

# Macau's Evolving Identity and Economy: From Colonial Legacy to Casino Capitalism and Belt and Road Integration

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## Abstract

Macau is a Special Administrative Region (SAR) of China with over five centuries of history shaped by cultural exchanges between China and Portugal. This article analyzes the evolution of Macau's society, politics, associations, and economy in the post-1999 era, following its return to China under the principle of "One Country, Two Systems." The study explores how Macau has maintained social harmony and a hybrid cultural identity while navigating profound political and economic transformations influenced by both globalization and increasing Mainlandization. The Chinese of Macau are predominantly Cantonese, with a significant proportion originating from Fujian province. They share a strong local identity and allegiance to China, while the Portuguese language remains an official language of the SAR. Civil society organizations such as the General Union of Neighborhood Associations of Macau (GUNA) and the Women's General Association of Macau play a crucial role in fostering unity and aligning social development with Beijing's policies. Economically, Macau has evolved from a monopoly-based gambling economy to a liberalized and globally integrated model, transforming into the world's largest gaming hub. The rise of influential business figures, notably Pansy Ho, reflects the intersection of local entrepreneurship with global capital flows in the context of casino capitalism. However, Macau faces challenges related to income inequality, over-dependence on the gaming sector, and the need for sustainable economic diversification, particularly in the aftermath of the COVID-19 pandemic. Moreover, Macau's strategic position within China's Belt and Road Initiative (BRI) and the Greater Bay Area development plan reinforces its role as a cultural and economic bridge between China and Portuguese-speaking countries. Government-led initiatives promote non-gaming sectors, regional integration, infrastructure modernization, and soft-power diplomacy. Macau SAR's capacity to leverage its historical legacy while adapting to new economic

paradigms highlights its unique resilience and strategic importance in China's global outreach. In conclusion, Macau exemplifies a distinctive model of cultural hybridity, political adaptation, and economic pragmatism. Its enduring role as a crossroads of civilizations is now redefined within the framework of "One Country, Two Systems", aligning its local identity with China's broader national and international strategies.

## Keywords

Society, Associations, Chinese of Macau, Macanese, Politics

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## 1. Introduction

Macau has a history of more than 500 years. On 20 December 1999 it returned to China and it will be ruled for fifty years under 'One Country, Two Systems'. This article offers a comprehensive overview of key developments in Macau's casino economy, which was fundamentally shaped by Stanley Ho (1921–2020) and continues to evolve under the leadership of Pansy Ho.

This article will emphasize the interplay of society, associations, politics, and political economy, incorporating historical analysis and case studies as key methodological approaches

## 2. History

Macau's society is a fascinating example of cultural hybridity, shaped by centuries of interaction between Cantonese, Fujianese, Macanese, and Portuguese influences. Even after its return to China in 1999, the territory has maintained a distinct identity, with Portuguese remaining an official language—a testament to its colonial past. The Chinese population, primarily Cantonese-speaking, reflects deep roots in Guangdong, particularly from areas like Zhongshan, Shunde, and Jiangmen, which together account for the majority of Macau SAR's ethnic Chinese residents. However, migration patterns reveal a more diverse background, with smaller but notable communities from Fujian and even distant provinces like Jiangxi and Yunnan, illustrating how Macau has long been a crossroads for people from across China.

Macau's historical trajectory, marked by colonial encounters and geopolitical liminality (Berlie, 2020; Lo, 2024a), presents a critical case study in identity preservation under evolving sovereignty. While the endurance of Portuguese linguistic remnants (e.g., Macanese Patuá), diasporic cultural networks, and syncretic traditions (e.g., Catholic-Taoist festivals) demonstrates resilient hybridity (Bhabha, 1994; Wang, 1991), these markers increasingly coexist with mainland China's soft power strategies, such as educational integration and cross-border economic dependencies (Lo, 2020; Sheng & Tang, 2021). Unlike Hong Kong's overt politicization, Macau's identity negotiation operates through subtler cultural and institu-

tional channels, exemplified by its dual role as a Lusophone trade nexus and a Belt and Road Initiative participant.

