

The War in Ukraine and Its Consequences for the International Order and North East Asia.¹

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Abstract: Russia's invasion of Ukraine presents many challenges to the international order. To understand what is at stake, we argue that the nature of the political regime matters to understand this conflict. We propose a classification of three different types of political regimes (empires, nation states and democracies) and propose a comparative analysis of a number of their institutional and economic dimensions: tendency towards geographical expansionism or fragmentation, cultural heterogeneity, focus of public spending and a number of other variables. We use this setup to analyze the situation in Northeast Asia as well as the consequences of the invasion of Ukraine for that region.

¹ This paper is based on the keynote lecture I gave at the November 4 2022 Asian Economic Community Forum. I am grateful to Yuriy Gorodnichenko for useful comments.

1. Introduction.

Russia's invasion of Ukraine has been recognized by many as one of the last colonial wars, in this case between colonialist Russia and its former colony Ukraine (Snyder, 2022, Mälksoo, 2022). What is at stake in that war is of a truly global nature. It is about the international order itself and about relations between nations (see e.g. Flockhart and Korosteleva, 2022; Radin and Reach, 2017). The main reason behind Putin's aggression since 2014 is Ukraine's Euromaidan movement, aiming to establish a full-blown democracy in Ukraine, with membership of the European Union. Putin vows to destroy the European Union and to go back to an imperialist world order, as before the 20th century, an order based on the "realist" school of international relations (Kissinger, 2014, Mearsheimer, 2001). Who wins in Ukraine will influence the reshaping of the international order, including future events in Asia, and in particular in North East Asia. While Xi Jinping has supported Putin in his goal to annex Ukraine, Xi has his own ideas for the international order. How does the Ukraine war and its outcome affect Xi's ambitions? What are its effects for a possible invasion of Taiwan?

To understand these questions, we propose in this paper a framework based on differences in political institutions for analyzing both the stakes behind the Ukraine war, the reason for the Russian aggression and the effects of the invasion of Ukraine on the international order, with a particular focus on North East Asia.

The basic classification we make, which we think is mostly relevant to understand these questions is the difference between empires, nation states and democracies.

For most of history, essentially until the end of WWI, the world was dominated by empires and competition between empires. This is the best way to understand the logic of the realist school of international relations.² This view of international relations is also that of Putin. Putin considers that international relations should be based on raw bargaining power between countries, not formal and binding rules. Putin considers that Russia, as a big power, has the God-given right to have buffer-states that it can bully around, and that Russia has the right to its sphere of influence based on its military power. In that view, smaller states must submit to bigger states; terrorizing populations is not a war crime, but a technique of war to make the opponent lose, and thus a legitimate tool of war. All the rest is considered "Western" hypocrisy. Accepting Putin's claims on Ukraine means accepting his claims on the international order and a return to 19th century diplomacy. Why is it a wrong idea for international relations?

² In noted media presence since the beginning of Russia's invasion of Ukraine in February 2022, John Mearsheimer blamed the US for expanding NATO too close to the borders of Russia and blamed Ukraine for not respecting Russia's need for a sphere of influence (which includes Ukraine). If Russia's big power interests had been respected, it would not have needed to launch an invasion of Ukraine, so goes the argument.

The end of WWI signaled the beginning of the end of traditional empires with the collapse of the Austro-Hungarian empire, the Ottoman empire, the German empire and the Russian empire. The British empire collapsed after WWII with decolonization. The Russian empire was eventually replaced by the Soviet empire, which also eventually collapsed in 1991 and 1992. In the aftermath of empires, nation-states formed, some democratic, others not. As the role of empires declined, the role of nation-states and mostly of democracies increased, but today's world still features a combination of these three regime types.

How do empires, nation states and democracies coexist? Are there specific common traits to empires that differentiate them from democracies? Do democracies have specific common traits that are different from those of empires? What about nation states? As we will see, different types of political regimes behave differently in international relations. Generalizations assuming similar geopolitical behavior, independent of regime type, can thus be fallacious. These issues are not only academic but have great policy relevance, and will continue to do so, in the 21st century. They are at the heart of the war in Ukraine and its international repercussions.

In this article, we will analyze in turn the international behavior of empires, nation states and democracies based on their institutional differences.³ We will start by analyzing "ideal types" with core characteristics of each of these three systems in order to have a clear delineation of their fundamental differences. During the discussion, we will nevertheless comment on countries that at some point in time shared or tried to share characteristics of both systems.

We will also focus on the competing visions of the international order between Western democracies and the Chinese communist leaders. This will help us focus on the consequences of the Ukraine war for war and peace in North East Asia.

While there is a very large literature on conflict (including the hypothesis of the democratic peace already formulated by Kant, i.e. that democracies do not go to war with each other), and even though there is also a large literature comparing the economic or political trajectories of democracies and autocracies, I am not aware of a literature proposing a systematic comparative analysis of the geopolitical behavior of empires, nation states and democracies.⁴

³ Note in that context that the "liberal internationalist" school (Keohane, 1984; Nye, 2005) claims that the nature of political regimes (democracies or autocracies) matters for international relations. It emphasizes the need for international cooperation based on rules and international institutions, the role of democracy and trade in maintaining peace.

⁴ Note that this classification, while appropriate for most functioning states, may not capture the problems facing countries with very low state capacity. Nevertheless, the literature on state capacity has focused on the difference between failed states and states with sufficient state capacity. It has not focused on the differences between states with sufficient state capacity.

