Divergent Convergence
Complementing Theoretical Approaches for Understanding the Rise of the Global South and the Challenges for “the Rest”

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Abstract
This article analyzes the economic convergence of the global South with the global North (GS and GN, respectively) as well as the divergence within the GS between Asia and “the rest” (Latin America and Africa). In order to address these processes, the paper is structured in three parts. In the first part, the fundamentals that support this “divergent convergence” are considered in light of two theoretical perspectives: world-systems analysis (WSA) and Latin American Structuralism (LAS). We take into account the analytical tools of these theoretical perspectives and differentiate the historical, systemic, and top-down approach of WSA (focused on the contributions of Wallerstein and Arrighi) from the historical, structural, and bottom-up perspective of LAS. In the second part, we analyze the convergence of the GS with the GN in terms of economic dynamic, economic dynamism, and control of the accumulation process, as well as the divergence within the GS between Asia and “the rest”. We finally argue the possibility and necessity of complementing WSA and LAS approaches in order to explain these simultaneous processes of “divergent convergence” and to reflect on the challenges for the rest of the GS in facing the consolidation of Asian dominance under Chinese leadership.

Keywords: Capitalism, Center, Periphery, World-Systems Analysis, Latin American Structuralism
"We shall be as ill-equipped to predict the future of our world as we are to understand its origins and evolution." G. Arrighi (1996: 28)

"Como dice el consenso de Beijín, no hay una sola buena teoría para todos, hay que comparar las distintas teorías que vienen de las distintas regiones." G. Arrighi (2008)

At the end of the twentieth century, a rich debate took place regarding the origins of capitalism and the emergence of the world economy, the divergent economic paths in various regions of the world, and how these paths influenced the formation of the current configuration of wealth and power within the modern world-system. These ideas were reconsidered by taking into account the relatively economic revitalization of Asia (Abu-Lughod 1989; Arrighi 1996; Frank 1998; Pomeranz 2000). The re-emergence of Asia’s centrality and China’s recent arrival on the world stage gave rise to intense discussions regarding the past and present of China’s regional hegemony, and the challenges that all this represents to the American hegemony (Arrighi, Silver, and Brewer 2003; Beeson 2006; Chase-Dunn et al. 2011; Parnreiter 2018; Silver and Payne 2020; Sugihara 2003).

As these discussions matured and deepened, a new empirical entity of unprecedented dimensions emerged: The global South¹ (GS). The repositioning of the GS has been the primary aspect of the world-system’s recent transformation. On the one hand, when observed in its entirety in comparison to the centrality of the West, the GS appears increasingly connected and convergent with the global North (GN) in terms of capital accumulation and the flow and control of the accumulation process (Nayyar 2013). On the other hand, even when recognizing the South-South’s increasing cooperation, internal divergences emerged within the GS in response to Asia’s economic dynamism and the different economic performances “of the rest”: Latin America and Africa.

Both processes, unified under the expression of “divergent convergence”, give rise to two intertwined problematic fields. First is the “convergence” which threatens the GN’s leadership in its economic dynamism and its unilateral capability of dominance and hegemony. This challenges the practice of scarce hierarchical mobility consolidated during capitalism’s hegemonic cycles (Arrighi and Drangel 1986; Karataşlı 2017; Pasciuti and Payne 2017), by the time that it proposes a new socio-historical-spatial platform to discuss the spaces of the world-system formation. Second, the intra-regional “divergence” within the GS puts into question whether the world-system’s hierarchical deconstruction and reconstruction imply the recreation of new ways of central-peripheral relationships, or, instead, if it entails a real change in the nature of capitalism,

¹ The GS is constituted by those countries that had not been the global center of economic production. That is to say, that had not been the headquarters of economic core activities such as commerce, finance, or industry, and that had not been the place where the hegemonic centers of power had resided. The GS is formed, instead, by those countries that were absorbed by the global economy in a subordinated way, most commonly in the form of colonies, semicolonies and dependent countries. Africa, Latin America and Asia are the main regions within the GS.
and the geo-economic and geopolitical ways of articulation of the spaces that integrate just such a divergence.

In order to address this process of “divergent convergence”, we organize the article in three parts. The first part analyzes the contributions of two different theoretical frameworks that offer tools to examine those transformations: the historical, systemic, and top-down perspective of world-systems analysis (WSA) (relating to Wallerstein’s and Arrighi’s contributions), and the historical, structural, and bottom-up approach developed by Latin American Structuralism (LAS). On the one hand, WSA offers tools to examine the hierarchies of wealth and power that constitute the modern capitalist world system in which the discussion of the “convergence” process is framed. On the other hand, LAS offers tools to comprehend the developmental experiences of some countries of the GS from which the “divergence” is explained. This refers specifically to East Asia and particularly to China, which successfully transformed their productive structures, improved their positioning in the global value chains and global trade networks, and achieved greater autonomy.

The second part aims to analyze empirically the process of convergence between the GN and the GS, as well as the divergence within the latter. To do so, we consider three dimensions of analysis: economic dynamic, economic dynamism, and control over the accumulation process. The economic dynamic is observed through GDP growth, investment, and trade with emphasis on manufacturing and its distribution and control. The economic dynamism is observed through the global and regional distribution of patents and investment in research and development (R&D). The control over the accumulation process is analyzed through the geographical location of predominant multinational corporations, which conduct the global commodity chains. We finally observe the integration within the GS by examining the increase of its own internal commercial and financial exchange.

The third part addresses the contributions and complementarities of the two aforementioned theoretical frameworks to examine those transformations. We show that WSA and LAS contribute in a complementary fashion to explain the elements involved in both the convergence and divergence, in addition to how the non-Asian “rest” is positioned and challenged. Finally, we present concluding remarks.

