**globalization and THE SHIFTING OF GLOBAL ECONOMIC-POLITICAL BALANCE**

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*The article offers forecasts of the geopolitical and geo-economic development of the world in the forthcoming decades. One of the main accusations directed toward globalization is that it deepens the gap between the developed and developing countries dooming them to eternal backwardness. The article demonstrates that the actual situation is very different. It is shown that this is due to the globalization that the developing countries are generally growing much faster than the developed states, the World System core starts weakening and its periphery begins to strengthen. At the same time there is a continuing divergence between the main bulk of developing countries and the group of the poorest developing states. The article also explains why the globalization was bound to lead to the explosive rise of many developing countries and the relative weakening of the developed economies. In the forthcoming decades this trend is likely to continue (though, of course, not without certain interruptions). It is also demonstrated that this convergence constitutes a necessary condition for the next technological breakthrough.*

**Keywords:** developed countries, developing countries, the World System, core, periphery, balance of power, convergence, divergence, world order, global technological breakthrough, weakening of the USA, , change of the world leader, global middle class.

Since the end of the 2nd World War one could see in the world a rather unique situation when one country – the USA – became the world hegemon in so many respects: political, military, monetary, economic, technological, cultural, educational, artistic, innovations, and so on. For a rather long period of time this leadership was strengthened by the competition with the world Communism, which unified the West and stimulated a vigorous energy in the United States. After the collapse of the USSR the USA became the absolute hegemon of the world. And this may appear paradoxical, but it was the obtaining of the status of the absolute hegemon that contributed to the start of the eclipse of the US might. On the one hand, this weakened the country’s readiness to sacrifice anything (as was done in the framework of the Cold War); on the other hand, against the background of the apparent omnipotence, the American leaders chose a generally wrong strategy trying to transform internal American tasks into goals of the US foreign policy (Kissinger 2001). As a result, within two decades the US administrations made many mistakes. Through their various actions they dissipated a certain safety factor that the US had, shook their own might, accumulated exorbitant debts, and created a detonator for the global crisis whose consequences are not clear yet. In the meantime, within less than two decades, between 1991 and 2008, against the background of the weakening of Europe and continuing stagnation of Japan one could see the explosive growth of the Asian giants (China and India) as well as the formation of large group of fast developing countries (from Mexico to Malaysia) that will take leading positions in the world in foreseeable future.

**HOW HAVE THE GLOBALIZATION WEAKENED THE CORE AND STRENGTHENED THE PERIPHERY?**

**Is the globalization the main cause?**

If we consider the situation in retrospective, the decline of the might of the USA and the West was inevitable. The crisis of 2008–2013 just revealed in a rather distinct way the trend that had become rather pronounced well before the crisis, the trend toward the weakening of the main Western economic centers and the inevitability of the loss of the absolute hegemony by the West. We are dealing here with a certain historical logic that, however, has not been completely comprehended yet: *the development of globalization after it had reached its certain phase became incompatible with the well-established model of the American and Western hegemony.* Thus, the very globalization (that was actively imposed by the USA; that is stigmatized by the antiglobalists of all the countries; that is often regarded as the main source of problems for the developing countries) made the trend toward the relative weakening of the rich countries and the relative strengthening of the poor countries inevitable. Consider this point in more detail.

**Law of communicating vessels of the world economy**

Up to the early 1970s the development of globalization was accompanied by the growth of the gap between the rich and poor countries (especially, if we compare their GDP per capita levels). However, in the recent decades the globalization began to contribute more and more to the closing of this gap. Thus, it appears possible to speak about the “divergent globalization” (approximately up to the 1970s) and the “convergent globalization” (since the 1980s). It appears important to note at this point that a rather pronounced convergence between the First and the Third world was already observed in the 1990s; however, this convergence can be hardly seen when “the West” is compared with “the Rest”, as in this case the convergence between the First and the Third World was obscured by a catastrophic economic decline observed in the early 1990s in the Second World.

Hence, the very essence of the last globalization wave implies that the developing countries must grow faster than the developed[[1]](#footnote-1). This is because the globalization increases the transparency of economic borders and this brings into action what may be called the “law of communicating vessels”. As a result the development of periphery (and, especially, semiperiphery) accelerated, whereas the growth of the countries of the World System core slowed down. There is no doubt that this is one of the main results of the global development in the last two decades.

According to the World Bank, just 20 years ago the share of the most developed countries (= the 1st World = “the West”[[2]](#footnote-2)) in the world GDP (calculated in the constant 2005 international purchasing power parity) was almost twice as high as the one of the rest of the world. It started declining in the 1990s, but these were the 2000s when this decline became precipitous, and by now the share of the Rest already exceeds the one of the West (see Fig. 1):

**Fig. 1.** Dynamics of the share of the West and the rest of the world (“the Rest”) in the global GDP after 1980 (based on the World Bank data on the GDP calculated in 2005 purchasing power parity international dollars)

**Data source:** World Bank 2014: NY.GDP.MKTP.PP.KD.

This was a result of the fact that after 2000 the GDP growth rates in the countries of the West were five times lower than in the rest of the world (see Fig. 2):

**Fig. 2.** Relative dynamics of the GDP of the West and the rest of the world (based on the World Bank data on the GDP calculated in 2005 purchasing power parity international dollars), 2000–2012 , 100 = the 2000 level

Note that the results of such a comparison will be somehow different if we calculate GDP not in power purchasing parity international dollars, but rather in US dollars (whereas the GDP of particular countries is calculated by the conversion of their GDP in local currency into US dollars according to market exchange rates). Indeed, in this case we are getting a rather different picture (see Fig. 3):

**Fig. 3.** Dynamics of the share of the West and the rest of the world (“the Rest”) in the global GDP after 1980 (based on the World Bank data on the GDP converted into current US dollars according to current market exchange rates)

**Data source:** World Bank 2014: NY.GDP.MKTP.CD.

As we see, in this case the initial gap between the West and the Rest appears to be much larger. What is more the convergence in the 1990s and the early 2000s looks much less pronounced, whereas a really fast convergence only starts after 2003. However, for recent years both systems of measurement portray a rather similar picture of an extremely fast convergence, with the GDP growth rates of the World System core countries lagging very far behind the countries of the periphery[[3]](#footnote-3) (see Fig. 4):

**Fig. 4.** Relative dynamics of the GDP of the West and the rest of the world (based on the World Bank data on the GDP converted into current US dollars according to current market exchange rates), 2003–2012 , 100 = the 2003 level

Thus, though different data series portray rather different pictures of the convergence between the West and the Rest as regards their shares in the world GDP, they are very congruent regarding the point that in the recent years the convergence is going on at extremely fast rates indeed.

