

Big gamble on Macau

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Gambling has a long history in China. Some consider the art of playing cards to have evolved in China more than a thousand years ago and implements supposedly used for gambling have been found in China and dated to around 2300 BC.

As such, gambling Web sites and the tiny SAR of Macau, with its array of glittering casinos, are part of a long and lucrative tradition in Chinese culture.

But, for Beijing, it seems there is gambling and there is gambling. The distinction appears to be political expediency.

Today, China can be considered the world's casino capital. Recently it was announced that revenue in Macau alone surpassed that of the traditional casino city, Las Vegas.

With an annual turnover now of around US\$ 7 billion (HK\$ 54.6 billion), Macau has become the biggest casino in the world.

The basis of the Macau boom is of course gamblers from the mainland. Some 29 million are expected to jet or ferry in this year, an increase on the 22 million gambling souls who visited and emptied their pockets there in 2006.

Some three billion Chinese and others are within a five-hour flight radius of Macau.

Since 1999 casino gambling has exploded in Macau and foreign companies like MGM and heavy hitters like Sheldon Adelson have ended the long period of monopoly operations in the casino sector.

But the old players, like Stanley Ho Hung-sun, who ran the Macau casino monopoly for 40 years, remain. He owns 17 of

Macau's 26 casinos and you have to wonder if his connections are one of the reasons China seems willing to give Macau the long leash it is currently on, because there are reasons why China should be very wary of the throbbing tempo and glittering lights of Macau's fast-lane life.

The casino sector itself has hardly covered itself in glory in the war on organized crime through its long history and China's anti-corruption agendas are being daily threatened by booming Macau.

For instance, whereas it is common in the United States for casino operators to get the identity of high-roller gamblers, no such culture exists in Macau.

As a result, money embezzled or stolen through various means can appear in Macau and bolster the bottom lines of casino operators without an eyebrow being raised.

It pays to remember as well that Macau was known as the world's money-laundering capital before it was the world's biggest casino.

Single bets of up to US\$ 1 million (HK\$ 7.8 million) are not uncommon in the rarefied if shady inner sanctums of Macau's big-time circuits.

It looms as a very real challenge to the veracity of Beijing's often-aggressive anti-corruption agenda.

That may of course be the point, in that corrupt officials wash illicit funds out in Macau, even as Beijing trumpets its anti-graft credentials and throws the odd hapless patsy into a local jail cell to prove it. It is indeed odd that while the Macau boom just keeps gaining momentum, online gambling monitoring in China is strictly enforced.

Recently, the China Daily announced that Beijing has decided to crack down even further on online gambling and porn as part

of a campaign to control illicit activities on the Internet.

China's electronic police will be watching ever harder over the shoulders of the mainland's 130 million-plus Internet users for any sign of placing even the smallest bet. Also in the past few weeks, Beijing has moved on cross-border casinos, forcing many to shut down.

It leads one to question why should normal Chinese be threatened with prison sentences for small-time gambling and small casinos be forced to shut down, while the high rollers and those who can afford to travel can spend big with the casinos in Macau?

It does not smell right at all and it is surely only a matter of time before China's ever-aware masses twig to the double standards and make some noise about it.

As such, Macau becomes another straw to foment social unrest on the ever more burdened back of China's political future.

In many ways, in fact, Macau becomes a magnified example of the problems China's economic boom has created in the past two decades.

Too much growth, too much capital, too many investors, too much money in the hands of too few, too fast, no regulatory infrastructure with the outcome being a skewed system liable to topple.

We all know where a lot of the money is coming from in Macau, if not the names of those spending it.

But the real question is where is it going?

Whose pockets are bulging with the earnings of the Macau casino boom? And, is this why it is allowed to flourish? Something definitely does not look right in Macau.

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