Regional integration and differentiation in a globalizing China: the blending of government and business in post-colonial Macau

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3.1. Introduction

In the previous chapter, we have seen how the geographical, political and cultural distance between Portugal and China have shaped Macau’s colonial trajectory in terms of two major (and interrelated) processes: the development of a relatively autonomous local government, and the development of equally autonomous social and economic organizations outside Macau’s governmental sphere.

In the following chapter, these two interrelated processes will be looked at, but within Macau’s de-colonization trajectory; i.e., how the local government and the local associations have interacted in the transition from colonial to post-colonial. Macau’s de-colonization was a relatively long process which altered the character of local state and business patterns. Throughout the different periods of Macau’s de-colonization process, the emergence of a new institutional context for state-business interaction resulted from major changes in the three sets of relations mentioned in Chapter 2: relations between Portuguese and Chinese authorities concerning the rule over Macau; relations among political and socio-economic institutions in Macau; and relations between local economic elites and the Chinese Mainland.

This chapter is divided into three periods. The first period begins after World War II, with the establishment of the PRC in 1949, and the political consequences for Macau. It finishes with the ‘1/2/3’ events, when the presence of a still colonial government was overtly questioned, and which marked the beginning of the end of Portuguese rule in Macau. In the second period (1974-1987), the move towards de-colonization took its first steps due to mainly Portugal’s initiative. This move was
accompanied by sweeping political and social changes in the territory in which the Macau business associations gained unprecedented political influence, thanks to the creation of local, more ‘autonomous’, legislative and administrative institutions. In this process, other associations representing less-elitist interests started gaining political influence, leading to an associative boom in the late 1980s. The third and final period (1987-1999) corresponds to the acceleration in Macau’s de-colonization process. The announcement that Macau would be part of the Chinese state produced different reactions: in the still Portuguese government – whose main task was to prepare its own extinction – and in the local associations – who increasingly sought political representation in the Mainland, especially in Beijing, to guarantee that their political and economic role would remain intact after the transition.

3.2. Macau after the establishment of the People’s Republic of China (1949-1974)

The establishment of the PRC in 1949, the Korean War (1950-1953) and the United States’ economic embargo to China constituted a series of events that revitalized Macau’s economy, but produced a political climate in which Portuguese colonial presence in Macau was overtly questioned.

The successive war contexts had increased Macau’s reliance on the Mainland to ensure supplies of basic products, such as rice, all sorts of foodstuffs, water and energy. For the colonial government of the 1940s and 1950s, it was imperative to maintain any kind of agreement with Chinese authorities across the border, regardless of who was in power in Beijing. In order to guarantee, among other things, food and water supply, keeping the channels open so that the economic relations between Macau and China were maintained became the only means for survival of Portuguese colonial presence in Macau.

In Portugal, Salazar’s government had not recognized the new Mainland regime, in contrast to the British who had done so in 1950 (c.f. Lima 1999: 81-123). Macau remained a Portuguese colony of Salazar’s regime, though the term was changed in 1960 from colony to overseas province due to pressures from the United Nations, wherein colonization was increasingly viewed as a system to be abolished.

In Macau, however, the maintenance of the colonial status had increasingly to do with the PRC’s own interest in preventing any major changes in the territory’s status quo. This was because since the beginning of the Korean War, Macau had once again turned into a vital economic port for China to acquire a variety of goods, just as it had done in the past during the Japanese occupation and during the Chi-
nese civil war. In this context, the PRC postponed any attempt to recover both Hong Kong and Macau for two inter-related reasons. The first reason was based on the ideological differences between Mao Zedong and Krutschev on colonization and de-colonization issues. For the Soviet Union, territories such as Hong Kong or Macau should rise against their colonial occupiers and seek independence. However, China insisted that Macau and Hong Kong were in fact Chinese territory; therefore independence was out of the question (Morbey 1990:49). The second reason was the utility of Hong Kong and Macau to prevent complete economic isolation and excessive dependency towards the Soviet Union.¹

