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FROM CASINO WARS TO CASINO CAPITALISM: SOVEREIGNTY AND GAMING IN MACAU

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ABSTRACT: In 1999, after nearly half a millennia of administration, Portugal returned the city-state of Macau to the People's Republic of China, and it was designated a Special Administrative Region under the PRC's "one country, two systems" regime. Less than a decade after the handover Macau was transformed into the world's most lucrative site of casino gaming, and today the city is visited by more than 35 million annual tourists, the majority of whom are from mainland China. Macau's remarkable economic expansion may be in part attributed to the city's ambiguous sovereignty, an endemic characteristic which dates to the city's founding in 1557, and which has long been its most advantageous asset. In this paper I analyze a three-year wave of violent crime, known colloquially as the Casino Wars, which was attributed to Chinese organized crime groups and which plagued Macau's casino gaming industry in the period just prior to the handover. I seek to understand the relevance of the Casino Wars for the city's status today as a special Chinese territory, and the way in which that exceptional semi-sovereign status allows Macau to function as a site of governmental policy innovation and experimentation with specific relevance for China's ongoing market reforms.

Keywords: Macau; sovereignty; triads; Chinese tourism; state-transnational network; model experiment

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A February 26, 1998 *Wall Street Journal* article about the Portuguese territory of Macau, which was published at the height of the city's era of gangland violence which came to be known as the Casino Wars, vividly described the tiny colony as "perhaps the most lawless six square miles on earth" (Morrison, 2008). The

three-year wave of violent crime which riveted regional attention involved members of local Chinese triads, or criminal brotherhoods, who fought one another, and even targeted government leaders and gaming industry officials, on Macau's streets and inside the city's casinos. The *Wall Street Journal's* intrepid correspondent

recounted Macau's "decadent atmosphere", which she claimed was "redolent of 'Casablanca'"; and explained that the city's "major industries, legalized gambling and prostitution, spawn other pursuits such as money laundering, extortion, drugs, and violence" which had granted Macau its seemingly ungovernable status (Morrison, 2008).

The article appeared just one and a half years before Portugal's scheduled return of Macau to the People's Republic of China (PRC) in December 1999, and the description of the disorder created by Macau's "rival crime syndicates battling for control of the rackets" raised questions about the consequences of the pending handover of sovereignty for the city's basic law and order. A subsequent article entitled "Mayhem in Macau" which was published in the same newspaper several months later suggested:

The mayhem is so bad that unlike people in nearby Hong Kong, who reluctantly returned to Chinese sovereignty last July, many Macau residents can't wait for the mainland to take over. They want someone to clean up the lawlessness. But China has promised to maintain Macau's way of life, just as it did with Hong Kong, and there are no specific plans for curbing the gangsters. (Brady, 2008)

However, despite such grave concerns about triad influence and Macau's future prospects under Chinese rule, only two decades later the International Monetary Fund declared in its 2018 Economic Outlook Update that the now semi-autonomous Chinese "Special Administrative Region" (SAR) of Macau was the world's second wealthiest territory as measured by per capita GDP. The IMF confidently predicted that by 2020 Macau would overtake Qatar to become the richest place on earth (Fraser, 2018).

Macau's unlikely and meteoric rise from seedy colonial backwater to global economic powerhouse has been driven entirely by the phenomenal growth of the city's casino gaming business, the industry which had been earlier identified as the cause of the rampant and uncontrollable triad mayhem. Interestingly, the triads still play an important role in the industry today (Lo and Kwok, 2016); and Macau's spectacular gaming growth has been in part enabled by the city-state's ambiguous sovereignty, the very quality which many observers had decried as fomenting the anarchic days of the Casino Wars.

In this paper I will characterize the enigmatic equation which articulates Macau's colonial-era violence, the city's endemic opaque sovereignty, and

its remarkable contemporary economic ascendance as exemplary of Macau's *sui generis* regime of "casino capitalism," a particular mode of governance and development which was enabled by the city's return to the PRC. The transformation of Macau into a global gaming hub is intimately and intricately related to the ongoing transformation of China into what is perhaps the world's most dynamic market economy, and today Macau plays a fundamental role in the country's economic order.