Contributions to Explain the Scope and Consequences of the Divergent Convergence

World Systems Analysis and the Top-Down, Historical, and Systemic Perspective

WSA represents a holistic perspective that conceives the world-system formation as a totalizing, historical process dominated by a cyclical logic and a hierarchical reproductive pattern. The world-system is configured through a stratified structure formed by cores, semi-peripheries and peripheries, which is characterized by an excluding and subordinating dynamic. This structure constitutes a socio-historical totality in which national trajectories become part of—and are explained by—this structure, pattern, and dynamic.

Based on the influence of Fernand Braudel’s work, WSA posits four fundamental analytical elements: i.) socio-historical processes are best analyzed in a longue-durée perspective; ii.) the unit
of analysis is constituted by a world-system, which can be understood as a totality that precedes and exceeds the parts (i.e. the national states) (Bach 1980; Hopkins and Wallerstein 1982); iii.) the multiple and contradictory character of capitalism entails recurrent crises that can be temporarily overcome through spatial-temporal solutions that take cyclical forms (Arrighi 2005; Wallerstein 2004a); and iv.) the unequal development inherent to capitalist reproduction entails a hierarchy of wealth and power.

According to WSA, capitalism is characterized by a propensity for the endless accumulation of capital, and it may be analyzed through the formation of four successive cycles of accumulation (Arrighi 1994). Each of these cycles has a specificity that can be explained in specific but interrelated economic-accumulative (structure) and institutional (superstructure) terms. Therefore, actors located in the core of the system (structure) control a variety of commodity chains that connect the system through a spatial—and increasing—division of labor (Hopkins and Wallerstein 1986). In addition, certain state agencies (superstructure) lead hegemonic processes within an inter-state system (Wallerstein 2004b).

Under the asymmetric development of actors and spaces within those commodity chains, the world-system assumes in each of those cycles a hierarchical, stratified and unequal pattern of reproduction in which the reinforcement of the core actors’ positions—supported by core states—demand the persistence of subordinating and exploitative relationships of those positioned in the (semi)periphery. Notwithstanding the cyclically changing forms, the persistence of this kind of relationship explains the scarce alteration of the hierarchy of the world system (Arrighi 1990; Arrighi and Drangel 1986; Pasciuti and Payne 2017).

In order to explain the “divergent convergence,” it is important to consider the top-down approach which prevails in the WSA’s methodological and epistemic foundation and the conception of change that derives from it. The most relevant changes are observed in the framework of a systemic totality that involves crises, chaos, and cyclical relays. Then, it promotes an understanding of the functions and positions of the particular units (nations, regions) from above, that is, from that totalized systemic change. From this perspective, the analysis of the center-periphery relation is finally subordinated to the understanding that within just such a systemic change the new centers of accumulation—and the renewed hegemonic agencies that lead the new cycle—are formed. The analytical epicenter falls on the new actors from the core, which succeed in controlling global chains and the state agencies that articulate the interstate system.

Through the examination of this systemic reconstitution, WSA imposes a top-down reading of the periphery’s characteristics in different cyclical formations, although the periphery itself is not the center of the analysis. Peripheral spaces “become a passive victim of capitalism from without” (Trimberger 1979), that do not have any considerable possibilities with which to improve their positioning in the global scenario, nor to alter the global hierarchies of wealth and power, nor to advance in the building of greater autonomy. Instead, they remain tied to a hierarchical totality that is entirely defined by the development of the core.

By focusing on the existence of a top-down, hierarchical structure, with little alterations, this theoretical approach has not been oriented to understand how the periphery could converge with
the core or alter the global hierarchy. In addition, it does not give clear reasons as to why and how some peripheral spaces could drive the aforementioned increasing intra-divergence process. However, it is worth noting that the WSA’s top-down, historical, and systemic perspective has been neither homogenous nor static. We will dwell on the Wallerstein’s and Arrighi’s perspectives from which different responses to the questions already formulated emerge, and different possibilities for building up a dialogue with GS perspectives result.

Wallerstein’s Analysis and Prognosis
Wallerstein’s perspective conceives peripheral positioning as a result of the long-term dynamic of subordination of certain spaces to the hegemonic center. This perspective helps to explain the current hegemonic crisis, the “chaos,” the “systemic collapse,” and its eventual replacement by other post-capitalist forms (Suh 2009; Wallerstein 1998, 2010).

Inspired by Kondratieff and Schumpeter, and following Braudel’s spatial and temporal dynamic, Wallerstein introduced capital, labor, and state-stratification to analyze the existence of a cyclical scenario in which capitalism’s inherent tendencies inevitably entail crises and systemic chaos. However, despite recognizing the long temporality of this cyclical dynamic, he stressed that the current situation is not just another predicament, but rather a crisis that shows the end of capitalism as the system constituted in the sixteenth century, due to its incapability to solve the structural trends and contradictions. From Wallerstein’s point of view, capitalism began its inevitable decline after the 1970 crisis, accompanied by the undoubted loss of hegemony of the United States (Wallerstein 2004a). According to him, the terminal collapse of capitalism is expected for the years 2030-2050, and it opens the possibility for the emergence of a new economic and social organization with more egalitarian foundations. By focusing his analyses on the anti-systemic movements’ struggles and on the idea of a “systemic relay,” Wallerstein considered the possibility of building new political and accumulative structures, based on a less hierarchical and more decentralized systemic order that rests on horizontal and non-hierarchical relationships (Curty 2017).

However, for Wallerstein, the GS is not a field for strategic action by itself. Therefore, according to his perspective, the GS’ increased restructuring of the world system and its effects on the reordering of the global hierarchy, as well as the new potential for de facto forms of re-subordination within this large world area does not seem to be relevant. Hence, the fate of the non-Asian “rest” of the world-system is finally subsumed to the fate of the capitalist world-system as a whole.