The plan of the article is as follows. In section 2, I will examine the key characteristics of empires and why they are inherently expansionist. I will also explain the economic reasons for the decline of empires and why they are doomed in the long run. In section 3, I will examine the key characteristics of nation states and in section 4 the characteristics of democracies. Section 5 provides a summary table comparing the main characteristics of these main types of regimes. In section 6, I will be discussing the implications of the analysis for the situation in North East Asia. Section 7 concludes.

2. Empires.

Empires are relatively large territories living under autocratic regimes. This is a sufficiently broad definition that fits most empires that have existed in history⁵. The fact that empires are relatively large means that they have the resources to expand their territory if they decide to do so. As one can see, this does not imply any absolute size threshold, but a relative one, that is relative to other polities existing at the same time. The autocratic nature of empires is important, because it implies that the interests of the autocrat are driving policy decisions, possibly under some constraints⁶. A very large territory under a democratic regime (the case of the US and India in today's world) is altogether a different object.

In history, empires generally grew out of territorial states (Egypt, Persia, China, ...), less often out of city-states (Rome is, however, the obvious example of a city-state developing into an empire).

2.1. Empires' inherent expansionism.

Empires have an innate tendency towards territorial expansionism. Motivations are complex and variable, but a safe and simple assumption to understand their motivation is that rulers are interested in territorial expansion up to the point where the marginal benefit of expansion equals its marginal cost.⁷ Benefits of territorial expansion typically include taxes on land and land revenue as well as taxes on trade (land is much less tax elastic than trade). Empires have throughout history typically been extractive states using tax revenues to fund the army, the police and private goods of the Emperor, such as palaces, tombs, the imperial administration and other goods benefiting the emperor and his surroundings. Costs of territorial expansion are mostly costs of defense against invaders and internal revolts.⁸

⁵ To recall, we focus in this article mostly on "ideal types" of empires, nation states and democracies.

⁶ In any case, whatever these constraints are, they are by far less binding than those facing the executive branch in a democracy.

⁷ The economic theory for this was first developed by D. Friedman (1977) who also noted the many non-convexities associated to territorial expansion, which makes it not easy to model in a smooth way.

⁸ For a general analysis of empires, and in particular the role of geography and military technology, see Mann (1986).

Costs and benefits of territorial expansion of empires also depend on actions of other empires. Seen this way, expansionism is a dominant strategy as long as the marginal costs of additional territory are smaller than the marginal benefits. The reason is that a larger empire has, everything else equal, a military advantage over smaller neighboring empires, whether in offense or defense. In other words, seen in a game-theoretic setup, the benefits from expansion increase when an empire's size is larger relative to rival empires. Competition between empires for expansion at the cost of others is thus an inherent part of international relations in a world full of empires. Empires played a big role in the antiquity and regularly clashed with each other. Closer in time, the age of colonialism (15th-20th century) was an age of competing colonial empires.

Rival expansionism between empires generally leads to wars, which inflict losses. Russia inflicted losses on the Ottoman empire throughout the 19th century. Russia challenged the Austro-Hungarian empire for domination over the Balkans, leading to WWI. Japan inflicted losses on Russia and China in the first half of the 20th century. The list of such wars and their winners and losers is a long one.

2.2. Empires tend to be multi-ethnic.

Given the drive towards expansionism, empires do not seek to achieve ethnic homogeneity. Empires tend thus to be multi-ethnic. The Austro-Hungarian empire is a good example, but also the Ottoman empire and the Russian Tsarist empire (including contemporaneous Russia), and even China today. The Western half of China's territory contains only 7% of the total population, and is mostly populated by national minorities like Tibetans, Uyghurs, Mongols and various national minorities.

Because of ethnic heterogeneity, empires do not generally have an interest in developing nationalist ideology, unless one ethnic group is a large majority. This is why universalist religions or ideologies have been used instead of nationalism to try to cement empires⁹:

- Catholicism in the Austro-Hungarian empire;
- Orthodox religion in the Russian empire;
- Islam in the Califate and the Ottoman empire;
- Confucianism in the Chinese empire;
- Zoroastrianism in the Persian empire.

There are obviously religions and ideologies that are restricted to one particular ethnic group (Judaism for example) but they are generally not adapted to the goal of cementing empires. It is interesting to note that most of the above cited religions have

⁹ Karl Jaspers (1951) noted that most religions and philosophies that have survived for a long time developed during the axial age, between the 8th and the third century B.C. This is also roughly the period in which relatively large empires emerged.

been in existence for many centuries if not millennia. Understanding their longevity is an interesting question (see e.g. Roland, 2020), but here it suffices to say that their longevity contributes to the stability of empires as they create a strong sense of identity¹⁰. Without their inherent expansionism, the religions and ideologies created within empires would in all likelihood contribute to their longevity due to their universalist identity and the state's monopoly over cultural transmission via its educational system.

2.3. The decline and end of empires

Empires are not only defeated in wars, they are also often internally weakened by wars, leading to forms of collapse. WWI led to the collapse of four big empires: the Austro-Hungarian empire, the Ottoman empire, the Russian empire, the German empire. WWII led to the collapse of the British empire, the Japanese empire as well as the Nazi empire (the Third Reich). The collapse of the British empire due to its severe weakening during WWII led in turn to the success of the decolonization movement in India, Africa and Asia. The Cold War led to the collapse of the Soviet empire and the loss of satellite states as well as the Soviet Republics (Baltic States, Ukraine, Kazakhstan, ...).

