World-systems theory as a paradigm for explanation of uneven structure of global and national economic development

Dmitry V. Didenko

ORIGINAL ARTICLE

Doctor of Science in Economics, Candidate of Science in History, Professor
Russian Presidential Academy of National Economy and Public Administration, Moscow, Russian Federation
E-mail: didenko-dv@ranepa.ru

Abstract. In this essay the author attempts to revitalise ideas from various schools of world-systems theory (WST) to explain the roots of divergence and convergence between the West and the East in income per capita at various stages and phases of capitalist development of the world economy. The author argues that this theory provides with relevant concepts and approaches to reveal the role of empires in promoting long-distance trade, commodification of the global economy, as well as the factors behind secular change of world-economy centres and hegemonies. The author traces intellectual influences on the WST by interpreting the key concepts and discussing the lines of argument. The author compares the selected theoretical approaches by the WST, as well as by related theoretical paradigms, with empirical evidence found in economic history literature. This provides helpful insights for understanding changes in relative positions of Russia by bridging past and present and by placing the country's path of development into the global perspective. Thus, having claimed to be an alternative to the global capitalism during the Soviet period, Russia appeared to be a semi-periphery of the world capitalist economy. Surpassing development of China and India in the last decades promises shifts in the global economic landscape. The author's review of the literature demonstrates that most of the original schools of WST analysed factors behind the Great Divergence; yet their methodology is applicable to explain the convergence. To do so they borrowed the neoclassical concept of human capital and applied to a revised modernisation discourse.

Keywords: world trade; national states; empires and periphery; the Great Divergence; Marxism; dependency theory; modernisation theory

JEL codes: B24, B25, F20, F10, N40, P10

DOI: 10.52957/2782-1927-2025-7-1-4-13

For citation: Dmitry V. Didenko (2026). World-systems theory as a paradigm for explanation of uneven structure of global and national economic development. *Journal of regional and international competitiveness*, 7(1), 4.

Introduction

The phenomena of globalisation and deglobalisation of international economy and the role of the BRICS countries in these processes is widely discussed in academic literature and mass media. Among many streams of academic literature a prominent role belongs to the world-system theory (WST hereafter). It is relatively new, at least as regards Marxism, institutionalism, or even development economics. It is inherently historic as it places the global relationship among countries in a historical context by relying on empirical findings by economic and social historians and provides theoretical explanation of various phenomena of economic, social, and political history. The diversity of schools and discourses in which the complex of these processes and phenomena is understood and analysed makes it rather a multidisciplinary paradigm [22], like modernisation theory, to which WST opposed when emerged. Both of these paradigms endeavour to investigate interactions of economic system with other ones, in which human activities are manifested.

The increasing weight of the BRICS countries poses a set of questions. The first is why China failed to expand overseas, beyond the traditional area, despite high level of technology relative to European countries in the 15-18th centuries? The second question is how early modern development of the overseas commerce affected further capitalist development. The third is why the Great Divergence was succeeded by convergence in cross-country income per capita?

In trying to address them the author employs concepts and approaches developed by various schools of WST to arrive at the roots of divergence and convergence in income per capita at various stages and phases of capitalist development of the world economy.

The rest of the study is structured as follows. In the next Section 1 the author proposes his interpretation of the basic concepts and approaches employed by WST. In Section 2 he investigates the WST explanation and empirical findings by economic historians on the role of trade and rise of the new type of empires at the dawn of modern economic growth and the Great Divergence. Section 3 is focused on how different schools of WST explained and predicted the processes of divergence and convergence.

Main part

The WST paradigm: key concepts and approaches

The WST considers long-term[1] trends of capitalist society as a world-system unified by flows of commodities, labour and capital, divided into geographically defined structural subsystems: the core, semi-periphery and periphery. The key concepts of WST are "world-economy", "world-empires" and "capitalism".

