

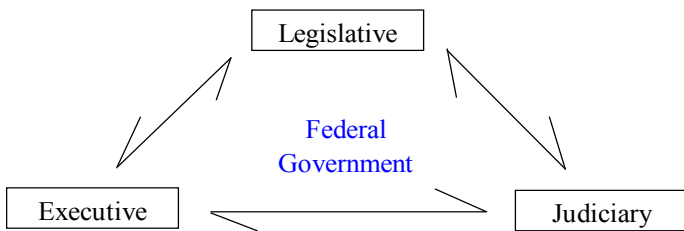
**Macro Environmental Study of the USA**

II Tertiary Ind.

**Executive Summary**

**Political**

Federal Government Structure in US



**Economic**

I Primary Ind.

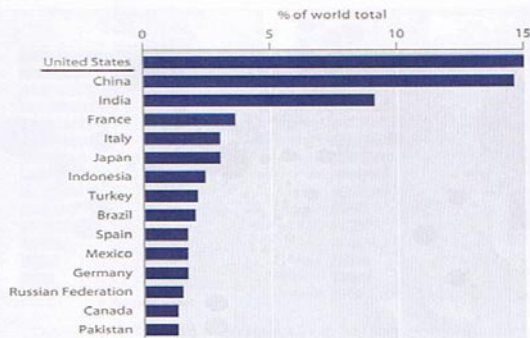


Figure 2.11 The world's leading agricultural producers  
Source: calculated from World Bank, 2005a: Table 4.2

II Secondary Ind.

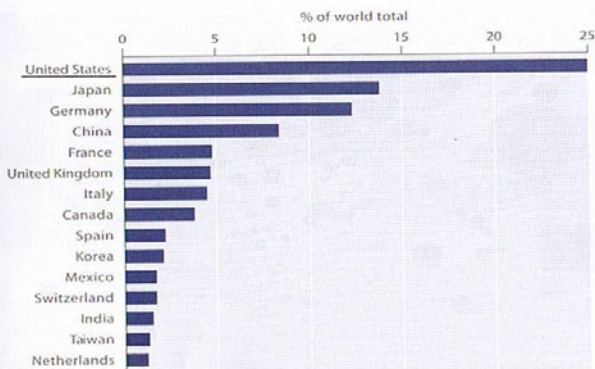


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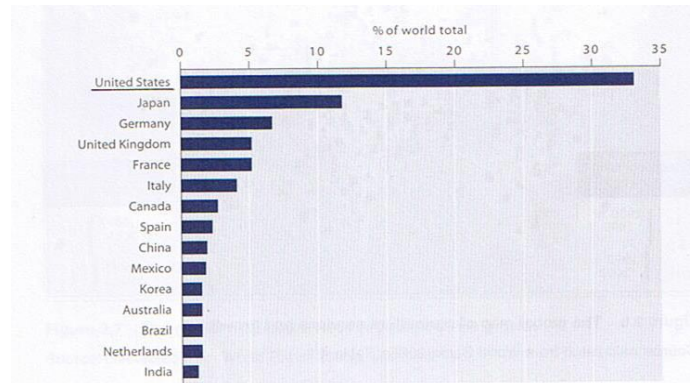
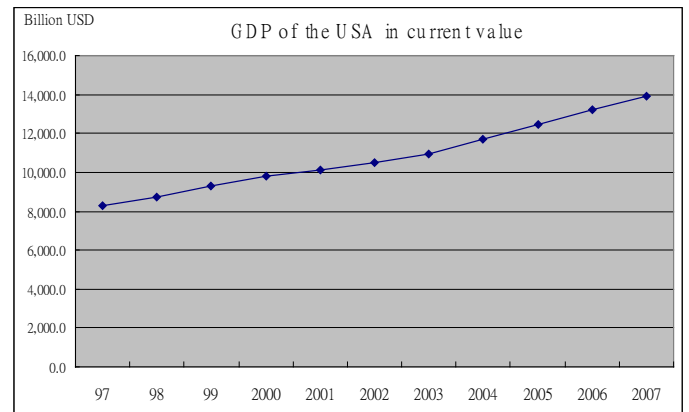