Imperial powers, though generally historically in decline, as we will explain below, may still show aggressiveness. The Soviet empire invaded Central Europe in the aftermath of WWII. Hitler's Third Reich replaced the German empire. China invaded Tibet in 1950 despite being then very weakened by the war against Japan and the Chinese civil war right after the defeat of Japan. Russia's invasion of Crimea and of the Donbass in 2014 and its attempt in 2022 to invade the whole of Ukraine is the most recent example. Such aggressive behavior is likely to backfire. If Russia eventually becomes permanently weakened because of its war against Ukraine, the Chinese empire may benefit from this and obtain concessions from Russia, but many scenarios are of course possible.

Given the size advantage of empires, it is very unlikely for new empires to emerge in the modern world, because would-be empires will tend to be preemptively squashed. This is the case for example of ISIS that attempted to rebuild a new Islamic Caliphate. Building new empires was much easier in the antiquity because transport conditions and communications were much more difficult, so that an empire like the Roman empire for example could expand for a while, without being immediately crushed by other empires (on this, see e.g. Scheidel, 2019).

In the past, imperial rivalries would lead to phases of decline and revival. In the modern world, there are good reasons to think that empires are doomed. Why?

¹⁰ Grosjean (2011) interestingly notes that European localities that were part of the same empire for more than 200 years are also culturally much closer than a simple gravity model of cultural distance would predict.

For a large part of human history, when agriculture was the largest economic sector, land and slaves were the main reward of imperial expansion. There was thus a direct link between territorial expansion and economic activity. In the modern world, human capital is the main driver of growth and cannot easily be forced to be productive. Slaves can be forced to toil under tight supervision (and even here, there are important exceptions), but human capital cannot be exploited under the threat of physical violence and punishment. Slaves can be caught shirking, but there is no way to detect shirking by an educated labor force specialized in using creative minds for problem-solving. Even if one can “order” highly skilled people (say kidnapped scientists) to work hard on a topic, it is virtually impossible to force a well-educated labor force to use their human capital at its maximum capacity, and when human capital has become the main driver of growth in a country, if that country is invaded, growth will collapse in a dramatic way.¹¹ In a modern economy, natural resources like gas and oil are still of key importance for the economy, but they can be obtained more easily via trade without having to bear the cost of maintaining and defending an invaded territory, especially when the population is hostile to the invaders.¹²

Human capital not only affects economic efficiency, but also people’s aspirations. Progress of education has been seen to lead to demands for human and civil rights and public goods, albeit with different levels of intensity.¹³

Since human capital has become such an important factor in economic growth but also in the demand for democratic institutions, the benefits of imperial expansion have drastically declined and its costs have strongly increased. Modern economic development has made empires obsolete. This explains why the age of empires is essentially over. The current Russian and Chinese empires, the two remaining big empires, will likely be doomed by backlash from their expansionism and repression, leading to probable initial chaos and quasi-certain territorial fragmentation. Here, we also see two weaknesses of empires. As much as they have an intrinsic tendency towards expansionism, when faced with internal weakening, they are vulnerable to external aggressions and to internal territorial fragmentation.

3. Nation-states.

¹¹ A case in point is Hong Kong where the imposition of the “National Security Law” in June 2020 *de facto* suppressed freedoms. As a result, there has been a massive brain drain, but its effects are likely to be mitigated by migration of educated labor from the mainland. Nevertheless, Xi Jinping’s crackdown on the tech sector is likely to have long run negative effects on growth, possibly even transforming China’s economy itself into a stagnating economy resembling the late Soviet economy before its collapse.

¹² Some empires, like Russia, have large natural resources and can use this to “blackmail” other countries that depend on import of these natural resources. In a “greener” world based on renewable resources and where natural resources play a less important role, there should be less potential for such opportunistic behavior.

¹³ This is the object of modernization theory (Lipset, 1959, Przeworski et al., 2000). In Gorodnichenko and Roland (2021), we showed that cultural differences affect the intensity of demand for living in a democratic and free society.

The fragments of empires that collapsed after WWI have been replaced by nation-states, whether under democratic regimes or not. Woodrow Wilson insisted very much during the Versailles Treaty negotiations on the establishment of nation-states in Central and South Eastern Europe. By nation-states, we mean states aiming to include within its borders a homogeneous ethnic group (the nation) as the majority group, ideally as the only ethnic group within its borders.

Nation-states had already started to develop since the 16th-17th century on the basis of innovations in military technology that favored centralization and economies of scale in warfare, and thus big armies (see e.g. Tilly, 1990).

Nation-states were supported by nationalist ideologies. Nationalism developed mostly since the 19th century, in part encouraged by the development of national literature written in national languages, a tendency that started with the development of the printing press in the 15th century. The development of nationalism led to demands for the establishment of nation-states, especially in territories under the domination of empires among ethnic groups that were marginalized, such as Poland in the Russian empire, Bohemia, Slovakia in the Austro-Hungarian empires, the Balkan countries in the Ottoman empire, etc.