In the WST perspective, world-economy is defined as the system in which powers and control are effected through a single division of labour but multiple polities and cultures. In contrast, in world-empires there is a single political system over the area under control. In this environment capitalism was from the beginning an affair of the world-economy and not of nation-states [29, p. 63, 347-349]. This idea can be traced back to the Communist Manifesto by K. Marx and F. Engels[2] despite it appeared not to be the consensus one among their followers. The WST relied on a broader concept of capitalism than Marxism did. The former can be summarised as a set of commodified economic activities aimed at profit maximisation and infinite capital accumulation [8, p. 23-25; 3, p. 8-11]. Therefore, in socialist countries extreme form of state capitalism (not merely state-induced or state-led but state-owned economy) appeared to be the case. A narrower Marxist concept is based on such essential characteristics, as domination of private (versus public) property for the means of commodified production, aimed at maximum private extraction of surplus value[3] from wage-labour, which is realised through the respective distribution of political powers, ideological, cultural, and other means of social control.

State is conceptualised in Arrighi [3, p. 28-37] based on territorialist versus capitalist approach on which enterprises, their networks and the whole world-system operate. Opposing to Marxism[4], in WST frame-work a state has its certain degree of autonomy and its own rational strategy aimed at territorial expansion and population under control. Arrighi [3, p. 34] clearly distinguished political and economic logic: territorialist rulers identify power with the extent and populousness of their domains, and conceive of wealth/capital as a means or a by-product of the pursuit of territorial expansion; capitalist rulers, in contrast, identify power with the extent of their command over scarce resources and consider territorial acquisitions as a means and a by-product of the accumulation of capital. Thus, capitalism developed through ambivalent interaction between economic and political interests and rationality, as well as through competition of various economic and political institutions.

The concept of "world" is also related to empires as large supra-state units, which are conceptualised as a large power platform, derived from the strategy of control over expanded territories, with ethically and culturally diverse populations, resulting in coercive redistribution of resources [9]. This ensures economic flows from the periphery to the centre by force (tribute and taxation) and by monopolistic advantages in trade. Yet, political empires are a primitive means of economic domination[5]. The world-economies that existed

1 The concept of "Long durée" coined by Braudel (1973 [5]; 1992 [6]) became one of the key ones in economic history.

2 The basic idea was that a rapid development of modern industry had established the world market, for which the discovery and colonisation of America as well as trade with the colonies, paved the way. The concept of "world market" is frequently used already in the founding work of 1848 [18].

3 In national accounting this may be operationalised as entrepreneurial income.

4 As the Communist Manifesto claimed, "The bourgeoisie has at last, since the establishment of Modern Industry and of the world market, conquered for itself, in the modern representative State, exclusive political sway… The executive of the modern State is but a committee for managing the common affairs of the whole bourgeoisie" [18, p. 37-38]. This view does not presume any specific own interest on the part of a state.

5 In terms of new institutional economics, empires tend to have more transaction costs per capita than smaller states caused by larger before capitalism, always transformed into empires: China, Persia, Rome. In contrast, capitalism is associated with development of the world-economy without the emergence of a unified political structure [29, p. 15-16; 28, p. 57-59].

Rising empires and economic growth

The shift from a traditional Malthusian system[6] to modern economic growth regime[7] was launched in England in the 18th century [16, p. 64, 462] having been prepared with the market integration in the previous centuries [8]. During more than three latest centuries the regime spread around the world. The factors underlying the original shift of regime of economic growth away from the Malthusian mechanism are basically subdivided in Smithian (commercialisation) and Northian (institutional) growth. The former is based on division of labour for which exchange of goods by means of trade is a driver of growth, pre-modern, early modern, and modern. Trade follows from agricultural (and later industrial) specialisation via increasing population income.

The phenomena of globalising trade and the rise of empires in the early modern era, which went alongside each other, received an explanation within the frame-work of the WST.

It follows from the logic of WST that empires were not a necessary condition for the world capitalist economic system, even though they made their substantial contributions. Historically, the core of world-economy could be represented by city-states (like Venice[8], Genoa, Florence at the dawn of capitalism, Luxembourg or Singapore today), small- or medium-sized confederate states (like the United Provinces of the Netherlands in the 17th – 18th centuries[9] or Switzerland), large nation-states with huge colonial appendages (Britain and France in the 18th – mid-20th centuries), federal states (primarily the US and the UK today). The polity was flexible, without clear trend to centralisation or decentralisation.