Macau is often called "Asia's Las Vegas," and we will see that the city's recent gaming explosion has indeed been driven, at least in part, by the local industry participation of Las Vegas entrepreneurs such as Sheldon Adelson and Steve Wynn. But to understand the recent global ascendancy of Macau's gaming business we must look beyond the city's contemporary North American casino counterpart, and instead peer back half a millennia to contemplate Macau's formative origins as a European colonial outpost at the outset of the modern era.

A key condition of Macau's transformation is the city's unique form of sovereignty, an ambiguous characteristic which has long served as Macau's greatest asset. To illustrate this condition I will briefly explore three interrelated topics. First, I will discuss Macau's unique sovereign status as it has developed over the past half a millennia. Second, I will recount the events of the Casino Wars which unfolded in the final years of Portuguese rule, and which called attention to Macau's unconventional sovereign status. Finally, I will reflect on how the violent disruption of the Casino Wars enabled the PRC, in the contemporaneous post-colonial and post-socialist periods, to indirectly cooperate with transnational gaming figures such as Adelson and Wynn to exploit Macau's peculiar sovereignty for the purposes of economic development. These efforts served to transform the city into a sort of experimental laboratory where China would test macro-economic policies central to the country's market reforms. In a literal process of "casino capitalism" Macau's resorts today function not only to employ locals and enrich casino owners, but to comport a post-socialist Chinese tourist subject who is crucial to the PRC's market economy. So let me turn now to the history of Macau's sovereignty "problem", and its manifestation in the era of the Casino Wars.

Macau's Protean Sovereignty

Portuguese explorers founded Macau in 1557 to facilitate Catholic missions into China and trade with

the Middle Kingdom, and Macau played a crucial role in the emergence of the global capitalist system in the 15th and 16th centuries. As a port community in Portugal's formidable and far-reaching global empire, Macau was unique among Portuguese settlements for two reasons. First, in such strategic sites of trade as Calicut, Goa, and Malacca, the Portuguese tended to take over, occupy, and exploit already existing ports. But Macau was the only Asian city which the Portuguese essentially created in a foreign land (Gipouloux, 2011: 118). Although at first it was merely a small settlement, in 1586 the viceroy of Portuguese India granted Macau the formal status of a city. The bestowal of city status on the territory had the benefit of granting Macau's European residents a relatively high amount of autonomy in self-governance in regards to their relations to the Crown (Clayton, 2009: 42), and also uniquely positioned them in relation to Chinese officials. Macau's nascent economy benefitted from the city's role as a medium of interchange between Europe and the Ming dynasty, as well as trade between China and Japan, which was forbidden by imperial edict. For a century Macau was a crucial trading site on the maritime routes which linked Antwerp, Lisbon, Goa, Malacca, Siam, and Nagasaki.

Macau's second unique characteristic is that throughout its 500 year history, the city's specific political status has been ambiguous. When the Portuguese first settled in Macau, China did not formally yield power to the Europeans, and there was no formal designation of the specific size or boundaries of the territory (Breitung, 2007: 33). No existing historical records document the exact administrative agreement concerning Macau that was forged between the Chinese and Portuguese, and the territory did not clearly belong exclusively to one or the other power. Historian K.C. Fok (1999) characterizes this arrangement as an uncoded but formative "Macau Formula", by which Chinese leaders allowed the foreigners to settle in the peripheral location on China's southern coast where they could be confined and controlled, engaged with expediently for economic benefit, and otherwise left alone to manage themselves. In this way the Chinese could benefit from trade with Europe without threat to the internal stability of the country, and the Macau Formula would be replicated in other Chinese locales.

