

might require a kind of highly detailed process tracing that would make this a less accessible text.

As currently written, the book provides a more satisfying answer to a different question. The book's subtitle is "How Taiwan Propelled China's Economic Rise," but an equally fitting summary of the book's main contributions might be "How China's Rise Propelled Taiwan's Economic Transformation." The book's greatest strengths lie in its account of how Taiwan's political economy was altered by China's embrace of Taiwanese investment and by changes in Taiwanese government policies that (eventually) lowered the barriers *Taishang* faced. In this regard, the book speaks most directly to existing work on Taiwan's political economy and its connections to the PRC and the global economy, including Thomas Gold's *State and Society in the Taiwan Miracle* (1986), You-tien Hsing's *Making Capitalism in China* (1998), and Gary Hamilton and Cheng-shu Kao's *Making Money* (2018).

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Banking on Beijing: The Aims and Impacts of China's Overseas Development Program

By Axel Dreher, Andreas Fuchs, Bradley Parks, Austin Strange and Michael J. Tierney. Cambridge: Cambridge University Press, 2022. 396 pp. £26.99 (paper)

Globalizing Patient Capital: The Political Economy of Chinese Finance in the Americas

By Stephen B. Kaplan. Cambridge: Cambridge University Press, 2021 410 pp. £26.99 (paper)

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After securing a norm-breaking third term as General Secretary of the Chinese Communist Party in October 2022, Xi Jinping declared his ambitious vision for China's future. By 2049, the 100th year of the CCP's rule, Xi pledged that China would lead the world "in terms of composite national strength and international influence."

In a sense, Xi's bold pledge is the next logical step in China's seemingly inexorable march toward superpower status. It follows two decades where Beijing successfully grew the Chinese economy at breakneck pace, modernized its cities, and transformed its military. Alongside these internal advancements, China also began to expand its global reach. China now leads the world as a source of outward direct investment. It founded and launched the Asian Infrastructure Investment Bank (AIIB), a multi-lateral financial institution. And, perhaps most significantly, China has become a major source of bilateral development financing.

Banking on Beijing, by Dreher et al., and *Globalizing Patient Capital*, by Kaplan, provide clarity and context about the motives behind China's dramatic arrival on the development lending scene and its impact on recipient countries. Though the books come at the issue from different perspectives, taken together they promote a multidimensional understanding of this critically important topic.

The two studies align in their identification of the factors behind China's rapid transformation from onetime development finance recipient to present-day mega provider. Dreher et al. and Kapan each situate Beijing's plans as a response to three conditions: (1) increasing dissatisfaction with a growing pool of low-yielding foreign exchange reserves, (2) concerns about the country's supply of food and natural resources, and (3) challenges stemming from domestic productive overcapacity. Where the books diverge, however, is in how they propose we should make sense of China's development lending, choosing to adopt different analogs.

Dreher et al. frame their project by comparing China's overseas lending to that of "traditional donors"—i.e. member states of the Organization for Economic Cooperation and Development (OECD)—which set global standards for development lending. The comparison is apt, since many prominent critics of Chinese development assistance have assailed Beijing's efforts on the grounds that its lending activity does not meet global best practices. China's aid regime is often depicted as being plagued by poor oversight or setting low standards for projects, meaning funds tend to flow to corrupt, autocratic regimes. This, in turn, undermines efforts of Western donors to promote democracy, good governance, and human rights.

Contrary to such headline-generating editorializing, Dreher et al. find that China has more in common with the traditional donors than previously thought. Yes, China's development finance flows more generously to countries politically aligned with Beijing (measured by UN voting similarity and Taiwan policy), but the authors are quick to point out this is also true for OECD creditors. Chinese loans also appear commercially motivated, with major trading partners more likely to be big recipients. Notably, Dreher et al. find no support for claims that Chinese loans are more likely to flow to economies rich in natural resources or to corrupt and autocratic regimes. Their report is not entirely rosy, however, as Chinese loans flow to wealthier subnational regions in recipient countries, rather than areas where it is most needed. This, they speculate, could contribute to rising inequality in these societies.