At the same time, anti-colonial rhetoric became more intense in the Chinese Mainland, which was in itself nothing new (Gunn 1996:150), except that in the course of the 1960s, it would result in disastrous consequences for Portuguese colonial rule in Macau. British and Portuguese colonial presence had been questioned for a long time: during the Qing Empire, during Sun Yat-Sen’s first republic, and during the Kuomintang (KMT) years. However, the official discourse regarding the colonies of Macau and Hong Kong remained basically the same. China considered the occupation of Hong Kong and Macau ‘unlawful’ because it was based on unequal treaties forced upon China against its sovereign will, but it nevertheless continued to accept it by simply taking no action to alter the situation. The newly established PRC, just like the previous Chinese governments, considered as a matter of principle that Macau and Hong Kong were Chinese territory. This issue would be solved by removing the colonial governments at an appropriate time (Pereira 1995: 62).

Meanwhile, the PRC’s political strategy for both Hong Kong and Macau consisted in creating CCP-sponsored political and economic organizations. In Macau, two main organizations were established, acting as local branches of the PRC’s Ministry of Foreign Trade and External Relations: the Nam Kwong company and the local Xinhua (PRC’s News Agency). The Xinhua functioned as a liaison body ‘to implement policies from the centre’ in Hong Kong and Macau. The activities ranged from the broadcasting of special communiqués and official statements, to more practical issues such as issuing visas, and to acting as an information exchange centre. These practicalities in fact helped China to develop a local platform to reach Macau’s citizens. Together with the news agency department, the issuing of visas and the distribution of information, in the form of books and pamphlets, the Macau Xinhua was transformed into a propaganda apparatus for the PRC ideology and information (Pereira 1995: 101). For China, the widespread influence of the

Kuomintang in Macau was regarded as problematic. In this sense, Xinhua emerged as a powerful political censorship organization, more than the colonial government itself. In contrast to the Portuguese, incipient efforts in anti-communist propaganda and anti-Kuomintang propaganda quickly spread into Macau, forcing many influential Chinese businessmen like Ho Yin and Fu Tak Lam\(^2\) to reconsider their political sympathies, otherwise endangering the success of their businesses and their social status. Regardless of their ‘unorthodox’ political past, the PRC remained open to maintaining close links with Chinese businessmen in Macau and Hong Kong, provided they served in any way the PRC needs, like economic cooperation and support, especially during the embargo period and the Sino-Soviet split.

The Portuguese official discourse reflected strong anti-communist ideas, but in practice, it had almost zero effect. The colonial government, although using basic censorship methods aspiring to keep communist influence at bay in the territory, relied exclusively on the Macau Commercial Association (MCA) leaders to maintain a basic relationship, mainly economic, with the Mainland authorities. However, with the establishment of the Nam Kwong, another prominent figure emerged from within the MCA’s business club: Ho Cheng Peng, representing concrete economic interests—something very different from the ideological and political functions of the Xinhua.

### 3.2.1. The Nam Kwong

The Nam Kwong Company was established in Macau in 1949 and it came to play a crucial role in the balance of power between the colonial government, local business leaders and Mainland authorities. It had the virtual monopoly of import-export trade between Macau and Mainland China, a key characteristic which turned this company into a significant political and economic actor. The Nam Kwong was created under the PRC’s Ministry of Foreign Trade and External Relations as a state-owned enterprise, but has been operating in Macau’s market-oriented, capitalist environment. Overtime, this company developed multiple commercial branches in co-operation with its counterpart in Hong Kong. In Macau, this company alone has acted on behalf of the commercial interests of all Chinese provinces in the territory.\(^3\) As a multifaceted holding\(^4\) – and the only PRC enterprise in Macau – the Nam

\(^2\) For more on Fu Tak Lam, see chapter 5.
\(^3\) Mission statement by the Nam Kwong (Directory of Enterprises with PRC capital in Macau, 1994).
\(^4\) Under the Nam Kwong’s supervision and administrative board, there are several Chinese enterprises in construction, import/export, hotels and supermarket development.
Kwong had a supervisory role over all trade between the Mainland and Macau and secured the monopoly of foodstuffs and energy imports from China into Macau until 1987.