Note, that an astonishingly similar picture of the world convergence pattern was detected by William Thompson when he tried to trace long-term dynamics of the Western share in the world manufacturing (see Fig. 5):

**Fig. 5.** Long-term dynamics of the Western share in the world manufacturing, 1840–2010

*Source*: Thompson 2014.

As we see, according to Thompson’s calculations a really fast convergence between the West (≈ the World System core) and the Rest (≈ the World System periphery) only started (as regards the very important variable in question) after 2000; however, afterwards it proceeded at precipitously high rates – thus in 2005–2010 (just in five years!) the gap between the West and the Rest decreased twice. With such an extremely high convergence rate the Rest may catch up with the West (as regards its share in the world manufacturing) already by 2015–2020[[4]](#footnote-4).

Thus, the World System periphery has achieved very significant results as regards the closing the gap with the core with respect to its shares in the world GDP (in general) and the world manufacturing (in particular).

As regards the convergence between the developed and developing countries with respect to per capita GDP the gap continues to be very pronounced notwithstanding all the impressive successes achieved by the developing countries in the recent years (see Fig. 6)[[5]](#footnote-5):

**Fig. 6.** The dynamics of the gap in GDP per capita (by how many times) between the developed and developing countries, 1999–2012

*Note*: the figures on the Y-axis scale denote by how many times the GDP per capita in the developed countries exceeded that in the developing countries for a given year. Thus, the value of 7 for 2005 means that in 2005 the GDP per capita was in the developed countries 7 times as high as in the developing countries. *Calculations made on the basis of the data presented by*: World Bank 2014: NY.GDP.PCAP.PP.KD.

As we could see above (see Fig. 1), with respect to the GDP calculated in purchasing power parity international dollars the gap between the World System core and periphery has already more or less disappeared. However, even if we calculate GDP in the same type of dollars, there is still a five-time gap between the developed and developing countries as regards their per capita GDP. On the other hand, note that the speed of the convergence with respect to this very important indicator was also extremely fast – just in 1999 the average per capita GDP in the developed states was more than eight times as high as in the developing countries. If this speed of the convergence continues, the developing countries will generally catch up with the developed countries (as regards their per capita GDP) already in 20 years[[6]](#footnote-6).

 For the recent years the analysis of the dynamics of the gap between the First and Third World (as regards per capita GDP) on the basis of Maddison’s database (2010) yield results that are very similar to the ones that we have obtained above on the basis of the World Bank (2014) data. However, this is only Maddison’s database that allows to consider this dynamics in a really deep historical perspective (see Fig. 7):

**Fig. 7.** The dynamics of the gap in GDP per capita (by how many times) between the developed and developing countries, 1–2008

*Data source*: Maddison 2010.

As we see, in early 19th century the gap in per capita GDP levels between the World System core and periphery was not very significant. However, there was an evident indicator that distinguished the World System core countries from the countries of its periphery in a rather significant way. We mean the literacy level (see Fig. 8):

**Fig. 8.** Dynamics of literacy for the populations of the world system core and periphery

*Data sources*: Мельянцев 1996; Morrison, Murtin 2006: Table 4; UNESCO 2010.

In the age of modernization the fastest economic and technological breakthrough was achieved by those countries that had already attained sufficiently high levels of literacy by the beginning of that age. We believe that this point is not coincidental, as it reflects the fact that the development of namely human capital became a crucial factor of economic development in modernization age (see, *e.g.*, Denison 1962; Schultz 1963; Scholing, Timmermann 1988; Lucas 1988, *etc*.). Our earlier research (Korotayev, Malkov, Khaltourina 2006: 87–91) has indicated the presence of a rather strong (*R2* = 0,86) and significant correlation between the level of literacy in the early 19th century and per capita GDP values in the late 20th century. This, of course, provides additional support for the point that the diffusion of literacy during the modernization era was one of the most important long-term factors of the acceleration of economic growth[[7]](#footnote-7). On the one hand, literate populations have many more opportunities to obtain and utilize the achievements of modernization than illiterate ones. On the other hand, literate people could be characterized by a greater innovative-activity level, which provides opportunities for modernization, technological development, and economic growth. Literacy does not simply facilitate the process of innovation being perceived by an individual. It also changes her or his cognition to a certain extent. This problem was studied by Luria, Vygotsky, and Shemiakin, the famous Soviet psychologists, on the basis of the results of their fieldwork in Central Asia in the 1930s. Their study shows that education has a fundamental effect on the formation of cognitive processes (perception, memory, cognition). The researchers found out that illiterate respondents, unlike literate ones, preferred concrete names for colors to abstract ones, and situative groupings of items to categorical ones (note that abstract thinking is based on category cognition). Furthermore, illiterate respondents could not solve syllogistic problems like the following one – “Precious metals do not get rust. Gold is a precious metal. Can gold get rust or not?”. These syllogistic problems did not make any sense to illiterate respondents because they were out of the sphere of their practical experience. Literate respondents who had at least minimal formal education solved the suggested syllogistic problems easily (Luria 1976; see also, *e.g.*, Ember 1977; Rogof 1981). Therefore, literate workers, soldiers, inventors and so on turn out to be more effective than illiterate ones not only due to their ability to read instructions, manuals, and textbooks, but also because of the developed skills of abstract thinking.