In WST perspective the traditional agrarian-coercive empires are separated from the later modern colonial empires whose governing logic was capitalist. Thus, Russia, like Turkey or Portugal, emerged as a pre-capitalist, agrarian-coercive empire. Subsequently they have long existed alongside capitalism while being increasingly penetrated and incorporated into the global capitalist networks. On the opposite, the Netherlands, England, or France were capitalist nation-states in Europe – while at the same time operating overseas as territorialist empires [9].

Indeed, it was the state which assisted "national" capitalists, absorbed their losses and thus promoted world capitalism. Among typical instruments of the state involvement into international commerce the main place belonged to monopolies, the protectionist system, and mercantilist policies. Among monopolies there were cases of joint-stock chartered companies which were part-governmental, part-business organisations which specialised territorially to the exclusion of other similar organisations. Also, in the process of capitalist development a large number of states created national economic barriers as a defensive mechanism of capitalists located in those which were one level below the high point of strength in the system [3, p. 250].

The cases how the state assisted to merchants in their trade can be found in Russian history as well. In the second half of the 16th century the privileges issued by Ivan IV (the Terrible) to the Muscovy Company incorporated in England, a milestone in the history of Anglo-Russian relations, were of great importance for further development of Russia's commerce[10]. Another case, the Russian-American company for colonisation

expenditures for operation and contract enforcement. But empires tend to produce large-scale effects and have greater capacity for diversification.

6 Characterised with a negative relation between population size and GDP per capita and very slow long-term growth of income per capita.

7 Characterised with high rates of growth in income per capita based on rising productivity. S. Kuznets (1966) who coined the term did not support human capital theory although he acknowledged that spread of education and of the transnational stock of technological and social knowledge underlay the rise in productivity. Unified growth theory (Galor, 2011) revitalised the term stressing the role of human capital compound with the demographic transition in the movement from Malthusian to modern growth regime.

8 The state that at most met the standards of the capitalist logic [3, p. 38].

9 Braudel (1992 [1979], p. 193-195).

10 See, e.g., Kotilaine, 2005 [15, p. 93-95].

of Alaska was chartered by the emperor Paul I (in 1799) and sponsored by the Russian state[11].

As regards the role of trade in the Great Divergence, among the questions which arise, the first is what inspired the development of long-distance trade from the part of the European countries in the 15th – 17th centuries (and not from the part of China)[12]?

As Arrighi [3, p. 35-37] suggested, by the mid-15th century Asia had been a purveyor of valued goods for the tribute-taking classes of Europe and had thereby exercised a powerful pull on Europe's precious metals. This structural imbalance of European trade with the East created strong incentives for European governments and businesses to seek ways and means, through trade or conquest, to retrieve the purchasing power that relentlessly drained from West to East.

Therefore, the expected benefits to Portugal and other European states of discovering and controlling a direct route to the East were incomparably greater than the expected benefits of discovering and controlling a direct route to the West were for the Chinese state whose agents weighed carefully the prospective benefits, costs, and risks.

Even in the 18th century the main economic and social indicators in Western Europe and in Eastern Asia were at comparable level, relative to their present relation. Considering England versus Yangtze delta, Pomeranz [20] argued that technological stagnation of early modern and modern China and its failure to get on the path sustained growth were caused by the lack of both colonial expansion with long-distance trade and of more accessible fossil reserves, primarily coal. This in much contributed to the Great Divergence in the 18th – 19th centuries. By shifting the dating of the Great Divergence later than it was thought before this economic history research was seminal in revising the previous historiography and stimulating another wave of the debate on its roots. Pomeranz [20] emphasized an occasional nature of outcomes of the world economic development, including the emergence of modern economic growth regime as a successful escape from the Malthusian bonds. The institutional structures both in China and in North-Western Europe were taking shape and developing by trial-and-error method. Thus, even though economic institutions in the late Ming (1368 to 1644) and early Qing China (1644 to 1911) were no less market oriented and the markets no less integrated than in Western Europe at the time to enable Smithian growth [20, p. 69-86], Western Europe succeeded in the 18th-19th centuries while China fell behind reverting to semi-colonial economic position).