The Nam Kwong became a modern example of China’s ‘indirect’ presence in Macau, comparable to the Chinese Customs Post between the sixteenth and nineteenth centuries, but with far more economic weight. The goals of the Nam Kwong representatives consisted of negotiating distribution networks for Chinese products and assuring the acquisition of raw materials and technological equipment necessary to the PRC. During the 1960s and 1970s, the Nam Kwong had the monopoly in the distribution and trade of key products—like chemicals, construction materials and oil and petrol. They also developed international trading branches in textile and garment products, and established several supermarkets, department stores and all gas and petrol stations.5

Apart from its major economic role, the Nam Kwong was also a key political organization. The senior staff of the Nam Kwong in Macau was appointed by the PRC’s central government, and although they came mostly from northern provinces, Nam Kwong president and executive director Ho Cheng Peng was a Guangdong-born ‘old guard’ communist activist residing in Macau since the Japanese occupation (Castanheira 1999: 43). Ho became not only a leading figure in the local business circles, but also the highest representative of the Chinese Communist Party in Macau. Little is known about Ho Cheng Peng’s background: after leading a local Communist branch in Macau’s political underground in the 1930’s and 1940’s, he surfaced as the executive director of Nam Kwong, and was politically responsible before the PRC’s central Hong Kong and Macau Working Committee. Besides representing the Nam Kwong, Ho Cheng Peng also presented himself as the representative of the Foreign Affairs Department of Guangdong’s Provincial Government.6

Ho Cheng Peng had a double job as entrepreneur and politician. While Ho Yin never belonged to the CCP, Ho Cheng Peng was the CCP/PRC effective representative in Macau.7 From the period between 1949 and 1966, Ho Cheng Peng transmitted messages from central and regional authorities to Ho Yin who, in turn, communicated them directly to the Portuguese Governor. In this way, together with Ho

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5 After the Sino-Portuguese Joint Declaration, the Nam Kwong ceased to have the monopoly of the PRC sector in Macau with the establishment of the Bank of China in Macau, and the establishment of other large Mainland companies in the territory. Since the mid-1980, it has experienced a sharp decline with increasing financial difficulties, inadequate management, and near bankruptcy.

6 Such as in the events of 1966-67, according to Castanheira (1999: 162).

7 See chapter 2, 2.3.4 (section on the Macau Commercial Association).
Yin, they were the liaison officers between the colonial government and China and on particular occasions they made use of their political influence in de-escalating potentially serious clashes between the colonial and mainland authorities: in 1952, when gunshots were fired at the Macau-Mainland Border Gate (Portas do Cerco) between Portuguese and Chinese soldiers on both sides of the Gate (cf. Wu 1999: 319-320); in 1963, when seven Chinese KMT agents sought refuge in Macau8; and in the events of 1966-67. In the absence of official relations between Portugal and China, the relationship between the Nam Kwong and the Portuguese government evolved from ‘discreet and unofficial contacts’ to ‘special relations with special interest to the Portuguese state’ (Pereira 1995: 109).

In the beginning of the 1980s, the Nam Kwong saw its political role diminish drastically, first with the establishment of diplomatic relations between Portugal and China in 1979, and later with the implementation of joint governmental groups in 1987 (see further on in the chapter). The Nam Kwong would thus cease political functions in 1987 and, in order to maintain some extent of economic control, it embarked upon a series of internal management reforms, while maintaining its membership in the MCA and close links with other local economic associations.