Banking on Beijing upends persistent myths about Chinese development lending, revealing that China is playing a similar game to Western donors. On the whole, the book cuts through the noise surrounding Chinese development financing, adopting a coolly non-partisan, approach to examining the topic. In an age of overheating rhetoric on US–China relations, this is an important contribution in itself.

Kaplan comes at the topic from a different perspective. First, instead of taking a global view, he homes in on Chinese development lending in the critical region of Latin America. Second, rather than comparing Chinese development finance to other traditional donors, he measures its impact against private, cross-border capital flows.

In *Globalizing Patient Capital*, Kaplan shows that in the first two decades of the twenty-first century, state-to-state capital flows from Chinese development banks to Latin American ones, took on an increasingly large role even as private capital flows from Western economies retrenched. This changing of the guard is notable, Kaplan argues, because of the difference in time horizons and risk acceptance between these different brands of capital.

At the core of the book is Kaplan's thesis that Chinese development financing is unlike traditionally footloose, private portfolio capital flows in important ways. While the latter tends to carefully scrutinize national budgets, adopts a short-term, risk averse position, and exits at the first sign of instability, Chinese lending is different. It is, as the book's title suggests, patient. Chinese policy banks, argues Kaplan, are willing to incur early losses if the initial investments are expected to catalyze more Chinese investment and promote market development that will benefit Chinese firms in the long run. Moreover, rather than exiting during downturns, Chinese capital stays put, and may even double down, buying up assets on the cheap.

This has implications for Latin American governments, especially when loans are funneled directly to the recipient government. Kaplan argues that in these cases, Chinese development loans should give governments additional fiscal discretion that they would lack if they were seeking funding from more risk-averse private capital. His evidence supports this claim as countries on the receiving end of such lending exhibit higher budget deficits.

Though Chinese loans are often described as "unconditional," Kaplan also finds that when loans are funneled directly to the recipient government, Chinese development banks hedge by tacking on commodity guarantees as a way to reduce credit risk. In addition, his analysis indicates that state-to-state loans come with more "commercial conditions" attached—guaranteed commercial contracts that benefit Chinese firms, suppliers, and laborers.

Kaplan's unique take on Chinese development lending provides a refreshingly different view of its impact on recipient countries and on how Beijing's actions are transforming the structure of global financial flows.

Both books are also noteworthy for their impressive data collection efforts. China's lack of transparency about its overseas loans makes studying the topic a challenge. Dreher et al. pioneered the now state-of-the-art approach to collecting Chinese development project data, embodied in their now widely utilized AidData database. Their methodology is both impressive and instructive for scholars working in other areas where data are sparse or opaque. It should be replicated. Notably, Kaplan's work relies on AidData at times, but supplements this with his own data collection efforts from recipient country reports in Latin America. Such sources account for out-the-door funding as opposed to pledged commitments, a notable distinction. Kaplan's book is also packed with rich data from fieldwork in seven countries, including scores of interviews with government officials in Latin America and China.

Interestingly, both of these books arrive at what seems like a moment of change in China's overseas lending. Rising indebtedness in major recipient countries, like Pakistan and Sri Lanka, have resulted in growing international criticism of Beijing's lending model. Indeed, China's leadership is even rethinking its approach, adopting higher levels of scrutiny in selecting foreign infrastructure projects. While both books touch on such debt concerns, many questions remain about how China will respond to rising defaults and adapt its overseas lending as its major sovereign borrowers grow more indebted. How Beijing adapts to these emerging challenges and the international fallout from such adjustments are questions that these books, unfortunately, cannot answer in full.

Still, *Banking on Beijing* and *Globalizing Patient Capital* break new ground and chart a course for future work in this area. Both books should be required reading for scholars and students interested in understanding how China's emergence as a development lender is reshaping the global aid regime and the financial opportunities and constraints facing emerging and developing economies.

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