The second question is how early modern development of the overseas commerce affected further capitalist development. In Marxian literature early modern world trade is considered as a factor of primitive accumulation of capital, associated with slave capture, unequal exchange via cheating, fraud and outright robbery. In this perspective early capitalism is frequently defined as merchant (also commercial) one, the idea borrowed by other streams of literature (e.g. by the German Historical school of economics)[13].

The WST explains secular change of world-economy hegemons in the core of the system. Being associated with major fluctuations in international flows of trade (goods and services) and capital they are determined by the systemic cycles of capital accumulation and competition of historical institutions of capitalism. Each cycle consisted of a phase of material expansion followed by a phase of financial expansion. Financial expansions started at the moment when the leading business agencies of the preceding trade expansion switched their energies and resources from the commodity to the money trades [3, p. 88; 6, p. 242-248]. Historically, these were a Genoese cycle, from the fifteenth to the early seventeenth centuries; a Dutch cycle, from the late sixteenth century through most of the eighteenth century; a British cycle, from the latter half of the eighteenth century through the early twentieth century; and a US cycle, which began in the late nineteenth century. The crises of overaccumulation that marked the transition from one organisational structure to another also created the conditions for the emergence of ever more powerful governmental and business agencies capable of solving the crises through a reconstitution of the capitalist world-economy on larger and more comprehensive foundations [3, p. 6-7, 341].

11 See e.g. Lightfoot, 2003 [17].
12 As Arrighi [3, p. 35-37] put it forward: why China did not discover Portugal and took control over the Inner Asian trade several decades before the latter started the same movement eastwards?
13 Wallerstein opposed the separation "merchant vs industrial" and argued "agricultural vs industrial" capitalism based on defining what type of commodity (largely agricultural) people produced for sale and profit in world market.

Yet, the quantitative evidence we have on commodity structure of exports and imports over time starts from the 19th century, at best from the 18th century, i.e. covers the British and American cycles of accumulation, according to the timeline in Arrighi [3, 5-7, 219-220].

Wallerstein [29, p. 301-325] and Braudel [6, p. 441-465] considered Russia as either a separate world-economy (16-17th centuries) or a periphery of the European capitalist world-economy (since the 18th century). Besides low commodification of the economy, one of the arguments was that Russia's trade with the East, where the colonization moved ahead, was of more importance than with the West before the 18th century. The quantitative and descriptive evidence[14] presented in [15] strongly questions (and rather refutes) this argument, even without overall estimates on geographical composition of Russia's foreign trade. The whole view was challenged by the scholars within the same school who argued that Russia from the 16th century was as much part of the world-system, as were Poland or Turkey[15]. Remarkably, Kotilaine [15, p. 2-5, 510-514] emphasised Russia's dependency in commerce with both directions. He pointed out predominance of foreign merchants, concentration of raw materials in exports and manufactured products in imports.

We should pay attention to an ambiguous role of trade for the development of the Russian Empire with borderland colonisation and open frontier [14; 23, p. 11-53][16]. In the process of territorial expansion, the fertile black soil region was brought under cultivation in the 18th century [7, p. 7]. But the vast areas of the Siberia and the Far East remained very low populated relative to the Russian European core and poorly explored. Trade links between European Russia and the peripheral provinces in the Caucasus and Central Asia[17] were of much less importance if compared to those of Britain and France with their overseas. Territorial expansion of the Russian Empire in Central Asia was driven primarily by geopolitical competition with the British Empire and much less by economic factors.

In WST perspective Russia could change it status from either an outsider or a periphery in the 16-17th centuries to a semi-periphery in the middle of the 18th century, and back to a periphery until the late 19th century. In the 18th century not only trade openness was on the rise but also positive trade balance. The production of Russian iron works was exported to the West besides agricultural commodities [13, p. 163-266]. Later, as the Industrial Revolution proceeded in the West, the composition of Russia's exports (more agricultural commodities) and imports (more machinery) more and more resembled those of a periphery. Despite the USSR became one of the two military superpowers in the second half of the 20th century and obtained some features to be included into the core, the commodity structure of Russian / Soviet foreign trade can hardly lend support to this notion. Before the 1950s the exports primarily consisted of agricultural commodities, woods, fishery, furs; while imports did of manufactured consumer and producer goods. Only within a short period of time (1950s – end 1960s), at the height of successes in catching up with the West, the exports of machinery expanded. But even in the best times[18] the structure could be characteristic for semi-periphery, not the core. In the 1970s-1990s agricultural exports was replaced by oil and gas on the side of export; while imports of machinery were on the rise, as well as agricultural products [27, p. 306-309].