3.2.2. The 1/2/3 Incidents

During the 1950s, the contacts between Portugal and China were reduced to informal relations between the colonial government and the Macau Chinese leaders – mostly Ho Cheng Peng from the Nam Kwong and Ho Yin from the Macau Commercial Association - to solve smuggling issues, economic matters, and occasionally political matters. Macau was sufficiently far from the hard-core of the Portuguese dictatorship and still isolated enough from Mainland politics, to allow local colonizers to lead a comfortable life and relatively peaceful coexistence with the Chinese community.

In the course of the 1960s, the influence of PRC ideology grew substantially in Macau. In 1966, clashes between the Macau Chinese population and the colonial police resulted for the first time in an open conflict between the Mainland authorities and the Portuguese colonial government. These events are usually referred to as the ‘1/2/3’ incidents, because the riots started on December 3rd 1967, or 12-3, therefore 1,2,3.

The 1/2/3 incidents constituted a turning point in Macau’s political development because they marked the increase of the PRC’s political influence in the terri-

8 After the 1/2/3 Incidents, the agents were handed over to the PRC, as part of the demands made to the Government of Macau. (cf. Lima 1999: 255-258)
tory. ‘Official talks’ with the Chinese had been traditionally carried out through the MCA, whose main leaders conducted the task of bridging the Portuguese administration to the Macau population and to the Mainland authorities. The following description of these events will show how players like the Nam Kwong, the Xinhua and the MCA managed, at some risk, to manipulate the explosive context of the Chinese Cultural Revolution across the border in their favour by consolidating their political influence locally, though still in the shadow of the colonial administration.

It all started on 15 November 1966, when a neighbourhood association in Taipa Island, wanting to expand a school infrastructure, began renewal and construction works without the approval of the Portuguese-administered Islands Municipality. This association had already made the request in May 1966, without any reply from the municipality which, according to the association, was delaying the procedure with no due reason. On that day, the Islands’ Municipal Counsellor, happening to pass by the place on his way to work, saw that the construction had started without the proper license and decided to send police agents to stall the works. Since the workers decided to ignore the warnings, the police intervened, resulting in twenty-four injured people and the arrest of four association representatives and two Chinese journalists. In the same evening, the Islands Municipal Council called for an emergency meeting with the school’s representatives and the vice-president of the Macau Commercial Association (MCA), Chui Tak Kei (Castanheira 1999: 145). The four representatives and the two journalists were released the next day. Despite warnings from the MCA leadership, the government decided to ignore the demands of the Taipa Neighbourhood Association. Their demands included punishment for the policemen and compensations for the injured workers (Wu 1999: 325).

Public opinion quickly turned against the colonial government. One week later, the Macau Daily (Chinese) newspaper issued a warning to the Portuguese authorities that ‘if they wished to maintain their friendship with the Chinese community they had to answer their demands. If they [the Portuguese authorities] do not punish the cruel and violent acts committed against the people of Macau, we are prepared to go to the last consequences (…)’ (Wu 1999: 326-327, m.t.).

In the meantime, on November 25, Governor Mota Cerveira was substituted by Nobre de Carvalho. The Chinese associations’ leaders boycotted the ceremony by not showing up despite having been invited (Castanheira 1999: 66). A couple

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9 According to Wu, on twenty-four occasions the representatives of the school asked to meet with the Municipal Counsellor, who ignored the requests (Wu 1999: 325).

10 On November 15, Ho Yin warned the Governor to be careful in solving this particular case because a ‘small flame [in those days], could suddenly become a great fire’ (Castanheira 1996: 187).
of days later, Nobre de Carvalho tried to meet with association representatives in order to establish a commission to investigate the events of 15 November, but since the MCA did not send anyone, the enquiry commission never took off (Castanheira 1999: 68). The local branch of the Portuguese PIDE (International Police of State Defence) had investigated the events. In a report to the Lisbon office, they had accused the former Governor and his Municipal Counsellor of administrative malpractice and corruption:

‘the request for the construction works in the Taipa school was left waiting for seven months for the official approval (...) [and] because the construction of this school [was carried out] on the association’s initiative, the matter had no priority for the Portuguese civil servants, which in Macau have the bad habit of collecting undue gratifications and payments (...) Mota Cerveira’s lack of tact and the incompetence of the Municipal Counsellor have given the communist forces the opportunity to spread chaos in Macau.’