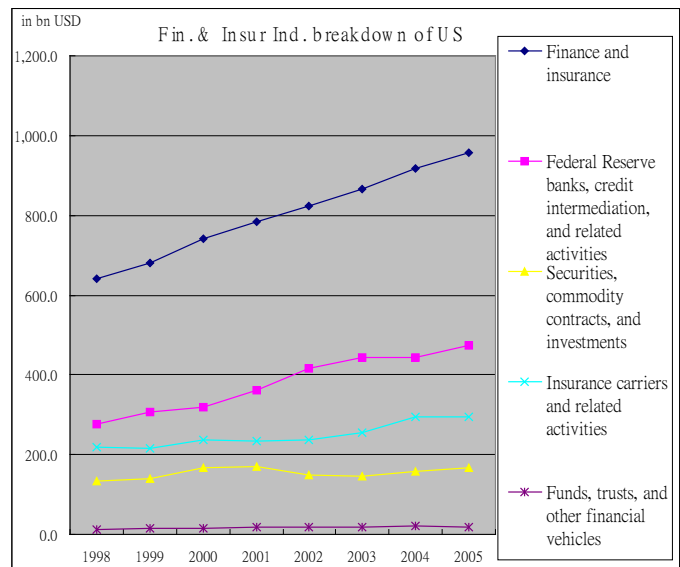
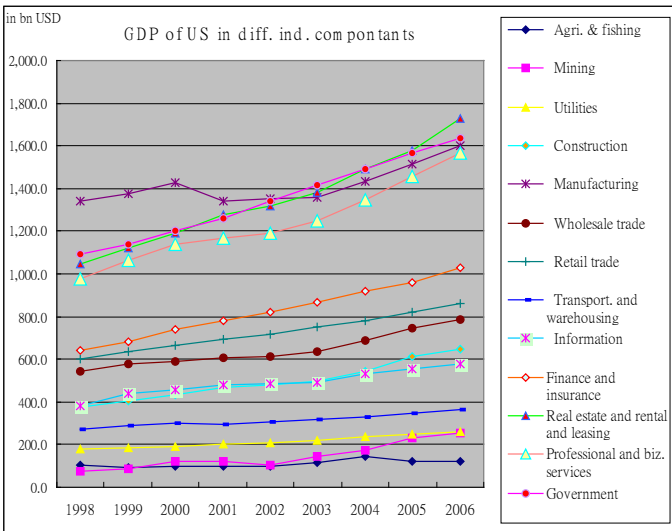
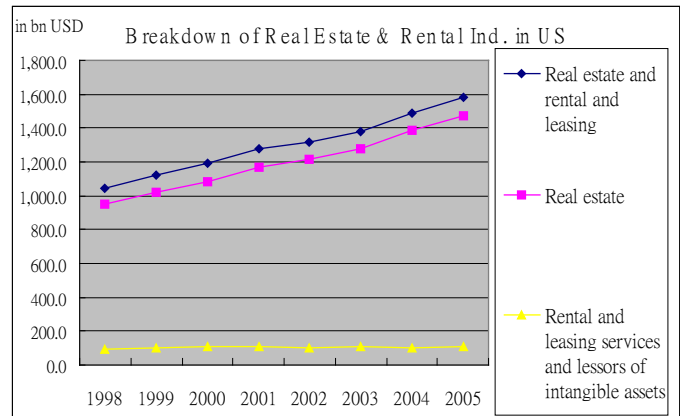
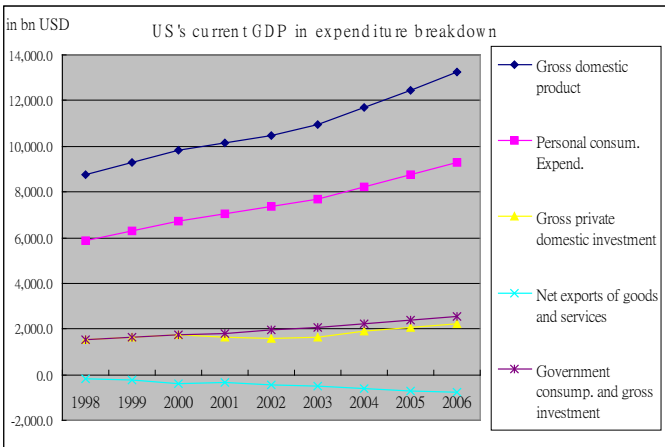
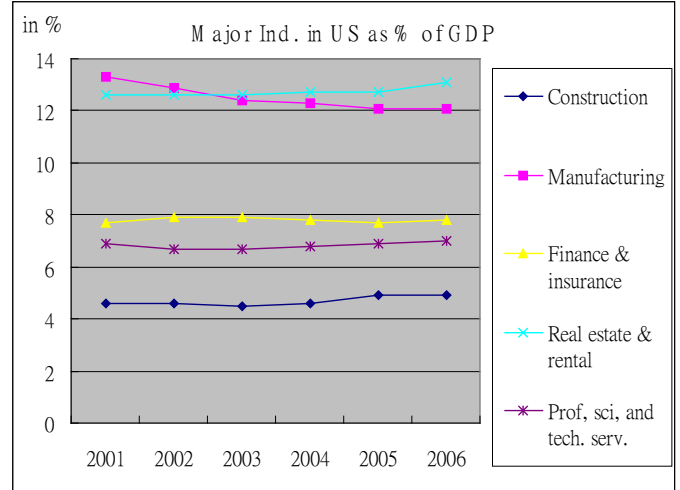
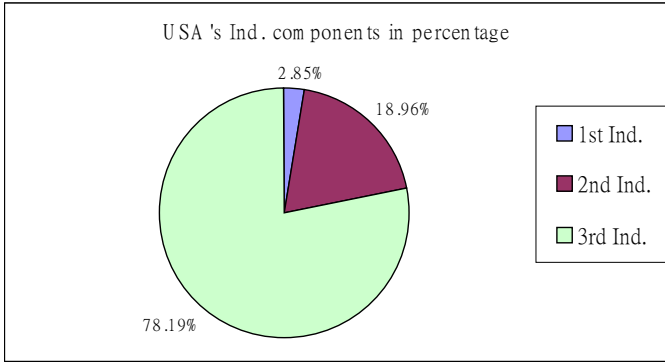
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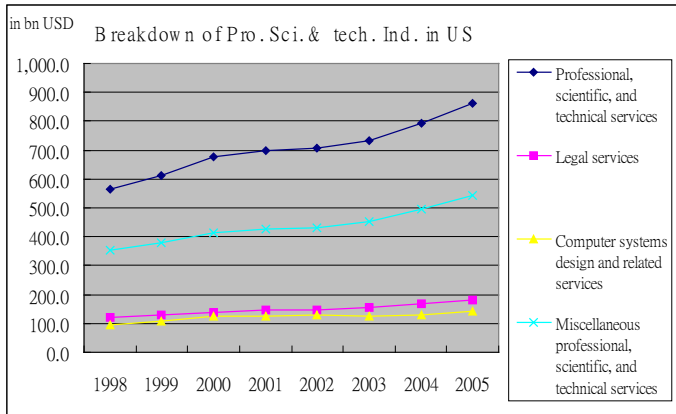
**World Energy Analysis**

	1 <sup>st</sup> Rank	2 <sup>nd</sup> rank	3 <sup>rd</sup> Rank	4 <sup>th</sup> Rank
Crude Oil	Saudi Arabia	Russia	USA	Iran
Natural Gas	Russia	USA	Canada	UK
Coal	China	USA	India	Australia
Nuclear Electric	USA	France	Japan	Germany
Hydroelectric	Canada	China	Brazil	USA