Not technically a colony, Macau was jointly governed by both Portugal and China in a tacit partnership that served the interest of both states, each of which used the territory for activities which were inconvenient at home. Macau therefore served as a hybrid locale with

the sort of dual allegiances typical of medieval cities (Alsayyad and Roy, 2006; Henders, 2001). In her book *Sovereignty at the Edge: Macau and the Question of Chineseness*, anthropologist Cathryn Clayton (2010) refers to this defining characteristic as the city's "sort-of sovereignty". "The details surrounding the earliest Portuguese settlement in Macau are lost, or, more likely, were never recorded," notes Clayton. "To many historians, the haziness of this origin story is the origin of Macau's sovereignty problem. To others, this haziness was the condition of possibility for the very existence of Macau" (41).

As the city's importance to global trade eventually waned along with Portugal's global influence, Portuguese officials in Macau sought to exploit the city's ambiguous sovereignty for a variety of marginal economic activities. When China ceded Hong Kong to Britain in the wake of the Opium Wars, Portugal attempted to emulate Britain's role in that city and asserted formal colonial control over Macau, legalizing opium production, prostitution, gambling, and indentured servitude (Asome, 2014).

Macau's protean sovereign status endured several transformations over the next century. When the United Nations pressured member states to decolonize after World War 2, Portugal's Prime Minister Antonio Salazar resisted this pressure and endeavored to retain the country's extensive overseas possessions in Asia and Africa. In 1951, through diplomatic sleight of hand, Portugal revised its constitution and redefined Macau as an "overseas province" of the country, a paradoxical delineation which declared Macau to be both part of the nation's sovereign territory and simultaneously not a part of that territory. When a leftist coup finally overthrew the Portuguese dictatorship of Marcelo Caetano in the Carnation Revolution of 1974, Portugal began the formal process of decolonization, and made two separate attempts over the next several years to return Macau to the PRC, only to have the PRC refuse both offers (Clayton, 2009).

Finally, when the two countries established formal diplomatic relations in 1979 they reached a secret agreement to reclassify Macau as a "Chinese territory under Portuguese administration", creating an entirely new sort of legal entity which was no longer a colony, but also not quite a sovereign state. Macau was again simultaneously, and ambiguously, both Portuguese and Chinese. It was under this curious designation in the final years of Portugal's administration of Macau in which the eruption of the triad crime wave was attributed to Macau's sovereignty "problem". So let me

turn now to the role of the triads in Macau's gaming industry.

Macau's Gaming Industry

After gambling was legalized in Macau in the mid-19th century, the industry generally operated as a monopoly concession which the Portuguese administration granted to a local agent in exchange for a share of the profits. Hong Kong businessman Stanley Ho Hung-Sun was awarded the monopoly concession in 1961, and held it for 40 years, becoming a billionaire in the process and controlling a large swath of Macau's economy. By the 1990s Ho operated an entrenched and remunerative provincial gaming empire producing annual revenues of around \$2 billion, approximately half of the amount generated at the time in Atlantic City.

In the 1980s, Ho made an idiosyncratic contribution to the development of Macau's gaming industry by sub-contracting the management of VIP rooms in his Lisboa Casino to middlemen who would recruit high-rollers from China and the region and loan them money for gambling. These agents, who came to be called junkets, serve a necessary function in Macau's gaming industry due to strict cross-border currency controls in the PRC (as well as Taiwan) which significantly restrict the amount of money a Chinese national may bring to the city. Anyone from mainland China who wants to wager large sums in Macau's casinos must rely on local loans. Unlike Las Vegas, where casinos regularly advance gambling credit to high rollers, Macau's gaming law prohibited local casinos from loaning money to gamblers. In addition, since gambling debts are not legally enforceable in mainland courts, individuals who advanced such loans had to be confident of their ability to secure repayment by extra-judicial means. For this reason organized crime groups became a crucial component of VIP gaming in Macau (Wang and Eadington, 2008).