Consider now the dynamics of the gap between the First and Third World in the perspective of centuries and decades (see Figs. 9 and 10):

**Fig. 9.** The dynamics of the gap in GDP per capita (by how many times) between the developed and developing countries, 1800–2008

**Fig. 10.** The dynamics of the gap in GDP per capita (by how many times) between the developed and developing countries, 1950–2008

As we see, the gap between the developed and developing countries continued to grow up to the late 1960s, in the 1970s it decreased a bit, but it somehow grew again in the 1980s. Paradoxically, these were just the 1990s when Western economists undertook a massive study of the convergence issue (see, *e.g.*, Barro 1991; Bianchi 1997; Canova, Marcet 1995; Desdoigts 1994; Durlauf, Johnson 1995; Lee, Pesaran, and Smith 1997; Mankiw, Romer, and Weil 1992; Paap, van Dijk 1994; Quah 1996*a*, 1996*b*, 1996*c*, 1997; Sachs *et al.* 1995; Sala-i-Martin 1996). The most widely used method applied in this series was the comparison of the gap in 1950 (or 1960) and the most recent data point (which, naturally, tended to happen sometime around the late 1980s or the early 1990s)[[8]](#footnote-8). As is easy to understand looking at Fig. 10, such an analysis led consistently the Western economists to the conclusion that there is no convergence between the developed and developing countries; what is more, one should rather speak about the continuing (though not very strong) divergence. Note that by that time one could observe the emergence of what looked like a sound theoretical model for such a conclusion – in the form of Romer’s theory of “increasing returns”, which implied rather logically that the developed countries must tend to develop faster than the developing states, and, hence, that the gap between them must tend to increase rather than contract. Indeed, Romer himself maintains that the model of increasing returns “offers an alternative view of long-run prospects for growth” that entirely contradicts the basic assumptions of the convergence theory: “per capita output can grow without bound, possibly at a rate that is monotonically increasing over time. The rate of investment and the rate of return on capital may increase rather than decrease with increases in the capital stock. The level of per capita output in different countries need not converge; growth may be persistently slower in less developed countries and may even fail to take place at all” (Romer 1985: 1003).

In the same time, as the very same Figure 10 indicates, in a paradoxical way in that very moment when the Western economists came to an almost unanimous conclusion that the Third World would never be able to catch up with the First World, that the developing countries were doomed for ever to lag far behind the developed states, that there is no convergence between them, the process of the Great Convergence was already in its way strengthening more and more every year[[9]](#footnote-9)!

**Law of communicating vessels of the world economy and awakening of masses**

Many economists of the 1950s and the 1960s did not have much hope that in the forthcoming future there would be much chance to bring the countries of the global South from the obscurity of backwardness. They were right to consider as the main obstacle the absence of the aspirations to improve their lives among the population of those countries. Poverty did not bother people, they did not perceive it as an unbearable state that should be escaped as soon as possible (on this see, *e.g.*, the book by Noble Prize Winner Myrdal [1968]; the same opinion may be also found in the famous book of Braudel [1973]). Such a psychology may still be found among some inhabitants of the most underdeveloped areas (especially, in Tropical Africa).[[10]](#footnote-10)

However, in many developing (mostly middle-income) countries the situation has changed, that is why the Third World is transforming from sleeping and apathetic into rather dynamic indeed (see, e.g. Korotayev *et al.* 2011*a*, 2011*b*, 2012; Korotayev, Zinkina 2014; Grinin 2011, 2012, 2013). And one of the main changes may be seen just in the change of life priorities of hundreds million, who make more and more active attempts in order to escape from poverty and illiteracy into a new life.

Thus, the most difficult precondition for the breakthrough turns out to awaken this activity in the population of the poor countries (this requires very considerable efforts aimed at the initial modernization of education and health care, that is the initial accumulation of the human capital). However, when the need to enhance the conditions of life emerges at the mass scale, this puts into work a powerful motor. This may produce a qualitative result (though such a “Brownian motion” is almost always connected with various sorts of lawlessness, injustice and so on). When it starts, the movement toward the change of people’s own life to the better tends to generate social energy for many decades. And when we observe a synergy of efforts produced by the population and by the state, the success may be overwhelming. This is what happened in China, India and many other developing countries.

In reach countries (notwithstanding all their achievements in culture and education) this source of development has already dried up. Motivation toward hard work does not only decrease among some groups of immigrants struggling for their (and their children’s) economic status (and, by the way, in the USA this supports the economic dynamism up to a considerable extent).

And taking into consideration the population aging, possibilities for fast development are further shrinking more and more. It appears important to emphasize that *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 in the West (whereas in some developed countries those growth rates have even become negative) which is accompanied by its very significant aging* (see, *e.g.*, Goldstone 2010; Powell, Khan 2013). This leads to the decline of the working age populations and explosive growth of the number of pensioners[[11]](#footnote-11). In the meantime it was the globalization that increased dramatically the demand for the main resource of poor countries – their workforce. What is more, the value of this resource is likely to continue growing further in the forthcoming decades (though for many developing countries in South Asia and, especially, Sub-Saharan Africa this will still be an extremely difficult task to find a productive employment for hundreds million young working hands [see, *e.g.*, Zinkina, Korotayev 2014]).

The openness of economic borders creates a situation when a sort of law of communicating vessels of the world economy begins to act; whereas the above described arrangement of labor incentives and labor resources determine to a considerable extent the work of this system of communicating vessels. In order to make the production cheaper, capitals and production capacities of the developed countries are transferred to the developing countries where one can find hundreds million young women and men looking for a job. Together with this, the motor of the world economic growth is also transferred from the core to the periphery (which implies a significant reconfiguration of the World System). As a result, the role of the developing countries in the world economy (especially, as regards the generation of its growth) is increasing, whereas the gap between them and the developed countries is decreasing (though is still remains very significant).

# Thus, by now the globalization of recent decades has worked mostly in favor of developing countries notwithstanding claims that it only increases the gap between the developed and developing countries (see, *e.g.*, Stiglitz 2002). Notwithstanding many just observations made by the critics of globalization, we should maintain that it is Jagdish Bhagwati (2007) who turned out to be right with his vigorous defense of globalization.[[12]](#footnote-12)

# And could it be the other way? It is not rare when a logic of a certain process remains unclear and contradictory for a long period of time; the attention is attracted by those very features that disappear later, whereas the most important characteristics remain some time blurred. It becomes clear only later that the process was bound to acquire those characteristics. This was what happened with globalization. Let us consider if the development of globalization had substantial chances to bring significantly different results.