Arrighi’s Perspective and its Implicit Assimilation of the Divergent Convergence
Although sharing much of Wallerstein’s point of view, Arrighi’s approach introduced a new analytical perspective that has enriched WSA by developing innovative tools to understand the “convergent and divergent” global process and elaborated its prognosis. Unlike Wallerstein, Arrighi’s perspective focused not on the definitive collapse of capitalism, but on the mechanisms
that came into motion to generate cyclical relays, and on the possible implications of a new hegemonic cycle in terms of new forces, spaces and institutions emerging from those transformations.

Arrighi (1994) qualified the reproductive dynamics of capitalism by analyzing the systemic cycles of accumulation of the last five centuries. He accounted for both the regularities shown by the logics of development and replacement of the systemic cycles, and the organizational, functional and temporal specificities of each.

Regarding the regularities, Arrighi observed that, historically, the constitution and decline of the systemic cycles of accumulation are marked by an initial material expansion phase that is followed by a financial phase. This second phase is understood as the result of new accumulation processes that prepare the transition to a new cycle primarily characterized by a period of systemic chaos. It represents the passage from the financial domain of the hegemony in crisis to the constitution of a new material base of accumulation, and is deployed around new spatial dynamics in which certain states threaten the hegemonic interstate system (Arrighi 1994; Arrighi and Silver 2000).

The specificities are given by an increasingly reduced temporality of the material phase and by a transformation of the interstate competition in each new systemic cycle of accumulation, where a renewed hegemonic state agency becomes the new spatial epicenter. The latter is consolidated by an increasing capital accumulation that allows a progressive spatial expansion that guarantees the continuity of accumulation and the new form of hegemony (Arrighi 1994; Arrighi and Silver 2000).

As one striking particularity of the United States hegemonic cycle and crisis, Arrighi highlights the fact that this is the very first time that the most dynamic and threatening space to the incumbent hegemon is not taking place within the GN, but in Asia. It is in this framework that Arrighi’s analytical proposal offers some important tools for understanding the emergence of both the GS and its Asian leadership. The accelerated emergence of Asia represents a platform for the strengthening of material production, which contrasts with the increasing financialization of the GN (Chesnais 1996; Krippner 2005; Lapavitsas 2013), shaping a plausible scenario for changes in the interstate system and its hegemony.

However, while it seems unquestionable that the repetition of the cyclical regularity (and the specificities of the regional spaces of accumulation) helps to explain the prominence of Asia and its contribution to the emergence of the GS—that is to say, it offers tools to analyze the convergence—in fact, it only indirectly contributes in explaining the initial analyzation of the GS’ divergence. Therefore, in order to advance that goal, it is necessary to observe how regional specificities operate in the framework of Arrighi’s holistic perspective. Precisely, the specificity shown by regional and national trajectories within the systemic unit opens a promising explanatory window to account for the global intra-south regional differences.

In Arrighi’s perspective, the reconstruction of the accumulative process from the new material phase, and the redefinition of the interstate competition demand transcendence from both the analytical exclusivity—centered on national units—and the de-particularized domain of the global
scale that does not recognize macro-regional and national trajectories. This transcendence implies an attempt to intersect the historical and global processes and their hegemonies with their respective regional specificities, in which long-term processes coincide with new ones. From this perspective, macro-regions represent a three-layer local, regional and global structural world-system, which provides a space for the intermediate articulation between the global unit of analysis and the specificities of the national trajectory (Arrighi, Ikeda, and Irwan 1993).

By focusing on Asia and its growing centrality in the world-system (Arrighi 1996, 2007; Arrighi et al. 2003), Arrighi encourages following the transfers and concatenations of historical particularities, where regions gain explanatory weight within the whole world-system. Asia’s long historical formation (Sugihara 2003; Ziltener and Mueller 2007) has had its renewed expansion through the geopolitical shoring of developmental platforms and “flying-geese” articulations (Akamatsu 1962), conceived as a result of the confluent local processes and, fundamentally, the geopolitical protective interests of the United States under the post-war “development by invitation” forms (Wallerstein 1979). From that platform, China has regained a growing domain that refers to both its dominant ancestral positioning in the macro-region until the nineteenth century (Arrighi and Zhang 2011; Frank 1998) and to the transformations in the accumulative base derived from the 1949 Revolution (Arrighi et al. 2003).

It is from the combination of regional regularities and specificities that the progressive coupling of the intra-South divergence and the more general process of GN and GS convergence can be observed. The divergence becomes understandable in the wider framework of the relay of the dynamic core with hegemonic potentiality under the growing Asian leadership, and by the extraordinary and unprecedented process of convergence and displacement of the GN.

Arrighi’s contribution is based on the recognition of a historical, regional (Asia), and national (China) trajectory that has a different tradition to the one that characterized the self-reinforcing cycle of Europe² (McNeill 1983). Externally, this tradition involves the construction of a strong interstate system that is not based on the domination over other states. And, internally, it is characterized by the special fact that, as Arrighi noted: “since the fifteenth century, no Chinese capitalist has tried to control the state, an indispensable factor to exercise a hegemony over society, as they have argued, although from prospective not always coincidental, Karl Marx and Fernand Braudel” (Vecchi 2008:110).

In spatial terms, both these elements put Asia, and particularly China, in a “foundation for hope” (Denemark 2009: 234) regarding the relationships within the GS. In this way, Arrighi pointed out:

I do not know if China is capitalist or a market socialist economy, but China’s emergence in the global scenario provokes a change in the relations of the interstate system, and the South now appears with a strengthening position related to the North of the world. Lately I have talked frequently about the possibility of a “New Bandung” (Vecchi 2008: 111).