In the WST perspective, the USSR and the bloc of socialist countries, which emerged as an alternative to western capitalism and embarked on a path of their own economic integration, in fact remained a part of the capitalist world-economy. This thesis was primarily based on the broad concept of capitalism. It is confirmed by the data on foreign trade in the 1920s, first half of the 1940s, 1960s-1980s. In the 1920s almost all of the trade flows (low but comparable size with those of before the WWI) were those with capitalist countries, with Germany, the US and the UK being the main trading partners [19, p. 14]. In the 1960s when

14 The products obtained from the colonized East (furs first of all) if were exported then mainly to the West. Transportation networks westwards were much better developed than eastwards already in the 17th century.
15 Cited in Wallerstein (2011) [29, p. XXV].
16 The concept was coined in the late 19th – early 20th centuries by F.J. Turner [26, p. 11-38] with reference to Northern American type of colonization.
17 Many of these provinces were included into the Russian interior customs territory and the statistics reported trade flows with them as domestic. But some remained outside even being parts of the Russian Empire.
18 At the turn of 1960s-1970s when the share of manufactured products was largest, that of primary products was the least in exports, while the share of machinery was the least in imports.

trade openness returned to the level of 1920s, the main trading partners became the socialist countries from the COMECON[19] [19, p. 70-71]. In the late 1980s when trade openness returned to the pre-Revolutionary levels of the early 20th century, the share of the capitalist core expanded and approached to 25% [25, p. 645].

World System Theory on divergence and convergence

One of the basic ideas of the WST is that global market exchange is not equivalent[20]. As the capitalist world-economy is a highly hierarchical system the benefits of trade were distributed unequally not only within countries but also between them. This idea penetrates the literature from Marxism via dependency theorists to WST. For Karl Marx the main inequalities arising from international trade were basically intra-national. Prebisch [21] applied the same logic by reverting it to international perspective. He introduced the concepts of centre and periphery within a world economic system with the specific international division of labour. In addition to the core and periphery, Wallerstein [29] proposed the intermediary layer, namely semi-periphery, necessary for the smooth functioning of the world-economy. As he claimed, unequal exchange is enforced by strong states on weak ones, by core states on peripheral areas. Thus, capitalism involved not only appropriation of the surplus-value by an owner from a labourer, but an appropriation of surplus of the whole world-economy by core areas [29, p. 15-16; 28, p. 28-29]. Amin [1, p. 133-145], who identified himself as Marxist, argued that the differences in wages between parts of the world greatly exceeded those in productivity.

The dependency theory was especially popular in the 1960s and 1970s when opposing to the modernisation theory. This theoretical shift contributed to the emergence of WST which basically relied on the former.

In the WST perspective, growth rates in underdeveloped economies are more likely to be lower than those in developed ones, within a historically long-term economic cycle. This is primarily due to the stylised fact that the latter are specialised in production of innovations while the former reproduce their copies through the following mechanism.

Various types of commodities constitute different value added, depending on their technological advancement and substitutability. The countries of the core specialise in physical- and human-capital intensive production, with low substitutability. Therefore, price competition in these segments is of relatively low intensity. Consequently, the price of such a product may contain a significant rental component. In this case a significant positive risk premium (or rent) goes to the successful innovator. However, if the innovation fails, the risk premium will be negative. This factor tends to be frequently overlooked. At the same time, peripheral areas of catch-up development, as a rule, specialise in the production of highly substitutable goods, the mass production of which has already been mastered in the core of the capitalist world system. Such production is characterised by increased intensity of price competition which depresses the prices and the level of entrepreneurial income.

From unequal nature of international commodity exchange[21] it follows that divergence is a trend while convergence is just its temporary correction. Cases of catching-up then should be rather rare than frequent. Thus, most of the world-system theorists strongly predicted global divergence but hardly did the same for convergence. However, the empirical evidence of the recent decades contradicts this prediction. While during the 19th and 20th centuries there was a divergence between countries in the level of per capita income, then since the end of the 20th century there has been a convergence. Indeed, there are few rapidly developing countries. But this is primarily China, which has narrowed the gap several times since the 1980s. Also India showed rapid growth rates and a narrowing the gap in the 21st century. Both countries represent more than a third of the human race in terms of population.