# For a rather long period of time (especially during the periods of colonialism and neocolonialism) the expansion and intensification of the economic links in the world proceeded (up to a considerable extent) through the transformation of peripheral economies into agrarian and raw material sources for the developed states[[13]](#footnote-13). That is why many development students (*e.g.*, Immanuel Wallerstein [1974, 1980, 1987, 1988, 2003]) believed that the world-system core (≈ the West) could only exist through the exploitation of the periphery, through its imposition on the developing countries such an economic specialization that would preserve the leadership of the developed countries. It was also rather comfortable ideologically to equate the new globalization wave with a sort of modernized neocolonialism, maintaining that it either conserves the global inequality, or will even increase the gap between the developed and developing countries. There seem to have been certain grounds for such believes. However, finally the logic of the globalization process has turned out to be rather different. Why? The point is that that the globalization does not only increase the number of economic ties, it also extends enormously the world economic space. And this means a constant transformation of the international division of labor. Actually this could have only happened in the following way – while advanced countries concentrated on the development of new sectors, the technologies of older generations must have been transferred to less developed countries. One should also take into account the exhaustion of labor resources in the developed countries, and the abundance of such resources in the Third World. Thus, globalization objectively forced those countries that developed postindustrial economy and that could hardly support all the economic sectors to move industrial production to weakly industrialized regions.[[14]](#footnote-14) As a result of such a diffusion (greatly facilitated by the opening of international borders for the movement of capitals) one can observe a transfer of a substantial part of the World System core industries to the World System periphery. On the other hand, many developing countries have applied a lot of efforts of their own to achieve their industrialization.

C**auses of the change of economic balance of forces in the world.** Now summarize the points indicating that the convergence was a virtually inevitable result of the globalization process.

1. *Development of new technologies led to the situation when the technologies of older generations became cheaper and cheaper.* The transition of the Western economies to new technologies connected with the production of highly skilled services (in conditions of scarcity and high costs of their labor [as well as high ecological standards]) demanded the transfer of the old industries to the periphery. The transfer of those industries led to the rise of the peripheral countries (see, e.g., Grinin 2013).

2. *For the functioning of the transferred industries it was necessary to raise the level of the recipient countries in many respects.* Developing countries became production grounds (assemblage workshops, preliminary procession industries, etc.). However, such production grounds could only function in presence of a necessary minimum of infrastructure, financial sector, a certain qualification of workers (implying the elimination of illiteracy and some development of secondary and higher education) and so on. The West pressed that the developing countries should develop all these.

3. *The transfer of industries launched a vigorous source of growth.* In a number of poor countries it set in motion two of their very important advantages: vast labor resources and their cheapness. As a result they did not only start producing cheap goods in great quantities – industrialization and modernization greatly accelerated in those countries. And those processes for decades (due to the rural-urban migrations) generate a rather fast economic growth.

4. *These were the unshakable globalization principles that led the West to its deindustrialization.* The very globalization principles (free trade as well as free movement of capitals) have made the process of the production transfer to those regions inevitable (see, *e.g.*, Korotayev 2010).

5. *The West and Japan themselves gave modernization technologies to developing countries*. In order to preserve their leading positions, the Western countries actively taught the developing countries what they should do, insisted on the acceleration of their modernization; what is more, they developed strategies of such a modernization; and, through the system of international development centers, they provided them with significant help in this regard. In many countries this coincided with desires and efforts of local elites; and in many cases this resulted in impressive successes of respective countries. Success of Japan (and later “Asian Tigers”) created an effective model of catch-up development based on the fast development of the exporting sectors, and this model started diffusing (see, *e.g.*, Grinin 2011).

6. *Cheap industrial products defeated the industry of the West.* The expansion of the importation of cheap manufactured products to the Western countries made the process of the transfer of industries to the poor countries irrepressible. Western producers failed to compete with low prices and were not ready to pay more to support their industry.

**Who have found themselves in the “globalization trap”?** Let us summarize now. The transfer of industries to the developing countries has created such conditions when they started growing faster than developed states. This is hardly surprising taking into consideration the point that for a few decades industrial capacities and capitals were leaving developed countries while entering the developing ones. In addition, this was supported by active policies of the developing countries’ elites who tended to actively attract investments and technologies to their countries, to eliminate barriers in their ways.

Compare, for example, economic growth of Mexico and the USA. The transfer of industries from the latter to the former (that especially accelerated after the establishment of the North American Free Trade Area [NAFTA] in 1994) has led to the following results: between 1986 and 2012 the Mexican GDP grew 9 times (from $129.4 billion to $1153.3 billion); the GDP of Brazil (that also actively imported capitals and technologies) grew comparably – eight times and a half, whereas the USA GDP only grew 3.5 times (respectively from $4 425 billion to 14 991 billion).

In the meantime the Mexican and Brazilian economies are far from being the fastest growing (and in the 1980s and the 1990s their economic and financial systems experienced serious turbulences). In the same years Malaysia and Indonesia increased their GDP about 11 times. Since 1991 (that is, since the country’s economy had become open to the importation of foreign capitals) India increased its GDP 7 times just within 20 years (whereas between 1980 and 2012 it grew about 10 times). And, finally, China between 1986 and 2012 increased its GDP more than 27(!) times (from $298 billion to $8 227 billion)[[15]](#footnote-15). All those figures are very impressive indeed. For comparison, between 1986 and 2012 the GDP of the United Kingdom grew 4.3 times; whereas GDP of France and Germany only grew 3.4 times (calculated on the basis of data provided in World Bank 2014 [NY.GDP.MKTP.CD], see Fig. 11):

**Fig. 11.** GDP growth in some developed and developing countries between 1986 and 2012

*Data source*: World Bank 2014: NY.GDP.MKTP.CD.

The developed countries could only preserve the gap through the prohibiting of the transfer of capitals, technologies and industries, through policies of high tariff barriers, that is by closing their markets from foreign goods. However, after decades when they tried to convince the developing world that the free trade is sacred, after the establishment of the WTO, it appears impossible for the developed countries to protect their markets with custom tariffs. What is more – customers in the developed countries prefer to buy foreign but cheaper goods (first these were Japanese goods; then these were Taiwanese, Chinese and Mexican ones; now these are goods from Bangladesh, Vietnam etc.).

