

The Chinese Development Model: A Cure for Egyptian Woes?

Ofir Winter and Doron Ella

As Egypt formulates and implements its economic reform program, “the Chinese development model” is mentioned with increasing frequency in official Egyptian discourse as a supreme positive example. The Chinese model is identified in Egypt with modernization, scientific advances, foreign investments, integration into the global economy, and mega-projects that stand to yield high economic growth rates and enable a response to the challenges of a rapidly growing population and dire poverty. In addition, the Chinese “success story” is intended to help the el-Sisi regime justify the political model implemented in Egypt: China is cast as evidence that an authoritarian, centralized, and efficient regime that combines characteristics of a free market economy is essential in realizing the national goals of a developing country such as Egypt. In other words, Egypt’s idealization of the Chinese model grants legitimacy to a type of government that places greater emphasis on stability and development, and less on freedom and democracy. However, it is highly doubtful whether Egypt will be able to implement the Chinese model as a comprehensive course of action, due to differences in the two countries’ governmental practices and regime coherence, and their respective regional and international economic environments.

As Egypt formulates and implements its economic reform program, its official discourse refers to China with increasing frequency as a supreme positive example. “The Chinese development model” – as it is known in China and throughout the world – is identified in Egypt with modernization, scientific advances, foreign investments, integration into the global economy, and mega-projects that stand to yield high economic growth rates and enable a response to the challenges of a rapidly growing population and dire poverty. Moreover, the Chinese “success story” is intended to help Abdel Fattah el-Sisi’s regime justify the political model implemented in Egypt to both foreign and domestic audiences. China is cast as evidence that an authoritarian, centralized, and efficient regime that combines characteristics of a free market economy is essential in realizing the national goals of a developing country such as Egypt.

The discussion of the Chinese model reflects Egypt’s recognition of the need to reform its economic systems, but in practice it seems that thus far the model has served mainly as a public relations tool and a source of inspiration. At the same time, it is highly doubtful

whether Egypt will be able to implement the Chinese model as a comprehensive course of action, due to differences in the two countries' governmental practices and regime coherence, and their respective regional and international economic environments.

Between Tahrir Square and Tiananmen Square

In recent years the el-Sisi regime has looked to countries whose experience and achievements in economic development may help the reforms in Egypt succeed, including the “Four Asian Tigers,” India, Malaysia, and sometimes even Israel. However, China is the model most talked about in Egypt. In his meeting with Chinese President Xi Jinping in April 2019, el-Sisi emphasized that Egypt is interested in learning from China's successful experience in development in order to revitalize its overall economy. At the same time, dozens of articles in the Egyptian establishment press have recently called for using the Chinese model to design Egypt's economic vision in various fields, chiefly developing the Egyptian economy and turning it into a creative and competitive economy that integrates into the global economy, deals with the challenges of population growth and poverty, develops education that meets the needs of the labor force, invests in technological development, and establishes a decentralized economic system.

In its original version, the Chinese development model includes two main components. The economic component calls for copying elements of the liberal market economy by opening internal markets to foreign and domestic trade and investment, advancing a dynamic labor market, reducing domestic taxes and regulation, and investing in the development of advanced public infrastructure with integrated private and public financing. The political component calls for maintaining and strengthening the single-party authoritarian system in which the party has exclusive control over the government, law, the military, domestic security services, and the free flow of information. The aim of this model is to create and maintain an equilibrium between economic development with limited liberal characteristics, and political stability that relies on authoritarian rule. Another feature of the Chinese development model relates to gradual economic development that prioritizes geographic areas with development potential and selected economic sectors.

The head of the Egyptian Journalists Union and Chairman of the Executive Committee of the al-Ahram institute, Abdel-Mohsen Salama, defined China as wonder for the developing country's ability to become the second largest economy in the world. In an article published in April, he wrote that the “Chinese miracle” is the product of economic reform led by Chinese leader Deng Xiaoping between 1978 and 1992, which set up industries, developed highway, water, phone, and electricity infrastructures, and made China an attractive target for foreign investments. According to the analogy proposed by Salameh, the economic reform led by el-Sisi also focuses on the development of energy,

electricity, water, sewage, highway, bridge, tunnel, and municipal and intercity freeway infrastructures. In his assessment, Egypt, like China, will become attractive for outside investments, be subject to exchange rate stability, improve its credit rating, and return the trust of global economic organizations in the stability of the country and its economy.

The reference to China as a model reflects the Egyptian regime's desire to learn from its experience, deepen what is already extensive cooperation with it in the projects of the new Suez Canal industrial zone and the new administrative capital, and establish new collaborations in the fields of technology, investments, trade, maritime transport, and tourism.

