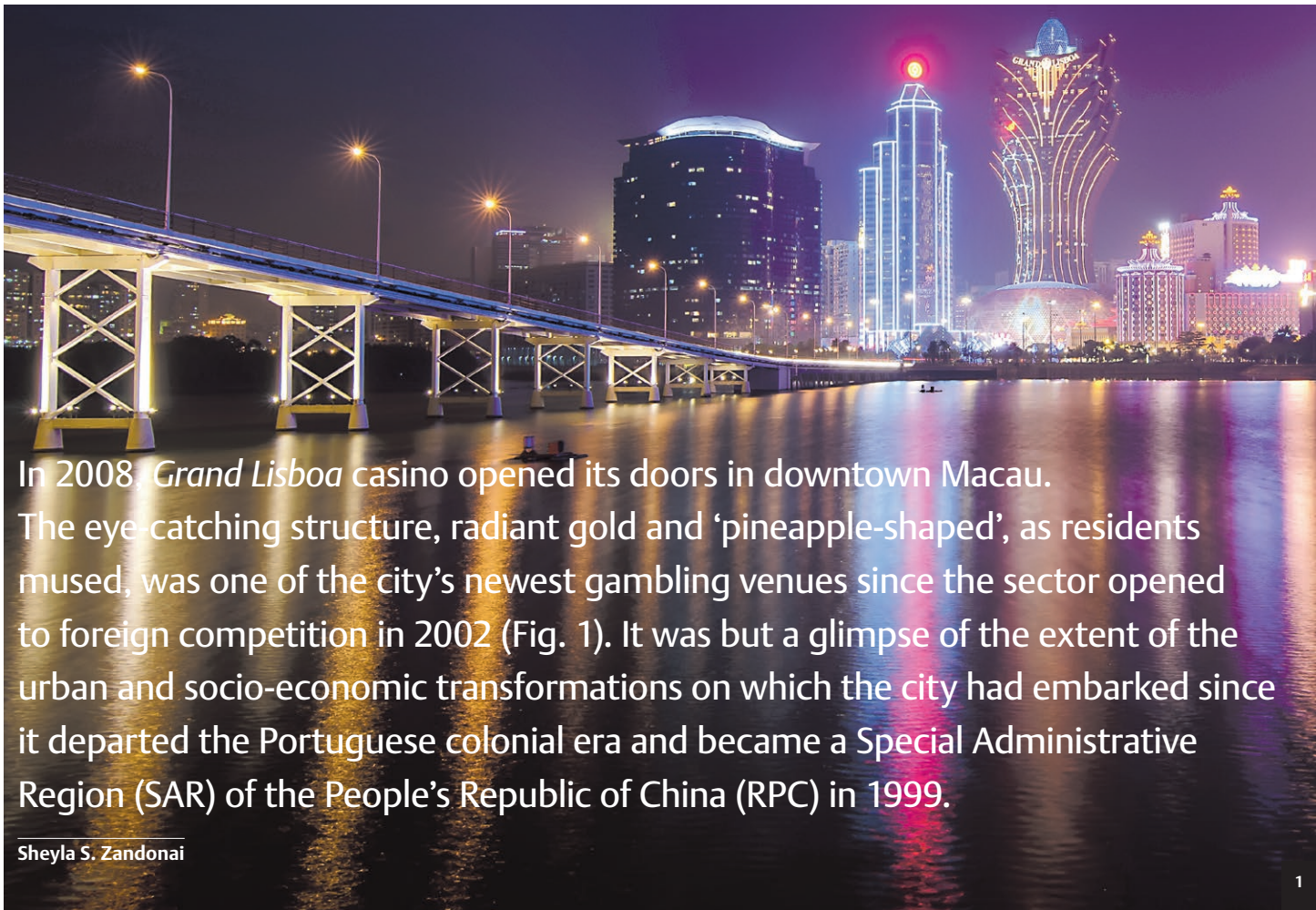
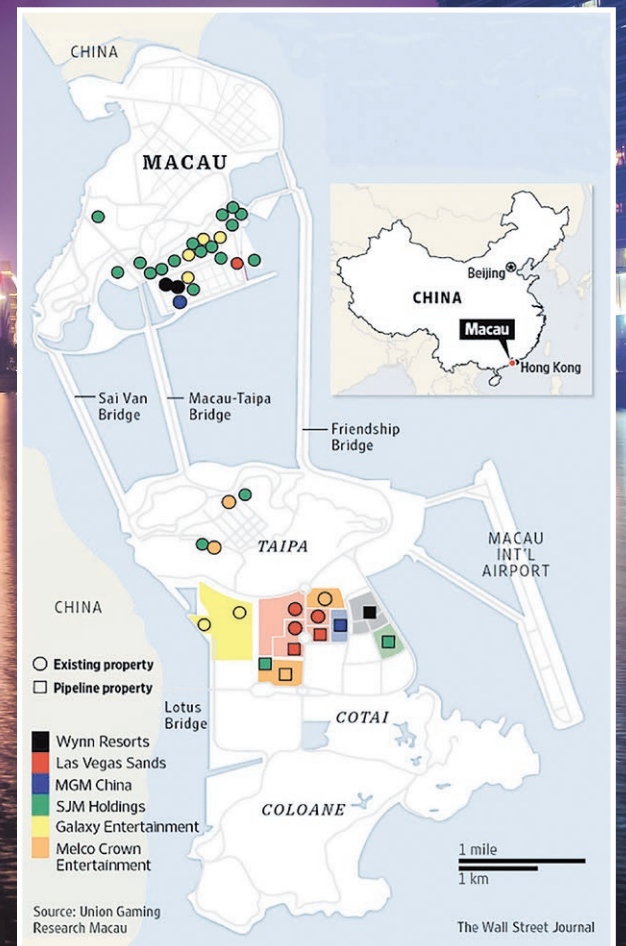