This tension raises critical questions: Does Macau's hybridity represent adaptive resistance to assimilation, or is it commodified as a heritage brand for tourism and geopolitical utility? Future research should interrogate generational shifts through interdisciplinary lenses (e.g., ethnographies of youth subcultures, discourse analysis of policy frameworks) to determine whether multiculturalism sustains organic social practice or becomes a state-sanctioned performance.

### 3. Associations and Meetings in Macau

The Chinese identity of Macau is unequivocal, affirmed by the declaration, "We are Chinese." The increasing presence of Mainland Chinese in Macau has reinforced cultural and political integration with the nation. The Communist Party of China remains central to Macau's governance, with Beijing as the core of national authority. The General Union of Neighborhood Associations of Macau (GUNA), founded in 1983, exemplifies local adaptation to national reforms, fostering unity amid social change. GUNA's role highlights the synergy between grassroots organizations and state-led development, ensuring Macau's stability while aligning with broader national objectives under the "One Country, Two Systems" framework.

Parallel to GUNA's grassroots mobilization, the Women's General Association exemplifies elite-level coordination. The Women's General Association of Macau (澳門婦女聯合總會), established in 1950, maintains strong ties with Beijing. Commonly known as the Women's Association (婦聯), it functions as a pro-Beijing political organization and holds two seats in Macau's Legislative Assembly, reflecting its role in aligning local governance with national policies under the "One Country, Two Systems" framework.

#### Macau European Chamber of Commerce

The MECC was established long ago, on 7 June 2013, and is linked to the Portuguese Chinese Chamber of Commerce, the British Chamber of Commerce in Macau, the France Macau Chamber of Commerce, the Romanian Chamber of Commerce in Macau, the German Chamber of Commerce in Macau and the Irish Chamber of Commerce of Macau.

According to Sonny Lo, the study of politics, analyzing and writing in Hong Kong and Macau should be 'relatively neutral, distanced and balanced'. In particular Liberal nationalists keep intervention minimal, integration as interdependent, regulate social conflicts and for legal disputes, interpretations and decisions are beneficial' (Lo, 2024b. HKU Press).

Concerning the US and some European countries, Xi Jinping sometimes criticize them to protect the extradition bill and 'One country, Two Systems'.

'In response to the rapid emergence of a global China, both Hong Kong and Macau have witnessed varying responses to the motherland's economic surge, political development and cultural renaissance' (Lo, 2011). Hong Kong and Macau

have been marked by the Hong Kong (and Macau) affairs, the inevitable dilution of the Greater Hong Kong (and Macau) mentality, the fear of being economically marginalized. This is different in Macau and less remarkable. Macau is close to Hong Kong, but is a different Special Administrative Region with a much longer history than Hong Kong. Macau has probably a less conflict-ridden relationship with the Mainland, its longer historical perspective is essential.

In both Hong Kong and Macau, the integration approach to economic development is prevailing. The integration philosophy is combined with pragmatism in which the acceleration of productive forces is seen as the best strategy of economic development in Greater China.

“Acceleration of productive forces” is seen as the best strategy of economic development in Greater China. Finally, democratic idealism is bound to be obstructed, but it will likely persist and even grow gradually with the passage of time. The dialectical development of integration and pragmatism on the one hand, and of democratic idealism on the other hand, will continue to shape the economic, political and social development of the Chinese mainland and Macau SAR in the years to come. Chinese government has praised the birth of the Greater Bay Area plan in 2018 and Macau SAR’s ‘patriots’ for keeping the peace and being an excellent example of one country, two systems.

Importantly, Yang Yirui, an acting Commissioner in the Office of the Ministry of Foreign Affairs of the People’s Republic of China in the Hong Kong Special Administrative Region clearly mentioned that foreign intervention concerning Macau SAR will not be tolerated by ‘the offices of the commissioners of the Ministry in the Macau SAR’. In reality, this main question of tolerance is more valid for Macau which is probably closer to the Mainland than Hong Kong and different in particular due to its much longer history. So, earlier when Antonio Salazar died on 27 July 1970 Mao Zedong immediately sent his condolences to Portugal.