Popular protests in front of the Governor’s residence started occurring everyday. The conflict between construction workers and colonial police agents had escalated into a conflict between the Macau colonial government and the Chinese population. On December 3rd, the tensions rose to unprecedented levels with clashes between the police and thousands of demonstrators gathered in front of the Governor’s residence. The police deployed water cannons, the demonstrators started destroying police cars and tearing down statues in the Loyal Senate Square. The situation escaped the control of the police force and the mob started to assault the Loyal Senate building, while furious crowds went up Central Street aiming to assault the Police Headquarters (Castanheira 1999: 80). The police opened fire on the demonstrators, called the riot-squad, and decreed curfew law. As a result of this day’s events, eight people were killed (two during curfew) and 212 were seriously injured.

After this tragic occurrence, the Chinese press was even more inflamed with accusations and threats. The Macau Xinhua published an editorial on 5 December saying that Beijing was closely following the events in Macau. Likewise, they published a statement by the Macau Students Union, consisting of five demands to the Portuguese Colonial government: accept without further delay the demands by the

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11 According to an article by R. Pinto, based on the analysis of PIDE reports in the Salazar Archive, Torre do Tombo National Archives in Lisbon: ‘(...) in Macau there is moral chaos, public administration is corrupt, the police is corrupt, the military garrison is full of free-riders which, since there is not much to do in defending Macau, just want to squeeze commissions from their two-year stay...’ (in Pinto1996: 38-42).
Taipa Neighbourhood association, punish the main responsible for the 3 December ‘massacre’, immediately cease the aggression towards Macau’s citizens, and publicly apologize to the victims and to the population. On the same day, Chinese gunboats were stationed at Macau’s shores and, with calls for popular boycotts, the Governor and his cabinet were virtually ‘besieged’.

By December 10, the External Affairs Department of the Guangdong’s regional government also issued a statement making demands to the Portuguese Administration: immediately accept the demands made by both the Taipa association and the Students Union, immediately apologize to the PRC, and punish the Commander of the Macau Police and the Municipal administrators. The spiral of demands continued through Macau’s press or in the form of protests, and by January, the popular calls were to remove the Governor and the colonial administration. On January 10, the Macau Daily headlines read: ‘In our struggle against the Portuguese imperialists, we have pushed them up against the wall’ (cf. Wu 1999: 344-47). Among the protests and removal of statues, the call for boycotting the Portuguese included the refusal to supply or sell them food, water and fuel. The Portuguese Governor had no other option but to accept the demands.

The snowball effect of these events reached Lisbon. Realizing at this point that the chances of a military intervention from the PRC were rapidly increasing, if the demands were not met and/or if the political and diplomatic channels failed, the contacts between the Governor Nobre de Carvalho and the Lisbon Government began to take place on a daily basis through the months of December and January 1966-67. Franco Nogueira – Portuguese Minister for Overseas Affairs (1960-1968) – recounts in his memoirs those emergency meetings at the Council of Ministers: “We would rather see a humiliated Governor in a Portuguese Macau, than a dead Governor in a Chinese Macau.” (cf. Nogueira 1987). However, Salazar, widely known for his zealous nationalism, would not apologize publicly to the PRC. Nobre de Carvalho insisted that Lisbon officials come to Macau to help solve the situation. In January 1967, a committee of Portuguese envoys to Macau reported on the situation: “The Governor and his people have psychologically surrendered to China. Either we accept the conditions or it is just a matter of time until we lose Macau. (...) The Chinese are turning against us (...) our authority will be affected but it is still possible to keep our flag in Macau, if we apologize and sign the documents.” To which Salazar replied: “Although I find it unacceptable to apologize, let the Governor act without having necessarily to stick to our previous instructions.” (Nogueira 1987: 216-219).