In the late 1990s, in the final three years of Portuguese rule, a dramatic wave of violent crime erupted in the city, as rival triad organizations began fighting to claim their share of profits from loan sharking, extortion, drugs, prostitution, and other vices in the city before it converted to Chinese control.

The Casino Wars

The first shot of the casino wars was levied on November 26, 1996, when Lieutenant Colonel Manuel Antonio Apolonario, the vice director of Macau's

Gambling Inspection and Coordination Bureau, was shot two times at close range by a motorcycle gunman as he sat behind the wheel of his car on the street outside his office. One bullet passed through his cheeks while the other struck his neck, barely missing his spine; and though he was gravely injured, he survived the ambush. Apolonario was a former army commando and veteran of the guerilla warfare tactics common to the entrenched nationalist insurgencies waged in Portugal's African colonies, but he did not expect to encounter such an attack on the relatively quiet streets of Portuguese-controlled Macau (Fraser, 1997).

The audacious attack on a government gaming official in broad daylight would later be remembered as the start of Macau's shocking three-year campaign of violence which claimed 122 lives.¹ "Macau, City of Fear: The Peace is Finished", announced a prophetic front-page headline in the Portuguese daily newspaper *Macau-Hoje* the day after the Apolonario shooting, and the Casino Wars would indeed have a tremendous impact on life in the city in the final years of Portuguese rule (Letter from Macau, 1997).

The shooting sparked a series of violent events which would stretch for several years, including bombings and arson attacks, shootouts among rival gangs, kidnappings for ransom, and the targeted assassinations of prison guards, government officials, and gaming industry regulators. Criminals appeared to act with virtual impunity, and Portuguese authorities seemed unable to effectively address the violence, punish the perpetrators, or maintain any semblance of law and order in the city.

But what elevated this violent activity above the normal nitty-gritty of gangland turf wars was the manner in which many of the events exuded an almost cinematic quality which, in sharp contrast to the normally inconspicuous nature of Triad activities befitting a "secret brotherhood", seemed specifically calculated to achieve maximum visibility (Pina-Cabral, 2005). A Molotov cocktail was hurled matter-of-factly onto the manicured grounds of the Governor's Mansion; hitmen holding pistols in both hands calmly executed rivals as they dined in crowded restaurants; and rider-less motorcycles with flaming tissues stuffed into open gas tanks careened down empty streets to explode dramatically into glass shop windows. These heavily-mediated events invited international attention, concern, and condemnation; contributed negatively to both the city's tourism industry and the citizenry's

¹ My account of the Casino Wars is drawn primarily from Clayton (2010: 59-98); Linter (2003); Pina-Cabral (2002; 2005).

morale; and prompted increasingly loud calls for PRC authorities to step into the Portuguese territory and exercise control over the mayhem.

Much of the violence was attributed to an internecine conflict within the city's 14K Triad, as senior gang member "Street Market" Ng Wai engaged in a power struggle with former protégé "Broken Tooth" Wan Kuok-Koi, a charismatic upstart who would become Macau's most notorious gangster (Linter, 2002). For his part, the flamboyant Koi contributed significantly to the theatrical ambiance of Macau's Triad activity, boasting openly of his gangland prowess in interviews he conducted with *Time* and *Newsweek*, and ultimately even producing the Hong Kong film *Casino*, a thinly-veiled autobiographical account of his rise to power in the Macau underworld which was shot illegally in the streets of the city.

The casino wars culminated on May 5, 1998, when the personal minivan of Antonio Marques Baptista, the Chief of Macau's Judiciary Police, exploded in his driveway while he was walking his dog nearby. Baptista (aka "Rambo") was not injured in the blast, and several hours later he and his men burst into a private dining room in the Lisboa Hotel to arrest Broken Tooth, where they found him watching an interview of himself on a Hong Kong television station. Two days after Broken Tooth's arrest the film *Casino* debuted in Hong Kong, though it was banned in Macau.