Casino development and urban transformation in Macau



In 2008, *Grand Lisboa* casino opened its doors in downtown Macau. The eye-catching structure, radiant gold and ‘pineapple-shaped’, as residents mused, was one of the city’s newest gambling venues since the sector opened to foreign competition in 2002 (Fig. 1). It was but a glimpse of the extent of the urban and socio-economic transformations on which the city had embarked since it departed the Portuguese colonial era and became a Special Administrative Region (SAR) of the People’s Republic of China (RPC) in 1999.

Sheyla S. Zandonai



Gambling liberalization

Gambling is not new in Macau. It has been a regulated economic activity since the mid-nineteenth century, when the incipient Portuguese colonial administration sought, via the legalization of a then very popular practice,¹ a means to buy its way out of bankruptcy following the domination of Hong Kong by the British in 1843. The decision to use gambling as a policy to raise public revenue thus responded to the loss of Macau’s strategic position as a port city in the South of China. In this modern form, the commercial exploration of gambling developed initially under individual contracts over specific games. The first licences were granted in 1849 to the game of *Fantán*, then one of the most popular games in South China, and in 1851 to the Chinese lottery.² From 1930 onwards, gambling licences took the form of monopoly contracts over clusters of games, which have passed through the hands of three different groups until the sector was recently open to foreign competition. Hou Heng Company, headed by Fok Chi Ting, was the first to win the monopoly licence for the operation of all forms of approved casino games in 1930. Seven years later, the government licence changed hands, being granted to Tai Heng Company, headed by Fu Tak Long and Kou Ho Neng. Finally, in 1962, the *Sociedade de Turismo e Diversões de Macau* (STDM), controlled by Stanley Ho Hung-sun, won the bid for a monopoly gambling contract that would last forty years, the longest that existed in Macau.

The liberalization (*liberalização do jogo*, 賭權開放), as the change in Macau’s gambling regulatory framework has come to be known, fundamentally changed the profile of an activity with more than a century of local history. Launched in 2001, it put an end to the monopoly held by Stanley Ho, opening up the once-exclusive realm of a tycoon, who became popularly known as the ‘King of gambling’, to other casino barons. The market was deregulated to allow foreign capital investment and development through the granting of new gambling licences (usually referred to as *concessions* in Macau) to several groups, which were permitted to began their operations in 2002. Harking back to a law that was drafted and approved under the former Portuguese administration in 1986 (Law 10/86/M), the liberalization act defined that concessions to the commercial exploitation of gambling should be limited to three holders. Initially, gambling licences were granted to the *Sociedade de Jogos de Macau* (SJM), former STDM; to Wynn Resorts, headed by Steve Wynn, from North America; and to Galaxy Casino, from Hong Kong. However, and albeit not originally envisioned by the liberalization act, three other licences, termed ‘sub-concessions’, have been authorized by the government. When Galaxy Casino broke with precedent by granting a licence to Sheldon Adelson’s Las Vegas Sands (USA), the initiative was followed by the other primary gambling licence holders; SJM and Wynn Resorts, respectively, granted sub-concessions to MGM Grand Paradise (USA) and the Australian group Melco Crown (former Melco PBL). This change evolved, in part, from a political dysfunction ensuing from the involvement of the then Secretary for Transport and Public Works (DSSOPT), Ao Man Long, in the illegal granting of investment rights and allocation of public

land to gambling developers.³ It sparked a hot debate in Macau and ended up paralyzing the administration for years to come after the Secretary was accused and condemned for wrongdoing in 2006.

