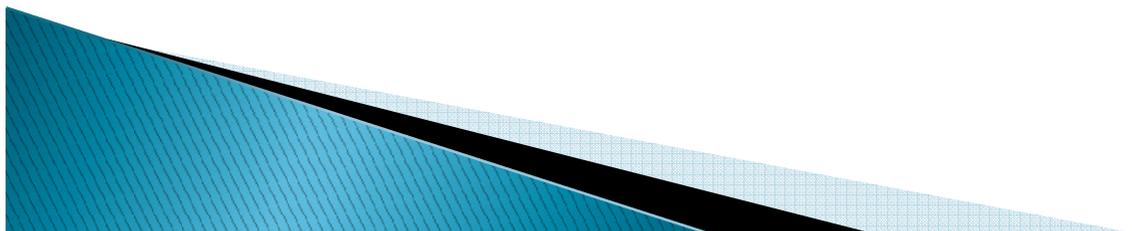


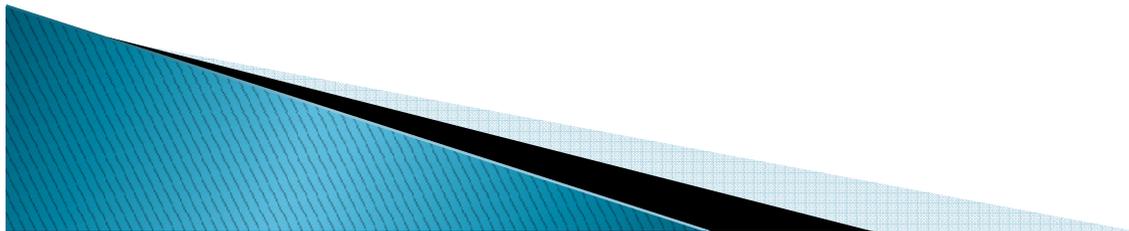
The Developmental State, Casino Capitalism and Crime in Macao

- ▶ The interrelationships between the Macao developmental state, casino capitalism and crime are complex.
- ▶ Casino capitalism, defined as the economic means of using casino growth to develop local prosperity, has both legitimizing (employment creation, public revenues) and delegitimizing (addictive gambling, income gap between rich and poor) impacts on the Macao developmental state
- ▶ Result: more regulatory state in Macao



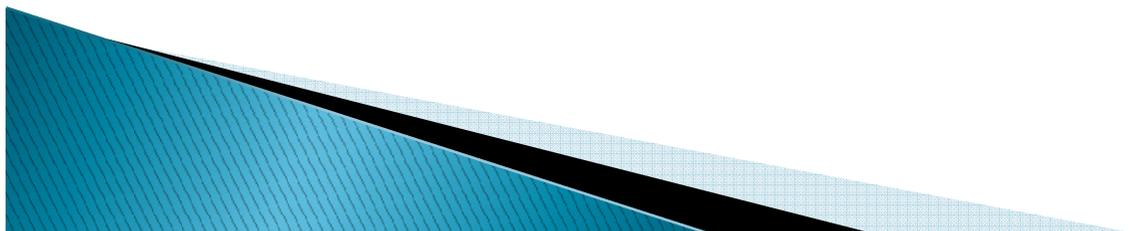
Developmental State

- ▶ The concept was used by Peter Evans
- ▶ Strong state vis-a-vis the civil society in the process of economic development
- ▶ Since December 20, 1999, casino development has attracted foreign direct investment, internationalizing the local casino industry
- ▶ Macao's developmental state has some essential features: relatively strong state vis-a-vis the society/local democracy groups