12 And to once and for all forbid Kuomintang activities in the territory and to expatriate seven Kuomintang infiltrated agents to China that had run away to Macau in 1963 (Wu 1999: 346).
On 28 January 1967, the terms of the agreement to put an end to the conflict were finally set. The meeting was hosted by the MCA, and comprised of Nobre de Carvalho, several representatives from the Students Union and the Taipa Neighbourhood Association, Ho Cheng Peng and Ho Yin, acting on behalf of the PRC’s interests (c.f. Wu 345-349). The document ‘Apologies and Response of the Macau Governor to the protest made by Macau’s Chinese residents’ agreed on the following: financial compensation to the victims and their families, as a consequence of the 15 November and 3 December events; the punishment of the administrators involved in the Taipa incidents and the sacking of the Macau Police High Commando; total eradication of Kuomintang-sponsored organizations in Macau and the repatriation of the KMT dissidents; the phasing out of the Portuguese military garrison; and last, but not least, the formal and public apology by the Portuguese Governor. On the next day, Nobre de Carvalho sent one representative to Gongbei, in the Mainland, to deliver a Protocol stating that Macau’s government would from then onwards follow political advice and guidelines from the Guangdong provincial Foreign Affairs Bureau, through the Macau Commercial Association (Wu 1999: 349).

After these events, the still colonial Portuguese administration gradually realized that relying solely on the Nam Kwong and the MCA to deal with the Chinese authorities across the border was insufficient to guarantee its presence in Macau. In one way or another, it had to get involved with Beijing in order to retain its control over Macau. At the same time, the Nam Kwong and the MCA gained more control over the colonial government. As ‘shadow governors’ of a very weakened government, it became clear that Ho Cheng Peng and Ho Yin were the effective Macau representatives in China. Their control over political issues between Macau and China, as this story illustrates, also depended on their political control of the Macau population. The 1/2/3 events marked the return to a formula of co-existence, but in a changed scenario, in which the Portuguese colonial presence in Macau became instrumental for the local Chinese leaders, not so much for the expansion of their economic power, but increasingly to assure the consolidation of their political power over Macau.

3.3. Negotiated de-colonization I: Macau as Chinese Territory under Portuguese Administration (1974-1987)

As seen in the previous section, the PRC did not take the ‘opportunity’ generated by the 1/2/3 events to seize back Macau. When in 1971, the PRC was accepted into
the United Nations, it forced the de-recognition of Taiwan’s Republic of China, and ensured that Macau and Hong Kong would not be included in the UN ‘list’ of territories to be decolonised. In this situation, Portugal was compelled to recognize the People’s Republic, instead of Taiwan, as China’s legitimate government. Portugal’s position within the UN was very weak due to heavy international criticism concerning the situation of the Portuguese colonies in Africa: Guiné-Bissau, Moçambique and Angola, where war was being waged since 1963 (c.f. Pereira 1995, Lima 1999 and Wu 1999).

During its inaugural statement at the UN, the PRC justified the maintenance of the colonial status quo of Macau and Hong Kong, by arguing that the unequal treaties imposed upon China back in the 19th century were a matter to be solved in an ‘adequate and peaceful manner, when the time is right [to do so]’ (Wu 1999: 353). The statement concluded that Hong Kong and Macau, and also Taiwan, were ‘domestic political problems of China’s exclusive concern (…) and therefore could not be included in the UN’s de-colonization list’ (Wu 1999: 354, m.t.).

In an interview given in 1972, Zhou Enlai – the PRC’s top foreign affairs representative – admitted that the Soviet Union ‘had tried to persuade China into taking Hong Kong and Macau by force, but China would not be provoked into this’ (Wu 1999: 355, m.t.). Macau and Hong Kong were a matter that called for well-thought negotiations, and not for hasty decisions. Zhou also stated that in Macau, ancient agreements could not be abruptly interrupted. Although Macau, Hong Kong and Taiwan raised similar sovereignty issues to the integrity of the Chinese state, they also constituted three different problems, requiring three different solutions (Wu 1999: 358).