19 The Council for Mutual Economic Assistance established in 1949 by the key socialist countries of Eastern Europe. Among non-European socialist countries only Mongolia, Vietnam and Cuba subsequently joined as full members, while China participated as an observer in 1949-1961.

20 This presumption originates from Prebisch [21, p. 8-14] who argued that from 1870s to 1940s primary commodities produced in a periphery had weaker price performance relative to manufactured goods produced in industrial centres, contrary to the respective costs.

21 Combined with the idea that technological transfer is also unequal: periphery tends to borrow low-tech to improve the production of primary goods.

An explanation of these stylised facts employing WST is proposed in Grinin and Korotayev [12]. They suggest that the Great Divergence and the Great Convergence constitute two phases of a single Global Modernisation process. They found that the roots of the turn to convergence lay in the late nineteenth and early twentieth centuries. Increasing import of capital by the world periphery appeared to be a starting point of the turn. This factor became even greater in the second half of the 20th century, with Transnational Corporations (TNCs) played the leading role to contribute to globalisation, technological transfer, and the development of infrastructure. Important reasons of the shift toward convergence were scientific and technological progress combined with ability of the periphery to adopt it. Human capital development in the World System periphery allowed really effective diffusion of capital and technologies from the World System core. The emergence of educated intellectuals (in particular, via student training in the West and in the USSR) was very important and could be the proponent of the ideas of modernisation. Some states on the periphery, even being suppliers of mineral resources, exposed sufficient propensity to collective actions through the OPEC in order to hike prices for fuel and sustain them for prolonged periods of time [12, p. 116-134]. These were basically the technological factors of convergence rather than institutions as environment of economic activities.

Not a single key cause but the combination of the factors have prepared the basis for the turn toward Convergence: the dramatically increased necessity both for the West and the USSR (each for various reasons) to seek alliances with developing countries; the need to put negative processes in the developing countries under control and elaborate proper strategies, scientific ideas, programs etc.; changes in the Western economies' structure, that required moving industrial production to developing countries; the awakening of the intellectuals and striving for modernisation; the role of developing countries as suppliers of raw materials (especially oil) and of cheap labour force which gradually gained more and more education and became more and more skilled [12, p. 134].

Thus, the new wave of globalisation, which began in the late 1980s – early 1990s, has weakened the core and strengthened the periphery. Among the causes of the weakening of the relative might of the West an important place belongs to the dramatic slow-down of the population growth rates there (whereas in some developed countries those growth rates have even become negative) which is accompanied by its very significant ageing. In the meantime, the demand for the main resource of poor countries, namely their workforce, increased dramatically. Development of new technologies led to the situation when the technologies of older generations, which are subject to transfer to the periphery, became cheaper and cheaper [12, p. 149-158].

What is important in the view of WST upon the Great Divergence that it was not just a process of growing differences in the levels of development of the West and the Rest, but also the process of the emergence of a new type of global economic system in which economies of various countries were incorporated into a single world economic system (but with very different roles) which shifted to the Great Convergence that happened in recent decades [12, p. 7].

The original modernisation theory of the 1950s-1960s basically stated that, when less developed countries come into contact with more developed countries, they start moving on the western path of development [(10; 4]. This paradigm rested on the same historically optimistic progressist thinking as Liberalism and Marxism, with emphasis on active and proactive policies (developmental state) as well as on the elimination of destructive forms of class struggle. However, the wave of decolonisation in the 1960s did not lead to modern growth in most of the former colonised countries, contrary to predictions of modernisation theory. Therefore, this discourse of linear modernisation as westernisation was largely refuted. But a comeback occurred in the 1990s as state socialism collapsed and, the Cold War ended, global income convergence emerged somewhat earlier, and the prospects of liberal capitalism seemed to be bright again. Thus, the WST applied to a revised discourse of modernisation paradigm.

