



The Latecomer's Rise: Policy Banks and the Globalization of China's Development Finance

Muyang Chen, Ithaca: Cornell University Press, 2024

Lee Jones

To cite this article: Lee Jones (12 Dec 2024): The Latecomer's Rise: Policy Banks and the Globalization of China's Development Finance, Cambridge Review of International Affairs, DOI: [10.1080/09557571.2025.2440239](https://doi.org/10.1080/09557571.2025.2440239)

To link to this article: <https://doi.org/10.1080/09557571.2025.2440239>



Published online: 12 Dec 2024.



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Book Review

Muyang Chen, *The Latecomer's Rise: Policy Banks and the Globalization of China's Development Finance*, Ithaca, Cornell University Press, 2024.

The Latecomer's Rise provides a comprehensive account of how China financed its own domestic industrialisation and infrastructure through its policy banks (China Development Bank and Eximbank); how its financing model has been internationalised; and how far it challenges existing Western-led norms governing development financing. Rigorous, clear and empirically rich, it is likely to become a standard reference point on the topic.

Chen's principal arguments are twofold. First, against claims that Chinese development financing is state-led, she argues it is also heavily commercialised, reflecting China's marketisation and financialisation. Second, against arguments that Chinese 'statism' is challenging Western laissez-faire norms, Chen shows that China's challenge to existing regimes often stems from its commercial orientation and incentives. Moreover, this challenge is not uniform or necessarily zero-sum. China often fills gaps left by the West, rather than competing with it directly. And some Chinese and Western practices are actually converging, with Western development policies becoming more self-serving and private-sector-oriented while China's policy banks face pressure to move out of commercial financing and Chinese commercial banks and firms expand their role. China's challenge to norms around export financing and sovereign debt relief is stiffer, but this reflects commercial self-interest, not geopolitical revisionism.

The Latecomer's Rise has several strengths. First, it is exceptionally clear and well written: this outstanding early-career female scholar avoids the 'finance bro' jargon that pervades much writing on debt, explaining simply how China's model works. Accessible to non-specialists, the book is also useful for teaching about China's economic development and global China. Second, the combined treatment of China's domestic and international activity demystifies the latter – and debunks much uninformed International Relations commentary – by showing that it merely internationalises the former, explaining much of what might otherwise seem sinister or bizarre. This multi-level approach means the book adds real value despite reproducing some material from Chen's more discrete articles. Third, the book is empirically rich, well-grounded in Chinese-language sources and bolstered by extensive fieldwork, including interviews with the bankers themselves. Fourth, it is a useful mix of established and novel arguments. International Relations and International Political Economy scholars unfamiliar with Chinese development financing will benefit most from the early chapters, the arguments of which will be familiar to specialists. However, even specialists will benefit from Chen's interesting and novel arguments about China-Western convergence and her projections of future trends. The latter, in

particular, may not convince every reader, but they are an important contribution to the debate on global China.

The book's theory is less convincing, however. The developmental state literature was perhaps not the most enlightening backdrop. Framing China as a late developer with 'advantages of backwardness' that might be lost as it develops was sometimes useful in explaining China's approach and its potential evolution; elsewhere, comparisons to other late developers exposed only relatively modest differences. The Weberian theoretical framing of 'state or market', while reflecting real-world debate about China, was arguably unhelpful, since the basic answer is 'both'. An approach recognising that states and markets are always mutually constituted and interpenetrated, and theorised how that works in practice, could have transcended an unhelpful binary. Relatedly, and most importantly, Chen does not theorise the Chinese state. She notes that the governance of Chinese development financing is 'fragmented' and describes empirically various inter-agency disagreements. But merely presenting China as 'sui generis' (2, 13, 42, 68, 88, 104, 151) misses opportunities to develop explanatory tools and situate China within wider tendencies. It also provides little explanation of how governance operates, why disagreements play out as they do, or why they generate some perverse outcomes.

Indeed, while giving an excellent account of China's own model and reasoning, the book is insufficiently critical of these perverse outcomes. It is hard to know whether this reflects Chen's genuine judgement or simply her employment in a Chinese university facing ever-tightening restrictions on academic freedom. Nonetheless, *The Latecomer's Rise* offers mainly positive, Weberian, developmental-state-type assessments that China's development financing model has 'strengthen[ed China's] state capacity in facilitating development' (25), 'reinforced the state's fiscal capacity' (43) and allowed borrowing governments to '[enhance] their fiscal capacity and capitalised infrastructure projects essential for industrialisation and urbanisation' (100). Chen admits that the supposed 'virtuous cycle' of borrowing-investment-growth-repayment-more borrowing 'does not work all the time' (58-59) and notes some repayment difficulties. But absent is serious discussion of the vast industrial and infrastructural overcapacity arising from this model (with world-historic consequences as China seeks to externalise it through exports and debt diplomacy); the virtual bankruptcy of most Chinese subnational governments; the profound socio-economic crises into which unsustainable debt (not all Chinese, certainly) has plunged many developing countries; the impact of all this on China's international relations; and any deep explanation of the persistence, nonetheless, of China's model and its pathologies.

Lee Jones

Queen Mary University of London

<https://doi.org/10.1080/09557571.2025.2440239>



Notes on contributor

Lee Jones is Professor of Political Economy and International Relations at Queen Mary University of London. He has written extensively on China's foreign affairs and development financing, including in his book, co-authored with Shahar Hameiri, *Fractured China: How State Transformation is Shaping China's Rise* (Cambridge University Press, 2021). l.c.jones@qmul.ac.uk.