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² It refers to the self-reinforcing of the state’s military organization that is supported by political and economic expansion at the expense of other peoples and forms of government (McNeill, 1982: 143).
However, under this highly indeterminate scenario, the GS’ potential and the analytical foundations provided by Arrighi concerning the convergence of the GS with the GN, are always presented from a top-down, historical, and systemic perspective (Robinson 2011). Even when regional and national specificities in the framework of a general, holistic system are considered, in fact, the possibilities for the “rest” of the non-Asian GS cannot be explained—neither from its own internal processes nor from the specificities of its macro-regional articulation. Therefore, beyond considering merely the importance of these regions and making them participate under the hopes of a “New Bandung” and the forms of intra-South cooperation (Arrighi and Zhang 2010), the capabilities forged from the complex interactions between external systemic influences, the internal processes, and the conflicts in the “rest” of the GS need to be put into consideration. Otherwise, the regions that do not lead the configuration of the new hegemonic process will accumulate both global population and natural resources, yet will still remain passive actors subordinated to a fate decided by the new political, financial and technological dynamic center of the GS.

**Latin American Structuralism’s Bottom-up, Historical, and Structural Approach**

Latin American Structuralism (LAS) offers good and complementary tools to face the shortcomings of the WSA, particularly as they relate to the contributions of Arrighi insobeing that they especially develop the understanding of the “divergent convergence” process. Unlike WSA, LAS is not centered on a long systemic temporality. Instead, it considers the international insertion of Latin America in the world economy under the British hegemony, as well as under the “relative autarky” of the region after the British hegemonic crisis, and even its status during the long transition to the American hegemony (Fernández and Ormaechea 2019). In addition, unlike WSA, LAS is not concerned with the construction of a post-capitalist society based on an inevitable change in the global order.

LAS emerged after the Second World War, during the consolidation of U.S. hegemony and emergence of the United Nations’ Economic Commission for Latin America and the Caribbean. Even when the discussion of economic development was shaped by the restructuring of the world-system led by the United States, LAS succeeded in offering an original contribution that criticized linear and modernization approaches to development that had been traditionally promoted by the GN. The most important contributions relate to the works of Rául Prebisch, Celso Furtado, Aníbal Pinto, Maria da Conceição Tavares, Fernando H. Cardoso and Enzo Faletto, among others.

From a historical, systemic, and multidimensional perspective, LAS pointed out that capitalism consists of central and peripheral economies. Central countries were characterized by the production and export of industrial manufactures; while peripheral countries provided the center with primary goods, such as raw materials, food, and energy. This structure was the result of a historical dynamic of trade and power commanded by central countries that generate and take advantage of technical progress. Because of this dynamic, Latin America’s heterogeneous productive structures and the deterioration in the terms of trade limited the capacity of the
periphery to form a more homogeneous, equalizing and inclusive productive structure (Prebisch 1949).

According to LAS, the first big task for the periphery to develop is to build up its own autonomous space by configuring a specific accumulative and institutional logic that goes against the subordinated position imposed by the center. For this purpose, state-led industrialization continues to be the most effective strategy. In this way, unlike Wallerstein and other authors related to Dependency Theories—like Frank, Bambirra or Marini—who disbelieved in the possibility of the periphery to develop, LAS pursues the idea of building spaces of autonomy by constructing a non-subordinating external and a more inclusive internal economic and social form of accumulation. This implies a reversion of the dominant relations of power imposed by the center (Prebisch 1981) to face the unstoppable capitalist reorganization, which tries to both overcome its crisis and re-elaborate its hierarchical structure.

With this understanding, it is necessary to highlight the factors that constitute both the peripheral and dependent condition, as well as the prerequisites for their reversal. Strictly, peripheral positioning is explained by considering the dynamics of the generation and appropriation of the fruits derived from technical progress (Prebisch 1949). However, this predominantly economist perspective was complemented during the progressive evolution of LAS. Throughout the years, this approach incorporated a socio-political approach in order to explain the peripheral positioning of Latin American development.

During the 1960s, the notion of structural heterogeneity was developed in order to account for the differences in productivity between various economic sectors (Pinto 1965). By considering the structural heterogeneity not only in sectoral but also in socio-spatial terms, LAS shows how the pattern of external insertion, productive specialization, and the type of consumption finally established a socio-spatial reproductive logic with low inclusion and distributive capacity. It exposed the region’s difficulty to combine internal sustainability with greater external autonomy. In this way, local actors who control the most important functions of the (national and sub-national) productive structure, together with the extra-national factors of underdevelopment, operated as key managers in the formation of the internal-external links that limited the possibilities of development (Cardoso and Faletto 1969).

During the 1970s, the conceptualization of “styles of development” (Pinto 1976; Wolfe 1976) introduced more explicitly the resulting complications of conflict and power, and the role played by local elites in the formation and reproduction of these productive structures and peripheral forms of insertion (Graciarena 1976). The style of development that prevailed in Latin America was characterized by the export of natural resources under the British hegemony and—later on—by the deployment of import-substituting industrialization (ISI) during the United States hegemony. However, ISI was not capable of resolving the structural heterogeneities and inequalities then present in Latin America. The subordinated external insertion continued and new forms of dependent relationships emerged because of a larger presence of transnational capitals in the region (Cardoso and Faletto 1969).
To overcome this subordinated positioning in the world economy, the capital accumulation structure needed to be redefined in such a way as to include a perspective that considers the internal and external dimensions associated with the possibilities and challenges of Latin American development. Even though LAS has been very critical regarding the results of ISI (Hirschman 1968), it always reaffirmed industrialization as a strategy to construct a “style of development” oriented towards the formation of a more homogeneous and diversified productive structure, as well as a more dynamic type of external insertion.

Based on this examination of internal and external interrelations, and the possibilities of Latin American development, it is clear that LAS has a different approach to addressing the systemic problems of the GS than does WSA. Its analytical framework is based on a bottom-up, historical, and structural perspective that observes how peripheral spaces and actors interact in the global systemic configuration. LAS recognizes the possibility and necessity of national trajectories when considering how to build autonomous spaces of integration at a regional level, from which to revert the subordinated positioning of Latin America in the world economy. This systemic conception does not subordinate internal nor intra/national factors to the systemic dynamic. Instead, it intertwines them together with external dynamics to configure peripheral specificities in national and regional spaces.