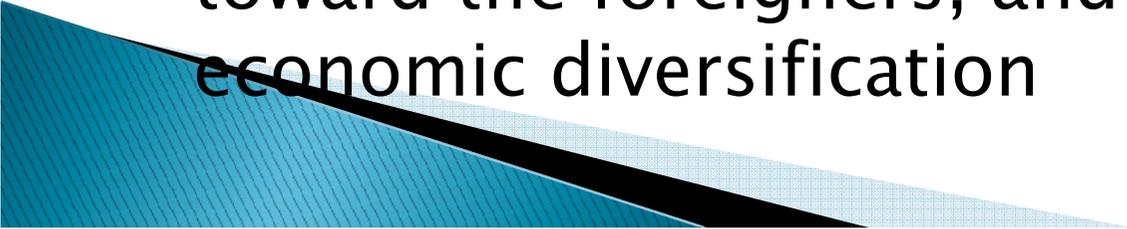


Macao's Developmental State

- ▶ Autonomy of the state vis-a-vis the local capitalist class: casino franchise operators need to pay tax on gross gaming revenues for the promotion of cultural, educational and charity projects, as well as urban, infrastructure and tourism development
- ▶ Macao Gaming Inspection and Coordination Bureau and the Finance department will hold the power to decide the issue of possible renewal of casino franchises after March 2020 (franchise from April 2002 to 2020)

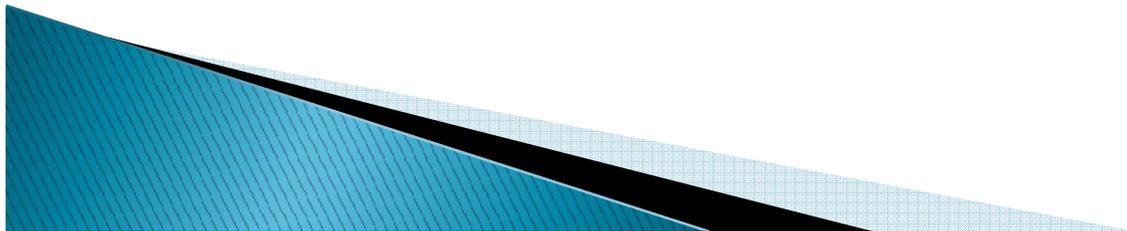


Macao's Developmental State

- ▶ Political leadership has been relatively strong: expansion from 2002 onwards, then retrenchment from mid-2008 to late 2009, and then expansion again after early 2010
 - ▶ Gaming sector has provided employment opportunities for Macao people, raising their living standard
 - ▶ But unintended consequences too: generating huge income gap between the haves and have-nots, arousing jealousies of locals toward the foreigners, and failure to achieve economic diversification
- 

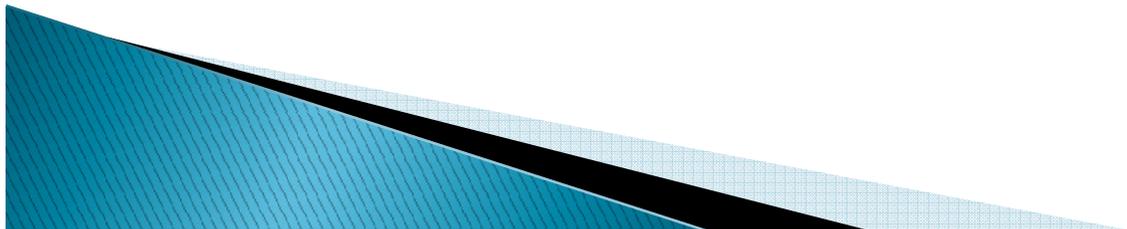
Macao's Developmental State

- ▶ Macao government responses to unintended consequences of casino capitalism: annual subsidies given to Macao people since 2008, improved social welfare, pensions and housing
- ▶ Ao Man Long scandal of late 2006: delegitimizing impacts and also the result of rapid casino and land development
- ▶ Casino capitalism relies on the geopolitical factor, namely the China factor that provides lots of tourists



