

Casual observers will have difficulty determining the capabilities of our country's allies and adversaries. People tend to believe that various nations have similar capacities to exert influence on the international stage. This general perception is far from the truth. International relations are not an interaction among equals. International conflicts and confrontations are not fair fights.

The economists' statistic, Gross Domestic Product (GDP), is a reliable indicator of how much influence a country has on the world stage. GDP measures the value of the output a country produces. This output provides a country with purchasing power that it can devote toward any goal – including exerting influence internationally. For example, a country with a large GDP can afford to build a large military, or it can restrict another country's exports to its very lucrative market. This country's threats of military engagement or trade restrictions will be feared by other nations because of the large impact such actions could have. On the other hand, a country with a small GDP does not have the resources to build a large military and its threat to block trade access to its markets is not very consequential to other nations since its consumers and firms cannot afford to buy very much. Other nations will mostly ignore threats from countries with small GDPs.

Consider the GDP of two countries. The United States has a GDP that is over \$20 trillion, while Russia has a GDP of only \$1.66 trillion. These numbers are so big that it is hard to wrap our minds around what they imply about each country's capabilities. A better way to evaluate a country's GDP is to identify the U.S. state that has a similar GDP. We all have a general sense of the economic power of individual U.S. states. We have traveled to many of the states and learned about them in school and from the news. In order to find the state GDP that corresponds with a country's GDP, I used data from the websites of the World Bank and the Bureau of Economic Analysis.

India, France and the United Kingdom have GDP's that range from \$2.7 to \$2.8 trillion. These three countries each have a GDP that is less than California's \$2.9 trillion GDP. Russia, a major U.S. adversary, has a GDP of \$1.66 trillion, which is roughly equivalent to the GDPs of either Texas or New York. Think about this. Russia has the economic resources that are equivalent to just one of our large states. South Korea has a GDP that is also in this general range. Iran, which seems to be in the news daily, has a GDP that falls in between the GDPs of Maryland and Michigan. Finally, the Ukraine, while in the news quite a bit, only has a GDP that is roughly equivalent to the GDP of Arkansas.

The U.S. economy is staggeringly large. It has so many resources that other countries cannot compete. Many of the interactions among other nations and the U.S. should not be thought of as a dialogue among equals. Instead, it is more accurate to characterize these interactions as the U.S. dealing with a country that only has the resources of a single state in the U.S.

Joe McGarrity is a Professor of Economics at UCA. He can be reached at joem@uca.edu.