A characteristic of nation-states that stands in stark contrast to that of empires is that nation-states fed by nationalism aspire to ethnic homogeneity within the boundaries of the nation. This characteristic is a strong obstacle to the expansionist drive that is the characteristic of empires since the goal of the nation-states is to have country boundaries overlap with the nation's ethnic population. There is no point invading a territory that is occupied by other ethnic groups. The demand for ethnic homogeneity that is characteristic of nation-states leads less to expansionism than to ethnic cleansing within the boundaries of the nation, especially in non-democratic nation-states. The development of the Turkish nation-state following the collapse of the Ottoman empire led to genocide of Armenians (1.5 million) and the expulsion of Orthodox Christians (more than 1.5 million) from Asia Minor. Ethnic cleansing during the breakup of Yugoslavia can also be seen in this light. There are multiple examples of the creation of nation-states associated with ethnic cleansing and repression of minorities to create ethnic homogeneity. Nation-states are in general more likely to experience friction at their borders, because of the imperfect overlap of national boundaries with ethnic boundaries. They tend to be oppressive towards minorities within the borders of the country, but they also tend to be aggressive towards neighboring countries who host ethnic co-nationals. Demands for ethnic homogeneity in nation-states are usually associated to demands for linguistic homogeneity (Hobsbawm, 1990), suppression of dialects and discrimination of minority languages. Nation-states often have a good capacity of defense against an imperialist aggressor due to nationalist mobilization. Here, the ethnic homogeneity can be an asset in uniting the whole country against a potential aggressor.

Hungary under Orbán is a very good example of a modern nation-state. It is illiberal inside the country, oppressing minorities like Jews, Slovaks, Germans, Romanians and gypsies, while it is a big defender of ethnic Hungarians in neighboring Slovakia and Romania. Without those countries all being part of the European Union, the tension with Hungary over its national minorities abroad would risk being much more explosive.

The most terrible ethnic cleansing was done by the Nazis, combining nationalist ideology with imperial ambitions. In their “*Drang nach Osten*”, the Nazis committed genocide on Jews, but also intended to eliminate Slavs altogether to create a “*Lebensraum*” for German settlers. Nazi Germany was indeed a hybrid between nation-state and empire. There are similarities to Nazi Germany in today’s China, that is both nationalist and imperialist. The Communist Party of China embraces Han nationalism and its millennial historical roots, but it keeps a tight grip on its colonized provinces such as Tibet or Xinjiang, working to replace the dominant ethnic groups in those provinces by a Han majority through either aggressive Han immigration or policies to reduce the growth of the local ethnic groups, for example via forced sterilization (see e.g. Finley, 2021). These imperialist tendencies of nation-states go against the general direction of history, as argued above.

Nation-states are compatible with some imperfect form of democracy (the tyranny of the majority to oppress minorities). Israel is an example. It wants to be both a democracy, but also a Jewish nation-state. This leads to the oppression of Arabs and Palestinians living within Israel who are discriminated against in various ways. Nation-states, especially in their non-democratic form, tend to be more inward-looking and closed to the outside world. They reject immigration, are mostly hostile to economic takeovers by foreign capital, see limited opportunities for international cooperation and generally adhere to the “*realist*” view of international relations, seen as pure balance of power relations in a Hobbesian world.

Are there foolproof ways to transform nation states into real democracies? It is not clear we have the answer to that question, and much will depend on whether democratic values are deemed by the population more important than ethnic homogeneity.

4. Democracies.

By democracies, we consider the ideal type of democracy, i.e. a political system based on free, fair and competitive elections, separation of powers and the rule of law. Many countries are partially democratic and do not satisfy all of these criteria, for various reasons, be they historical or ideological. In many cases, the transition to a full-fledged democracy is a historical process that one needs to understand and take into account. In other cases, the ruling elite only wants to adopt certain features of democracy, but not most of them.

Democracies were most often born in nation-states, but not always. The UK was for example still an empire when universal suffrage was introduced there after WWI. The UK today is not a nation-state and contains different nations and ethnic groups (Scotland, Wales, Northern Ireland). Another exception is Italy, which was composed of city-states throughout its history until it became a unified nation in 1861. Because of this tradition of city-states, ethnic groups within Italy were never well defined, in contrast to citizenship. The tradition of citizenship, taken over from Roman civil law, is not based on ethnicity but on rights and responsibilities of individual citizens. Citizenship is a better basis for a stable democracy than national identity.

One thing democracies share with nation-states is the role of a common language used in political communication. In democracies as in nation-states, a common language helps reach economies of scale in public goods provision, whereas multiple languages tend to create diseconomies of scale due to duplication in communication costs. Most democracies have one dominant language and multilingual countries often face linguistic tensions. Multilingual countries reduce linguistic tensions by having federal or confederal institutions whenever geographically possible. The case of Switzerland is a good example of such a solution.

A major difference between democracies and non-democracies (whether nation-states or empires) is related to redistribution policies and the welfare state. Redistribution is an inevitable (and often very desirable) feature of democracies and works to reduce inequality. This redistributive feature of democracies is fundamentally related to universal suffrage and its principle of "one person, one vote". Poor and rich people all have one vote and as poorer people are in the majority, the median voter theorem tells us that a majority will vote for redistributive taxation, and redistribution will be higher the higher income inequality in the economy, as measured by the gap between median income and the higher average income. Because the income distribution is skewed, a higher gap between median and average income means higher income inequality and thus a higher level of redistributive taxation. The median voter theorem is of course a simple theory and in reality, there are many factors that mitigate its results (imperfect franchise, abstentions, agency problems, lobbying distortions, etc...). Nevertheless, universal suffrage implies pressures for income distribution via the welfare state. It is precisely the redistributive feature of democracies that may lead to secessionist tendencies (Bolton and Roland, 1996, 1997; Alesina and Spolaore, 2003) as certain territories, not necessarily based on national identity, may choose to bear the cost of secession to reduce redistributive taxation.

