

# **Building a War-Proof Economy: Strategies for Sustainable Peace and Economic Stability**

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## **Abstract**

The article explores the concept of building a war-proof economy to ensure a peaceful and stable future. It highlights the devastating impact of wars on global GDP and the importance of sustainable peace to create opportunities and inclusive institutions. By examining historical conflicts and their economic consequences, the paper draws valuable lessons for formulating a resilient financial system. The research identifies key strategies, including investing in defense and infrastructure, diversifying investments, protecting the financial system through regulations and risk management, and crisis management and contingency planning. It emphasizes the significance of global cooperation to prevent wars and promote economic stability. The study concludes that a war-proof economy can withstand the shocks of conflict and foster economic stability, ensuring a prosperous future. This research contributes to the academic realm by enhancing knowledge and understanding of war-proof economies and their potential implications for peace and prosperity.

## **Keywords**

War-proof Economy, Consequences of War on Economy, Sustainable Peace, Resilience, and Stability in Economy

## **1. Introduction**

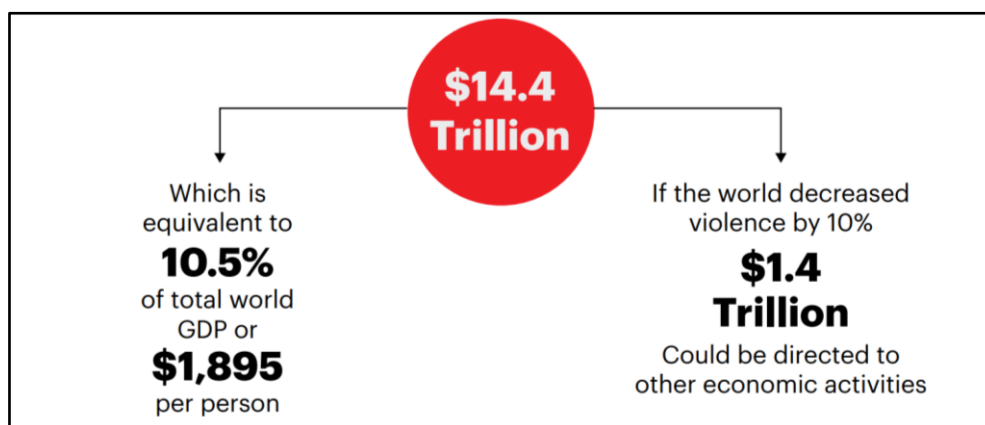
Intellectual extremism and terrorist activities thrive in environments that are distinguished by civil wars, ethnic and religious strife, the repression, and degradation of human rights, as well as impoverishment, a paucity of possibilities, and restricted access to natural resources. The threat of targeted assassinations, bomb blasts, and suicide attacks has meanwhile turned into a daily worry for the populace across many towns throughout Africa, the Middle East, and South Asia. In many states of the European and Transoceanic Society of Beliefs, secular liberal democracy is currently dealing with internal problems that have never been seen before. With Britain's imminent exit from the European Union, the most substantial peaceful settlement of

the twentieth decade is now being put to the greatest challenge. Solitary and exclusion, however, would not improve our planet or countries or encourage the protection of our wealth, growth, and thriving world economy.

### 1.1 Consequences of War on GDP and Peace: Across the World

The IEP (IEP, 2021) estimates that in 2020, the global economic cost of violence will be approximately USD 14.4 trillion, which is equal to the total Gross Domestic Product (GDP) of China, the world's most populous nation. It accounts for 10.5% of the global economy and produces a burden on every citizen of this planet of around USD 1895. However, if humanity were to be eradicated from the violence, the effect would be reduced by 10% annually, saving about USD 1.4 trillion, or about as much as the economies of Brazil or Russia.

**Figure 1: Violence effect on the world's economy**



(IEP, 2021)

As illustrated in the Global Peace report, Russia and Eurasia experienced the greatest decline in the calm, followed by North America. Because of the war between Russia and Ukraine, indicators like the percentage of refugees and internally displaced people (IDPs), political turmoil, and diplomatic violence all have seen massive increases. Indicators for refugees and internally displaced persons (IDPs) and political chaos, as compared to 2021, showed the steepest decreases. The average national ranking has declined by 3.2% over the preceding fourteen years, reflecting a decline in peace and harmony in the world. Out of 163 countries, 84 countries are demonstrating a steep decline in their peace index, however, the remaining 77 countries show a positive digit in the ranking list.