It ultimately took two trials to convict Broken Tooth of a crime, given the reluctant participation of unenthusiastic attorneys, forgetful witnesses, and even the surprise resignation of a presiding judge. Near the end of the second trial the members of the three-judge tribunal which presided over the court proceedings retired to their chambers to view *Casino*, and concluded that it was indeed an accurate document of Broken Tooth's triad activities. Mere membership in a criminal brotherhood is a criminal offense in Hong Kong and Macau, and after two weeks of deliberation, on November 23, 1999 Broken Tooth was declared guilty, with his own film comprising part of the evidence used to convict him. The court sentenced him to 15 years to be served in a special high-security wing of Macau's prison which had been constructed especially to house him.

The Casino Wars constituted the unceremonious final act of Portugal's governance of Macau, and set the stage for China's sovereign takeover of the city. On December 20, 1999, one month after Broken Tooth's incarceration, the Portuguese flag was lowered, and

China's longest continually-occupied foreign territory, and the last remaining European colony in Asia, formally succumbed to Chinese authority. In addition to asserting governmental authority over Macau, the PRC seized the opportunity provided by the social unrest to march a contingent of 500 PLA soldiers into the city only 12 hours after the handover ceremony, an act which contradicted Portugal and China's agreement (Chan, 2003). Given the breakdown in public order, and as predicted by the *Wall Street Journal* reporter who covered the Casino Wars, the Macau populace for the most part positively received not only the city's retrocession to the PRC but the intervention of the PLA as well, hoping that the changes would produce a more stable environment.

Macau's Strategic Ambiguity

Clayton argues that the ostensible focus of the extensive media coverage of the Casino Wars was not so much the violence itself as it was an indirect commentary on Macau's "sort-of" sovereign status, which was depicted as the underlying cause of the city's transgressions. The consistent representation of Macau throughout its history as an illicit enclave operating "outside" the international order, which was exacerbated on the global stage by the lurid media accounts of the Triad violence, and which culminated in Broken Tooth's film, was ultimately a "way of representing Macau as a kind of 'matter out of place'", says Clayton, "a pathological exception that reinscribed the hegemony and legitimacy of modern state sovereignty" (Clayton, 2009: 98).

Thus, for Clayton, the Casino Wars led to the termination of the ambiguity surrounding Macau's sovereign status and the city's final incorporation, as a component of the PRC, into a Westphalian international order of sovereign nation states. But in seeking to understand Macau's role in the PRC today, my own interest is not in the question of *representation*, or how the world at large came to view Macau as a failed state whose deficiencies were attributable to its ambiguous sovereignty, but in the city's pragmatic *function* in China's economic reforms. That is, I want to explore how the PRC was able to mobilize Macau's semi-sovereign status, and even its once-taboo casino industry, for its own governmental purposes. From this perspective the PRC's post-handover designation of the enclave as a "Special Administrative Region" was not so much a normalization of Macau as a conventional actor in a Westphalian international order, as it was

a formalization and protraction of the city-state's ambiguous status. That is, my interest is not Macau's movement, through China, into the international geopolitical order; but rather China's movement, through Macau, into global capitalism. Macau's crucial role in the origins of capitalism would recur at the emergence of a new revolutionary regime of Sino-capitalism which has transformed China into the world's most dynamic economy. Macau's function in the PRC is defined by the city's distinct regime of *casino capitalism*.

Experimental Governance

After the handover, and under a new policy of "Macau ruled by Macau people", the nascent local government made a strategic decision to liberalize the gambling monopoly concession and invite investment from foreign gaming companies. Government officials hoped that foreign competition would not only help professionalize the industry, but would strengthen the legitimacy of Macau's postcolonial administration and function indirectly to maintain law and order in the city (Lo, 2005).

