

Theoretical Analysis and Quantitative Evaluation of the Influence of War on Investment

Feng GAO, Ling ZHANG, Jianshe ZHOU, Li ZENG

College of Social Science and Humanities

National University of Defense Technology, Changsha 410073,China

Abstract: The war is always closely integrated with economy and deeply affects it. The investment is the active factor in the economic activities, with a huge investment to stimulate economic growth. Therefore, the study of the impact of war on investment is an important component of the great impact of the war on economy. The losses of economic growth and development owing to the war can use the war economic losses to measure. The losses can be divided into direct economic losses and indirect economic losses. The war to the economic cost which influences the investment should calculate in the indirect cost. This text sets out from the war economic costs angle aiming at the long-term and short-term impacts analysis. The analysis shows: the war on the investment lead to the increment of investment in the short-term and the long-term impact of the changes arising from the increment of investment from three levels of war changes. First, before the outbreak of war, the uncertainty of the impact of the increment of investment, secondly, the war broke out on the short-term impact of the increment of investment. Thirdly, after the end of the war on the long-term impact of the increment of investment, correspondingly, the increase in the gross domestic product is changed. The article integrates theoretical analysis, the introduction of gross domestic product of wartime and post-war economic recovery which is assumed as the "blowout" type. Through establishing quantitative model author do some quantification appraisal research. The results showed: The changes caused by war in the increment of investment, and then create indirect economic losses, but by changing the appropriate control variables, the loss can be effectively controlled. From this the enlightenment which obtains is: First, for enhances the national economy anti-war to attack the ability, preventing the civil economy in wartime withering, must moderately balance the peace time and wartime the defense spending. At the same time, we must pay special attention to interaction between defense investment and civil investment, bring investment into play the function in the economic development and the national defense development, specially national defense research and development and civil scientific research mutual promotion. Furthermore, the focus on post-war reconstruction, the post-war economic recovery to raise capacity in peacetime, in peacetime we must attach importance to the economic development process for economy recover.