## **1.2 The Importance of War – Proofing the Economy**

The word “Peace” can be understood with the condition in which there is little or no violence and mutually acceptable relationships among people, families, groups, communities, and/or countries. On the other hand, the word “Violence” can be explored as the “social, economic and political conditions embedded in the social structure that systematically distribute violence, inequality, injustice or lack of access to social services that contribute to the deaths, poor health, or repression of individuals or groups of individuals within a society” (Strachan, 2013).

To build a war-proof environment, a more comprehensive idea than stability or growth is sustainable peace: it creates possibilities for all while establishing inclusive and transparent institutions, and it includes all “actors—local, national, and international, both formal and informal, looking beyond national boundaries. Additionally, it rebuilds the social fabric and human capital destroyed by war while addressing past and present grievances” (Huang & Throsby, 2011). However, perseverance and a long-term outlook will be rewarded in the process that lasts for a long (Dunne, 2017). Some of the global incidences can prove this already such as unaddressed border disputes in the erstwhile Yugoslavia states might eventually be concluded to following a couple of years of war and genocide. The populations of these states are heading more and more towards Europe. West African states have emerged victorious from brutal civil wars and built the framework for a recovery in the economy.

In today's world, the potential for war is always present, and the economic consequences of war can be devastating. War can lead to economic instability, financial market volatility, and widespread economic hardship. Therefore, building a war-proof economy is essential to ensure a peaceful future. In this article, the strategies for building a war-proof economy that can withstand the shocks of war and promote economic stability in the aftermath are explored.

## **1.3 Background**

### **Historical Examples: Lessons from the Past**

The historical examples of wars provide valuable lessons for building a war-proof economy. The economic turmoil of the 1930s, known as the Great Depression, was triggered by the aftermath of World War 1, and it highlighted the significance of investing in both defense and infrastructure. Taking a quick look at the US economy, the total debt was over 120% of GDP,

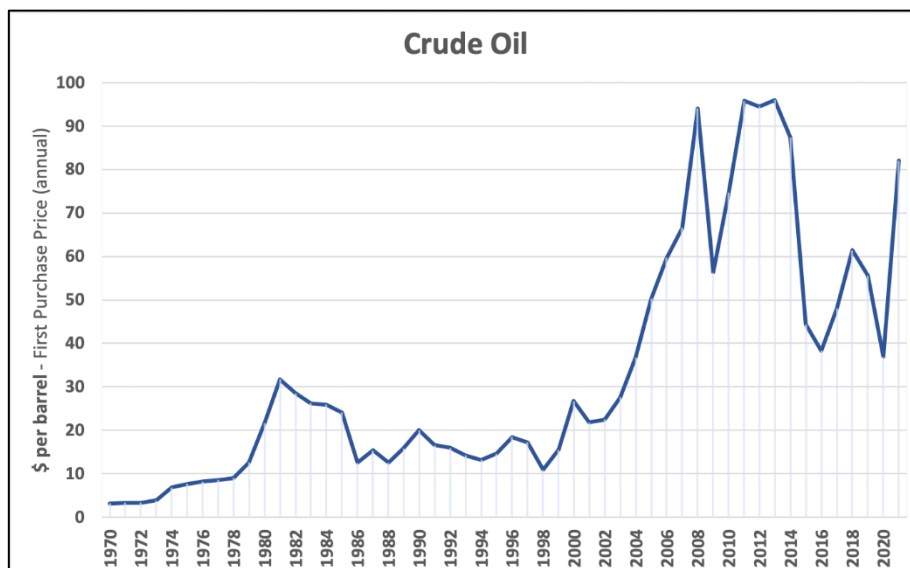
and after the end of World War 2, tax revenue jumped over threefold, to over twenty percent of GDP (Broadberry & Howlett, 2005; Harrison, 1998).

