

# Portuguese colonial rule over Macau ends after 442 years

James Conachy  
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On December 20, 1999, the Portuguese territory of Macau and its 430,000 citizens were incorporated into the Peoples Republic of China as the Macau Special Autonomous Region. Negotiated in 1987, the resumption of Chinese rule over the six-square mile peninsula on the western edge of the Pearl River delta ends 442 years of Portuguese colonial control. Under a "one country, two systems" arrangement, Macau will be governed for the next 50 years by an elected local authority before reverting to Beijing's full control.

The 16-minute hand-over ceremony was attended by an array of high-ranking Chinese officials and dignitaries, including President Jiang Zemin and the widow of Deng Xiaoping. A public holiday was declared across China and the Chinese state media gave saturation coverage to the event.

Macau does not have the same economic or strategic importance as Hong Kong, which was returned by Britain to China in 1997. Its Gross Domestic Product (GDP) of some \$US7.8 billion is only one twentieth that of Hong Kong and it plays no comparable role as an entrepot for trade and investment on the mainland. The major industry on Macau is not banking and finance but gambling.

Macau has the only legal casinos in the South China Sea region—10 of them in fact. Each day at least 150 ferries commute from Hong Kong to Macau, bringing thousands of gamblers. Thousands more cross over from mainland China, or fly in from Singapore or elsewhere in Asia. The gambling industry is a monopoly, controlled since 1961 by one corporation, the Sociedade de Turismo e Deversoes de Macau (STDM), and its general manager Stanley Ho. With 10,000 staff, STDM is Macau's largest employer and economists estimate it is directly responsible for one third of its GDP. Its taxation payments represent 60-70

percent of the government's revenue.

Associated with the legal gambling are the activities of the Chinese mafia, or Triads, which earn lucrative commissions for organising visits to Macau by groups of wealthy gamblers, the so-called high rollers. Macau has all the other features of organised crime: the brothels and massage parlours, the seedy nightlife, the drug trade and loan-sharking.

Macau was one of the countries hardest hit by the Asian economic crisis. The flow of wealthy businessmen to Macau's casinos ebbed and STDM's gambling profits fell by 50 percent in 1998. Last year, the territory's economy contracted by 6.8 percent and unemployment soared to more than 6 percent.

As gambling revenues shrunk, conflicts over turf erupted between rival Triad gangs, leading to unprecedented levels of violence. This year alone 38 people have been killed in drive-by shootings and bombings and, according to Stanley Ho, there have been 50 kidnappings in the past six months. The Macau police chief is reportedly in hiding due to a Triad contract on his head.

Macau's dependence on gambling and the activity of the Triads underscore the fact that after four centuries of Portuguese rule, it has virtually no economic, political or social infrastructure. For instance, more than half the territory's children have to attend private Catholic schools due to the failure of administrators to develop an adequate state education system. Only 10 percent of the population is Catholic.

Initially leased to Portuguese merchants in 1557 by the local representatives of the Chinese emperor, Macau functioned for much of the 17th and 18th centuries as a trading centre, shipping Asian gold, silk and spices back to Europe. Portugal took advantage of the Opium Wars in the 19th century, during which

Britain seized Hong Kong and forced other concessions from the disintegrating Chinese imperial state, to push for total control over Macau. The Chinese emperor was finally forced to cede the territory in 1887. By then, its former role as a trading centre had long vanished due to the preeminence of Hong Kong and the overshadowing of Portugal by more powerful colonial states.

Beyond maintaining a token military garrison, Portugal took little interest in its Asian possession throughout the 20th century. Macau declined into a sleepy haven for gambling, drug trafficking and prostitution. The only other significant economic activity after World War II was the establishment of textile production by Hong Kong entrepreneurs seeking to bypass US textile quotas.

In 1974, after the fall of the Salazar dictatorship, Portugal requested that China resume sovereignty. When China refused, Portugal simply withdrew its troops and effectively handed Macau over to the local Chinese business elite through the establishment of a partially elected legislature.

After the opening of the Zhuhai Special Economic Zone on the Chinese mainland opposite Macau in 1981, efforts were made to develop the territory as a base for foreign investment into China. With an eye to Macau's potential as a port for Zhuhai, Beijing began talks over the resumption of sovereignty. Following the signing of the 1987 agreement, the Macau administration undertook the development of an international airport, improvements to the port and the building of bridges to the mainland.

While the growth of Zhuhai benefited Macau in the 1980s and 1990s, the major driving force behind a tripling of Macau's GDP from 1982 to 1995 was the massive expansion of the gambling industry. The development of a wealthy social strata in China itself, especially the nearby Guangdong province, combined with the increasing wealth of Hong Kong's elite, produced an expanded clientele for Macau's casinos.

Under the “one country, two systems” arrangement, little is expected to change on Macau, except perhaps a crackdown on the more open warfare between the criminal syndicates. By scaring away tourists, they have impacted on the profits of the casinos. The new Macau government, headed by the banker Edmund Ho, has indicated that the 1,000 Chinese soldiers who marched into the territory on Monday, will be used, if

necessary, against the Triads.

As to any impact the reunification will have on legal gambling, Stanley Ho answered: “The incoming Macau government will say ‘Stanley Ho, please carry on’ and I will”. The biggest worry of Macau's gambling tycoon is not persecution by the Beijing regime, which still labels gambling one of the “six evils”, but the legalisation of casinos in Hong Kong.

In his short speech during the hand-over ceremony, Chinese president Jiang Zemin made clear that in the aftermath of Macau's incorporation into China, Beijing would be turning its attention to Taiwan.

“The Chinese government has, in accordance with the great concept of 'one country, two systems' initiated by Deng Xiaoping, successfully resolved the questions of Hong Kong and Macau. The implementation of the concept of 'one country, two systems' in Hong Kong and Macau has played and will continue to play an important exemplary role for our eventual settlement of the Taiwan question. The Chinese government and people are confident and capable of an early settlement of the Taiwan question and the complete national reunification,” Zemin declared.

In recent years Beijing has increasingly resorted to nationalist agitation and patriotic exhortations as a means of diverting attention from the growing social inequality and economic uncertainties in China. Bringing Taiwan under mainland control is becoming more and more prominent in state propaganda. A more concentrated focus on Taiwan is likely to heighten tensions between Beijing and Taipei.



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