Street, Room 5228 Washington DC 20502 (tel: 456-7116; internet: www.ostp.gov).

Office of the United States Trade Representative, 600 17th Street, NW Washington DC 20508 (tel: 395-7360; internet: www.ustr.gov).

Nations of the World: A Political, Economic and Business Handbook

Securities and Exchange Commission,
100 F Street, NE, Washington DC 20549
(tel: 551-6551; internet: www.sec.gov).

United States Information Agency, 301
Fourth Street, SW, Washington DC
20547 (internet: <http://usinfo.state.gov>).

Other news agencies: UPI (United Press
International): www.upi.com

Associated Press: www.ap.org

Voice of America: www.voanews.com

Internet sites

Alamo Rent A Car: www.alamo.com

American Airlines: www.aa.com

American Chamber of Commerce:
www.amcham.com

American Stock Exchange:
www.amex.com

Big Book (information on 16m busi-
nesses): www.bigbook.com

Big yellow pages (business and residential
information): www.bigyellow.com

Continental Airlines:
www.flycontinental.com.

Delta Airlines: www.delta.com

Export and Trade Information:
www.stat.usa.gov

Federal Agencies: www.fedworld.gov

Lookup USA (locate addresses and tele-
phone numbers of US businesses):
www.infousa.com

Northwest Airlines: www.nwa.com

Southwest Airlines: www.southwest.com

Trade US: www.tradeUS.com

United Airlines: www.ual.com

US Bureau of Census: www.census.gov

US Customs and Border Protection
www.cbp.gov

US Department of Commerce: [www.com-](http://www.com-
merce.gov)

US Government gateway site:
firstgov.gov/

US Office of Insular affairs:
www.doi.gov/oia

US International Trade Administration:
www.ita.doc.gov/ita_home