Political havoc has not, however, hindered the gambling economy’s ability to thrive. In 2006, two years after the first casino after the liberalization, The Sands, opened its doors at the Outer Harbour, Macau was already the world’s richest gambling platform, beating Las Vegas at a game it has dominated for decades. Actively contributing to the average of 15 per cent growth Macau has enjoyed over the last ten years,⁴ the sector has rapidly transformed the dragging and morose economy that marked its handover to China in 1999. Macau’s economy relies predominantly on the tertiary sector. In 2013, services corresponded to 94.3 per cent of the city’s industrial structure, with gambling making up 46.1 per cent of the total.⁵ In 2008, gross gambling revenues generated MOP109,826 million (approximately US\$14 billion), then corresponding to 65.4 per cent of Macau’s GDP, estimated that same year at MOP166,265 million (US\$21 billion). Five years later, in 2013, gross gambling revenues had soared, generating MOP361,866 million (nearly US\$47 billion), which corresponded to roughly 88 per cent of Macau’s GDP, estimated at MOP413,471 million that same year (nearly US\$53 billion).⁶ While fostering economic growth, gambling became a strong engine for Macau’s tourism industry. It has stimulated the development of other related economic sectors and activities, hotels, renting and construction, restaurants, finance, and real estate, to name only a few, sustaining an economy increasingly focused on consumption rather than production (Fig. 2 Inset).

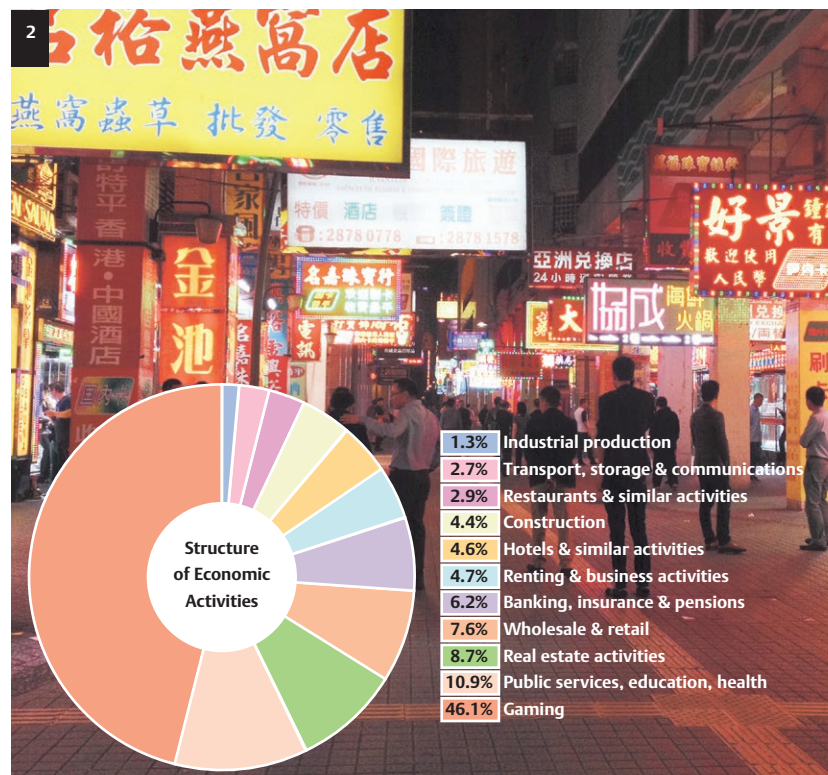


Fig. 1: Grand Lisboa at the heart of Macau. Image reproduced under a creative commons license, courtesy of SoulScape on flickr. (Inset): Map showing all the Casino Districts.

Fig. 2: Old casino district, (Inset): Structure of economic activities, Macao Industrial Structure 2013, DSEC.