**GDP Analysis**

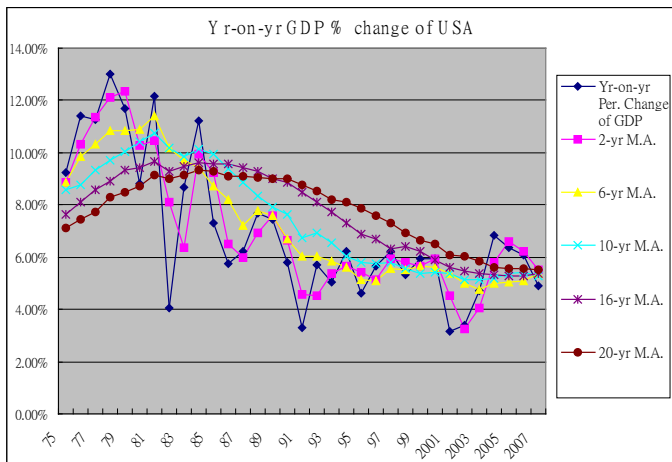




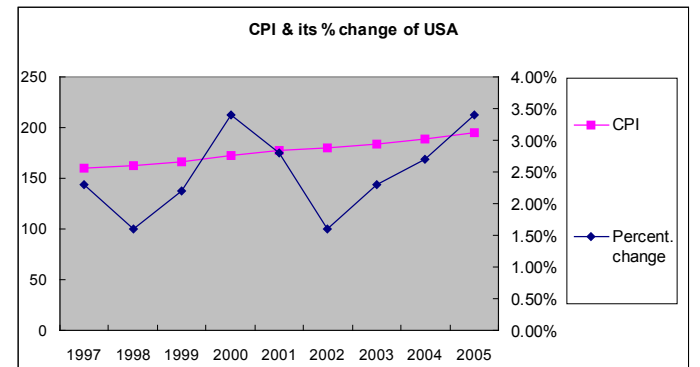


Social Aspects

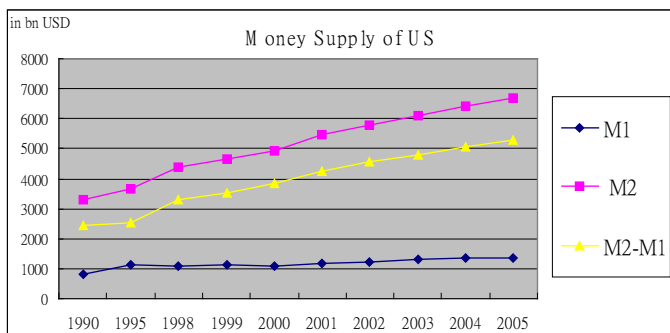
Races/ Ethnicity (2005)	Percentage
White	74%
African American	12.40%
Asian	4.40%
Native American & Alaskan Native	0.80%
Native Hawaiian & Pacific Islander	0.10%
Other/multiracial	8.30%



Income Distribution in year 2005	
Top 5 % of Popul.	\$ 166K per household
Top 20% of popul.	\$ 52.5K per individual; \$91.7K per household
Bottom 20% of popul.	\$12.5K per individual; \$19.2K per household
Gini Index	46.9 ( Yr 1967 : 39.7)



Money Supply



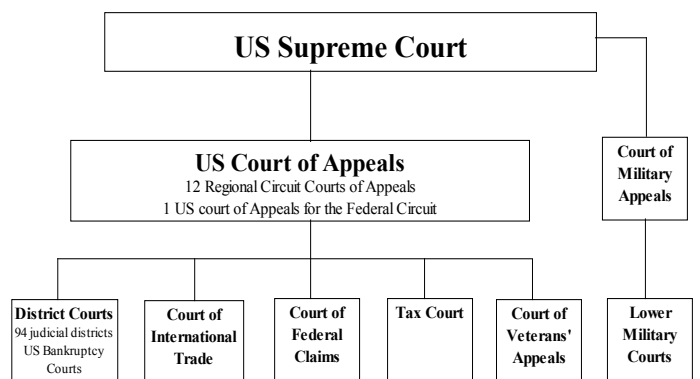
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The Global Competitiveness Ranking

Country	GCI ranking (2007-08)	Score	GCI ranking (2006-07)
United States	1	5.67	1
Switzerland	2	5.62	4
Denmark	3	5.55	3
Sweden	4	5.54	9
Germany	5	5.51	7

Legal

Legal Structure of the US Federal System Courts



Location	USA	China	HK	Macau
No. of population per lawyer	308	8108	1216	2428

## Natural Environment

### Water Conditions

	Rivers & streams	Lakes, reserv. & ponds	Coastal resources	Great Lakes shoreline	Ocean shoreline
Good	53%	47%	45%	NA	79%
Good but threatened	8%	8%	4%	22%	7%
Polluted	39%	45%	51%	78%	14%

### Air Conditions

Pollutant	Unit	Quality Standard	Yr2001	Yr2002	Yr2003	Yr2004
Carbon monoxide	ppm	9	3.2	2.9	2.7	2.6
Ozone	ppm	0.08	0.083	0.082	0.083	0.08
Sulfur dioxide	ppm	0.03	0.0047	0.0044	0.0043	0.0042
Particulates(PM-10)	$\mu\text{g}/\text{m}^3$	50	24.3	23.7	23.6	22.6
Fine particulates(PM-2.5)	$\mu\text{g}/\text{m}^3$	15	13.1	12.6	12.2	11.8
Nitrogen dioxide	ppm	0.053	0.017	0.016	0.016	0.015
Lead	$\mu\text{g}/\text{m}^3$	1.5	0.08	0.03	0.05	0.05

## Original Contents

### Introduction

The United States of America is the strongest country in the world. She is the leader in areas like technology, finance and industries. With a little more than two hundred years, USA has turned herself into one of the prosperous and advanced country in the world. The report is a brief account of some major macro studies of the country.

### Methodology

The report will pinpoint in several principle areas. These areas are: Political, Economic, Social, Legal, and Natural Environment. A general treatment of numerical description is utilised as much as possible to give readers a more precise picture of the country. USA being the strongest economic country, the report will spend a longer passage to describe the economic structure of her.

#### (1) Political

USA is a federal constitutional government comprising fifty states, a federal district and one incorporated territory. It is the world's oldest surviving federation. The first president and founder of USA, George Washington, intended to create a government based on an elaborate system of "checks and balances" and hence the establishment of the federal government.

Under this constitution, the sources of power were divided into three separate and distinct branches of government – the legislative, judicial and the executive. In details, the fundamental purpose, organization, and the workings of these three branches are set down in the first three articles of the Constitution of the United States. (Source: Wikipedia, the internet encyclopedia). Despite the passing of more than two centuries, this structure remains essentially unchanged. The following is the elucidation of the three branches.