Other wars like the Korean, Vietnam, and Cold War and their impact on the US economy are also analyzed from several resources. The Korean and Vietnam wars were responsible for introducing inflation; however, GDP rose in both wars, and, at the end of 1966, GDP peaked at 7.3%. During the period of the early Cold War (1946-1973), the United States experienced high levels of inflation. On the other hand, the USSR requested substantial decreases in taxes to stimulate the economy in 1980 (Betts, 2021). The Soviet Union was going through stagnation in its finances and finding it harder and harder to compete with the West by the early 1980s. The support of communist regimes promptly dropped because of monetary difficulties, and the Berlin Wall was pulled down in November 1989 (Jackson, 2013).

### Cost and Benefit of war

Cost-push inflation can occur during a conflict as a result of a lack of products and services and increased prices for basic commodities like oil. (Interestingly, price controls and rationing prevented inflation during the Second World War.) A country's capacity to manufacture commodities may be severely decreased after a conflict, which can lead to hyperinflation as governments scramble to print money to make up for the shortage of goods.

**Figure 2: Cost effect of war**



(Pettinger, 2022)

In the mercantilist era, before there was significant commerce, taking riches and territory from other nations was a strategy to boost one's economy. The cost of the conflicts was relatively low since the army could support itself and there were no weaponry expenses. Therefore, the economic gains of attacking nations could outweigh the risks. According to appropriate weights set by social values, a battle may result in saving or losing human life, as well as gaining or losing economic worth and influence (Hausken, 2016). But contemporary warfare is completely different. The cost of operation is quite high given all the technology. Modern armies require food, fuel, and armaments. Second, as commerce becomes more important to a country's economy, the globe is becoming considerably more integrated. Russia 2022 is one example of a nation that risks severe economic penalties if it engages in unlawful warfare (Pettinger, 2022).

From certain perspectives, war can bring about geopolitical gains by helping nations acquire territory, resources, and influence. It may also lead to resolutions of conflicts and oppressive regimes, fostering positive changes in governance. Furthermore, wars can drive technological advancements through increased research and development for military purposes and temporarily stimulate certain industries in times of conflict. However, it is essential to remember that the costs of war, including human suffering, economic strain, and long-term consequences, far outweigh these potential benefits.

War's costs, encompassing human suffering, economic strain, and long-term consequences, far outweigh potential benefits. Diplomacy and peaceful resolution are vital for stability and prosperity, emphasizing prevention over armed conflicts.

#### **1.4 Research Question**

- Explore the factors that play a crucial role in formulating the foundation of a War-Proof Economy.
- Determine the Strategies for Resilience and Stability to Build a War-Proof Economy.
- Assessment of the consequences and impact of War on Financial Markets.

#### **1.5 Importance of the Study**

To ensure a peaceful future, it is crucial to create an economy that is impervious to conflict. In this article, the methods for creating a war-proof economy that can withstand the shocks of

conflict and foster economic stability afterward are examined. This is done by examining historical conflicts that can teach important lessons for creating an economy that can withstand war and incorporate elements like investing in infrastructure and defense, crisis management, and contingency planning, among others. Furthermore, this manuscript can be used for enhancing knowledge and understanding related to the theme and the subject in the academic world, where researchers and scholars can connect the past, present, and future in one work.

## **1.6 Research Objectives**

The focus of this research is to examine and analyse the following main objective(s):

- The purpose of this study is to identify and examine the factors that are critical in developing a financial system that is resilient to the effects of war.
- To identify the Strategies for Resilience and Stability to Build a War-Proof Economy.
- Moreover, estimate the consequences and impact of War on Financial Markets.

## **1.7 Research Methodology**

A study methodology is a methodical approach to choosing the best systematic framework to explore the study in the most effective way. Research methodology offers a scientific logical framework for processing information in a significant and orderly way in addition to helping to grasp the research's requirements. Qualitative research is a worthy and desirable methodology, according to the manuscript's goal. It is customary to use previously published materials, such as books, journals, and articles, as well as international websites and other electronic tools when performing secondary research. Some of the international organizations used to obtain data like GPI (global peace Index-UNESCO), NATO, UN, and others. To conduct this research, the paper opts for a secondary research methodology that relies on gathering data from earlier, related studies. To determine how war-proof economies can be formulated, the research relies on past evidence. This study examined several case studies from various nations and identified common factors.

