

Breakdowns that international wars brings to businesses

The war costs human's lives but if you put aside the real human cost, war has also caused serious economic costs which include the decline in the population, uncertainty, loss of buildings, infrastructure, an increase in debt, and disruption to normal economic activity.

If you see the global war, then it has an enormous impact on international business, depending on the countries involved in the war, you would have also seen that some countries or companies are forced to produce war equipment. Also, the labor force will be directly affected by the defense forces, because it reduces the manpower that is available in the industries if they still exist.

The impact of wars in International business includes an increase in the price of a commodity which is manufactured in participating countries or detainment in large quantities, sanctions (reducing the level of foreign transactions), concentration of expenditure on capital goods, increasing debt, and rising wages.

Here are some of the reasons which shows that wars badly affects the business sector:

- **Inflation**

In some circumstances, war leads to inflation that includes huge loss of people's savings, uncertainty, and loss in the financial system. High inflation hits the most to the middle-family and poor family income savers as they see the value of their savings wiped out.

In case if international war occurs then the price of several commodities like food, energy and services will increase and

this will lead to an unstable business and economy of the country. Inflation will affect the business by affecting the cost of doing business, borrowing money, mortgages, corporate, and government bond yields, and every other facet of the economy.

- **National debt**

Wars can cause a rise in public sector debt. The government borrows a lot of money for war because of the patriotic support for the war effort. Both the First and Second World Wars have proved that wars lead to the national debt and the UK has suffered this in both world wars.

In both cases, the national debt rose rapidly and in the post-war times, the debt was increased due to reconstruction and the creation of the welfare state.

- **Financial destruction**

Though war can provide a temporary benefit to domestic demand, you all know the consequences that war brings. It clearly shows that wars bring the opportunity cost of military spending, but this costs the lives of humans, the cost of reconstruction after the devastation of war. Also, it depends on the war, how long it will take, and where and how it is fought.

- **Cost of war**

Wars have a devastating impact on the economic growth and development of countries that are involved in the war. Involved countries will face collapse in foreign investment, tourism, and domestic investment. Also, it will affect the GDP and shorter life-expectancy of the country. And these wars can increase the availability of weapons which will lead to an increase in rates of armed violence and organized crime.