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## COMMENTARY

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## A Fabulous Speck: Macau and the Global Gambling Industry

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This is Macao: a fabulous speck on the earth's surface, just off the south coast of China, a 35-mile boat trip from Hong Kong. It is an ancient Portuguese colony, quaint and bizarre. The crossroads of the Far East, its population, a mixture of all races and nationalities, mostly Chinese.

Macao, often called the "Monte Carlo of the Orient," has two faces, one calm and open, the other veiled and secret.

Here, millions in gold and diamonds change hands – some across the gambling tables, some mysteriously in the night. Macao is a fugitives' haven, for at the three-mile limit, the authority of the International Police comes to an end.

This narration from the opening of the 1952 Howard Hughes film noir *Macao*, spoken over a montage of images depicting Chinese junks floating lazily on a picturesque harbor, paints the city with a veneer of Orientalist intrigue typical of Western media of the era. In fact, a character in the 1947 Orson Welles production, *The Lady from Shanghai*, identified Macau as the "wickedest city in the world." Despite this Hollywood hyperbole, however, these salacious descriptions somehow resonated when I arrived in Macau<sup>2</sup> in 2001, soon after the end of colonial rule, and discovered a duplicitous city-state still wearing two faces: Portuguese and Chinese, veiled and open, "quaint and bizarre."

At the start of the twenty-first century, Macau seemed mired in another era, the epitome of a

colonial backwater. In only a few short years, however, tiny Macau would metamorphose unexpectedly into the most lucrative site of casino gaming in global history. In the case of Macau, truth is somehow stranger than fiction.

Portuguese explorers founded Macau in 1557 to serve as a strategic port in the country's

**Figure 1.** Macau from Fortaleza do Monte, 08/07/2019



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<sup>2</sup> Anyone who writes about the city encounters the ambiguous spelling of Macau/Macao. Both versions are widely used. A local government directive indicates that the proper spelling of the city is "Macao" in English and "Macau" in Portuguese, except in the case of the "University of Macau," which retains the "u" in both languages. However, as the final clause of this sentence makes clear, this is a policy of convenience rather than an orthographical rule. I have chosen the spelling "Macau" with a "u", except in cases when I am quoting another source that uses the alternative spelling.



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expansive trade network that stretched from Lisbon to Cape Verde, Calicut, Malacca, and Nagasaki. As such, Macau played a crucial role in the emergence of global capitalism in the fifteenth and sixteenth centuries. However, after an initial Golden Age during which Macau mediated the vast majority of trade between Europe and the Far East, the city faded into historical obscurity in a process that paralleled Portugal's own waning global empire. Yet Macau quietly endured for nearly half a millennium as an exogenous European enclave on China's southern coast, and the country's longest continuously occupied foreign territory.

In the film *Macao*, Robert Mitchum romances sultry lounge singer Jane Russell while trying to extricate himself from the grip of an inscrutable criminal gang involved in a Hong Kong jewelry heist. If contraband gold and diamonds once changed hands in Macau, their disappearance "mysteriously in the night" was a consequence of Macau's uncommon colonial identity. Portugal's neutrality in World War II led to the country's refusal to sign the post-war Bretton Woods Agreement that sought to stabilize the global economy. The agreement fixed an international exchange rate based on the gold-backed US dollar, established the International Monetary Fund (IMF) to manage the rate, and tightly regulated the price of gold on the world market at \$35 per ounce. Macau, with its ambiguous geopolitical status and favorable maritime location, became an illicit hub for the global gold trade.

On July 16, 1948, the *Miss Macau*, a small seaplane transporting gold cargo between Hong Kong and Macau, became an historical footnote as the site of the world's first recorded air hijacking. Even James Bond got in on the gilded action. Bond creator Ian Fleming visited Macau in 1963 for his nonfiction travelogue *Thrilling Cities*, described on the cover as an "off-beat tour of the fleshpots of Far Asia." In the book, Fleming describes a visit to a Macau house of ill fame, and a meal with Macanese philanthropist and gold

trader Pedro Lobo, who became the inspiration for the Bond villain Goldfinger.

From 1949 to 1973, 934 tons of gold was legally imported into Macau and never seen again. The gold was presumably smuggled overseas for resale in Hong Kong, though no official records document this process. "If all that bullion had stayed in Macau, the city would now be paved in gold" (Pina-Cabral 2005). Those fantastical riches would be a glittering harbinger of the billions of dollars Macau would eventually reap from the city's casinos.

Macau's Portuguese authorities legalized gambling (as well as prostitution, opium production, and indentured servitude) in the mid-nineteenth century in an effort to revive the city's economy. The gambling industry typically operated as a government-owned monopoly that was farmed out to local associations for a share of the proceeds. Hong Kong tycoon Stanley Ho controlled the city's casino monopoly for the last four decades of Portuguese rule.