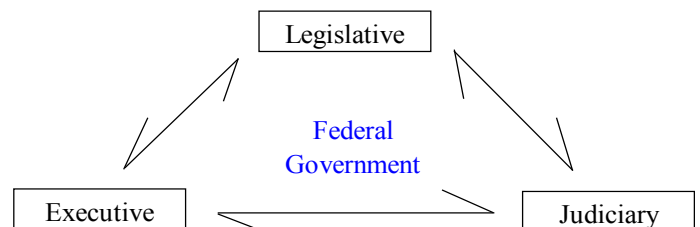
(I) The legislative branch – the bicameral Congress, makes up of the Senate and the House of Representative, which makes federal law, declares war, approves treaties, has the power of the purse by which it can remove sitting members of the government.

(II) The Executive branch – The president, the commander-in-chief of the military, can veto legislative bills before they become law, and appoints the Cabinet and other officers, who administer and enforce federal laws and policies.

(III) The Judicial branch – The Supreme Court and lower federal courts, whose judges are appointed by the president with the approval of Senate, interpret laws and can overturn laws they consider not comply with the Constitution. Exhibit 1 displays a brief structure of the Government.

#### Exhibit 1

Federal Government Structure in US



(Source: The New York Times ALMANAC 2008)

#### (2) Economic

The United States of America is a capitalist mixed economy, which is fueled with abundant natural resources, a well-developed infrastructure, and high productivity. The section will bring out the economy picture of the county, with her corresponding industry position relative to other countries and the breakdown of her GDP composite. This report will also investigate the country from a “world energy” point of view so as to understand how powerful USA is.

(2.1) Major Industries

USA has been in a leading production position in nearly various industries. Exhibit 2 to 3 show the world contribution of the USA in percentage in different industries.

Exhibit 2

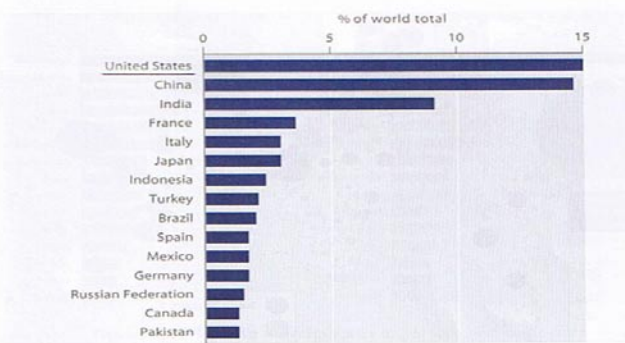


Figure 2.11 The world's leading agricultural producers  
Source: calculated from World Bank, 2005a: Table 4.2

(Source: The Global Shift Book)

Exhibit 3

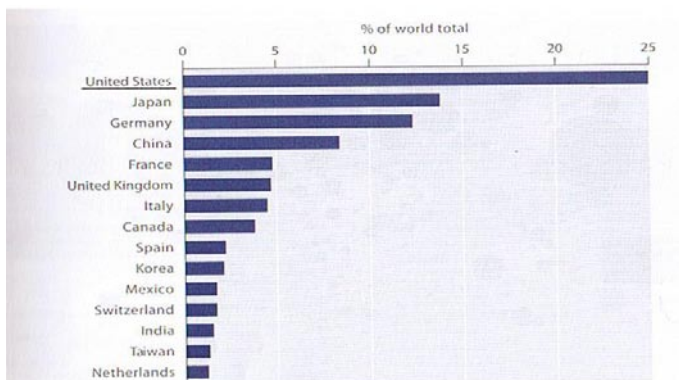


Figure 2.9 The world's leading manufacturing producers  
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(Source: The Global Shift Book)

Exhibit 4

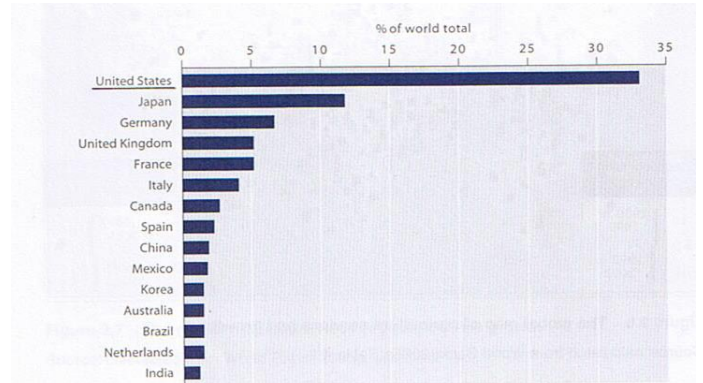


Figure 2.10 The world's leading services producers  
Source: calculated from World Bank, 2005a: Table 4.2

(Source: The Global Shift Book)

From the graphs above, one can perceive that the country is dominated totally all three industries in the world, with different weighting of influence, though.

(2.2) World Energy

The report takes another point of view - primary energy production, and look at this country. Natural energy of a country can be treated as a potential asset of it. The more nature commodity a country has, the greater the economy development power and influence it will have towards the world. This factor also relates to the political power of a country. Table 1 shows the top four primary energy production countries in the world.

Table 1

	1 <sup>st</sup> Rank	2 <sup>nd</sup> rank	3 <sup>rd</sup> Rank	4 <sup>th</sup> Rank
Crude Oil	Saudi Arabia	Russia	USA	Iran
Natural Gas	Russia	USA	Canada	UK
Coal	China	USA	India	Australia
Nuclear Electric	USA	France	Japan	Germany
Hydroelectric	Canada	China	Brazil	USA

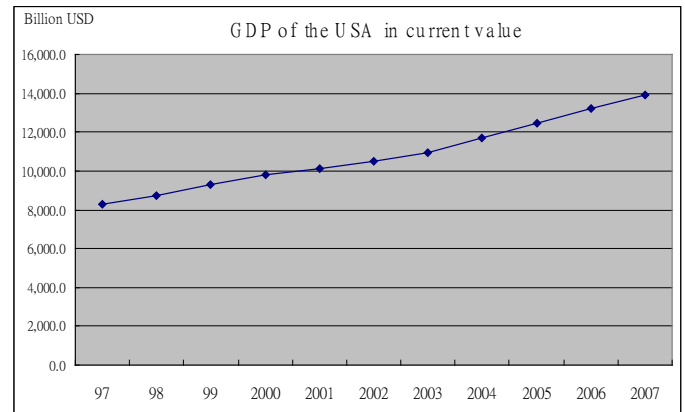
(Source: The New York Times ALMANAC 2008)

The commodities listed in the table are all major energies that people used a lot everyday in their countries. It is clear to understand that USA is one of the major energy producers for all these commodities. This situation never happens in other countries. This gives one a hint that the economic influence the United States has in the world. This also implies how powerful the country has.