Thus, we are dealing with a certain paradox of development. For a very long time the USA was a very active proponent of the ideology of the free trade and honest competition (for example, it constantly pressed upon such its partners as Japan that tried not to let to their markets certain goods); it initiated the creation of respective international organizations. That time it was beneficial for the USA. However, those firm rules prohibiting the creation of artificial barriers blocking cheap imports became the basis for the rationalization of technological process and the transfer of production from Europe and North America to Mexico, China and other countries. Note that the behavior of the respective Western corporations was rather rational and logical; yet, as a result the West transferred to the periphery together with the industries a substantial part of its might.

As a result of the desindustrialization of the West, the developing countries have generally profited, whereas the developed countries found themselves in the trap of low growth rates. The process of deindustrialization (and its consequences) is described rather well by Martin and Schumann (1997) who see in it a global “trap” for Europe and the USA. However, those authors pay most attention to the issue of job cuts and wealth distribution, whereas they do not notice the global change of the balance of power, because they are sure that globalization brings negative results to all the countries of the world.

These were just Western and Japanese corporations that “impregnated” Mexican, Chinese, Indian and other developing economies. Policies of the Western countries in combination with the global demographic changes (exhausting of the demographic bonus combined with the population aging of the West and the demographic bonus of the East) amplified those processes. Of course, if the Western leaders of the late 1980s and 1990s could realize entirely all the consequences of the deindustrialization, they might have done something to slow down this process[[16]](#footnote-16), however, they could hardly prevent it entirely, taking into account the powerful influence of both consumers (≈ electorate) and the financial-industrial elites. On the other hand, policies of a number of developing countries turned out to be rather successful as regards the support of industrialization and the accelerating development of those countries.[[17]](#footnote-17) Yet, without an adequate inflow of capitals and technologies from the developed economies their success would have been rather limited. Such reforms only turn out to be successful when favorable conditions are available.

Hence, a decisive role in the weakening of the economic positions of the West in general, and the USA in particular (and, simultaneously, in the strengthening and rise of the countries of Asia and Latin America) was played precisely by the globalization. We would forecast that the process of convergence will go very unevenly, in a wavelike manner, sometimes slowing down (up to temporary reversals), sometimes accelerating. According to many forecasts, in the forthcoming decades one will observe a very significant reduction of poverty in the developing countries (according to some calculations it will decrease twice by 2030 [NIC 2012: 8]), the most notorious forms of exploitation will be eliminated, the illiteracy will be reduced very substantially, there will be serious successes as regards gender equality, and so on[[18]](#footnote-18). This will result in a substantial reduction of the gap between richer and poorer countries. We can also forecast in a rather confidential way the growth of the group of middle income countries (see, e.g., Korotayev *et al.* 2011a, 2011b, 2012; Korotayev, de Munck 2013; Grinin 2013; Grinin & Grinin 2013; Гринин 2013). In some respects such an equalization of incomes appears to be resembling the process of convergence as regards levels of life of different strata in various modern countries in the first two thirds of the 20th century (especially in conjunction with a rather active processes of the middle class formation).

**DECLINE OF THE LEADERSHIP OF THE USA AND THE WEST**

The discussions of an inevitable eclipse of the American might began already in the 1970s when this country confronted simultaneously political, economic, and currency crises. In the 1970s and the 1980s a number of forecasts appeared that predicted that the USA would be replaced by Japan in the role of the world economic leader (see, *e.g.*, Vogel 1979; Kennedy 1987; Attali 1991). However, a new vigorous technological wave in the USA (that took place against the background of the economic stagnation in Japan) demonstrated the fallacy of such views. The US hegemony did not only turn out to be rather solid; what is more, it rose to a new level as a result of disintegration of the Communist block and the USSR.

However, these were just the 1990s when the number of forecasts predicting the inevitable decline of the American hegemony and the ascent of Asia to the leadership positions started growing rather rapidly (see, *e.g.*, Thompson 1988; Attali 1991; Colson, Eckerd 1991; Frank 1998; Todd 2003; Wallerstein 1987, 2003; Kupchan 2002). First such forecasts were taken rather skeptically, or were received as a sort of expression of leftist views and anti-American moods. However, with the growth of negative tendencies in the USA and successes of Asian countries the idea of the American decline started looking more and more grounded, which provoked (depending on one’s orientation) feelings of triumph or apprehension. Nowadays, taking into account the consequences of the global crises, the forecasts of the decline of the US role in the world appear to be shared by the overwhelming majority of analysts. The USA seems to have started putting up with the idea of the decline of the American hegemony – though many still seem to pin their hopes on some sort of technological or other miracle that will revive the American might (this is often expressed rather vividly in President Obama’s speeches).

Thus, there is no much doubt that the USA hegemony (which has continued for more than 60 years) is coming to its end. Sooner or later the USA will not be able to remain the World System leader in the sense that has become usual for us, as a result of which the global geopolitical landscape will change rather seriously (see, e.g., Grinin, Korotayev 2010, 2011; Grinin 2011, 2012, 2013; Гринин 2012). On the other hand, hopes of some political scientists and economists that a sort of total collapse of the USA will take place very soon appear rather ungrounded; the relative decline of the USA will proceed gradually (and not without certain interruptions), while certain objective circumstances (including the rise of peripheral countries) will contribute to this. However, in the forthcoming two or three decades the USA will remain a sort of *primus inter pares* because of their superiority with respect to a few aspects of leadership and a certain “legality” of its leadership role (NIC 2012: XI). In addition, one should take into account the point that the world as a whole is still interested in the continuation of the US leadership.