## **2. Literature Reviews**

### **2.1 War and Economy**

The study conducted by (Kumari, Pandey, Kumar, & Xu, 2022) focuses on examining how territorial disputes impact stock markets by investigate the impact of six incidents related to

the escalating border dispute between India and China in 2020. Some economic performance factors, such as operating cash flows, net working capital play a critical role in determining the extent of negative returns. (Kumari, Kumar, & Pandey, 2023) looks at how the major equity indexes in the European Union shall react to a Russian invasion of Ukraine in 2022. The results demonstrate that negative event days influence the indexes of stocks. (Mbah & Wasum, 2022) cited that the economic effects of this Russia-Ukraine war have been devastating for Russia's economy, and they have since begun to be sensed by the remaining nations of the globe. Following the outbreak of the war, the prices of petroleum, natural gas, and other commodities experienced a sudden surge, causing a significant increase in inflation rates. (Ganegodage & Rambaldi, 2014) indicated that both immediately and later, the war had substantial and detrimental effects (loss of 9% of GDP annually on average) along with the high return on physical wealth that had only minor economic repercussions.

## **2.2 Peace and Economy**

This study (Bayar & Gavriletea, 2018), examines how terrorism, growth, and peace interplay in 18 nations in the MENA region between 2008 and 2014. In response to the investigation, war, and terrorism had an adverse effect on GDP growth whereas an atmosphere of tranquillity had a positive impact. (Coleman & Williams, 2021) cited that countries with tranquil surroundings develop faster compared to those with conflict. (Egel, Efron, & Robinson, 2021) stated that the Abraham event, which established diplomatic ties between Israel and other Muslim nations like the UAE, Bahrain, Sudan, and Morocco, represented a new move toward promoting peace rather than conflict in which nations share a comparative perspective on economic prosperity. According to the study, the Arab nations' economies could advance by more than 1 trillion USD and 4 million fresh employment opportunities could be created because of this initiative.

## **2.3 Research Gap**

The academic community has long studied the subject of conflict and peace. There are numerous articles that demonstrate how war affects the social, economic, and political perspectives of a specific nation and the entire globe. In the meantime, several articles that explored historical conflicts and war in order to provide a broad view of security and peace were published. These articles concentrated on economic development and peace in the context of war. Except for a few articles released by internationally renowned organizations like the Global Peace Index and the United Nations, very little to none of the study focused on

developing a financial economy that is war-proof for a peaceful future. To close the gap, this paper emphasizes how the justification for the financial system can be developed for a globally sustainable future.

### **3. Analysis of the Study**

The data analysis can be divided into several parts to meet the objective and define the research question.

**Question: 1** Explore the factors that play a crucial role in formulating the foundation of a War-Proof Economy.

To build a war-proof economy, governments and financial institutions should focus on the following strategies:

#### **3.1 Strategies for War-Proof Economy**

##### **Investing in Defence and Infrastructure**

It is critical to building a war-proof economy. Governments should prioritize investments in defense, transportation, energy, and communication infrastructure. These investments can create jobs and stimulate economic growth, providing a foundation for a resilient economy. Additionally, investment in defense can deter war, providing a more secure environment for economic growth.

Some of the prominent instances where leading countries came together to boost global infrastructure for building a peaceful and prosperous world. According to a study conducted by (Zhongming, Linong, Xiaona, Wangqiang, & Wei, 2022), the G7 nations have introduced several global infrastructure initiatives aimed at supporting the economic recovery of developing countries affected by COVID-19. These initiatives also seek to align financing for growth with the sustainability objectives outlined in the Paris Conference. Some of these initiatives include the United States *Build Back Better World* (B3W), the European Union's Global Gateway, and the United Kingdom's *e* (CGI). All these projects are announced to meet the three objectives 1: Sustainability by generating clean power, 2: Boost economy 3: Develop Human and Physical infrastructure. For infrastructure development, G7 countries focus on both



"hard" and "soft" including digital, energy, transportation, health, education, and research networks (Healy, 2022).