(2.3) Gross Domestic Product (GDP) Analysis

The report will adapt a structural approach to investigate the main economy structure of the USA. Several major industries breakdown profile in terms of their GDP will be demonstrated in the following section. In the beginning, it starts from a macro GDP picture of the country. Exhibit 5 displays the GDP trend of US in the recent decade.

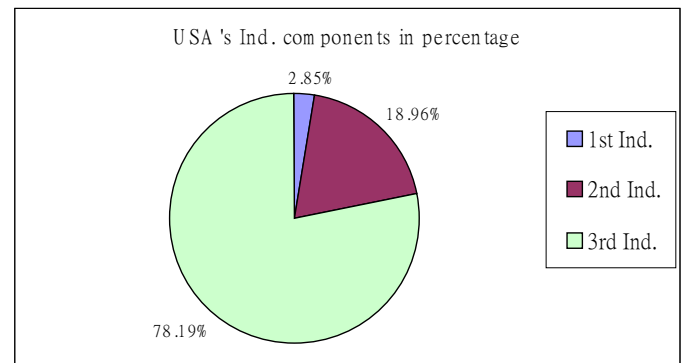
Exhibit 5



(Source: The 2008 Statistical Abstract – US Census Bureau)

Breaking down the USA’s economy into three major industries in proportion, Exhibit 6 shows the situation. USA, as a developed nation, is obviously the largest portion in the third industry as shown in the graph.

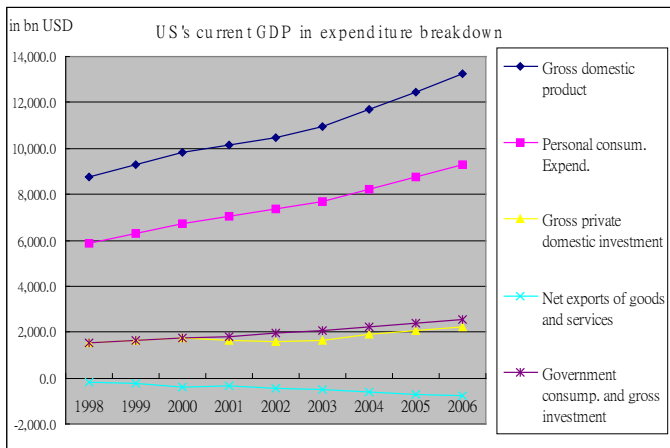
Exhibit 6



(Source: The World Factbook – CIA USGovernment)

Exhibit 7 shows the breakdown of US’s GDP in her expenditures.

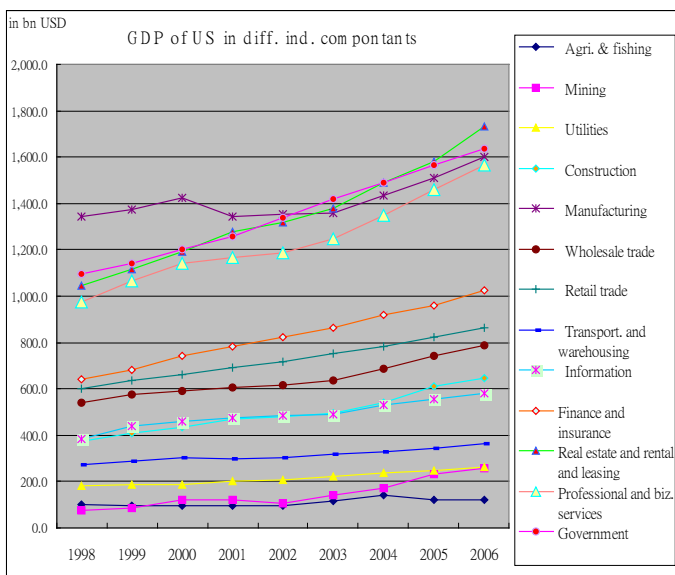
Exhibit 7



(Source: The 2008 Statistical Abstract – US Census Bureau)

By major industries category, the economy of US can be demonstrated in Exhibit 8.

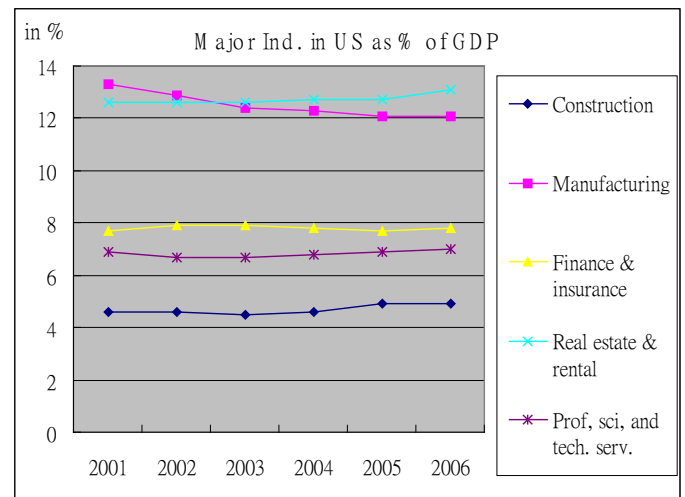
Exhibit 8



(Source: The 2008 Statistical Abstract – US Census Bureau)

It is found that several major industries cover a large portion of US's economy. These industries are: Manufacturing, Real Estate & Rental, Professional & Business Service, Finance & Insurance and, lastly, government. The major industries can also be expressed graphically in percentage share of the GDP as shown in Exhibit 9.