**Some causes of the weakening of the West.** How did this take place? And (what is the most important) why? Quite a number of explanations have been suggested by now. For example, “Decline of the West” may be interpreted in spirit of Oswald Spengler (1918) or Pat Buchanan (2002), that is from the point of view of the theory of civilizations and the renunciation of moral imperatives.[[19]](#footnote-19) However, this, of course, fails to account scientifically for the actual causes of the “moral degradation”. The weakening of the USA may be also regarded as the confirmation of various theories of cycles of political hegemony (e.g., Modelski 1987; Thompson 1988; Modelski, Thompson 1996; Arrighi 1994), according to which the hegemony period lasts about 100–200 years, whereas afterwards an old hegemon tends to be replaced by a new one. Indeed, no country can remain a global hegemon infinitely. However, the point is that, as we will see below, the forthcoming change of the global hegemony pattern will not mean just a “usual” replacement of the USA by a similar absolute world leader. And if there is no single absolute leader, the world will be structured in a significantly different way (see, e.g., Grinin 2010; Grinin, Korotayev 2010, 2011). Thus, with the eclipse of the USA the cycles of political hegemony are likely to come to their end.

# It is rather natural to consider the change of geopolitical landscape as a result of mistakes and arrogance that become typical for great powers at a certain phase. Jawaharlal Nehru notes in this respect that history of nations goes through three stages: success, the consequence of success – arrogance and injustice, and as a result of this – fall (Nehru 2004 [1934]). Indeed, a very considerable number of mistakes (including rather evident ones) have been made. One may even have an impression that Western democracies tend to lose their very important quality – to make correct conclusions from their own mistakes. Some evidence in support of this statement appears to be suggested by a sort of maniac attempts to topple regimes in the Near East without a sufficient care for consequences, without taking into account experience of their involvement in Lebanon, Palestine, Somalia, Afghanistan, Iraq…

However, those very mistakes (as well as changes in behavioral patterns of elites and commoners) may be regarded as results of deeper processes that change the world (often contrary to the will of those who seem to be in the center of the events). We discussed these processes above.

**IV. THE WORLD WITHOUT AN ABSOLUTE LEADER**

**Will any country be able to replace the USA?** The development of the abovementioned trends connected with the weakening of the USA and the West, the growth of the significance of many developing countries and the gradual convergence of the World System core and periphery mean that at the planetary scale we are dealing not just with major changes, but rather with a radical transformation of all the structure of the global economic and political order, and an overall rather complicated reconfiguration of the world.

Yet, how will this reconfiguration proceed? First of all note that though the USA positions will be weakening, no one in the new world will be able to become its absolute leader. The idea that the position of the USA will be occupied by someone else (the most frequently proposed candidate is, of course, China) is utterly wrong. Today the USA concentrates simultaneously *almost all the aspects of leadership (political, military, financial, monetary, economic, technological, ideological, and cultural)*, whereas there is no country in the world (and there is no group of countries) that in foreseeable future will be able to monopolize so many aspects of the world leadership (this was suggested by William R. Thompson already in 1988)*.* In addition, neither China, nor India (or any other country) will be able to afford such a heavy burden due to the lack of appropriate economic possibilities as well as political risks (at least because of the problems with poverty of substantial parts of respective populations and discontent with social problems, but also due to the lack of experience and necessary alliances, as well as ideological weakness [see Grinin, Korotayev 2010, 2011; Grinin 2011, 2013 for more detail]).

**How could the future world look like?** *One may expect that the forthcoming global system will have the following three characteristics: (1) changing rules and flexibility of structures of the World System, (2) activization of the struggle for allies, (3) reduction of the countries’ sovereignty.* The absence of the strong absolute leader will lead to the growth of the World System flexibility as regards the search for new political foundations. The following point of view was expressed by us earlier in this respect: “The struggle for an ‘honorary’ place within the globalization and coalitions, organization and functioning of the new world order will lead to the beginning of what we have called *the epoch of пew coalitions. …*In the process of the search for the most stable, advantageous and adequate forms of supranational organization one may expect to observe the emergence of various and even fast changing intermediate forms when actors in global and regional political arenas will look for the most profitable and convenient blocks and agreements. However, finally some of those new alliances and coalitions may transform from temporal into permanent creating some fixed supranational forms” (Гринин 2013; Grinin 2010; Grinin, Korotayev 2010).

Thus, in the forthcoming decades one will see the emergence of a number of countries and alliances that will play leading roles in different respects; against such a background the winners might be those countries that will conduct the most active policy aimed at the formation of new blocks as well as the joining of new blocks, those countries that will be able to get the maximum number of partners in various spheres. It may be said that a country’s influence will grow through “getting points” by its participation in various alliances and blocks[[20]](#footnote-20). For the largest actors one is likely to observe a high degree of competition as regards attempts to influence the restructuring of the international system.

Consequently, we will leave in such a world, where one can observe a more and more active search for allies and alliances (though this might be accompanied by the growth of competition in many respects); this can result in the emergence of some institutional factors of the new world order that imply the need in a greater stability (Grinin 2009, 2012). Naturally, it appears impossible to predict concrete combinations of future alliances. However, it appears possible to offer a few ideas about this. For example, we believe that scenarios suggesting the global dominance of the alliance of India and China are not realistic. However, there are some more realistic scenarios – for example, the ones with the USA and the West maneuvering between the alliances with India, China, and other large developing countries and their blocks. As a matter of fact, in recent years we have been observing the growing activity of the US foreign policy aimed at the inhibition of the Chinese influence (through the attempts to strengthen contacts with India and other Asia-Pacific actors).

All the above described processes will also lead to a certain transformation of national sovereignty that will be generally weakened due to the explicit and implicit, forced and voluntary delegating of some parts of sovereign prerogatives to various international, supranational, and global entities and arrangements (see Grinin 2008, 2012 for more detail).

The weakening of sovereignty may be accompanied by the growth of national self-consciousness and nationalist moods in some developing countries with intensifying industrialization (see Grinin 2012 for more detail). In the forthcoming decades the depth of economic links will increase, which will make a powerful influence on those developing countries (especially in Tropical Africa) whose population mostly does not feel those links yet in a substantial way. As a result, the struggle between traditionalism and globalization may intensify. In some areas conflicts and instability may grow, and whole regions may experience powerful social destabilization waves. We can observe this in the case of the Arab Spring (see, *e.g.,* Grinin, Korotayev 2012; Korotayev *et al.* 2011*c*), as well as in Ukraine now.