The global economy of tourism

The expansion of Macau’s gambling-led economy has strengthened the city’s global position as an entertainment destination in the new urban economy of tourism.⁷ Different from a time when gambling parlours were controlled by local monopoly groups and relied almost exclusively on visitors from Hong Kong, the latest phase of Macau’s casino development could be described as one simultaneously tied to an inflow of foreign capital and transnational elites, and to an emergent regional market, just across its northern border with mainland China. In truth, since the Chinese Communist Party (CCP) banned any form of gambling activity in the mainland in 1949, Macau has virtually held the exclusive control of legalized gambling in Chinese territory.⁸ However, it was only when the Chinese central authorities enacted the individual visa scheme in 2003, allowing Mainland Chinese to visit the city, that the sector would broadly benefit from Macau’s strategic position in the highly populated area of the Pearl River Delta (PRD). We can find examples in history in which gambling has been introduced as a strategy to capture economic benefits from ‘exporting’ games of chance to customers from neighbouring areas where the activity is otherwise prohibited.⁹

With the launching of post-Mao economic reforms under Deng Xiaoping’s leadership in 1978, China’s population, increasingly concentrated in the country’s coastal regions, subsequent to the development of the Special Economic Zones (SEZ), has steadily made the journey from field to factory building up an urban and avid class of consumers. In the 1990s, China’s economy was already growing at a pace more than twice as fast as Europe and North America.¹⁰ Given the rise of Macau’s gambling revenues at an exponential rate over the past decade, and considering that the majority of visitors to the city come from mainland China (64 per cent of the total, followed by Hong Kong visitors, with 23 per cent),¹¹ we can trace a direct parallel between China’s changing socio-economic conditions and economic growth in Macau. Today, in spite of the fact that other countries in Southeast Asia have joined the club of casino destinations by legalizing some forms of gambling (e.g., Indonesia, Cambodia, Singapore), Macau’s gambling sector seems to have been less subject to competition, at least in the PRD area. And if gambling revenues have slightly tumbled since the third quarter of 2014, it is mostly because China’s President, Xi Jinping, has launched a vast campaign against national corruption, calling for a tighter control of suspicious and illegal financial transactions in Macau.

It has been argued that in no other era has gambling developed and institutionalized so fast around the world.¹² Increasing political efforts from governments worldwide to pass legislation that draws on the relaxation of gambling prohibition and/or strict control, signals the increasing reliance of national and local governments on gambling revenues to support public functions. In gambling, they see a new means of economic stimulation, job creation, and enhancement of tax revenues. This formula seems to have paid off quite well in Macau. Full employment was reached shortly after the liberalization and local wages progressively achieved higher standards. In 2014, Macau’s GDP per capita reached three times that of Hong Kong and nearly the double of Singapore’s,

sitting ahead most of the developed world, and falling behind only a handful of locations, kingdoms or countries, with international offshore reputations and bank secrecy traditions, e.g., Monaco, Liechtenstein and Luxembourg.¹³ The local government collected three times more tax revenue in 2013 than it did in 2008 (US\$5.55 billion and US\$17 billion, respectively).¹⁴ With 40 per cent tax over all casino revenue swelling the public coffers, the administration has been able to consolidate a number of social welfare programs – although residents complain its view has been rather narrow, say, in public health matters. For instance, a system of distribution of government subsidies based on socio-economic criteria enabled the implantation in 2008 of a nearly free-cost education program up to high school level for Macau residents (i.e., those in possession of the Macau Resident's Card).

Gambling sprawls

With clear indications of rocketing economic growth, the liberalization pushed Macau's development to another dimension, clearly wealthier, but also more hectic and eventually problematic with regard to the scale of social and urban transformations it has entailed in its course. Residents pondered, arguing that, for better or worse, it has been overwhelming. From the onset, migrant workers from mainland China, the Philippines, and Indonesia, to name only a few, flooded into the city on a regular basis,¹⁵ occupying, among other, the ranks of low-paid, semi-legal job contracts at multiplying construction sites destined to accommodate casino projects. At the same time, Macau received large numbers of visitors, which increased by the millions from the second half of 2000 onwards.¹⁶ Today, nearly 30 million people visit the city every year. While these population movements slowly began to transform the human topography of Macau, heavy investments in casino development entailed drastic material changes, casting architectural excess, chaos and extravagance into the cityscape (Fig. 2).

Recent casino projects have been settled in two different zones. Initially, they were established in the southeast part of the Macau peninsula, a densely populated area that has traditionally accommodated casino developments. Here, with casinos old and new squeezed into the urban fabric, intertwined with the lives of ordinary citizens, this kind of implantation distinguishes itself from the model espoused by Las Vegas and/or the Indian reservations in the United States. The second area, more akin to the latter examples, was developed in a rather remote, enclave-like territory known as the Cotai strip (路氹城), a chunk of land reclaimed during the Portuguese administration between the islands of Coloane and Taipa, south of the peninsula (Fig. 1 Inset). Casinos are, thus, geographically and physically defined entities, somewhat allocated to specific sites of the Macau SAR territory. Indeed, they are *places* within the city that can be visited and abandoned at any time. Yet the impact generated by the lucrative casino economy reaches far beyond those sections in which they are designated to operate. As major urban developments, they have, for one, transformed Macau's landscape and morphology, breeding a towering skyline, with buildings rising ever-higher and more fantastically ornamented, but also a city more congested and contradictorily continental, now partly unrecognizable to its residents. Other far-reaching and, arguably, more disruptive effects have been equally felt in the lives of ordinary people as Macau's gambling-led development, while taking over the urban space, began to transform 'non-casino' spaces.