Exhibit 9

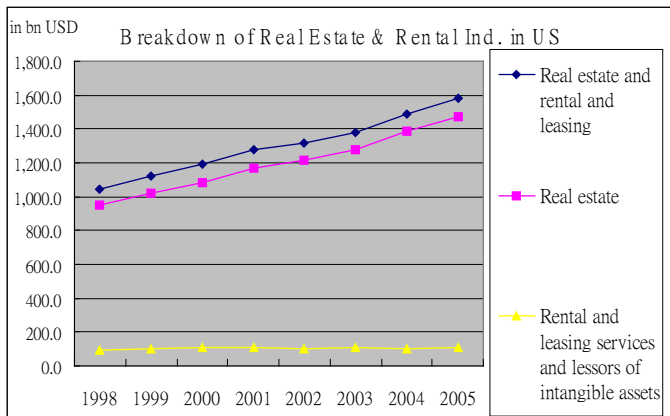


(Source: The 2008 Statistical Abstract – US Census Bureau)

From the graph above, one can see that the largest economy portion in terms of the GDP in US are Manufacturing and Real Estate then comes the Finance and Insurance and followed by Prof. Science and Tech Service. These industries are fairly evenly distributed as expressed by the percentage.

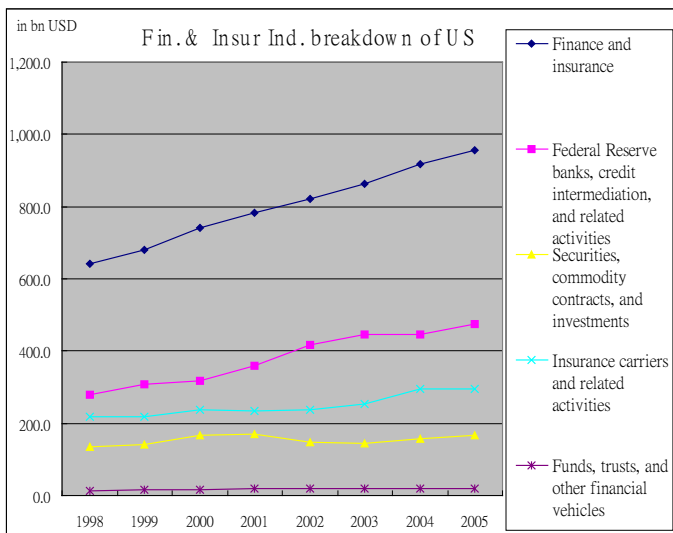
The next step is going to further subdivide something of the main industries and look at its components. The main industry areas are: Real Estate; Finance; and Professional, Science and technical Service. Exhibit 10 to 12 show the details.

Exhibit 10



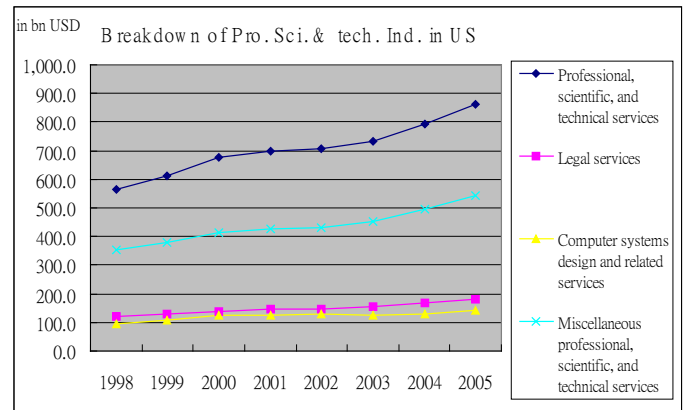
(Source: The 2008 Statistical Abstract – US Census Bureau)

Exhibit 11



(Source: The 2008 Statistical Abstract – US Census Bureau)

Exhibit 12

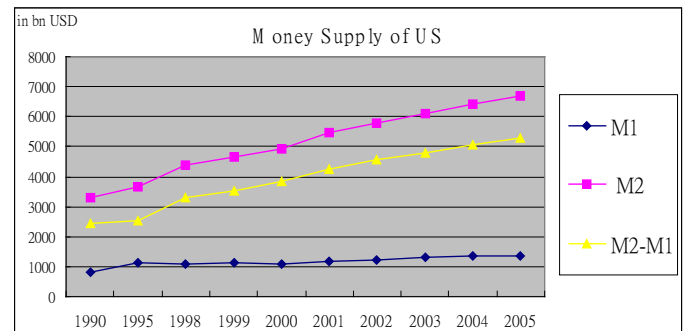


(Source: The 2008 Statistical Abstract – US Census Bureau)

(2.4) Money Supply

Exhibit 13 displays the money supply situation of US.

Exhibit 13



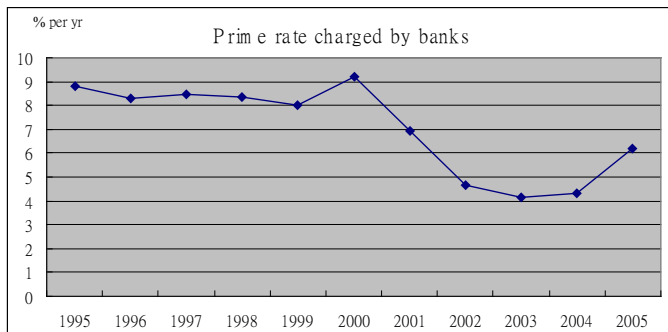
(Source: The 2008 Statistical Abstract – US Census Bureau)

Obviously, M2 outstrips the M1 in amount for a lot and the gap is getting larger.

## (2.5) Interest Rate by Bank

Exhibit 14 shows the prime interest rate by the bank in US.

Exhibit 14



(Source: The 2008 Statistical Abstract – US Census Bureau)

## (2.6) The Global Competitiveness Ranking

The World Economic Forum publishes a report concerning the global competitiveness ranking in the year 2007-08 among the countries in the world. The US is ranked as the first position consecutively. The following Table 2 shows the data and some other countries' rankings.

Table 2

Country	GCI ranking (2007-08)	Score	GCI ranking (2006-07)
United States	1	5.67	1
Switzerland	2	5.62	4
Denmark	3	5.55	3
Sweden	4	5.54	9
Germany	5	5.51	7

(Source: The Global Competitiveness Rpt – World Economic Forum 2007)

From the table, one can see that most of the top ranking countries has made progress and the US first ranking position is kept unchanged. This tells the world how powerful the US, as a country, has.