From an economic standpoint, investing in defense is another essential step because it not only improves the nation's R&D industry and brings technology to it, but it also prevents the country from having to spend money on pricey military equipment and warheads. For instance, (Pande, 2019) India, which is the sixth-largest spender on defense and the world's biggest importer, is flourishing to develop its own self-sufficient defense system. India depends more than 60% on foreign military goods and services, which puts a strain on the country's defense industry. To attain effective defence capability, national sovereignty, and military superiority, a thriving defense industry is an essential element.

Spending on the military encourages corporate confidence, especially in nations that are at war, which encourages physical investment and economic expansion. Others claim that government spending on military equipment reduces macroeconomic growth because it displaces social spending and investments in industries that are economically productive. The increase in military spending is detrimental to economic development.

### **Diversifying Investments: Planning for the Worst-Case Scenario**

Diversifying investments is essential to planning for the worst-case scenario. Investment portfolios should be diversified across different sectors, regions, and asset classes. This approach can minimize the impact of war on investments and provide a buffer against market volatility. During the war, some industries may be more adversely affected than others. Therefore, diversification is essential to protect investments.

For instance, the Russia and Ukraine war at one end accelerates the global crisis and on the other end formulates new doors for industries to meet the import demand of Oil and petroleum, and clean energy. As a result of the increase in global energy prices, some governments that were previously dependent on Russia for energy have started to expand their domestic energy output, including nuclear, renewables, hydropower, and coal, in the past year. Higher commodity prices, particularly for its energy exports, could be advantageous for the Russian economy (Bouso, 2023). Thus, diversifying investment is crucial as another piece of evidence shows that when the world-imposed sanctions on Russia intended to put outter pressure to back off from the war in this situation. Russia has replied with its own countersanctions, which

include bans on the export of some forestry products as well as telecom, medical, automobile, agricultural, and electrical equipment (Ciuriak, 2022).

### **Protecting the Financial System: Regulations and Risk Management**

Protecting the financial system is crucial for building a war-proof financial economy. Regulations and risk management practices can help prevent financial crises and promote stability. To identify the necessity of a robust financial system, one can go through the economic condition of the USA to see how it deals with different wars without hampering its economic condition. For instance (IEP, 2021), in the Korean War (1950–53), the USA took measures: opposed to borrowing from the public or implementing money-creation measures, President Truman primarily depended on taxation and a cut in non-military expenditures to fund the battle. This was made possible by the government passing the Revenue Act of 1950, which reinstated the pre-World War II income tax rates and raised taxes by an estimated 1.3% of GDP. In 1951, the economy saw a GDP expansion of over 11% while the inflation rate rose to 5.3%. Then, in an attempt at curbing inflation, the government turned to price and wage controls. This indicates that a robust financial system is key to formulating a stable economy that has the capability to absorb turmoil through effective regulatory and risk management strategies.

### **Crisis Management and Contingency Planning: Preparing for War**

Crisis management and contingency planning are critical for preparing for war. Governments and financial institutions should develop contingency plans for potential war scenarios. These plans should include measures to protect the financial system, maintain essential services, and provide support to affected populations. Creating a well-designed contingency plan can significantly reduce the negative effects of war on the economy and society.

One of the crucial responsibilities of NATO (NATO, 2022) is crisis management and preparing planning to deal with adverse and vulnerable conditions. Depending on the nature of the crisis, the nation may take political, military, or civil preparedness steps to deal with the dire situation. To carry out their duties, military forces, particularly troops that are deployed during periods of war, rely on the civil sector for transportation, communications, or basic supplies like food and water. These resources, however, are susceptible to both internal and exterior disruption. The tools used by NATO to handle the war and other conflict situations are illustrated in the figure below-

**Figure 3: NATO's Crisis Management**



(NATO, 2022)

**Question 2:** Determine the Strategies for Resilience and Stability to Build a War-Proof Economy.

### **3.2 Strategies for Resilience and Stability in the Economy**

These strategies are not only essential during times of war, but they also promote economic stability during peacetime.