Moreover, the comparison with China aims to strengthen the Egyptian public's trust in the positive results of the economic recovery program that the regime has led since November 2016, in coordination with the International Monetary Fund (IMF). The emphasis on Chinese success is intended to muster broad public agreement for painful measures, led by cuts to subsidies on fuel and food products that stand to yield positive results only in the medium to long term. While the Egyptian regime attributes strong macroeconomic achievements to its measures, led by growth of 5.5 percent (though still far from the Chinese growth rates of past decades, which reached an average of about 10 percent annually according to official Chinese reports) and growth of foreign investments (mainly in the gas sector), these have still not provided a response to the rising cost of living and poverty that are burdening the middle and lower classes.

The idealization of the Chinese model is useful for the Egyptian regime in another way: It grants legitimacy to a type of government that places greater emphasis on stability, development, and construction, and less on freedom and democracy. In a series of articles published in April, Gamal Abdel Gawad, former head of the al-Ahram Center, argues that Egypt must prioritize the authoritarian Chinese model over the democratic Indian model, since only the former has proven itself over time as ensuring a political order with accelerated economic development. Indeed, the legitimacy sought by the Egyptian regime from its citizens is based on their trust in its security and economic achievements, rather than the establishment of a Western-style pluralistic democracy.

Moreover, China is a civilization with an ancient and unique tradition. Its renewed emergence as a global power is considered by Egypt as proof that the Land of the Nile is not required to adopt a "foreign" Western model in order to advance, and that it has the power to design a "patriotic" model that is consistent with its tradition, its needs, and its values. A May 2019 article in the Egyptian daily *al-Masry al-Youm* noted that there is a single party in China, there are restrictions on the freedom of expression, and the country has a president with an unlimited term of office. The message is that successful economic

reform does not depend on political reform, as China understood thirty years ago that Western values did not match its circumstances, and managed to repel internal and external pressure to adopt them. “Had the Chinese government not chosen to put an end to the demonstrations in Tiananmen Square in 1989,” he argues, “today it would have been dealing with the ramifications of the ‘Chinese Spring.’”

China as a Regional Model

The potential relevance of the Chinese model to Egypt has regional repercussions as well. In recent years, the question has arisen whether the Chinese development model can challenge, and perhaps even replace the Western model that promotes free market values and liberal-democratic norms in developing countries. Against this backdrop, el-Sisi’s victory in the March 2018 presidential elections and in the referendum on amendments to the Egyptian constitution in April 2019 sparked debate surrounding the most appropriate governing model for Arab countries in the post “Arab Spring” era. Demonstrators in Algeria and Sudan – which led to the overthrow of dictators who had been in power for decades – viewed the entrenchment of the authoritarian model in Egypt as a warning sign regarding revolutions that carried the promise of freedom and democracy but ended in a new-old order led by the military.

In contrast, Egypt feared that the political upheavals in Algeria and Sudan would have a detrimental effect on its stability, and protected the governing model attributed to it – which is inspired by the Chinese model – as one that ensured order, security, material well-being, national honor, and international status. In an article published in April, Hani Asl, foreign news editor of the *al-Ahram* daily, wondered sarcastically whether critics of the Egyptian model “are fans of the Yemenite model, excited by the Syrian model, or are charmed by the Libyan model.” The official line in Cairo holds, therefore, that only an authoritarian regime will protect Egypt from Islamic terrorism and a slide into anarchy.

Significance

The Chinese model fills a role in the Egyptian regime’s efforts to ascribe public legitimacy to its economic measures that are designed to come to full fruition in the medium-to-long term. The comparison between Egypt and China is intended to ease the dissonance for the Egyptian public between their current distress and the wellbeing promised for the future. However, as senior officials in Chinese academia and government have pointed out, it is difficult to copy a model that fits the unique characteristics of China and apply it to other developing countries that face at least somewhat different challenges and are required to deal with different regional and international environments. Therefore, while China’s path and achievements can serve Egypt as a source of inspiration in dealing with a variety of core challenges, it does not

mean that Egypt has the ability to copy and adopt the Chinese development model as a comprehensive working plan.

As shown in the IMF reports of July 2019, maximizing the achievements of the reform program that Egypt has implemented since 2016 depends on not being overly restricted by centralized models, but on taking measures to advance structural reforms in its economy further. These include reducing state involvement in running the economy, making the private sector the engine of growth, and increasing transparency of state-owned enterprises. In parallel, Egypt can take elements from the Chinese model that are consistent with the IMF's recommendations, including achieving balance between central control and the need for liberalization in the economy, creating an easy and safe climate to attract domestic and foreign investments, and training high quality and efficient manpower by investing in advanced technological and scientific education.

At this stage it seems that Egypt is striving to combine elements of the Western development model and the Chinese development model, which is similar in some of its economic features to the Western model but rejects its political features. The status of the el-Sisi regime will be affected to a great extent in the coming years by the success of this strategy to serve as a key to Egypt's economic prosperity and a cure for its woes.