Thus, LAS considers an open process that complies with the claims made by WSA relating to the recognition of external and internal interrelations as relevant factors (Sanderson 2005). It helps to combine multiple processes that interrelate the systemic order, its general logic, its variations and the historical formation of the subnational and supranational regions. By this thinking, each national trajectory forged in the periphery coexists with a certain type of insertion in a systemic and global dynamic. It is in just such a shared historical trajectory that nations, and more broadly macro-regions, could develop a structural capability to respond to those subordinating and controlling actions that the core seeks to preserve.

**Evaluating the Global South Divergence Under the Global Convergence**

Since 1970, major changes in the global economy have occurred, such as the global reconfiguration of production networks under the neoliberal agenda, and the financial expansion of the United States’ systemic cycle of accumulation, which emerged as a response to 1973 international economic crisis that had been centered on the United States economy (Arrighi 2005; Brenner 2009).

The global restructuring of production networks implied new forms of organization and spatial and temporal functioning of capital, which were made possible by the development of new communication, information and transportation technologies (Dicken 2007; Gereffi and Korzeniewicz 1994). This allowed transnational companies to deploy multiple and combined offshoring, fragmentation and recentralization processes that operated in real time through the development of global value chains (GVCs). This new spatial and temporal logic meant the strengthening of global capital’s power over states and labor (Ross and Trachte 1990); and
especially, in line with the historical behavior highlighted by WSA (Wallerstein 2004b), of core activities and actors over peripheral ones. In this regard, the most dynamic activities—like design and marketing—and the actors linked to them are located in core economies, while productive activities of lower value and less technological content are located in the periphery (Fernández and Brondino 2017; Fróes de Borja Reis and Cardoso 2020).

Yet, this global productive reconfiguration was concomitant to another distinctive element that has been altering the former global hierarchies of wealth and power all around the world: The emergence of the GS as a macro-region of global significance (Nayyar 2013).

Recent studies about the hierarchies of wealth and power in the modern capitalist system conceive this structure as the result of a larger process of systemic configuration that has been redefining itself along with the successive hegemonic cycles of capital accumulation and expansion (Karataşlı 2017). Since the beginning of the modern world-system, and particularly since the consolidation of the British hegemony, the system’s hierarchical stability has been guaranteed by the configuration of the GN as the world’s dominant space: the place where all incumbent hegemonies resided and the epicenter of capital accumulation and industrialization. Therefore, the emergence of the GS in the framework of the convergence and its growing economic impact is a major, unprecedented, structural rupture in the configuration of the world-system hierarchy.

However, the understanding of these hierarchical transformations remains incomplete as long as the analysis of the GS’ divergence is not taken into account. As mentioned before, the analysis of the convergence and the divergence within the GS requires the location and methods by which the dynamic, dynamism and control of the capital accumulation process takes place. To do so, we focus on these three dimensions as follows.

The economic dynamic is observed through variables that reflect the economic growth, trade flows, and investments within each of the regions in question (Asia, Latin America and Africa). Furthermore, it represents the global convergence, the increasing economic integration of the GS, and its growing internal divergence. Here, industrialization plays a key role to explain this “divergent convergence.” The economic dynamism is analyzed by taking into account the economic learning process, the acquisition of technology, and the initiation of innovation. This allowed the GS not only to be better positioned within the global commodity chain, but also to take control over key economic global features. Finally, the control of the accumulation process considers the spatial location of the leading multinational corporations. This variable dutifully represents the control that each region exercises over the capital accumulation process.

**Economic Dynamic**

Since the Second World War, the GS has maintained a constant level of economic growth that has allowed its convergence with the GN. This process has been primarily led by East Asia (Japan, South Korea, Taiwan, Singapore and Hong Kong), and—more recently—since the twenty-first century, by mainland China. In congruence with this convergence, an internal divergence within the GS occurred as a result of Asia’s outperforming “the rest” of the GS.
Figure 1 demonstrates the distribution of global GDP since 1970 between three major areas of the GS and the totality of the GN value. As is demonstrated, the GS’ share of global GDP rose constantly. Asia’s share grew 20 percentage points in the last fifty years, while Latin America and Africa’s share remained largely unchanged (around five percent). This indicates that, while the GS as a whole is catching up with the GN, not all GS regions participate in the same way. On the contrary, it seems that Asia is leading the economic growth by far in comparison with the other two regions.

**Figure 1**

![Graph showing GDP distribution](source)

Source: authors’ calculation based on UNCTAD

Manufacturing played a key role in the GS’s economic growth, as well as in the divergence between Asia and the rest. As shown in Figure 2, there has been a clear translation of manufacturing activities from the GN to the GS. Nowadays, the GS represents almost 60% of the world’s manufacturing value-added.

**Figure 2**

![Graph showing manufacturing value-added](source)

Source: authors’ calculation based on UNCTAD
When considering the percentage share of global Manufacture Value-Added (Figure 2), Asian economies are far beyond the rest of the GS. The increasing industrialization in Asia was, in part, the result of the delocalization engaged by Northern capitalists looking to gain an economic edge by reducing their labor costs. This process of productive delocalization gave credence to the idea that the GS’ industrialization was merely an “illusion of development,” implying that this economic transformation within the economies of the GS did not mean a greater capacity to retain surplus value or accumulate wealth (Arrighi and Drangel 1986).

While this argument was accurate at the time, it is worth considering Asia’s industrialization as an evolutionary process initially based upon providing cheap manufacturing labor, which later developed into more complex economic activities. Firstly, this strategy was driven by foreign direct investment and was oriented to the formation and qualification of local capital, intending to strengthen the domestic market. Yet, based on the important role of Asia’s nation states, it also brought about the regional integration and cooperation necessary to gain access to certain global commodity chains and to maintain control over those activities that were considered strategic. The success of the industrialization of the GS, with its epicenter in East Asia, turned out to be the material base on which the economic process of capital accumulation was progressively strengthened.