#### **Global Co-operation: Strategies for Preventing War and Promoting Economic Stability**

Global cooperation is critical for preventing war and promoting economic stability. International organizations such as the United Nations and the International Monetary Fund can play a vital role in promoting global cooperation. Additionally, trade agreements and diplomacy can foster cooperation between nations and reduce the potential for conflict. The benefits of global cooperation extend beyond preventing war, as it can also lead to economic

growth and prosperity. Promoting peace globally demands the collective effort of international, security, and economic growth as well as contributions in an increasingly globalized world from educational, ethnic, commerce, financial, and ecological strategy. Developed and developing countries like the US and Germany through their bilateral efforts put emphasis on the necessity of well-coordinated political approaches to avert disasters, urgent disputes, and promote long-term harmony frameworks in African countries (Pylypenko, 2022). It was among the consequences of several UN assessments that were intended to enhance the organization's abilities around peace and security and get it ready for the obstacles facing the twenty-first century. The UN's 2030 Agenda for Sustainable Development, which was ratified by all of the organization's members in 2015, provides the fundamental paradigm to create a more fair, equitable, sustainable, and peaceful world. Sustainable peace will be conceivable locally, nationally, regionally, and internationally owing to the collective execution as proclaimed by the 16th SDGs as "*peace, justice, and strong institutions*".

### **Financial Resilience and Stability: A Key to Recovery after War**

Financial resilience and stability are crucial for a quick recovery after the war. The ability to recover quickly from war depends on the strength of the financial system and the resilience of the economy. Therefore, building a war-proof financial economy that can withstand the shocks of war and promote economic stability is critical for a speedy recovery.

Additionally, the nation that rebuilt its economy and thrived for strengthening development has the chance to benefit from the experiences of other transitioning nations and steer clear of some of the policy blunders they have made. These countries can develop as a flourishing market economy, the following reforms are required: Continued development of the private sector, including measures to encourage private participation, modification in the banking industry, privatization of businesses and banks, and upgrade labour market; continued fostering of financial institutions and robust handling of macroeconomic, as well as short-term fiscal tactics that seek to ease the alteration from significant international development assistance. These are the vital key ingredients for rebuilding and accelerating the recovery of the countries after the war.

War	Program	Aid	Success Rate	References
II WW	Marshall Plan (1948-52)	USD 1.3 Billion	Industry Development take place up to 35% in 1948-52	(Pylypenko, 2022)
Bosnia and Herzegovina war	EU and IMF assistance (after 1998)	USD 7 Billion	GDP reached USD 4.1 billion in 1998, equivalent to roughly 40 percent of its pre-war level	(Bank, 1999)
Korea War (1950-53)	US with CRIK (Civil relief in Korea) and UNKRA	US\$ 383 million in 1957	South Korea obtains a 3.5% annual growth rate during the 1954-61 period, and inflation declined to 20% from 120%	(Lee, 2001)

**Table: The table depicts distinct war and their resilience and economic factors**

**Question 3:** Assessment of the consequences and impact of War on Financial Markets?

### 3.3 Analysis Impact of War

To determine the consequences and Effects of War on Financial Markets this answer is divided into past experiences and case studies.