#### **4. The Evolution of Casino Capitalism in Macau and the Rise of Pansy (Ho. Benard)**

Macau’s legacy of legalized gambling dates back to the 19th century. Among the earliest forms of gambling entertainment was Fan Tan, with over 200 Fan Tan saloons operating by 1900. The landscape of gambling in Macau transformed significantly in 1962, when a company formed by Stanley Ho, Ip Hon, Terry Ip Tak Lei, and Henry Fok—called Sociedade de Turismo e Diversões de Macau (STDM)—won the government tender, securing a monopoly on all legal gambling operations in the territory. This marked the birth of what is now termed casino capitalism.

Stanley Ho, known as the “King of Gambling”, was instrumental in developing Macau’s casino infrastructure. His flagship ventures, including the Estoril Hotel (1962) and the Lisboa Casino Hotel (1970), turned Macau into Asia’s gambling hub (Chong, 2018; Chan, 2011; Lo, 2009), rivaling Las Vegas. Through his companies STDM and Shun Tak Holdings Ltd. (listed on the Hong Kong Stock Ex-

change), Ho dominated the city's gaming economy for four decades.

#### Monopoly to Market Liberalization

Macau's casino economy evolved from a single-operator system under STDM to a liberalized franchise model in the early 2000s. When STDM's monopoly (Lo, 2014; Wang, 2017) expired in 2002, the government opened the market by awarding three gaming concessions:

- Sociedade de Jogos de Macau (SJM)—a spin-off of STDM
- Galaxy Casino
- Wynn Resorts

Later that year, the government allowed Venetian Macau to partner with Galaxy, effectively creating sub-concessions that expanded market participation. This move attracted global investors and turned Macau into the world's largest gambling economy by revenue.

#### Economic and Political Impacts

As highlighted by Sonny Lo (2009), casino capitalism has had a dialectical impact on Macau:

- Positive effects: Rapid economic growth, rising employment, infrastructure development, and fiscal surpluses that supported the post-colonial administrative state.
- Negative effects: Growing income inequality, gambling addiction, weakened state legitimacy during downturns, and over-reliance on the gaming sector. These were compounded by weak institutional checks, frail civil society, and compliant media.

#### Post-2019 Evolution and COVID-19 Recovery

Over the last five years, Macau's gaming industry has undergone a dramatic transformation:

1. **Pandemic Shock and Recovery:** In 2020, the COVID-19 pandemic brought Macau's tourism-dependent economy to a standstill. Gaming revenues dropped from USD 36 billion in 2019 to just USD 7.6 billion in 2020 (Macau Government Tourism Office, 2021). However, recovery has been steady since 2022, with gross gaming revenue reaching USD 22.7 billion in 2023, driven by pent-up demand and China's relaxation of travel restrictions (Gaming Inspection and Coordination Bureau, 2024).

2. **Digitalization and Non-Gaming Diversification:** Amid pandemic challenges, operators shifted toward digital marketing, cashless gaming systems, and online customer engagement. The Macau government, under its "Tourism+" strategy, has encouraged casinos to develop non-gaming amenities, such as MICE (Meetings, Incentives, Conferences, and Exhibitions), theme parks, and cultural tourism.

3. **New 10-Year Concessions:** In 2022, Macau's six gaming operators—including SJM, MGM China, Wynn Macau, Melco, Galaxy, and Sands China—were awarded new 10-year concessions starting in 2023. These contracts include commitments to invest a combined USD 14.9 billion, with more than 90% allocated to

non-gaming activities (Reuters, 2022).

4. Regulatory Reforms: The 2022 Gaming Law revision enhanced regulatory oversight, capped the number of table games and slot machines, and limited foreign ownership of gaming operators. This marked a strategic pivot toward sustainable and diversified development of Macau's economy.