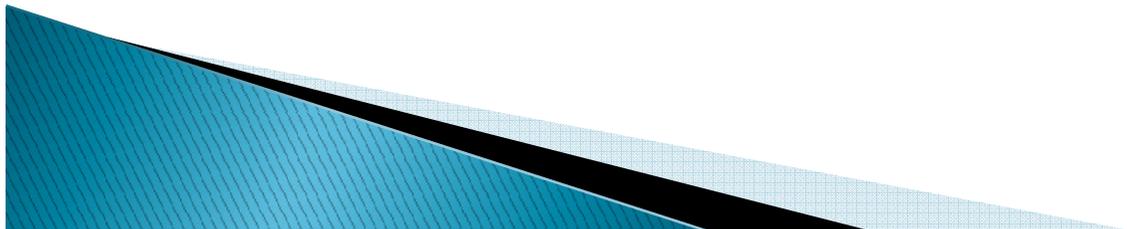
Macao's Developmental State

- ▶ Beijing's policy of controlling the number of mainland tourists gambling in Macao in mid-2008, but it relaxed the number of visitors later
- ▶ Beijing also encourages Macao's economic diversification and its political economy of space (Hengqin)
- ▶ Macao is the only Chinese place that has legalized casinos, occupying a special role in the political economy of development



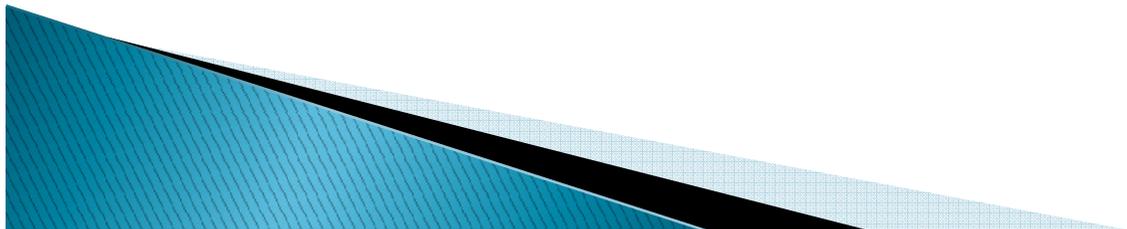
Macao's Developmental State

- ▶ Ideologically, PRC does not allow casinos to exist formally in the mainland
- ▶ Macao provides a special case
- ▶ Hong Kong and Macao have division of labor: Hong Kong SAR as a monetary and financial center while Macao as a tourist gambling hub in South China
- ▶ HKSAR toyed with the idea of building casinos, but the idea was rejected by the central government in Beijing

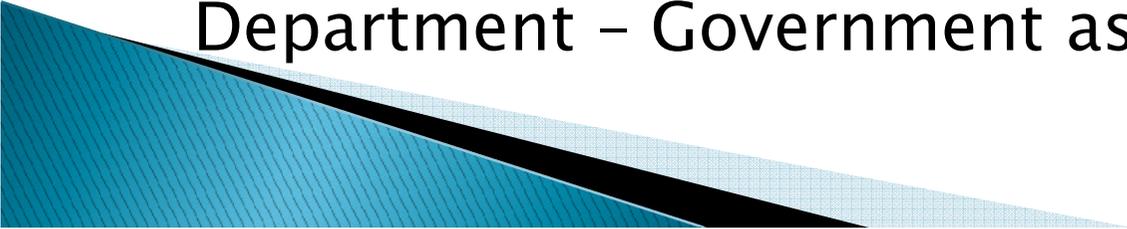


Macao's Developmental State

- ▶ East Asian NICs: developmental state has been characterized by a triple alliance of local capital, state capital and foreign capital
- ▶ Macao case: the mix of local and foreign capital has been crucial in its casino capitalism and development
- ▶ Foreign capital contributes to the internationalization and modernization of the Macao local casino management
- ▶ Joint ventures between local and foreign capital also contribute to better management