The main point of this argument here is that, whereas empires are expansionist and nation-states seek to shape borders according to ethnic boundaries, democracies are much less expansionist than imperialist regimes or nation states and feature instead secessionist tendencies. They are more inward-looking with much (usually peaceful) infighting and are the only regime that tends, for economic reasons, to secessions and

to a decrease in the size of countries and thus an increase in the number of countries. Secession is not automatic in democracies given the costs of secession, but the inherent secessionist tendency of democracies will often lead to forms of federalism or confederalism. The possibility of having flexible forms of decentralization to accommodate these secessionist tendencies is definitely a strength of democracies.

Another characteristic of democracies is that they have a tendency towards appeasement when other democracies are under attack by imperialist powers. This was the case before WWII, but has also been the case with Russia's invasion war on Ukraine since 2014. This is not just a "mistake" but an intrinsic feature of democracies. This was expressed by the pre-WWII slogan among pacifists in France: when Hitler delivered an ultimatum to Poland "Why Die for Dantzig?" The tendency of democracies towards appeasement is related to the fact that people are much less willing to fight and possibly die in helping to defend other countries that are victims of an external aggression. They will instead be much more willing to defend their own country when it is directly attacked. In empires, the rulers can easily decide to send soldiers to war, because they are not directly accountable to the people and can use their repressive apparatus to enforce their decisions. In democracies, it is very different. Politicians are much more accountable to voters, even if imperfectly so. Voters in a country will have limited solidarity with other people who are victims of aggression. This tendency towards appeasement very often leads to myopic miscalculations on the part of voters in a country. The case of WWII has shown that it would have been less costly to go to war earlier with Hitler rather than to continue appeasement until it was too late. Military strategists certainly have important insights about these kinds of calculations, but voters do not. Moreover, war is so horrible that people tend in general to ignore the real dangers, and even to deny them. The tendency towards appeasement towards international aggressors is thus an inherent characteristic of democracies, not a simple mistake that one could learn not to repeat.

This tendency towards appeasement makes democracies look weak, encouraging further imperialist aggression. As explained above, democracies do tend to react late to such aggression, but imperialist powers will tend to make the fatal mistake of underestimating the will of people to defend their freedom within their own national borders when attacked. This mistake has obviously been made by Putin in his decision to invade Ukraine in 2022. If he succeeds in that war, which seems increasingly unlikely, he will feel encouraged to attack other former Soviet Republics, like Moldova or Georgia. He may even attack the Baltic states to test the unity of NATO countries. This would be a test for NATO itself, since the failure to respond to an attack of one of its members might lead to collapse of NATO itself. NATO would probably respond, but Putin may still try to test the waters, because he believes that Western democracies are weak and decadent.

Despite this inherent tendency towards appeasement, democracies have nevertheless the best basis for international cooperation with other democracies based on shared fundamental values of citizenship and universal human rights.

Note that democracies have further key advantages over other political regimes. First of all, democracies are better at protecting human rights, civil rights and property rights. This advantage of democracy is not just linked to the election of leaders which can ensure popular accountability, but mostly to the separation of powers that exists in well-functioning democracies. Selecting political leaders via elections is not enough as it may be compatible with “illiberal democracy” where the majority can oppress electoral minorities. As recently shown in Li et al. (2022), protection of all human rights of individuals necessitates a fully independent and insulated judiciary branch of government in a modern interconnected society. Institutions of democracy ensuring appropriate separation of powers that help guarantee all rights of individuals take quite a long time to establish and cannot be improvised.

Second, and this is related to the first point, democracy provides a solution, albeit imperfect to the capital levy problem (see e.g. Persson and Tabellini, 2000). The capital levy problem is related to the fact that *ex ante* capital is infinitely elastic but *ex post*, once an investment has been made in bricks and machines, capital is quite inelastic. This means that policy-makers face a commitment problem: *ex ante*, they have an incentive to tax capital as little as possible to attract it to locate in their polity, but *ex post*, they have an incentive to tax capital, once it has been sunk into physical capital. This commitment problem is a very serious one in industrialized societies where capital plays such an important role in economic development. Democracies can partly solve this commitment problem by protecting contracts but also by putting constraints on tax policy. Obviously, taxes can be changed in democracies, but such changes need to go through a democratic process, which provides some protection from the capital levy problem.

Third, democracy can also protect against abuses of “techno-autocracy”. We increasingly see how technological progress can be abused by autocracies. China’s “social credit score” is a case in point. Progress in surveillance technology and artificial intelligence allow it to monitor Chinese citizens on a scale unheard of in the history of humanity. This technological progress is used by China’s communist regime to give scores to Chinese citizens (positive for good behavior, negative for bad behavior) in a way that even George Orwell had not envisaged. More technological advances should allow China’s communist regime to further strengthen its dystopian control over ordinary Chinese. Another example is given by the health QR codes given to ordinary Chinese during the covid-19 pandemic. Having a “green” QR code was necessary for people to be able to go outside their homes, go shopping, take public transport, etc.. This system was sometimes being abused by local authorities who retaliated against citizens they did not like by giving them a “red” QR code, essentially keeping them prisoner at home. As technological progress makes it possible to strengthen totalitarian

state capacity in autocracies, only democracies can potentially provide protection of citizens against such encroachment by the state apparatus, as citizens will have a say in determining how to protect their privacy and their human rights in the face of potential abuses of information technology and artificial intelligence.