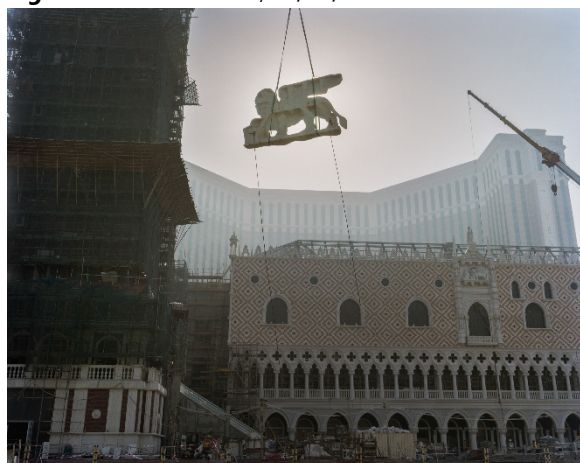
**Figure 2.** Dragon of Fortune, Wynn Casino, 08/08/2019



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Ho modernized Macau's gaming industry and became a billionaire in the process, but he also made an indelible impact on Macau's idiosyncratic casino culture in the 1980s with the creation of the city's junket trade. The junket trade was a VIP contractual system unique to Macau that allowed agents (allegedly) associated with triads, or Chinese criminal brotherhoods, to

**Figure 3.** Lion of Venice, 05/08/2007



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manage private gaming rooms in the city's casinos. In the late 1990s, Macau was the infamous home of the "Casino Wars," a period of internecine gangland violence in which those triads fought for their share of profits from control of the city's vice trades. This three-year rash of gunfights, kidnappings, arson attacks, and assassinations of government officials left 122 dead bodies in its wake (Clayton 2009). A 1998 *Wall Street Journal* article about the mayhem described Macau as "the most lawless six square miles on earth" (Morrison 1998). The Casino Wars marked an ignominious end of Portugal's administration of the city.

Portugal returned Macau to the People's Republic of China (PRC) in December 1999, two years after Britain's celebrated handover of Hong Kong. Macau was the last remaining European territory in Asia. The city was designated a special administrative region (SAR) of the PRC under the "one country, two systems" regime, and China's only site of legal casino gaming.

In an effort to revitalize the city's moribund economy, and to suppress the influence of organized crime, Macau's nascent post-handover government terminated Ho's casino monopoly and opened the gaming industry to outside investors. Six companies won gaming concessions in the city, including Las Vegas entrepreneurs Sheldon Adelson and Steve Wynn.

Over the next two decades, these new concessionaires invested \$35 billion to construct iconic glass hotel towers and massive themed megaresorts, including two of the largest buildings in the world.

In 2004, Adelson opened the Sands Casino, Macau's first foreign-owned gaming property. The Sands inauguration coincided with the PRC's launch of a new experimental exit visa that enabled Chinese citizens from select cities and provinces to travel freely to the new post-colonial SARs of Macau and Hong Kong. The sudden influx of millions of Chinese tourists quickly made the Sands the world's most profitable casino. This Sands windfall caused Adelson to leap twelve spaces on the *Forbes* 400 chart, becoming America's third wealthiest individual in 2006. *Forbes* estimated that over the preceding two years Adelson earned almost US\$1 million per hour from his investments (Cohen, 2014).

**Figure 4.** 'Prince,' Bellboy at The 13 Hotel, 08/10/2019



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In 2006, Macau's annual casino revenues reached \$7 billion, surpassing those of Las Vegas for the first time, and making Macau the world's biggest casino market. The city's 2013 receipts of \$45 billion—which remains the industry record—were *seven times* greater than Las Vegas, and the punters just kept coming. In 2018, 35 million tourists visited the city, and the same IMF officials that once regulated global gold prices declared

Macau the world's second-wealthiest territory measured in per capita income (Fraser 2018).

I would venture to suggest that over the past two decades, Macau has changed more rapidly, and more substantially, than perhaps any place on Earth. Today Macau's phantasmagoric cityscape features fantastical buildings designed by I.M. Pei and Zaha Hadid, entire Versace- and Lagerfeld-branded hotel towers, and simulacra of Venice and Paris on a scale the world has never seen. But these new structures are nestled among a sea of pastel-colored colonial buildings and Baroque Catholic cathedrals that have endured since the early days of Portuguese rule.

Macau is an eccentric city with a five-hundred-year history that encompasses its early role as a vibrant trading port of silks and spices, to its twentieth century status as a fugitive's haven positioned just beyond the reach of INTERPOL. Gold and diamonds may no longer disappear so mysteriously into the night, but billions of dollars change hands each year over the city's baccarat tables. Macau remains a "fabulous speck on the earth's surface," and a remarkable window into other times we should not soon forget.

*This essay is adapted from the introduction to Adam Lampton's book, Nothing Serious Can Happen Here: Photographs from Macau (Kehrer Verlag), a collection of photographs documenting Macau's transformation over the past two decades.*

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The authors declare no conflict of interest.

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