Macao's Developmental State

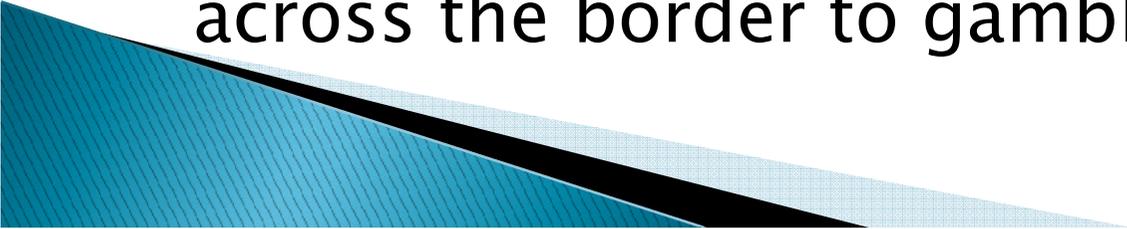
- ▶ East Asian developmental state was characterized by labor subordination (Deyo)
 - ▶ True in the case of Macao
 - ▶ Macao casinos do have labor unions, but they are most likely welfare organizations rather than groups bargaining with the employers and the government on the employees salaries and benefits
 - ▶ Gambling Tender Committee in 2001–02 showed some degree of autonomy vis-a-vis the casino capitalist class
 - ▶ Workers laid off in 2008 complained to Labor Department – Government as arbitrator
- 

Casino-Related Crimes

- ▶ See Table 2 of my manuscript
- ▶ Most important crimes were illegal gambling and loan sharking that were related to casinos
- ▶ For the types of crime prosecuted by the Public Prosecution Office from 2009 to 2010, illegal gambling and loan sharking slightly increased
- ▶ See Table 3 for details
- ▶ Addictive gambling: “responsible gaming” as a response to increase public awareness to gaming information

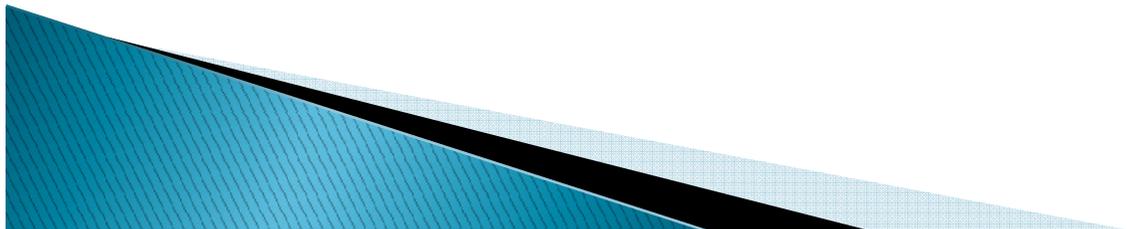


Casino-Related Crimes

- ▶ Table 4.1 showed my tabulation of all news reports related to casinos from January 1999 to July 2009
 - ▶ Results: loan sharking stood out, followed by kidnapping, the theft of gaming chips, theft and robbery inside and outside casinos, violence, fraud and forgery (gaming chips, credit cards, documents), theft and robbery due to addictive gambling, casino murder, gang deception on gaming tables, and prostitution
 - ▶ A few cases involved mainlanders smuggling across the border to gamble in Macao
- 

Casino-Related Crimes

- ▶ A few cases were also related to civil servants involving in casino-related crimes, cross-border debt collection, cross-border theft to gamble in Macao, cross-border carrying of too much cash to gamble in Macao, and passports-related crime so as to gamble in the territory
- ▶ The response from the casino sector is an emphasis on responsible gaming -an appropriate step indeed



Conclusion

- ▶ Developmental State accumulates capital through casino expansion – Macao case is true
 - ▶ Casino capitalism does have legitimizing impacts (employment, revenues, living standard) and delegitimizing impacts (addictive gambling, casino-related crimes, income gap) on Macao
 - ▶ In response, the casino state in Macao has become more regulatory than before – use of subsidies, better policing inside/outside casinos, emphasis on responsible gaming, better social welfare and public housing
- 

Conclusion

- ▶ Macao's developmental state is characterized by the relative autonomy of the state vis-a-vis the casino capitalists, the strength of the political leadership, and the favorable China factor, as well as the labor subordination
 - ▶ Overall, the swift responses of the Macao government to the delegitimizing impacts of casino capitalism, which also demonstrates positive impacts on the local economy and society, shows the dynamic relationships between casino capitalism, the developmental state and crime
- 