The immediate surroundings of the many gambling establishments that sit on the Macau peninsula have been consistently transformed to attend to the preferences of the casinos' clientele. Where there used to be grocery stores, tailor shops, and restaurants offering different cuisines (Portuguese, Vietnamese, etc.), residents now claim there are only pawnshops and money exchange services. Generalizations notwithstanding, there is a specific type of economy sprawling around casinos that indulges tourist patrons: Chinese restaurants, improvised food stalls, hotels, pawnshops, banks, and jewellery stores. Even cabdrivers serving casino areas prefer tourist customers, to the despair of residents often tired of waiting to get on public transportation packed with immigrant workers returning to mainland China after a work shift. The old casino district, stretching eastward between *Rua de Pequim* (北京街) and *Avenida da Amizade* (友誼大馬路), is a space characteristic of this gravitational pull casinos exert over whole streets and surrounding areas, converting them into 'generic' or standardized neighbourhoods. However, with time this configuration has ceased to be specific to the casinos' vicinity.



As it spreads to other parts of the city, we should hence look beyond the initial gambling-led sprawls, to the broader economy of tourism.

Fig. 3 (above): Old buildings on San Ma Lo

Touristed spaces

Pushed by the economic boom that took over Macau after the liberalization, the development of other modalities of tourism has greatly benefited from the yearly arrival of millions of visitors to the city, enabled by the relaxation of human movement controls between Macau and mainland China. Although the majority of visitors seem to spend their time and money in casinos and related amenities, and that phenomena such as real estate speculation, which arose from the liberalization, stem from economic growth in general rather than from the gambling economy in particular, the development of other sectors has contributed its share in transforming the cityscape. With thousands of people reaching places outside the casinos enclaves every day, namely, historic sites designated World Heritage in 2005, 'cultural' or heritage tourism, for instance, has also emerged as a dynamic economic activity, casting different, but seemingly lasting material effects. Looking into space is thus a good way to grapple with the extension and impact of change, economic, social or other, notwithstanding the type of development or political economic project that is being enacted in the city.

San Ma Lo (新馬路, new road), a modern rectilinear artery cutting across the medieval portion of Macau's urban fabric, is a good example of how economic growth and the expansion of mass tourism have affected sites otherwise geographically unrelated to casino enclaves. An act of modern urban planning, San Ma Lo – also known as Avenida de Almeida Ribeiro – was

Fig. 4 (below): New shops on San Ma Lo



4

built nearly a century ago to connect Macau's Inner and Outer harbours, linking at the same time the former Portuguese and Chinese settlements.¹⁷ Primarily a commercial street, it has until recently provided residents with an eclectic array of services: tailors have established trade there, lawyers have opened offices, pharmacies and small grocery stores have served families for generations. Now, because the bulk of patrons come from mainland China, this change of demographics has been followed by fierce business competition and increasing real estate prices. Whereas several former commercial outlets remain closed, a series of new stores have emerged to serve the Chinese middle-class' relentless demand for commodified and luxury goods. Old remaining shops, usually family-run, have thus either adapted to the change of clientele, in the attempt to capitalize on the new tourist trade, or risk the cessation of activities (Figs. 3 & 4).

A similar trend has overtaken the Senado Square (議事亭前地), one of Macau's largest public spaces and a favourite tourism spot, contiguous to San Ma Lo. Here, heritage-classified buildings have lent their interiors and façades to sell fast food and foreign brands of cosmetics, jewellery, and apparel. People in Macau complain that this central area of the city was converted into a site for tourists, and many have been alienated by their influx. Residents recall places of their childhood and young adult life that have disappeared along with the city's laid-back atmosphere, now agitated by a frenzied crowd. In the meantime, traditional services are vanishing. Many teahouses, Chinese pharmacies, antique stores, and toyshops, had to close their doors due not only to changing demands in consumption and prohibitive leasing prices, but also to the pressure of corporate competition and the loss of workforce to the casinos. No doubt, gambling and tourism developments have boosted Macau's economy. But they have also weakened the range of its economic activities, dragging with it the livelihood of small and medium enterprises. In gradually converting parts of the city into *touristed* spaces, they have emptied the urban space from prior social, commercial, and symbolic functions that were more closely tied to the residents' sense of place and cultural experiences of the city.

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