**New geopolitics and the end of the epoch of stable political blocks.** For many decades one of the main factors of the emergence of political alliances was the threat of war which dictated selection of certain allies. That is why political alliances were mostly military-political. In the contemporary world the risk of the large-scale war has diminished significantly, whereas the economic interdependence between countries has increased dramatically, and it will continue to grow in the forthcoming decades. This allows to maintain that the old style of geopolitics gradually (and often insensibly) gives way to a new style of geopolitics connected with the necessity to create optimum conditions for the economic development of a state or a group of states. Features of this new geopolitics look rather vague at present, but they should become much clearer in the forthcoming decades. Let us outline a few of them.

The epoch of firm alliances and inter-allied loyalty appears to be coming to the end (a characteristic example is Washington’s refusal to support Pakistan and the USA alliance with India). The selection of allies, partners and blocks will be more and more determined by rapidly changing interests and conjunctures.

States will not look for constant allies; they will rather be looking for temporary “fellow travelers” for particular occasions, trying to reach agreements simultaneously with many partners (this corresponds well to one of the principles of modern business – to have as many partners as possible). Even now many experts are concerned with the future of international system if it is only based on interests, not on certain rules (see NIC 2012).

Economic interests will be clearer expressed in the foreign policy[[21]](#footnote-21). Thus, economic interests of some countries may become constant, whereas political interests may be adjusted to them up to a considerable degree. Political and geopolitical principles and interests of some other states (especially larger ones) will never be dissolved in economic aspects. However, in this case different vectors of foreign policy may turn out to be pulled apart, that is, political and economic aspects of foreign policy will exist more detached from each other. And, consequently, policies will become more pragmatic than now.[[22]](#footnote-22)

The epoch when the creation of economic blocks was determined to a very considerable extent by some (civilization, ideological, military-political etc.) proximity evidently passes away. Today we see a growing tendency toward the situation when close economic links do not necessarily imply any political or ideological partnership, though they may impede outbreaks of open conflicts.

Consider this using China as an example. Its political influence is growing. In which way is this taking place? China has to join various alliances or to establish with them (*e.g.*, with the ASEAN) special relations, as it tries to play there an important role. It also tries to initiate and actively support various economic agreements (e.g. regarding free trade with Japan and Korea). China also tries to push the RNB as an international currency (note, e.g., recently signed agreements with Brazil and Australia), but to achieve this China must activize its agreements with numerous countries, simultaneously making concessions to them, and getting such concessions from them. However, notwithstanding all the active economic policy pursued by China, notwithstanding all the growth of trade with its neighbors, this did not eliminate the political (and territorial) contradictions with Japan, Taiwan, Vietnam, India and so on. Let us mention another example. The US “flirtation” with India implying a virtual permission for India to possess nuclear weapons do not imply that a sort of firm allied relations have been established between the two states.

Thus, the behavior in politics is becoming closer to business strategies where the principles are always rather fluid.

However, new principles of the world order may start emerging just on this fluid soil.

**CONCLUSION**

**World network community?**

In those historical periods when economic links between countries and regions were not as deep and indissoluble, the development of globalization needed a certain military and political hegemony that relied to a considerable extent on technological superiority of certain powers. At present the depth of economic relations has become unprecedented, which (as has already mentioned above) weakens the need in political and military hegemony in its present sense; this, of course, leads to more pragmatism in foreign policy.

The same causes will influence the process of a certain shift toward the formation of the global network community (from the contemporary hierarchical structure), within which (in addition to states and their blocks) an active role will be played by NGOs and many other actors. This process may be also regarded as one of the aspects of the leveling of degrees of economic development (this is likely to contribute to the establishment of a new basis of global relations whose formation could facilitate the creation of conditions for the emergence of some effective global coordination center).

The movement toward the network society will contribute to the growth of the world middle class, a sort of world citizens (NIC 2012: 8–9), whose numbers, according to the Asian Development Bank, will grow with the rate of about 9% annually. And, generally, even according to conservative models, up to 2030 those numbers will grow twice – from 1 billion to two billions. We tend to agree that this is a very important megatrend (*ibid.*: 4). The idea that middle class of different countries will constitute potentially a sort of global citizenship (which gives some hope as regards the emergence of a certain solid basis of economic, cultural, and even political unity of the world) appears rather interesting and stimulating. In the 19th century intellectuals in different countries started constituting a certain unity first within Europe, and later all over the world, thus paving the way toward the development of panhuman ideas and values (which were finally proclaimed at the level of UN declarations). In a similar way the world middle class may create new possibilities for the globalization. It may be that due to this it will get new (more mature) features, moving toward political globalization of the world whose contours are not clear yet.