The government launched a public tender, and through a complicated bidding and selection process, in 2002 the monopoly arrangement was replaced by a group of six casino concessions and sub-concessions. One concession was awarded to previous monopoly holder Ho; the others went to Wynn Resorts and Adelson's Las Vegas Sands, as well as various partnerships involving MGM, two of Ho's children, and companies from Hong Kong and Australia. Today these companies cooperate with the Macau government and the Chinese state to operate the industry and administer the city's economy. We may understand this governance structure as consistent with what anthropologist Aihwa Ong (2006) calls a regional "state-transnational network", whereby aspects of state governance are taken up by private actors located in special governmental zones. But we may also observe the similarity of this contemporary arrangement to the medieval "Macau Formula" through which China and Portugal first governed the city.

Under this new regime of implicit shared sovereignty, Macau has been transformed into an experimental laboratory in which transnational non-state actors cooperate with the Chinese state to test China's market-socialist policies, and to engender post-socialist Chinese subjects appropriate to the reform era. Although it is common to conceive of China as a tightly centralized state, political scientist Sebastian Heilmann (2018) contends that both the Mao and post-Mao governments

have relied on decentralized and experimental modes of practice to generate policy innovations. Local officials are often given broad discretion to test new "model experiments" which, if successful, may be duplicated elsewhere.

One example of this experimental policy development is Deng Xiaoping's creation in the late 1970s of coastal Special Economic Zones to serve as "laboratories of capitalist production" where China could enter into joint partnerships with foreign companies, learn how to operate factories and manage workers, and experiment with a market economy. The SEZs were the locus of the production-for-export regime with which China launched its economic reforms.

The Shenzhen SEZ, which is adjacent to Hong Kong, is perhaps the most significant and well-known such locale (O'Donnell *et al*, 2017), but we may also similarly understand the Macau SAR as an experimental zone. In her influential book *Neoliberalism as Exception: Mutations in Citizenship and Sovereignty*, Ong (2006) interprets these zones as avant-garde governmental innovations. From Ong's perspective China's SEZs and SARs are consistent with a regional strategy of economic development which understands neoliberalism, not as a state doctrine of limited government, but as a sort of mobile tool-kit of opportunistic policies which may be strategically applied to select specially-designated locales, or privileged segments of a national population, in order to facilitate their engagements with global capital. Ong refers to Macau's SAR status as a future-oriented "zoning technology" which (as she says of Hong Kong) "allows for experimentation with different degrees of civil rights in a vibrant capitalist setting, a milieu that acts as a laboratory for China's future" (110).

While I agree with Ong's conception of Macau as an experimental laboratory for future governance, and one measure of the success of this experiment is evident in Macau's unlikely rise to the ranks of the world's wealthiest territories, I suggest that the underlying logic of the city's role in this process lies less in contemporary Chinese neoliberalism than in the origins of the territory's sovereign status.² That is, whereas Ong might describe Macau's SAR status as *postmodern* or *neoliberal*,

² My point may be clarified by reference to recent scholarship about Native American sovereignty and the operation of gambling enclaves on tribal lands in North America. That is, like those Native American nations we may understand Macau as possessing not only an "acknowledged" form of sovereignty which is generated by the PRC's "zoning technologies", but rather an endemic or "inherent" sovereignty which emanates from Macau's unique colonial history (Hanover, 2017).

I suggest it may be better understood as *premodern* and *medieval*, and this inherent form of sovereignty which has characterized Macau throughout its existence is key to understanding the city's casino economy today.

More than 35 million tourists visited Macau in 2018, the majority of whom were citizens of mainland China. These Chinese tourists are not in Macau by happenstance. China has mobilized tourism as an economic policy to promote consumption. In the wake of the 2003 Severe Acute Respiratory Syndrome pandemic, which devastated the economies of Hong Kong and Macau, China signed a Closer Economic Partnership Agreement (CEPA) with both Hong Kong and Macau and created a new experimental tourism policy, called the Individual Visitation Scheme (IVS), to facilitate remunerative tourist travel. The IVS grants mainland citizens, from select cities and provinces, special exit visas which allow them to travel to Hong Kong and Macau as individual tourists, without the sanction of a state-sponsored tour group. As a result of this scheme, tourism to Macau has exploded (see Simpson, 2018).