Unsurprisingly, the WST focuses on the division of labour (such as skilled and unskilled labour) based on the military power and capital intensity of core countries. Therefore, as it was shown above, there was need to borrow concept of human capital emerged and developed in the neoclassical mainstream of economics to explain the historical processes of divergence and convergence in productivity and income per capita.

Conclusion

The proximate source of pre-modern, early modern, and modern economic growth, advocated by Adam Smith, is the development of trade, associated with the formation and expansion of a new type of empires. These processes have been explained within the framework of world-systems theory, which considers long-term trends in the development of capitalist society as a world-system. This system is united by flows of goods, labour, and capital, but divided into geographically defined structural subsystems: the core, semi-periphery, and periphery.

Having been strongly influenced by Marxism, the WST emerged as a stream of leftist economic and sociological literature with emphasis on contradictory nature of the world economy subsystems as a driving force of the capitalist development. However, the WST relied on a broader concept of capitalism, than Marxism did, where free markets are rather an exception and where socialism becomes a kind of peripheral state capitalism. Also, WST opposed to linear version of modernisation theory and optimistic development thinking of the 1950s – 1960s.

From this perspective, being technologically advanced in the early modern times, China remained an empire of the traditional agrarian-forced type, a world-economy in itself, and therefore was not so interested in promoting long-distance trade with the outer world, whether the East or the West. While the latter had a structural imbalance of European trade with the East and was much more interested in discovering and controlling a direct trade route to the East.

Contrary to China, Russia was highly open for foreign trade already in the 17th century, both with the East and the West. Russia could change it status from either an outsider or a periphery in the 16-17th centuries to a semi-periphery in the middle of the 18th century, and back to a periphery until the late 19th century. In the late 19th and early 20th centuries her elite had succeeded in transformation into a colonial empire whose management logic was basically capitalistic. The Soviet Union, once emerged as an alternative to global capitalism, in terms of trade flows appeared to be just a semi-periphery of the world capitalist economy.

Both trade and empire underpinned by military force could play a role in the rise of industrialisation, for example, by providing access to new markets and resources, and by supplying knowledge and resources. On the other hand, they could also have a negative effect, diverting resources from civilian investment to military spending and conspicuous consumption of elites. These processes of inter-country rivalry, more intensive in fragmented Western Europe, affected the dynamics of global divergence and convergence in income per capita, though in non-linear ways.

The WST theorises on a cyclical logic of capitalist accumulation (a phase of material expansion followed by a phase of financial expansion) and on competition of historical institutions of capitalism that both led to changes in centres of the world economy and their hegemonies. The crises were solved through a reconstitution of the capitalist world-economy on larger and more comprehensive foundations.

Dependency theory, especially popular in the 1960s and 1970s, argued that the global relationship among countries is one in which developed countries force developing countries into the production of low value-added goods such as raw materials. Hence, no convergence in terms of per capita income occurs. Most of the world-system theorists, who strongly relied on the dependency theory, predicted global divergence but hardly did the same for convergence. However, the recent literature found the WST methodology applicable to explain the alternative empirical evidence of the latest decades by borrowing the neoclassical concept of human capital and revising modernisation discourse, originally refuted by the WST founders. Thus the WST appeared to be instrumental in explaining both the global divergence of the latest centuries and the convergence of the latest decades.

FUNDING

The article was written on the basis of the RANEPA state assignment research programme.

The author of the article borrows his material from the collective monograph: Van Leeuwen B., Didenko D., Calabrese M., Wang M. Innovation and Economic Development in Eurasia, 500 BCE–Present: The Roots of Divergence. Cham: Springer, 2025. Ch. 4 The Change towards Modern Growth: Proximate Causes. The author thanks Bas van Leeuwen, Matteo Calabrese, Meimei Wang for the original ideas and productive discussions. The author of the article bears fully responsible for the final research decisions and their possible shortcomings.

CONFLICT OF INTEREST

The author declares no conflict of interest.