## (2.7) A Brief Comments on the Economic Structure of the US

The approach this report adopted in studying the economy of USA is a structural analysis of the system. Several main points can be concluded about the economic system after looking at the graphical descriptions from the above.

### (I) Dominating in the Main Industries

In terms of the primary, secondary and tertiary industries, the US is a dominator in the world; As she is the top contributor in terms of the world's share proportion. This reveals a strong position of the nation in the world.

### (II) Resourceful in Most Natural Energy Types

From table 1 shown, the US is in the top three producers in all the world's major natural energy production. Natural resources are valuable fixed assets for a nation. The more quantity a nation has, the more powerful the nation will be in the economic growth of it. Nowadays, with the highest technology support, US has a strong negotiation power in the world's economy.

### (III) Evenly Distributed Economic Structure

The US's economy is a fairly evenly distributed economic system. This characteristic will benefit most when a country has gone into an economic recession. The concept is similar to the one used in investment, or a basket of investing products. Structurally, an even distributed system can provide an equally economic development and reduce the potential risk to a minimum. The economic driving force can be utilised more thoroughly.

### (IV) A Resilient Economic System

When one investigates the GDP changes in the USA after those major economic slump downs, it is worth noting that a swiftly economic recovery can be found. This gives a sign that the economy system of the country is fairly resilient in nature. This is the operational character of the whole system.

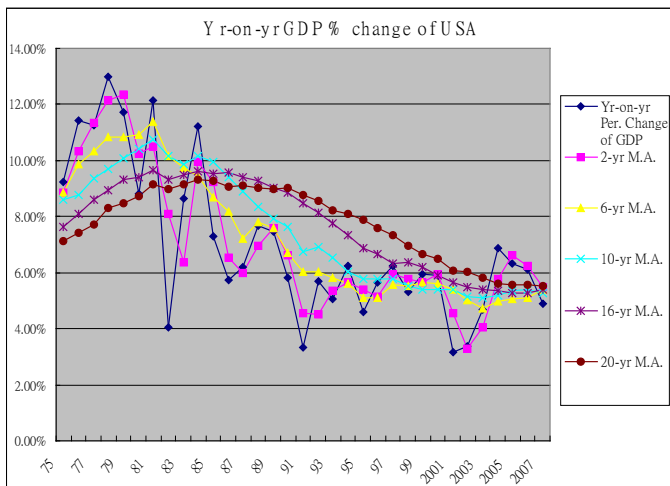
### (V) Contribution from the Federal Bank in Financial Sector

In terms of the proportion for those major industries in the US, Finance and Insurance sector is only the third by ranking followed by Real Estate and Manufacturing industries. Exhibit 11 above further explores the components of the sector by broken down the Finance & Insurance industries. From the graph, Federal Bank and the related activities have played a dominant contribution for the whole industry. This implies Federal Bank always makes a big contribution even after the year 2000 when the bursting of technology bubble in the US. In the recent sub-prime crisis that exposed in the year 2007, there is a high chance Federal Reserve Bank will step in with measures to smooth out this huge hidden problem.

### (2.8) Outlook of the US Economy

The above comments are based on the economy structure of the USA. Another approach of looking at the economy of the country is studying the dynamic trends of it. It is done by plotting the yr-on-yr percentage changes of GDP together with the moving average lines. Exhibit 15 demonstrates the phenomena of it.

Exhibit 15



(Source: The 2008 Statistical Abstract – US Census Bureau)

From the graph shown, there is a gradually decreasing in the year 2005-06 for the yr-on-yr GDP growth after a strong rebound in the year 2004. This implies there might have a chance that the economy of the US is starting to slow down. The main points after studying the dynamic graphs are listing in the following section.

#### (I) Slow Down Trend Persist in Short Term

A slowdown trend will persist with a slight oscillation for some years. A vibration situation is presumed as potential uncertainty factors are haunting in the US economy market. There is not a conspicuous up or down trend developed at the moment.

#### (II) Possible Positive Outlook in the Long Run

The blue yr-on-yr line is now above the 20-yr moving average (MA) line after the year 2004. Under the assumption that if this trend persist for further 2 to 3 years, a slightly more positive outlook will possibly happen in a long run. That is after a period of 5-10 years.

#### (III) Chance of Big Recession

The change of have a big recession in US's economy in the year 2008 is slim. It is concluded from a sound economy structure with now a more proactive precaution measures taken by Federal Reserve Bank and considering the periodic recession cycling time pattern deduce from the graph.

#### (IV) Sub-Prime Crisis

At this moment due to the obsession of sub-prime problem lingering in the financial market, it seems that the sentiment is overwhelming the whole market. New monetary policy and budgetary policy are recently for the revitalization of US's economy. The point of view is US's economy is at the middle of the road. A cautious rigid handling of it is very essential by the Government. The critical period is on the first half of the year 2008.

## (2) Social Aspect

The United States is a very broad country with diverse population. The population is estimated by US Census Bureau amount to 300 million. (Source: Wikipedia, the internet encyclopedia). Whites are the largest racial group with African American, mostly descendants of former slaves, constitutes the nation's largest racial minority. German American, Irish American and English American constitute three of the country's four largest ancestry groups. Asian American is the country's second largest racial minority; The two largest Asian American ancestry groups are Chinese and Filipino. Table 3 is the racial composition of the country.

Table 3

Races/ Ethnicity (2005)	Percentage
White	74%
African American	12.40%
Asian	4.40%
Native American & Alaskan Native	0.80%
Native Hawaiian & Pacific Islander	0.10%
Other/multiracial	8.30%

(Source: US Census Bureau)

The second aspect this report concerns is the living standard and income of the society. Between 1967 and 2005, median household income rose 30.6%, largely due to the growing no. of dual-earner households.

Though the standard of living has improved for nearly every class since the late 1970s, income equality has grown substantially. The share of income received by the top 1% has risen considerably while the share of income of the bottom 90% has fallen. The gap between the two groups being roughly as large in 2005 as in 1928. (Source: Wikipedia, the internet encyclopedia).

The following table 4 shows the income distribution and Gini Coefficient of US. According to the standard Gini index, income inequity in US is higher than in any other European nations.