While imperfect in reality, taken together, the potential of democracies to protect human rights, minimize the capital levy problem and protect against forms of techno-abuse provides clear advantages of well-functioning democracies over non democratic regimes.

5. Summarizing.

Table 1 summarizes in a comparative perspective the main characteristics of empires, nation states and democracies as discussed in this paper. As stated early on, these are indeed only ideal-types, but their differences are quite noteworthy, be it in terms of differences in the tendency towards expansionism, the nature of their ethnic mix and ideology, the focus of public expenditures, domestic defense capacity, openness to immigration and a number of economic variables such as openness to trade and FDI and the sources of growth. Note that nation states are particularly vulnerable to secessions, because oppressed minorities living in particular territories will benefit from seceding to avoid oppression. Both empires and democracies are better at accommodating such moves for different reasons. Empires are able to accommodate coexistence of different ethnic groups. It is less the case for democracies, but they have the flexibility of changing political institutions, in particular through forms of decentralization, to accommodate possible secessionist tendencies related to ethnic diversity.

TABLE 1. CHARACTERISTICS OF EMPIRES, NATION STATES AND DEMOCRACIES.

	Empires	Nation states	Democracies
Tendency towards expansionism	Strong	Limited to ethnic group	Tendency towards secession
Ethnic mix	Multi-ethnic	Mono-ethnic	Multi-ethnic
Ideology	Religion or universalist ideology	Nationalism	Universalist ideology emphasizing freedom and human rights
Public spending favored	Army and emperor's private goods.	Privileging majority ethnic group	Redistribution from the rich to the poor
Source of growth	Land and slaves	Domestic output	Human capital
Openness to trade	Usually strong	Usually weak	Usually strong
Openness to immigration	Moderate	Absent	Moderate
Openness to FDI	Strong	Absent	Moderate to strong

Domestic defense capacity	Weak	Strong	Strong
Defense solidarity with other countries	Variable	Weak	Appeasement
Vulnerability to secessions	Weak	Strong	Weak

6. The implications of the war in Ukraine for North East Asia

The main implications of the effects of the war in Ukraine will undoubtedly relate to China's geopolitical behavior, in particular its decision to invade Taiwan or not and the implications of such a decision on neighboring countries. To understand this better, we first outline the specifics of China's behavior as an empire, and then discuss how the war in Ukraine may influence China's behavior towards Taiwan and the neighboring countries.

6.1. China's imperial and geopolitical ambitions.

After abandoning its socialist economy and successfully embracing capitalism with the economic reforms launched after 1978, Chinese communist leaders sought strong integration into the world economy, thinking that economic success provides legitimacy, thereby helping the Communist Party to stay in power (on China's regime, see e.g. Roland, 2019). Market reforms in China have been an astounding success, as average growth rates around 10 % per year transformed China from a poor rural economy into the world's largest economy, in terms of GDP (PPP). As long as growth was the main objective of the Communist Party of China, coexistence with the rest of the world was relatively easy. Both China and the rest of the world benefited from China's integration in the world economy. As China, however, becomes the world's dominant economy, ambitions to be the world's leading power and to redesign the world order according to China's views are a source of international tension. It is important to understand the specifics of Chinese imperialism though.

Xi Jinping has been reviving the Chinese imperial view of the world (*Tian Xia*: everything under heaven) with a China-centric view of a Confucian hierarchy of tributary states ranked in a precise order with China at the top. The Chinese view of the world is indeed profoundly Sino-centric. Everything is seen through the prism of China as the center of the planet. This should not be surprising given the length of Chinese civilization and the depth of its culture. The Sino-centric vision of the world has nothing to do with communism and is simply a continuation of the Chinese Empire's Sino-centric view of the world.

Until the end of the Qing dynasty in 1911, China's system of international relations was based on a "tributary system". The existing world view in China was that of a Confucian world order where China occupied the central place. Diplomatic relations between China and other nations were based on this Sino-centric world order. As is the case for officials inside China, other countries were "ranked", some countries being seen as higher ranked than others. Given China's centrality and its place at the top of this hierarchy, other countries were required to pay tribute to the Emperor to acknowledge his superiority and precedence in ranking. Tributary states were allowed to trade with China and have a diplomatic mission in the Empire's capital. As a rule, China did not interfere in the governance of tributary states and only expected them to behave as good and submissive subordinates. Many Asian countries were tributary states throughout history. This was the case of Korea and Vietnam, but also of Thailand as well as other states¹⁴. In general, non-Han polities in Asia were treated as tributary states. Note that Tibet was a tributary state at least under the Ming dynasty, until it was occupied by the Qing dynasty, but liberated itself after its collapse in 1911 until it was invaded again in 1951.

This concept of tributary state is important to understand China's ambitions. Contrary to Nazi Germany, there is since the death of Mao no will any more among Chinese leaders to invade foreign countries and submit them to communist rule, but the tradition of tributary states gives a hint at China's ambitions. There are good reasons to think that China will use economic dependency (through trade and/or foreign direct investment) and threats to force countries to behave in a way demanded by Chinese leaders. Recent pressures on Australia (but also the Philippines, South Korea, Lithuania, ...) are a good illustration. These facts are consistent with the idea of China trying to build concentric circles of tributary states. China would not impose direct forms on governance on them but would expect instead some form of commitment to economic ties but also some form of expression of loyalty towards Beijing, the silencing of criticisms of China, i.e. partial exporting of China's censorship system and demand of support or at least neutrality towards Chinese foreign policy initiatives.