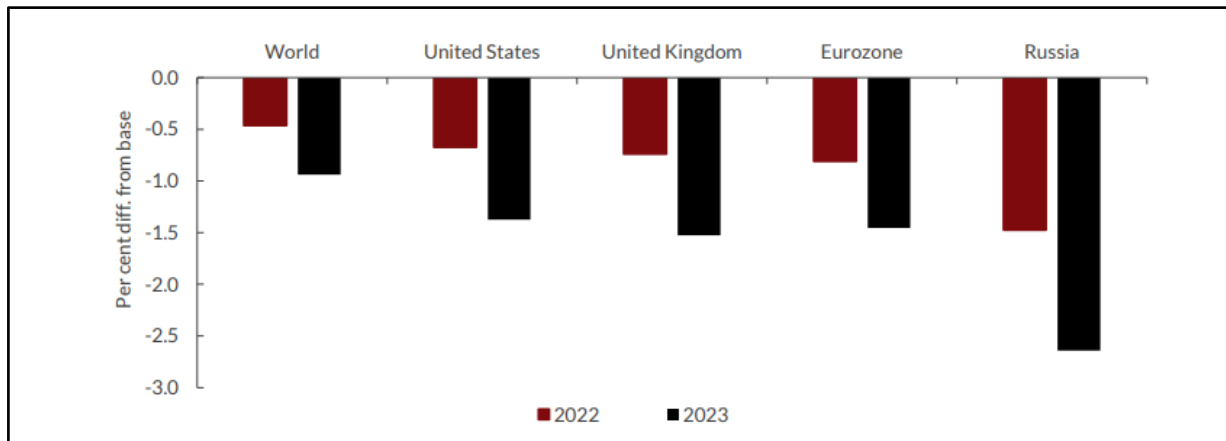
## **Effect of War on Financial Markets: Analysis of Past Wars**

The effect of war on financial markets can be substantial and significant, and previous wars can give us insights into the potential impacts of future conflicts. During wars, financial markets can experience significant volatility and disruptions. Stocks, bonds, and currencies can fluctuate wildly, and investors may panic, exacerbating the situation. Therefore, it is essential to analyze the impact of past wars on financial markets to develop effective strategies for building a war-proof financial economy.

Between 2013 and 2017, 68% of all battle-related fatalities were in the Middle East and North Africa (MENA) region. Nearly 80% of the people in Yemen require assistance, resulting in the country facing the worst humanitarian crisis in the entire globe. GDP deficits in Syria are projected to exceed \$226 billion by 2017—about four times the country's GDP in 2010. The majority of the five million people who have fled Syria since 2011 are seeking refuge in neighboring countries, including Jordan, Lebanon, and Turkey. All these incidents clearly indicate that war adversely impacts not only humanitarian grounds but is also devastatingly responsible for irreparable economic loss. The lessons from these historical examples suggest that investing in defense and infrastructure is crucial for building a war-proof economy (Heydemann, 2018).

Based on estimates by (Khudaykulova, Yuanqiong, & Khudaykulov, 2022), the ongoing war in Ukraine could result in a 1% decrease in global GDP by 2023, which is equivalent to around \$1 trillion in damages for countries worldwide. Additionally, the war could lead to a rise in global inflation by up to 3% in 2022 and about 2% in 2023. The impact of the Russia-Ukraine conflict on the UK economy is also evident, with inflation projected to be around 7.0% in 2022 and 4.4% in 2023. The Central Bank of the Russian Federation (CBR) is the target of the harshest sanctions because Russia's ability to pay its obligations is hampered by the suspension of its gross foreign reserves. China and the USA, on the other hand, are the nations benefiting and seizing chances because of this conflict. While China snatches the Russian market for selling its goods and services, China buys banned goods from Russia such as coal and crude oil, discovering new routes that open new opportunities to market with European countries<sup>1</sup>. The US is providing civil and military support to Ukraine and has announced USD 53 billion for this aid (Cordesman, 2022).

**Figure 4: The Cost of conflict on the world's GDP**



(Liadze, Macchiarelli, Mortimer-Lee, & Juanino, 2022)

### 3.4 Case Study - United States of America and India

#### 3.4.1 The United States of America

The United States of America is often cited as an example of a country that has implemented measures to create a more resilient and stable financial economy in the face of war. After World War 2, the United States played a key role in rebuilding Europe through the Marshall Plan. The program aimed to promote economic stability and growth by providing funding for infrastructure projects, supporting the development of trade relationships, and investing in the education and training of workers. The plan provided billions of dollars in aid to European countries, creating jobs and stimulating economic growth.

In addition, the United States invests heavily in defense and infrastructure. The country has the world's largest military budget and maintains a robust transportation, energy, and communication infrastructure. These investments provide a foundation for a resilient economy and deter war, providing a more secure environment for economic growth. The securities industry is regulated by the Securities and Exchange Commission (SEC), while the banking system is overseen by the Federal Reserve System. These organizations promote transparency, accountability, and risk management, minimizing the risk of financial instability during war.