Alongside the economic benefits of tourism, the Chinese government sees tourism as "an inexpensive substitute for education" (Nyiri, 2009: 154), a pedagogical or civilizing practice that helps create "quality" (*suzhi*) citizens. Enhancing population quality is a key objective of the state. As such, tourism "is a key sphere in which the reinvention of the Chinese subject takes place" (Nyiri, 2006: 97).

The Sands Casino Experiment

To understand Macau's role in this process, I turn finally to a brief discussion of the Sands Macau, which was Adelson's first casino property in the city, and an expression of Macau's governmental experimentation and new "state-transnational" sovereignty. The Sands is exemplary of the manner in which China and transnational capital cooperate to experiment with economic governance in Macau. China selects specific tourist populations and facilitates their travel via the IVS, and Adelson provided a novel casino environment which was specifically designed to attract these tourists.

When it opened the Sands featured an innovative design, with outsized dimensions and innovative characteristics which contrasted dramatically with Macau's pre-handover casinos. This new casino design would serve as a stepping stone to the eventual introduction of the integrated casino resort into Macau's industry, a spatial technology whose development in

Las Vegas is largely attributed to Wynn and Adelson (Cohen, 2014).

To appreciate the Sands' innovation it is necessary to first envision the casinos of Macau's monopoly phase, which were primarily small, dark, unornamented basement rooms of hotels which lacked the glamor, grandeur, or superlative accoutrements common in Las Vegas. In fact, "It ain't Vegas" was the typical way I heard the Lisboa Casino described by other expatriates when I first arrived in Macau in 2001.

The Sands Macau was designed by Paul Steelman, one of the world's most accomplished casino architects, and Steelman (2011a, 2011b) refers to the Sands Macau as constituting "the most unique design of a casino ever". There is no doubt that it was markedly different from anything that existed in Macau at the time, and also a departure from prevailing trends in global gaming design. Adelson and Steelman studied the Macau market in order to create a design innovation specifically adapted to the Chinese gambler.

The property was designed according to Chinese *feng shui* principles, such as avoiding sharp edges and pointed ornamentation, which Steelman claims was a first in global casino design, but which has become more common in intervening years as Chinese tourists have begun to venture abroad to other gaming jurisdictions. In his preparatory fieldwork among gamblers in Macau, Steelman also observed that for Chinese players gambling was not a "tandem" activity in which people engaged as a counterpart to other activities. The large majority of Chinese tourists traveled to Macau on day trips and gambling was their primary and often singular motive to visit the city.

Finally, Steelman observed that the Chinese approach to gambling itself is distinct from its western counterpart. Chinese gambling is "less an activity and more of a sport," he says; wagering takes the form of a head-to-head competition between the gambler and the casino. It is typical for other gamblers to crowd around a table and cheer the action, and back-betting is a common practice. Therefore, given this Chinese style of gambling as a competitive spectator sport, Steelman designed the casino in the manner of a stadium whose structure would facilitate casual surveillance and observation of gaming activities.

At the time it was built the Sands was the largest casino in the world, and Steelman designed the Sands' enormous, brightly-illuminated gaming floor for maximum visibility. The Sand's main gaming floor has a 60-foot ceiling, the highest of any existing casino. The

stadium-style design allows the entire main floor to be observed from the open floors that circle above it. This design not only facilitates observation of gambling, but promotes visibility, panopticism, and transparency, which transformed the corporeal experience of gambling for tourists in Macau in the wake of the Casino Wars.