#### The Rise of Pansy Ho

Hong Kong's average monthly salary (USD 4,000) doubles Macau's (USD 2,000), reflecting their divergent economic models. While Hong Kong thrives as a global financial and industrial center, Macau has specialized as Asia's premier gaming destination, generating over 50% of GDP from casinos (DSEC, 2023). This sectoral dominance persists despite diversification efforts into finance and cultural tourism.

Pansy Ho Chiu-king's leadership exemplifies this duality—simultaneously upholding her father Stanley Ho's gaming legacy while navigating Macau's economic transition, as shown in Figure 1. Her trajectory mirrors broader tensions between institutional continuity and market adaptation in Asian capitalism, particularly within China's regulated gaming industry.

#### Major shareholder in MGM China

- Oversees top properties: MGM Macau, MGM Cotai, and a stake in Galaxy Macau;
- Chairperson of Shun Tak Holdings Ltd., a conglomerate with interests in transport, property, hospitality, and investments;
- Named Chevalier of the French Legion of Honor in 2018;
- Net worth estimated at USD 4.2 billion in 2020 (South China Morning Post, August 7, 2020).



Figure 1. Pansy Catalina Ho Chiu-king.

Her younger brother, Lawrence Ho, operates independently in the gaming sector, while Pansy maintains close ties with U.S.—based operations through her involvement in MGM.

#### Trade, Investment, and Global Presence

Pansy Ho's business reach reflects the intersection of Macau's casino capitalism with global trade and investment flows:

- Through MGM China, she participates in the U.S.-China investment corridor, navigating complex issues around foreign ownership caps, repatriation of profits, and compliance with gaming laws on both sides.
- Shun Tak Holdings continues to diversify with property projects in the Greater Bay Area, particularly in Hengqin, which Beijing is developing as a non-gaming extension of Macau's tourism economy.

As for Las Vegas, while MGM Resorts International operates there, Pansy Ho does not directly own property in Las Vegas, though she has significant corporate interests through her shareholding in MGM China. Any Las Vegas real estate held under her name or through family trusts remains undisclosed publicly, though plausible given her strategic positioning within the MGM global structure.

## 5. Macau's Transition through Political Economy and Regional Integration Frameworks (Berlie)

Macau's transition from a Portuguese colony to a Special Administrative Region of China in 1999 (National Development and Reform Commission, 2019; Berlie, 2020) offers a revealing case study of how political economy and regional integration interact in shaping post-colonial development. Under Portuguese administration, Macau's economy remained narrowly focused on gambling, textiles, and light manufacturing, creating structural dependencies that persisted long after the handover. When sovereignty transferred to China under the "One Country, Two Systems" framework, this arrangement preserved Macau's capitalist system while gradually binding it closer to mainland China's economic orbit. The political economy of this transition became particularly apparent in 2002 when Beijing made the strategic decision to end the gaming monopoly, a move that would fundamentally reshape Macau's development trajectory. By allowing foreign casino operators like Las Vegas Sands and Wynn Resorts to enter the market, this liberalization policy transformed the territory into the world's largest gambling hub within just a few years, with gaming revenues surpassing those of Las Vegas by 2006.

Yet this rapid growth came with significant vulnerabilities, as Macau's over-reliance on a single industry left it exposed to external shocks. The Chinese government's anti-corruption campaign from 2014 to 2016, followed by the devastating impact of the COVID-19 pandemic on tourism, starkly revealed the risks of an economy where gaming contributes about 80% of fiscal revenue. Despite repeated government initiatives to promote diversification into financial services and cultural tourism, these efforts have struggled to gain traction against the overwhelming dominance of the gaming sector. This pattern highlights a recurring theme in Macau's political economy—while state-led policies have successfully driven short-term growth and stability, they have often done so at the expense of longer-term structural reforms that could make the economy more resilient.