Economic Dynamism
The GS’ industrialization has transitioned from being merely a product of the GN’s delocalization to being the locus of a new material phase of capital accumulation. This transition itself has been possible due the increasing control over technological knowledge and innovation on behalf of the region that strengthened local markets and increased participation in global commodity chains.

In so leading the GS, Asia has outperformed in technological catch up by means of its outstanding public investments in R&D. Focused on the divergence here analyzed, it is observed that, comparatively, the Asian economies have increased their public investment in R&D during the last few decades, while the rest of GS economies saw a decrease in their share of global R&D investment. Indeed, more than 90 percent of the GS’ investments in R&D belongs to Asian economies (Figure 3). In comparison, the GN’s investments in global R&D decreased from 68 percent of the world’s government expenditure in R&D to 50 percent.

**Figure 3: Government Expenditure in Research and Development Percentage per Continent Over the World R&D Investment: GN vs GS (Disaggregated)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Global North</th>
<th>Global South</th>
<th>Africa</th>
<th>Asia</th>
<th>Latin America</th>
</tr>
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<td>1996</td>
<td>68,32</td>
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<td>3,30</td>
<td>85,40</td>
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<td>6,45</td>
</tr>
</tbody>
</table>

Source: authors’ calculation based on UNESCO
In return for this sustained investment in R&D, Asia has secured an abundance of registered technological patents (Figure 4). In an interconnected global world where information is a commodity, the power that certain economies and capitalist agencies have over the technological vanguard is key to preserve the control of the accumulation process. Precisely, during the last few years, China has launched several political programs that, based on public investments in R&D, aim to overcome the peripheral positioning of the country—and its corporations—since the development of strategic technological sectors (Merino 2019). By this strategy, China is trying to ensure the control of core activities in the GVCs, strengthen their technological core, and thereby improve their competitive power in the global market.

Figure 4

These investments on behalf of China were designed to develop technological innovation from which control over core activities in regional and global chains could be maintained. By means of stimulating and orienting both foreign and local capital within China, a more rapid expansion of capital is being made possible.

Control Over the Accumulation Process

Especially in the economies of East Asia, this process of economic development, sustained growth, increased capital accumulation and financial and trade dynamism has been achieved by an increasing control of key links within GVCs; positioning GS’ transnational capitalist agencies in a complex fashion within the network of the world economy.

In what could be described as a synergetic relationship, the public investment in R&D and strategic technologies has allowed the new GS’ transnational capitalist agencies to occupy more complex and dynamic links. Because of this, East Asia—and especially China—have begun to
challenge the GN. In particular, the United States’ predominance among leading global companies has been defied. More precisely, the increasing presence of Chinese capital agencies (both private and public) is evidence of the maturity of the Chinese developmental strategy. The Chinese economy has long surpassed the phase of merely receiving foreign capital in the search for cheap labor, and instead has consolidated itself as a capital exporter.

As is shown in Figure 5, there is an increasing number of Asian companies in Forbes’s Fortune Global 500. This presence of Chinese capital is a new phenomenon. In only twenty-five years (1996-2020), China has reached a plurality in this ranking. Starting with only three companies, today it reached more than 130 companies in the Global 500, followed by the United States with 121, and Japan with 53.

This growing presence of dominant Chinese and East Asian companies is an example of the increasing control that the region is gaining over the most profitable stages of the GVCs (Sun and Grimes 2018). It controls core activities that allow it to retain more and more surplus value within its territories, consolidating itself as a new center of capital accumulation. Considering that the presence (or the lack thereof) of core activities is one indicator that divides core states from peripheries (Wallerstein 2004b), the rise of Chinese corporations indicates that the country (along with the rest of Asia) is repositioning itself in the hierarchy of wealth and power (Jiang 2016).

Figure 5

Source: authors’ calculation based on Ranking Forbes 500

**GS integration under GS divergence**

These three analytical dimensions combined demonstrate the economic convergence between the GS and GN, as well as the GS’s internal divergence. Despite this apparent discrepancy between East Asia and the rest, this “rise of the global South” does not merely refer to some arbitrary
agglomeration of regions and countries—rather it alludes to the fact that this large area has shown, as a whole, a marked increase in its internal economic integration and internal relationships, together with an accelerated dynamism and control of the accumulation process, despite its internal differentiation.

The GS’ economic integration has led to an increase in intra-south exports. Between 1995 and 2015, trade within the GS quintupled, reaching almost the level of GN intra-trade (Figure 6).

**Figure 6**

<table>
<thead>
<tr>
<th>Evolution of exports between GN vs GS, in percentage, 1995 as base year.</th>
</tr>
</thead>
</table>
| ![Graph showing the evolution of exports between GN and GS](image)

Source: authors’ calculation based on UNCTAD

Because of its superior economic dynamism and control over the accumulation process, Asia takes the lead in this GS integration, with China as the main actor in the promotion of economic flows represented by foreign direct investment and trade. The growing trade flows within this macro-region represents the success of Asia in achieving preferential positions in the GVCs as compared to the rest of the GS. For example, Asia has achieved a mature industrial sector in medium and high technology components. As shown in Figure 7, the composition of Asian exports has become more complex in the last two decades, especially when compared to Latin America and Africa. With regards to global market share, this strategy of export-led industrialization engaged in by Asia has increased the commercial pressure on the GN’s monopolies. In particular, China’s extensive geopolitical autonomy has given it a considerable advantage.
Figure 7

Evolution of Asian exports by technological components (Lall Classification)

Evolution of African exports by technological components (Lall Classification)

Evolution of Latin American exports by technological components (Lall Classification)

Source: authors’ calculation based on UNCTAD
At the same time, Asia has become both the main receiver of Foreign Direct Investment (FDI) within the GS and a net capital exporter. Regarding FDI reception, even though it is not a constant flow, the continent receives today more than three times what Latin America does. When compared to Africa, the difference is more than ten times. In the last few years, China became the main FDI receiver in the region, and the second in the world—behind only the United States. On the other hand, China and Japan are themselves the main investors in the GS. In the last fifteen years, Chinese capital has been spreading around the GS, including the rest of Asia, Latin America, and Africa. This strategy of FDI is well exemplified by the Chinese Belt and Road initiative (Yu, Qian, and Liu 2019).