In conclusion, The United States of America is often cited as an example of a country that has built a war-proof economy. The country's investments in defense and infrastructure, robust regulations and risk management practices, comprehensive crisis management and contingency

planning, and financial resilience and stability demonstrate the importance of building a war-proof economy.

### **3.4.2 Wars and Present India**

If a country wants to become a major power, it must be well-equipped in terms of defense. Diplomacy will be toothless without armed might, as it is with India right now. A country's foreign strategy must be fundamentally composed of its armed forces. Moreover, weapons and ammunition are not merely a single aspect of war combat; the most vital factor is infrastructure. Any country is unable to succeed in battle from the start if it has poor infrastructure, as it is unable to quickly deploy its forces to border regions. India is falling behind China in several perspectives, including modernizing both its military and strategic capacity, appropriate infrastructure, and a well-equipped military (Thapliyal, 2018). On the other hand, India was left alone in the 1962 conflict, as none of the Western nations, except for the USA and UK, came to India's assistance.

These are the lessons learned from the Indo-China war (1962), this is related to the analysis of the research which also emphasizes defense building, infrastructure, crisis management, and planning are crucial for a war-proof economy. After seventy-five years of independence and successfully restructured from internal conflict and wars India is one of the leading emerging and growing economies of the world as 2022 IMF estimation indicates an 8.7% of growth rate above pre-pandemic level (IMF, 2022), and transforming itself by adopting innovation and robust financial regulatory mechanism, effectiveness in dealing crisis through contingency planning and management and pacing toward reliance and stabilization of economic growth with sustainability.

## **4. Results**

The results show that investing in infrastructure and the defense sector, which use technology, is an essential ingredient for creating a war-proof economy. Countries also need to concentrate on thriving economies by making investments in various sectors, such as energy, banking, transportation, and others, to ensure economic diversity, which ensures stability and reliability. To promote wealth and harmony on a global scale without jeopardizing their internal structures, nations should simultaneously strengthen their bilateral cooperation and cooperation with other nations. In the interim, they should also get ready for unforeseen emergencies of any kind, which calls for effective risk management and a contingency plan.



Except for several advantages of FDI, foreign assistance, and infrastructure formation for making a resilient economy that keeps pace with acceleration, the paper cited some 21st-century challenges that came in front of the world because of emerging technology like AI, IoT, and digitalization, in the form of cyber-crime and data stealing. In some instances, opponents have attacked the critical infrastructure of the United States and its partners to uncover vulnerabilities that can be exploited later. In other cases, critical infrastructure is being turned into weapons as a form of hybrid warfare by countries like Russia, China, Iran, and North Korea. According to (Evans, 2020), these countries are using critical infrastructure as a weaponized strategy against the West in three distinct domains. In an effort to build superior hybrid warfare capabilities contrary to the US and NATO, several countries are using FDI by making expenditures in resilient infrastructure based on public-private sector collaboration and corporate and strategic capacity building to try to invade or trespass the infrastructure of rival countries. For instance, Russia has weaponized CI in Ukraine (Greenberg, 2017) and Chinese military manufacturing plants in America and Europe have experienced deliberate infiltration of their vital infrastructure industries. All these activities of tree space take place by utilizing advanced technology, i.e., the internet and cyber army (Zetter, 2016).

## **5. Conclusion**

In conclusion, building a war-proof economy is crucial to ensure a peaceful future. Historical examples of wars provide valuable lessons for building a war-proof economy and financial economy, such as investing in defence and infrastructure. Diversifying investments, protecting the financial system through regulations and risk management, and crisis management and contingency planning are essential strategies for resilience and stability. Financial resilience and stability are critical for a speedy recovery after the war, and global cooperation is vital for preventing war and promoting economic stability. By implementing these strategies, a war-proof economy can be built, capable of withstanding the shocks of war and promoting economic stability in the aftermath.

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<sup>i</sup> <https://www.aninews.in/news/world/asia/russia-ukraine-war-transforms-into-boon-for-china-report20220520230651/>