In the eyes of the Chinese government, smaller nations that are dependent on China should "show respect", i.e. refrain from angering Beijing. In the Confucian philosophy, children owe respect to their parents and should thus abstain from criticizing them. The Confucian vision of government and the people is similar and so is its vision about relations between small countries and China. In that sense, Chinese leaders do not consider their behavior bullying, but more reminding smaller countries of the hierarchy of nations in the Sino-centric vision of "multilateralism" just like parents need to remind their children to show them respect. Other Asian nations understand this better than countries of Western culture.

¹⁴ Japan was for a while a tributary state to China during the Ming dynasty.

The Chinese world view will not change anytime soon. While the Chinese vision of the world is profoundly Sino-centric, it is still reassuring that Chinese leaders have no plan to conquer or invade non-Chinese countries. This should leave enough room for diplomacy.

A note that must be made in that context is that it is more costly for a communist regime like China to invade a country, because, in order to establish its political regime in a stable way, it needs to control all of society through Communist Party cells. Putting in place party cells in firms, associations, government institutions, apartment blocks, etc.. is a very costly investment. Chinese communist leaders are already facing a similar problem in the colonized parts of China like sparsely populated Tibet, Xinjiang and inner Mongolia, provinces that have been under communist control for decades, but where the CPC has had a hard time in its efforts to weave its apparatus within the interstices of these societies.

Because of this, Chinese leaders have very little appetite for invading other countries. This does not mean they are not interested in establishing some form of control over foreign countries, but it reinforces the argument that Chinese leaders will try to transform foreign countries into tributary states and create concentric circles of tributary states in a Confucian hierarchy modeled on the experience of tributary states in history.

6.2. China, Taiwan and the effects of the war in Ukraine.

The above discussion does not mean that China has no intention to invade any other countries. The obvious example is Taiwan. For decades, Chinese communist leaders have insisted on recovering Taiwan where the Kuomintang had retreated in the late 1940s after their defeat in the civil war. The concept for unification with Taiwan has been since Deng Xiaoping “one country, two systems”. This is the concept that was used for Hong Kong after it was returned by the British to China in 1997 and it was also meant for Taiwan in case it agreed on reunification. It is, however, well known that Xi Jinping has been hostile to the “one country, two systems” principle since he took power. The takeover of Hong Kong’s institutions by the Communist Party of China under the 2019 PRC’s National Security Law has in effect ended “one country two systems” in Hong Kong and it became obvious it would be of no protection to Taiwan’s democracy in case it accepted reunification with the mainland. China will certainly try to recover Taiwan through peaceful means if it can, but Xi Jinping has mentioned more and more the possibility of a violent military takeover of Taiwan and the PLA has been actively preparing for this possibility. It seems thus clear that the main source of international tension between China and the rest of the world will relate to Taiwan and to a possible military invasion of Taiwan by the PLA.

There are many symmetries between Russia’s claim on Ukraine and China’s claim on Taiwan. Ukraine’s independence has been denied explicitly by the Russian government

through the invasion and Chinese leaders have repeatedly stated that a declaration of independence by Taiwan would be met by a military invasion. Note that in both cases, it is not just about Putin or Xi. The goal of taking over Ukraine and Taiwan has strong support inside respectively Russia and China.

War and peace in Northeast Asia are thus increasingly likely to be determined by China invading Taiwan or not. A Taiwan war scenario may look a lot like Ukraine where Taiwan would be supported indirectly by the US, Japan, South Korea, by sending weapons and military advice. This would be the only way to keep the conflict localized, but this scenario seems less likely as there may be direct naval battles between the US and the Chinese navy. The conflict could easily develop into a World War centered in Asia with countries like Japan, Australia and India actively supporting Taiwan and the US.

Just like Russia has had few strong allies in its war against Ukraine, apart from Iran and maybe North Korea, China would face a similar situation. One important factor for North East Asia relates to a possible involvement of North Korea. North Korea has been developing its military capacities since the end of the Korean war at the expense of everything else. When the Soviet Union collapsed and eliminated its support for North Korea, there were famines and huge economic disruptions. In recent years, since Kim Jong-Un became North Korea's leader, North Korea has been developing nuclear weapons. Moreover, whereas China's attitude to North Korean militarism was quite critical 15-20 years ago and China was somewhat open to a Korean reunification led by South Korea, Xi Jinping has shored up its support of the North Korean regime despite its dislike of North Korea's nuclearization. It is not impossible that North Korea would participate directly in military operations to invade and take over Taiwan. North Korea's military units deployed around Taiwan may then play the role of Asia's "Chechens". North Korea is, however, no Chechnya. It is a fully independent country and it would need good reasons to help China in its military operations. It may decide to remain out of the conflict as it has no direct stakes in Taiwan or it may condition a military participation only if China would commit to kick the US troops out of South Korea, thereby setting the stage for a North Korean aggression against South Korea. This scenario is, however, rather unlikely, because it would imply a Chinese aggression against South Korea. China plans on taking over Taiwan, possibly with military means, but attacking South Korea is not something the Chinese leaders have in mind, unless there was an obvious and straightforward military reason for such a move.

In any case, North Korea is unlikely to try to engage actively on China's side in a war over Taiwan. Whether China wins or loses in a military attempt, North Korea will evaluate its positions based solely on its own interests. It may stage some provocations and continue with its usual saber-rattling rhetoric towards the outside world, but it is likely to stay out of a China-Taiwan conflict. Such a position would by the way be seen as vindicating North Korea's nuclear policy as a guarantee of preservation of peace on its territory.