**Figure 8**

In recent years, Asia has become the preeminent exporter of FDI. Consequently, China and its investments has had a major impact within the GS. Recently, the presence of China as a capital exporter, and as a major commercial partner in Latin America, has initiated a process of wider political autonomy of the region from the influence of the GN, enabling different paths to development and economic growth (Merino 2019). Figure 9 shows how the GS became the main receiver of Chinese FDI, led by Asia and followed by Latin America and Africa. When considering Chinese FDI by economic sector, natural resource commodities tend to be the primary means of investment (Figure 10). This may constitute a new strategy of peripheralization within the GS, with the specificity that, this time, the process is not led by the GN but by China. This strategy seems to be oriented in such a way as to gain access to the cheap resources required to sustain the continuous growth and expansion of China’s manufacturing process. This could well result in
China becoming a new capitalist agency, which moves to control the world economy with capital accumulation appearing to be its primary motivation.

**Figure 9**

![China’s OFDI stock by region, 2005-2016](chart)

Source: authors’ calculation based on Ministry of Commerce of the People’s Republic of China (MOFCON)

In addition, Chinese foreign investment within the GS has increased in the last eighteen years, although it has fluctuated considerably. Yet, what seems to be clear is the economic areas in which Chinese investors are interested in. Their main goals are the obtention of natural resources and food, and to improve and fasten the way in which products flow from around the world into China. The first area of investment has been energy, typically that derived from fossil fuels and particularly oil. The second area of interest is infrastructure, with keen focus on paved roads, railway, seaports, airports, and merchant vessels. The third method of investment has been in the realm of real estate, and commercial construction. Indeed, this kind of investment behavior is synonymous to that exercised historically over the periphery by Northern capital.
Figure 10

Source: authors’ calculation based on China World Investment Tracker
Not Collision but Cooperation: the Divergent Convergence Read from an Encounter between WSA and LAS

As noted above, the “divergent convergence” describes the simultaneous processes of both the rapid approachment of the GS’ economic dynamic with that of the GN—in which the dynamic center has been displaced in favor of the GS—as well as that of the emergence of Asia as the predominant power of the GS. In this framework, WSA and LAS offer different and complementary tools to comprehend initial questions regarding the scope, effects and potentialities of these recent processes. First of all, starting from a similar framework of analysis, both perspectives recognize a global, hierarchical system that has variations and historical specificities, in which the hierarchy of central and peripheral countries are interrelated. In addition, the differences between these approaches offer complementary tools to comprehend the “divergent convergence”, its implications, and the challenges “to the rest.”

To its strength, Wallerstein’s approach of WSA utilizes a longue durée perspective which prioritizes the systemic totality as the essential epistemic-analytical framework with which to analyze economic dynamics, crises and cyclical changes of the world-system. In so doing, his approach explains current processes in terms of the re-emergence, under new forms, of a moment of systemic chaos which is the result of capitalism’s inability to sustain its own contradictions (Wallerstein 2004a). From this perspective, the current systemic chaos would lead to the collapse of the modern capitalist world-system and to the deepening of the United States’ hegemonic crisis.

Conversely, in Arrighi’s perspective, the recognition of new transformations within the hegemonic cycle creates the possibility of altering the nature of capitalism. Although it does not imply the complete collapse of the system, the historical particularities that enabled the re-emergence of East Asia under China’s leadership could allow the development of “not necessarily capitalist” inter-state relationships (Arrighi and Zhang 2010).

By considering the macro-regional dimension (which mediates between national particularities and global and systemic generalities), it is possible to observe the GS’ economic convergence and its growing systemic strength in the frame of cyclical regularities. It is precisely through this cyclical process that the progressive relay of a financialized economic space (United States) for one based on material accumulation (East Asia) takes place and it is on this terrain, with a productive and technological base guided by the state, that the Sino-Asian progressive scaling and control of GVCs occur. As a result, the systemic leadership and the hierarchical configuration of the world-system are redefined (Arrighi and Silver 2000).

However, this analysis alone does not provide the necessary tools to understand the different economic trajectories within the GS. It is unable to explain the challenges and restrictions that this process entails for the “non-Asian rest” in achieving autonomy. In this matter, LAS has the tools to complement WSA by taking into account the different macro-regional trajectories within the GS. LAS accounts for the way in which different internal and external factors—and actors—formed a socio-productive structure that limited the deepening of the ISI and restrained the accumulation dynamic, which were key aspects in promoting a more autonomous macro-regional
project within the modern world system. At the same time, LAS is able to explain how these issues have gained presence in East Asia, where, as Amsden (2004) said, “Prebisch was reborn.”

Therefore, while WSA includes the internal components (national states and sub-national spaces) in the broader scheme of the general object (the world-system), LAS points out the conditions necessary to construct greater relative autonomy by promoting national and macro-regional strategies oriented to transform the patterns of internal accumulation and external insertion. In this regard, LAS’ epistemic scope argues the necessity of exploring national and regional trajectories shaped by internal and external factors, in order to understand the divergent possibilities present at the macro regions of the periphery in shaping its future in the major framework of the world-system.

Working in this way and enabling comparative analysis—in which internal and external dimensions interact—LAS’ bottom-up, historical perspective helps to understand firstly how each region’s style of development contributes to explain the “divergent convergence,” and secondly which styles are the internal elements that the “non-Asian rest” needs to promote in order to avoid the reemergence of subordination and exploitative logic within the GS. These two aspects account for the different internal structures of each region of the GS, and explain the unequal ways in which each region is linked to one another and to the world economy at large.