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1. This especially relevant for those developing countries that passed a certain threshold level of per capita GDP, which has been identified by Ho Tsung Wu (2006) to be around $1150 (note that this is rather congruent with the “take-off” theory of W. W. Rostow [1960]). The growth of the convergence rate in the recent decades is directly connected with the fact that during those decades one could observe a very significant growth of the number of those developing countries that passed this threshold level. Indeed, as we have argued on a number of occasions these are medium developed countries that tend to grow faster than either the least developed countries or the most developed ones (see, e.g., Коротаев, Халтурина 2009; Korotayev, Zinkina 2014). It is also very important to stress that at present the majority of the developing countries (with a total population of about 5 billion) belong to the category of the medium developed (“middle income”) countries (World Bank 2014), whereas only the minority of the Third World population (the so-called “bottom billion” [2007]) live now in the least developed countries. Note also that in the recent years the least developed countries tend to grow faster than the most developed ones, but still slower than the medium developed states (Korotayev, Zinkina 2014). [↑](#footnote-ref-1)
2. In this study this notion is operationalized as “High Income OECD Countries” according to the World Bank classification. [↑](#footnote-ref-2)
3. It is worth to take into account that here we quite consciously apply a simplified dual World System structuration scheme that only singles out the World System core and periphery and ignores the subdivision of the latter into the periphery *per se* and semiperiphery. [↑](#footnote-ref-3)
4. However, this may happen a few years later (for reasons see below note 8). [↑](#footnote-ref-4)
5. The main cause why the gap between the First and the Third World is decreasing slower as regards per capita GDP (as compared with overall GDP) is rather evident: the population growth in the developing countries is still much higher than in the developed economies. [↑](#footnote-ref-5)
6. However, such a bright prospect of the developing countries fully converging to the developed ones within just 20 years is doubtful with a view to the prospect of the “Reindustrialization of the West”, on the one hand, and the “middle income trap” awaiting the leading developing countries (like China or Brazil), on the other. As defined by Aiyar *et al.*, the “middle-income trap” is “the phenomenon of hitherto rapidly growing economies stagnating at middle-income levels and failing to graduate into the ranks of high-income countries” (Aiyar *et al.* 2013: 3; for a detailed description of the factors and mechanisms of the middle income trap see Kharas, Kohli 2011; see also The World Bank and the Development Research Center of the State Council of the People’s Republic of China 2012: 12; Гринин, Коротаев, Цирель 2013). Though recently observed certain slowdown of the growth of the most dynamic major developing countries even provoked ideas of the “great slowdown”. However, there are grounds to forecast the further continuation of the Convergence, though its pace may experience a significant temporary slowdown in the forthcoming years (including possible temporary reversals – similar to the one that was observed in the late 1990s). [↑](#footnote-ref-6)
7. See also, *e.g.*, Barro 1991: 407–443; Coulombe, Tremblay, Marchand 2004; Naudé 2004; UNESCO 2005: 143. [↑](#footnote-ref-7)
8. Note that this comparison tends to be operationalized in the following way – what is the correlation between the per capita GDP in the countries of the world in 1950/1960 году and the GDP per capita growth rates in 1950/1960–1990? A significant negative correlation is quite reasonably interpreted as an indicator of the presence of the global convergence; a significant positive correlation is interpreted in a similarly reasonable way as an indicator of the presence of the global divergence, whereas an insignificant correlation is regarded as evidence for the absence of either significant global convergence or significant global divergence. [↑](#footnote-ref-8)
9. We believe that this salient fiasco of the Western economic science was very closely connected with the fact that Western economists tried to apply lineal models to the analysis of highly non-lineal processes. [↑](#footnote-ref-9)
10. It is surprising but even in the 1990s some very important economists (like Jacque Attali who was the President of the European Bank of Reconstruction and Development at that time) still believed that the overwhelming supremacy of the global North over the global South would only increase in the forthcoming decades and would continue in the foreseeable future. Attali, for example, was sure that in the forthcoming decades many markets of the North would become closed for imports from the impoverished South. He expected the desperate popular masses of the World System periphery to continue observing in painful despair the efflorescence and richness of the World System core (Attali 1991). [↑](#footnote-ref-10)
11. Note that the USA has certain advantages here as regards higher fertility and immigration rates, which are among the main factors making the US economy more dynamic than the European economies. [↑](#footnote-ref-11)
12. And we do not see sufficiently strong factors that can stop entirely the Great Convergence rather than just to slow it down (as has been mentioned above a certain slowdown is not entirely unlikely against the background of possible successes in the “reindustrialization of the West” and industrial application of robotics). [↑](#footnote-ref-12)
13. However, even such a development was rather important for the modernization of the peripheral countries. Note also that in the 19th century ones of the most salient examples of transformation of whole colonies into agrarian and raw material sources for the developed states were represented by Australia, Canada and New Zealand. However, by 1913 the average level of life in Canada (estimated through the per capita GDP level, which, in 1913 in Canada, according to Maddison [2010], was equal to 4 447 international dollars [to be exact – 1990 Geary – Khamis international purchasing power parity {PPP} dollars]) was considerably higher than the Western European average ($3 687), whereas in Australia and New Zealand ($5 157 and $5 152 respectively) it was higher than in the most prosperous Western European countries of that time. Note that now Australia is still a major agrarian and raw material source, though in the present-day for China rather than Western Europe. In the meantime the average level of life / per capita GDP in Australia ($34 396 [2005 PPP dollars]) is till now a few times higher than in the workshop of the present-day world, China. [↑](#footnote-ref-13)
14. Such processes contributed to the economic development in the 19th century too, though the transfer of industrial production was not so wide-spread. However, in the 19th century one may note similar processes with respect to the agricultural production. In this century, as a result of explosive urbanization, the share of agriculture in the Western European GDP declined, whereas the demand for food increased dramatically. This led to the fast development of market-oriented agriculture (and economy in general) in many peripheral areas (Australia, Russia, parts of India, Argentine, the American West). [↑](#footnote-ref-14)
15. All the calculations have been performed on the basis of the *World Development Indicators* database (World Bank 2014). [↑](#footnote-ref-15)
16. Today the US administration tries to take certain steps in this direction, and Obama openly expresses his joy as regards the return of some industries to the USA. [↑](#footnote-ref-16)
17. Note that a certain possible slowdown in the growth of developing countries turns out to be rather compatible with our idea that a new technological breakthrough within the World System (that we expect to take place in the 2030s and 2040s [see Grinin & Grinin 2013 for more detail]) will request not only a certain decrease in the gap between the developing and developed countries (the economic convergence), but also a certain decrease of this gap in the sociopolitical and administrative dimensions (sociopolitical convergence), which may hinder the economic growth of respective developing countries, especially against the background of the World System reconfiguration that is likely to be generated by those processes (see Grinin, Korotayev 2012 for more detail). [↑](#footnote-ref-17)
18. However, in absolute figures the number of poor and illiterate people remains rather high. On the other hand, the fertility decline in the Third World is bound to contribute to the reduction of those figures. [↑](#footnote-ref-18)
19. “The de-Christinization of America is a great gamble, a roll of the dice, with our civilization as the stakes. America has thrown overboard the moral compass by which the republic steered for two hundred years, and now it sails by dead reckoning” (Buchanan 2002: 198). [↑](#footnote-ref-19)
20. This may be also done through the formation of new alliances (the emergence of the BRICs, and then the BRICS is very symptomatic in this respect). [↑](#footnote-ref-20)
21. We can see this phenomenon in the issue of sanctions in respect of Russia. On the one hand, Western countries are sure that such sanctions are necessary; on the other hand, it is very difficult for them to implement really serious sanctions. [↑](#footnote-ref-21)
22. As a result both enmity and friendship may be forgotten very soon (one of salient examples is provided by Vietnam and the USA; they have forgotten their antagonism and are developing bilateral relations in a rather active way). [↑](#footnote-ref-22)