The South Korean government would find itself in a delicate position in case China attacks Taiwan. It is currently not eager to participate in an alliance to support Taiwan if attacked. The fact that President Yoon refused to see Nancy Pelosi when she came to South Korea after her official visit to Taiwan is a clear indication of this. Given South Korea's geographical closeness to China (and North Korea's increasing threat), it feels condemned to behave in a similar way as Taiwan's leaders: avoid provoking China while firmly pursuing its own national interests, in particular with respect to the North Korean threat. The presence of US troops on South Korean territory has been since the end of the Korean war an existential protection and guarantee of peace in South Korea, which has enabled it, when making the right institutional and policy choices, to reach an unprecedented level of prosperity. Given the growing power of China in Northeast Asia, it is not clear whether the presence of US troops will be enough to continue guarantee peace, or even whether the US presence will continue as before. A nightmare scenario that could have been possible under the Trump presidency would have been a "deal" where North Korea "agreed" to denuclearize in exchange for a departure of US troops from South Korea. In any case, isolationist tendencies within the US do generate some uncertainty with respect to the US military commitment towards South Korea. It would in any case be in the interests of South Korea to increase its military preparedness. This may involve the acquisition of nuclear weapons¹⁵, which would be an unprecedented move, but could at some point make sense given North Korea's continuous nuclearization in recent years. This would also provide some protection with respect to China, but it would obviously entail enormous risks.

The most important response in North East Asia to Russia's invasion of Ukraine came from Japan. In the light of the Ukraine conflict, the Japanese government feared that it would encourage China to invade Taiwan. It therefore decided a historically unprecedented increase in its military budget, breaking with its tradition of pacifism following its defeat in WWII. While the idea of a nuclearized Japan has been taboo in the post-WWII world, more and more voices are being heard in Japan to engage in a nuclear program to defend itself against North Korea and possibly China.

An important remark needs to be made here. There does not exist a military alliance like NATO in Asia. Building an alliance with democratic and free countries in Asia would be an important step in countering China's imperial ambitions in Asia and in Northeast Asia in particular.

Finally, it is worth mentioning the effect of the invasion of Ukraine on the Russian presence and influence in Northeast Asia. Obviously, the concentration of military forces and logistics in Ukraine has diverted attention of the Russian government away from its presence in Northeast Asia. There are, however, many ripple effects of the invasion of Ukraine on Russia's position in the region. A clear effect is the increased Japanese

¹⁵ US tactical nuclear weapons were withdrawn from South Korea in 1991. It seems highly unlikely that the US would revisit that decision.

distrust of Russia's presence in Northeast Asia. Following the invasion of Ukraine, public opinion in Japan saw existing territorial conflicts with Russia (over the Kuril islands) as potentially bigger military threats, and this is one of the reasons (the China threat being the bigger one) for announcements by the Japanese government of its will to rearm. The "unlimited" alliance between Russia and China announced just before the Russian invasion also means that Russia will try de facto to avoid taking any action in the region without the approval of China, in effect surrendering geopolitical influence in the region to China.

All in all, the Russian invasion of Ukraine has strongly increased the tension in Northeast Asia. To be clear, tensions were already there, due to China's goal of recovering Taiwan and North Korea's nuclear buildup. Nevertheless, Russia's decision has increased the likelihood of China militarily invading Taiwan, which would have enormous repercussions in all of Asia. A Russian victory in Ukraine would undoubtedly embolden China in invading Taiwan. On the other hand, a Russian defeat would certainly have the opposite effect. While Russia is militarily superior to Ukraine (at least in the quantity of troops and weapons), China's superiority relative to Taiwan is much larger, but a US intervention to help Taiwan would change that calculus¹⁶. A Russian defeat in Ukraine, and possibly very negative consequences for the Putin regime inside Russia, would certainly convince many Chinese leaders that invading Taiwan would be too risky.

7. Conclusions.

We viewed in this paper the Ukraine war and its effects on the international order in the light of the different political regimes existing in today's world: empires, nation states and democracies. The coexistence of empires, nation-states and democracies is problematic and is likely to lead to instability. Whereas empires were dominant in most of world history since the emergence of states, they have been declining strongly since the 20th century and with the advent of nation-states and democracies. Remaining empires should further decline in the future. The Russian empire is much smaller and weaker than the Soviet empire in all dimensions. It will further weaken economically and demographically. The Chinese empire is much larger economically and is still in expansion mode, but is facing huge costs of maintaining the empire in the colonized provinces of Xinjiang, Tibet, Inner Mongolia, Yunnan and Ningxia, among others. Moreover, the costs of invasion by communist empires are higher than for traditional empires given the need to install communist party cells throughout the fabric of society. Absorbing Hong Kong after the National Security Law is proving very costly. Absorbing Taiwan may prove to be a tipping point. China is still militarily quite inferior to the US and is facing major demographic challenges as the "One child" policy has led to a rapid aging of the population. Nevertheless, the outcome of the Russian invasion of Ukraine will undoubtedly affect China's decision to invade Taiwan or not, a decision that will

¹⁶ Moreover, Taiwan being an island, a military invasion is more complicated.

have major effects on world peace. We discussed the role of countries in Northeast Asia in case China would decide to militarily invade Taiwan.

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