Hence, the consideration of the GS’ trajectories of industrialization are central to comprehend the macro-regional divergence. While Latin America and Africa failed to develop state-led industrialization, East Asia succeeded in configuring a complex industry that supported a macro-regional integration process. Even though industrialization is a necessary but not a sufficient condition for development, the Asian state-led industrialization succeeded in controlling financial capital and favored a sustained and progressive technological catch up in key industrial sectors. In the context of a specific geopolitical permissiveness, this process allowed the region to consolidate an endogenous, globally inserted regional productive platform.

After the 1970 crisis, the characteristics of the predominant Asian style of development allowed the region to consolidate its accumulation process, to revert the structural heterogeneity, and to overcome its former integration in the world economy as a colony by advancing in a greater global autonomy. Asia’s increasing economic and political autonomy is expressed in the aforementioned elements that account for the rise of the GS: an economic growth led by the industrial and manufacturing sectors, together with a technological catch up that allowed the formation of local transnational corporations and the expansion and control of the GVCs.

In Latin America, and to a lesser extent in Africa, the lack of these elements highlighted by LAS explains the reduced dynamism of these two regions within the GS. The incapacity of these states to lead a development strategy has been the result of the lack of geopolitical permissiveness, and of the complex and conflictive internal sociopolitical dynamics which configured a “truncated” industrialization (Fajnzylber 1990). In addition, there was an “external capture” of the capital accumulation process by transnational corporations that was followed by a re-primarization of the economic structure (Fiori 1992). The lack of an endogenous industrial accumulation core prevented the necessary regional integration that is prescribed by LAS as a strategic point to build
up a more autonomous systemic integration (Di Filippo 2019) and to overcome the fragile and scarce development of regional value chains (Blyde and Trachtenberg 2020).

These factors have prevented a better re-positioning of Latin America and Africa in the systemic hierarchy of wealth, and instead have favored the recreation of unequal, subordinating, and exploitative relationships with the rising of Asia. In this way—unlike Amsden’s recovery—Prebisch has renewed the concern that the divergences within the GS threaten to recreate centripetal relations. Ultimately, the possibility of reversing this centripetal dynamic lies on the condition that the “non-Asian rest” build their own state-led industrialization, which indeed remains an important role in the economic dynamism of the world economy.

**Concluding Remarks**

In this paper, we explored the scope and consequences of this “divergent convergence.” For this purpose, we contrasted and complemented WSA’s top-down, historical, systemic perspective—comparing the Wallerstein’s and Arrighi’s approaches—with LAS’ bottom-up epistemic analysis. While WSA perspectives conceive the world-system as a unit of analysis, the implications of their analyses of the “divergent convergence” are different. From Wallerstein’s perspective, national and regional units are subordinated to a systemic logic that is currently expressing the hegemonic crisis of the United States and its being on the brink of a total collapse of capitalism. Therefore, the foundations of the convergence and, particularly, the scopes of the divergence within the GS are not taken into account.

Instead, from Arrighi’s perspective, the long-term historical cycles consider the emergence of new hegemonic agencies from which new forms of material expansion may be led by the center. In this sense, Arrighi offers interesting concepts to explain and understand the “divergent convergence” following the new economic role of East Asia. This region represents the geographical space where the systemic and cyclical material expansion has been reborn. Therefore, this region is central in understanding the dynamic between the world-system as a global-systemic unity of national states, and the construction of GS command under the leadership of China. For the first time in the modern world-system, Asia appears as the new center of capital accumulation, opening the possibility for a redefinition of the exploitative and subordinating logic of the capitalist system. These changes could mean a chance for “the rest” of the GS to engage in alternative paths of development sustained in “South-South” cooperation.

LAS also takes into account a macro-regional approach, but from a bottom-up dynamic that starts by recognizing the historical formation of national and regional structures in the framework of internal-external dynamics. It is complementary to Arrighi’s analysis, but from a different epistemic construction which leads to alternate predictions. LAS offers theoretical tools not only to understand the “divergent convergence”, but also to rethink strategic actions that may enable the development of “the rest.” Regarding the first aspect, by articulating internal and external elements, LAS acknowledges—in a pioneering fashion—the hierarchical and centripetal configuration of the world economy. However, this does not lead LAS to a prediction of inevitable
subordination of the periphery to the center, nor to a systemic collapse of capitalism. Instead, LAS explores the possibility of enlarging the autonomy of peripheral regions by deploying economic policies tending to revert the subaltern positioning in the hierarchy of wealth. This analytical combination of internal and external elements, which considers geopolitical and geo-economic factors and national and macro regional trajectories, allows LAS to be reborn in Asia. From there, it shows the power of state-led industrialization and technological adoption, in addition to the importance of regional integration in configuring a new material expansion phase.

When thinking about the future, this exercise based on LAS’ bottom-up perspective complements and reiterates the importance and necessity of Arrighi’s aspiration of capitalizing upon the cyclical hegemonic redefinition in order to build, from the rest of the periphery, a “New Bandung.” Beyond the transition towards a new center of accumulative-expansion, these processes are essential to “the rest” in becoming the protagonists of the new transformation of the world-system into a more egalitarian and inclusive society. This demands the prevention of the capture of their accumulation processes by exploitative interests which would serve merely to recreate traditional subordinating center-periphery logic.

In this way, the integration of the historical longue durée, the cyclical transformation, and the hegemonic redefinition are complemented by the necessity of analyzing new forms of industrialization and technological control in order to evaluate the conditions and possibilities of the macro-regional spaces that, with different trajectories, participate in the construction of an uncertain global scenario. In the framework of this complementarity, the analysis of the different peripheral state formations appears as one of the essential missing links for an agenda that would seek to understand the current and future redefinitions that affect—and will affect—the interstate competition and the building of institutional superstructures.

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