Table 4

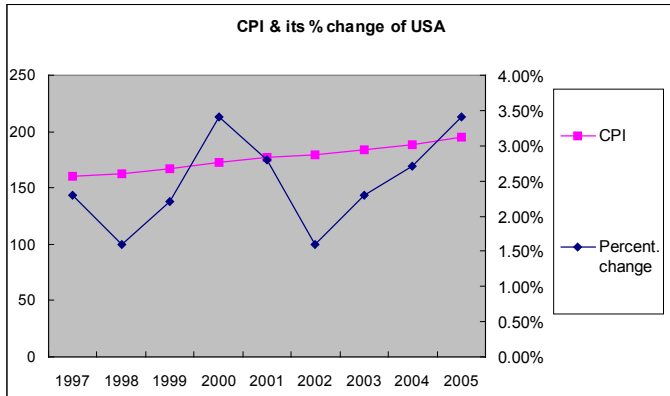
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Top 5 % of Popul.	\$ 166K per household
Top 20% of popul.	\$ 52.5K per individual; \$91.7K per household
Bottom 20% of popul.	\$12.5K per individual; \$19.2K per household
Gini Index	46.9 ( Yr 1967 : 39.7)

(Source: US Census Bureau)

(3.1) Consumer Price Index (CPI) Trend

Exhibit 16 shows the CPI trend of US in recent 10 years.

Exhibit 16



(Source: The 2008 Statistical Abstract – US Census Bureau)

The CPI, an indicator of living standard, is gradually increasing in the recent 10 years. By looking at the yr-on-yr rate of changes, it demonstrates an oscillating pattern.

(3.2) Crime Rate

The following table 5 displays the crime rate in USA and compares with some places in Asia.

Table 5

Locations	USA	HK	Macau	GZ	China
Crime no. in every 100K Population	3983	1115	2159	416	482

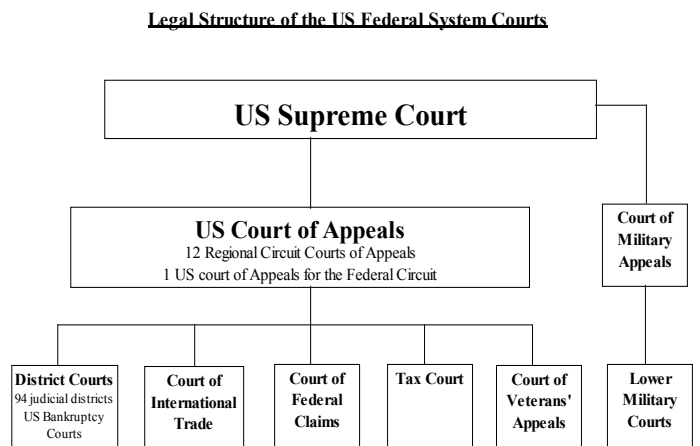
(Source: The 2008 Statistical Abstract – US Census Bureau, HK, Macau & China Census Depart)

(4) Legal Structure

The legal structure of US is called the Federal System Courts. The highest is the Supreme Court; The lower court is called Courts of Appeals then followed by District Courts for the district legal matters.

Exhibit 17 displays the legal structure of the US Federal System Courts.

Exhibit 17



(Source: Legal Systems of the world Page 1703)

As for the lawyers' ratio to her population in the US, Table 6 shows the figures and comparison with other places.

Table 6

Location	USA	China	HK	Macau
No. of population per lawyer	308	8108	1216	2428

(Source: The 2008 Statistical Abstract – US Census Bureau, HK, Macau & China Census Depart)

There is a huge differentiation of no. of population per lawyer between USA and the other Asian places. This implies a distinction between developed countries and developing countries. The ratio is much lower in the US than that of Asian countries.

#### (5) Natural Environment

The principle federal agency responsible for pollution abatement and control activity is the Environment Protection Agency (EPA). It is responsible for establishing and monitoring national air quality standards, water quality activities, solid and hazardous waste disposal, and control of toxic substances. Studying are performed regularly and released the results to the public. The following lists out the findings in water and air conditions as a reference.

#### (I) Water Pollution

Water quality conditions of the US are shown in Table 7.

Table 7

	Rivers & streams	Lakes, reserv. & ponds	Coastal resources	Great Lakes shoreline	Ocean shoreline
Good	53%	47%	45%	NA	79%
Good but threatened	8%	8%	4%	22%	7%
Polluted	39%	45%	51%	78%	14%

(Source: The 2008 Statistical Abstract – US Census Bureau)

The data reveals that water conditions for good and polluted are nearly half to half with slightly better water quality in some areas like rivers and ocean shoreline.

#### (II) Air Pollution

In air pollution aspects, the national air pollutant concentrations by types of pollutant are shown in Table 8.

Table 8

Pollutant	Unit	Quality Standard	Yr2001	Yr2002	Yr2003	Yr2004
Carbon monoxide	ppm	9	3.2	2.9	2.7	2.6
Ozone	ppm	0.08	0.083	0.082	0.083	0.08
Sulfur dioxide	ppm	0.03	0.0047	0.0044	0.0043	0.0042
Particulates(PM-10)	$\mu\text{g}/\text{m}^3$	50	24.3	23.7	23.6	22.6
Fine particulates(PM-2.5)	$\mu\text{g}/\text{m}^3$	15	13.1	12.6	12.2	11.8
Nitrogen dioxide	ppm	0.053	0.017	0.016	0.016	0.015
Lead	$\mu\text{g}/\text{m}^3$	1.5	0.08	0.03	0.05	0.05

(Source: The 2008 Statistical Abstract – US Census Bureau)

In air quality control aspect, most of the air pollutants are control under the Air Quality Standard and some air pollutant concentrations are gradually reduced.

## Conclusion

The United States of America is a resourceful land with very ranking position in terms of the competitiveness. She is the most powerful economy in this world for over half a century. The report is a brief description of her with the main focus on her economy and studying the successful factors behind. The well-built economic structure by which has been established in the last several decades contributes the accomplishments of the big country.

It is pretty clear that US economy is going to wane in this coming one or two years. Financially, the US is obsessed by the sub-prime crisis and has made strong impacts on the financial markets in the world. It is to iterate the infrastructure of the US is still going well. Though sentimental factor hovering in the market, it is believe that US can overcome this problem. All in all, analysis is based on the facts and not on the emotional senses.

- End Of Report -

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