References

1. Amin, S. (1976). *Unequal Development: An Essay on the Social Formations of·Peripheral Capitalism*. Hassocks (England): Harvester Press.
2. Amin, S. (2016). *Russia and the Long Transition from Capitalism to Socialism*. New York: Monthly Review Press.
3. Arrighi, G. (2010). T*he Long Twentieth Century. Money, Power, and the Origins of Our Times*. London, New York: Verso Books.
4. Black, C. (1966). *The Dynamics of Modernization: A Study in Comparative History*. New York: Harper and Row.
5. *Braudel, F. (1973). Capitalism and Material Life, 1400–1800*. New York: Harpercollins Publisher.
6. *Braudel, F. (1992). Civilization and capitalism. The perspective of the world*. Berkley: University of California Press.
7. Broadberry, S., & Korchmina, E. (2022). Catching-up and falling behind: Russian economic growth, 1690s-1880s. *Journal of Economic History*, 84(4), 1-32. Retrieved from https://ora.ox.ac.uk/objects/uuid:8ddb009a-30d0-4100-9bcf-895b106481a2.
8. Clark, G. (2015). Markets before economic growth: the grain market of medieval England. *Cliometrica*, 9(3), 265–287.
9. Derluguian, G. M. (2007). Some Ideas about Empires on Europe's Periphery (The Worlds the Portuguese, the Russians, and the Turks Created). *Social Evolution & History*, 6(1), 145–154.
10. Eisenstadt, S. N. (1966). *Modernization: Protest and Change*. Englewood Cliffs (N.J.): Prentice Hall.
11. Galor, O. (2011). *Unified Growth Theory*. Princeton (N.J.): Princeton University Press.
12. Grinin, L., & Korotayev, A. (2015). *Great Divergence and Great Convergence: A Global Perspective*. Heidelberg: Springer Cham.
13. Kahan, A. (1985). *The Plow, the Hammer and the Knout: An Economic History of Eighteenth-Century Russia*. Chicago: University of Chicago Press.
14. Khodarkovsky, M. (2002). *Russia's Steppe Frontier: The Making of a Colonial Empire, 1500-1800*. Bloomington – Indianapolis: Indiana University Press.
15. Kotilaine, J. T. (2005). *Russia's foreign trade and economic expansion in the seventeenth century: Windows on the World*. Leiden – Boston: Brill.
16. Kuznets, S. (1966). *Modern Economic Growth: Rate, Structure, and Spread*. New Haven; London: Yale University Press.
17. Lightfoot, K. G. (2003). Russian Colonization: The Implications of Mercantile Colonial Practices in the North Pacific. *Historical Archaeology*, 37(4), 14–28.
18. Marx K., & Engels F. (1977). *Manifesto of the Communist Party*. Moscow: Izdatelstvo "Progress".
19. MVT (1967). Ministry of Foreign Trade of the USSR. *Vneshniaia torgovlia SSSR: Statisticheskii sbornik, 1918–1966*. Moscow: Mezhdunarodnye otnosheniia (in Russian).
20. Pomeranz, K. (2000). *The Great Divergence. China, Europe, and the Making of the Modern World Economy*. Princeton and Oxford: Princeton University Press.
21. Prebisch, R. (1950). *The Economic Development of Latin America and its Principal Problems*. Lake

Success, NY: United Nations Department for Economic Affair.

22. Robinson, W.I. (2011). Globalization and the sociology of Immanuel Wallerstein: A critical appraisal. *International Sociology*, 26(6), 723–745.

23. Sunderland, W. (2004). *Taming the Wild Field: Colonization and Empire on the Russian Steppe*. Ithaca; London: Cornell University Press.

24. Tabata Sh., & Tabata T. (2019). *Gross Domestic Products. Russian Economic Development over Three Centuries: New Data and Inferences*. Singapore: Palgrave Macmillan.

25. *TsSU SSSR*. (1989). Moscow: Finansy i Statistika (in Russian).

26. Turner, F. J. (1920). *The Frontier in American History*. New York: Henry Halt and Company.

27. Uegaki, A. (2019). *Foreign Trade. Russian Economic Development over Three Centuries: New Data and Inferences*. Singapore: Palgrave Macmillan.

28. Wallerstein, I. (2004). *World-Systems Analysis: An Introduction*. Durham: Duke University Press.

29. Wallerstein, I. (2011). *The Modern World-System. Vol. I. Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*. Berkeley: University of California Press.

Received 09.09.2025
Revised 01.10.2025
Accepted 11.01.2026