The story of Macau's development cannot be understood in isolation from its evolving role in regional integration, particularly through China's ambitious

Greater Bay Area initiative. As policymakers in Beijing work to create an integrated economic zone connecting Guangdong, Hong Kong, and Macau, major infrastructure projects like the Hong Kong-Zhuhai-Macau Bridge have physically bound the territory closer to its neighbors since its opening in 2018. While these connections create new opportunities for economic cooperation, they also intensify competition with other cities in the region that boast more diversified economies. The Closer Economic Partnership Arrangement has reduced trade barriers, but Macau's small market size and specialized economy have limited its ability to benefit from these agreements as significantly as Hong Kong or Shenzhen.

What emerges from this analysis is a portrait of a territory caught between competing forces—between the preservation of its unique identity and the pull of integration, between the immediate benefits of gaming revenues and the need for economic diversification. As Macau moves further into the 21st century, its future sustainability will likely depend on finding the right balance between maintaining the political stability ensured by Beijing's oversight and developing greater economic resilience. The challenges it faces are not just local in nature, but are deeply intertwined with China's broader geopolitical strategies and the evolving dynamics of regional integration in East Asia. Understanding these complex interactions between political economy and regional forces provides crucial insights not just for Macau's development, but for other small economies navigating similar transitions in an increasingly interconnected world.

There are some remarkable audiences in the Vatican related to China. On 23 June 2018, the Pope Francis met Msgr Yeung Ming-cheung Bishop of Hong Kong, Msgr Joseph Ha Chi-shing, Order of Friars Minor (Franciscan), and Msgr Stephen Lee Bun-sang, Bishop of Macau.

## **6. Macau's Strategic Role in the Belt and Road Initiative (BRI) (Benard)**

The BRI has a global reach including more than 80 states and HKSAR and Macau SAR (Berlie, 2020: p. 8). Macau's transformation within China's Belt and Road Initiative represents a natural evolution of its historical role as a cultural and commercial bridge. The city's unique position is being reimaged through physical and economic linkages that extend its influence far beyond its famous gaming industry.

The Hong Kong-Zhuhai-Macau Bridge physically manifests this shift, tethering the former Portuguese enclave firmly to mainland supply chains while amplifying its regional connectivity. This megaproject finds its urban counterpart in the expanding Light Rapid Transit system, which is gradually weaving Macau more tightly into the fabric of the Greater Bay Area.

Beneath these visible developments lies a more profound economic recalibration. The Hengqin cooperation zone represents an ambitious experiment in diversification, with its focus on fintech, traditional medicine, and conference tourism creating new pathways for Macau's engagement with global markets. This

transition is supported by financial infrastructure like the offshore RMB clearing center, which processes growing BRI-related transactions with Portuguese-speaking nations.

Cultural capital accumulated over centuries now finds new utility in contemporary diplomacy. Forum Macau has matured into a significant platform for economic coordination, while Macau's distinctive legal hybridity offers a rare neutral space for resolving cross-border commercial disputes. Even in overseas infrastructure projects like Brazil's Port of São Luís, one can trace the influence of Macau's financial networks and cultural affinities.

What emerges is not a radical departure but rather an amplification of Macau's historical vocation. The city's multilingual workforce, financial intermediaries, and cultural interpreters are proving as valuable to 21st-century connectivity as its merchants once were to the Age of Exploration. As China's global economic architecture continues to develop, Macau's ability to mediate between systems—both financial and cultural—positions it as an increasingly vital node in networks stretching from the Pearl River Delta to the South Atlantic.

## 7. Epilogue

In 2024, Macau welcomed nearly 35 million tourists, marking a strong recovery and reaffirming its global status (Macau Daily News, 2 January 2025). Yet Macau's significance today extends beyond tourism and gaming—it is reclaiming its historic role as a bridge between China and the Portuguese-speaking world, now formalized through the Belt and Road Initiative.

Historically, a crossroads of cultures and commerce, Macau's function as a diplomatic and economic link is now institutionalized through Forum Macau and its integration into the Greater Bay Area. As a soft-power hub within the BRI, Macau leverages its Lusophone ties and resilient society—described by Berlie (2024) as essential to remain a strategic outpost in China's global outreach.

Macau is rooted in history, and aligned with future ambitions.

## Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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