The Sands exemplifies a spatial production of the urban environment whereby the impending threat of violence and urban disorder is eradicated, to be replaced by a spatial diagram of order and visibility designed to transform urban life. The Sands helped provide a golden glass veneer of legitimation for the junkets and helped garner a new-found respectability for the casino industry among locals, prompting many young people to flock to jobs in the industry (see Simpson *et al.*, 2009). As one Macau junket executive who previously worked in Las Vegas, Reno, and Atlantic City, observed:

As an outsider I can say, the Sands Macao was probably the most perfectly designed casino I have ever seen. It was a home run in every aspect. It was laid out perfectly, with the customer lines, with the toilets just next to the escalator; the bar is situated perfectly, the layout of the tables, the ceiling height, and the lighting. . . . The intention was not to build an integrated resort, but it was the first step for the company to enter the Macao market and to change the rules of the game, and they were changed dramatically. (Simpson *et al.*, 2009)

The distinction between Ho's Lisboa Casino and the Sands was not merely a difference in ornamentation or interior design, but the imposition of a new governmental regime in Macau. On opening day, May 18, 2004, excited Chinese tourists who had gathered in anticipation of the opening, and sparked by (untrue) rumors that complementary chips would be provided to the first visitors, clambered over gates and surged against the building's entrance in an effort to enter. Sands' security personnel had to literally break 16 glass doors off their hinges to prevent tourists from getting injured in the melee. This indelible image of intractable masses served as a sign of a new social order in Macau, whereby the casino wars were subsumed by the imposition of a new regime of *casino capitalism*. The impending threat of violence today emanates not from triad mayhem but from overzealous tourists eager to try their luck at the tables.

The initial returns on the Sands investment surprised everyone. Profits generated by his Macau casino allowed Adelson to recoup his initial \$240 million investment in ten months, causing him to leap twelve spaces on the Forbes 400 chart; Adelson became the third wealthiest

individual in the US in 2006, and his profits enabled his subsequent funding forays into US politics.

Casino Capitalism

Macau's retrocession, and the city's endemic sort-of sovereignty, enabled a new form of Chinese casino capitalism whereby the casino serves not simply as a site for entertainment or revenue, but as a pedagogical device for producing new post-socialist Chinese subjects. Political economist Susan Strange (1986) coined the term "casino capitalism" in 1986 to characterize the increasingly volatile era of financialization, in which she observed that "The Western financial system is rapidly coming to resemble nothing so much as a vast casino" (1). The fecund phrase "casino capitalism" has been adopted by a number of scholars of gambling, generally in the same way Strange used it, as an analogy for a risk-intensive global economy. However, this is not my intention.

For example, in one of the best such treatments of casino capitalism, applied to a study of another Adelson casino in the former steel town of Bethlehem, Pennsylvania, Chloe Taft (2016) deploys the construct of casino capitalism to demonstrate how in a post-industrial economy the casino parodies the productive role of the industrial factory. Bethlehem's casino, the design of which carries a factory theme, is understood by some employees – many of whom are themselves former steel workers -- as a new sort of factory for a post-industrial age. One of Taft's respondents imaginatively summarizes this conventional notion of casino capitalism:

The steel mill produced something. Now the casino offers a product, but they don't produce anything but revenue. The tables are your production line, the chips are your assets that you use to facilitate your production, and your dealers are your line workers. And that's the factory. (112)

But where Taft's informant suggests that the factory-casino does not produce anything but money, in Macau's case the casino and its resort environs produces a tangible output: the post-socialist Chinese tourist.

I will close by suggesting that in Macau, "casino capitalism" is not a metaphor for the ways in which exacerbated financial risk conflates investing with gambling; nor is the casino simply an analogy for a post-industrial service economy. Rather, Macau's casinos today serve as pedagogical sites of capitalist subjection in a manner which is consistent with China's policy experimentation and the business enterprises which

were fomented in the Shenzhen SEZ.

When Macau was founded in 1557 with the implementation of China's Macau Formula, the city's ambiguous sovereignty allowed it to function as a crucial mediator between the isolationist Ming dynasty and European traders. Today, the transformation of Macau's Casino Wars into a benign regime of casino capitalism, and the concomitant incorporation of the once isolationist PRC into the global economy, is again enabled by the crucial role of the city's endemic, autochthonous, sort-of sovereignty.

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