

MSN Money:US debt levels could spike as a result of any conflict

Here's what a war between North Korea and the USA could do to the global economy

Editor CEC notes: This report tells us the US debt may "spike." Its excellent charts reveal the total economic destruction upon the victim's side in every past war going back to Korea in 1953. We need to know what the warring acts of our leaders have done to innocent hundreds of million. Demand peace.

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**Tensions escalate between USA and North Korea after threats to US overseas territory of Guam.
Any conflict would cause major economic problems both in Korea and more widely across the globe.
Global supply chains could be severely impacted.
US debt levels could spike as a result of any conflict.**

Tensions between the USA and North Korea escalated further on Tuesday evening when President Donald Trump promised "fire and fury and frankly power, the likes of which this world has never seen before" in response to recent threats from North Korea and its leader Kim Jong Un.

Hours later, North Korea responded by saying it is seriously considering a missile strike on the Pacific island of Guam, home to a US military base.

A physical engagement between the two nations still looks highly unlikely, but it is something that serious analysts and academics have started to talk about.

Clearly, the biggest and most important impact of any conflict between the US and North Korea ? either nuclear or conventional ? would be a catastrophic loss of life and huge human suffering.

However, in a note circulated to clients staff at research house Capital Economics have assessed the potential economic impact that any conflict might have on the world's economic prosperity.

Writing on Wednesday Gareth Leather and Krystal Tan note that in previous major conflicts since World War Two, countries affected have seen significant drops in economic output.

"The experience of past military conflicts shows how big an impact wars can have on the economy. The war in Syria has led to a 60% fall in the country's GDP," the pair write.

"The most devastating military conflict since World War Two, however, has been the Korean War (1950-53), which led to 1.2m South Korean deaths, and saw the value of its GDP fall by over 80%."

[The chart below illustrates the drop in GDP of numerous economies affected by conflicts in the post Second World War era:](#)