### 3.3.1. The impact of the 1974 Portuguese Revolution in Macau

The coup d’état of 25 April 1974 in Portugal caught Macau by surprise. The revolt of the ‘captains’ was of socialist inspiration, and was set off by a group of officers in the middle levels of the army hierarchy, who then established a provisional government – a military *junta*.\(^\text{13}\) One of the first decisions was to immediately withdraw from all African colonies and, by the same logic, to withdraw from the remaining

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\(^\text{13}\) The April Revolution of 1974 brought an end to the *Estado Novo* and to the fascist era in Portugal. This revolution was conducted by the MFA (Movimento das Forças Armadas – Armed Forces Movement) and under the Junta de Salvação Nacional (JSN- National Salvation Junta) it sought to bring an immediate end to the colonial wars in Africa, and consequently to grant independence to all colonial territories.
colonies in Asia: Macau and East Timor. As a result, instead of China being the one to determine the future of the territory, it was Portugal who made the first move to leave Macau.

After the April Revolution, the new government in Portugal was eager to re-establish diplomatic relations with China. These had been postponed because China was concerned with the growing influence of the Soviet Union in Portugal, since the establishment of diplomatic and economic relations between the two countries in 1974 (cf. Lima 1999: 423-473). In order to establish these relations with China, Portugal had to assume a formal position regarding the de-colonization of Macau. Though the situation in Macau was very different from the African ex-colonies – where independence wars had been going on since the early 1960’s – it required special caution and attention, to avoid a de-colonization scenario similar to East Timor.\textsuperscript{14}

In Macau, Governor Nobre de Carvalho immediately recognized the new government in Portugal on 29 April 1974, but the pressure for him to resign increased again, now among the Portuguese and Macanese sympathetic to the revolution – mostly liberal professionals and the military. In turn, this group assumed they were the legitimate representatives of the Portuguese National Military \textit{Junta} in Macau (Lima 1999: 463-466). This worried both the Macau business leaders and PRC authorities, although for different reasons. In China, the central government was worried about the possibility of a communist government in Portugal backed by the Soviet Union, which would inevitably spread Soviet influence into Macau. In Macau, the long colonial history had enabled the local Chinese businessman to flourish and prosper, and even to gain political ascendancy over the Portuguese administration. They were pleased with the fact that after April 1974, Nobre de Carvalho was not immediately exonerated from his position. In July 1974 Ho Yin publicly stated his support to the Portuguese Governor: ‘Nobre de Carvalho has been a friend of the Chinese of Macau. As long as Portugal wishes to keep stability in Macau, our community is not interested in changes’ (Wu 1996).

During his visit to Macau in October 1974, Almeida Santos (the Portuguese Minister for Inter-Territorial Coordination) declared that there was no interest in keeping Macau if this was against Beijing’s will, in a clear manoeuvre to please the PRC. But to avoid causing alarm in Macau’s business community – which was for different reasons equally suspicious of the new government in Portugal – he then claimed it was Portugal’s ‘duty not to abandon Macau and its people’ in so far as the Chinese authorities would co-operate in the efforts of defending the interests of the Chinese population in Macau (c.f. Lima 1999: 454). ‘We live in new times of consented power, of a negotiated social contract between the Portuguese

\textsuperscript{14} The small ex-colony was invaded and occupied by Indonesian armed forces in 1975.
and the Chinese of Macau(…) If anyone would ask me to show the proof about China’s tolerance, I would answer: Macau.’\(^\text{15}\) This constituted a clear indication of Portuguese intentions to keep their authority in Macau without going against the local Chinese leaders’ interests, while simultaneously showing an open disposition towards negotiating the terms of leaving Macau. The Portuguese Foreign Office had now changed its discourse on Macau: ‘Macau has never been exactly a Portuguese colony; it has functioned mainly as a trading entrepôt, where Portuguese sovereignty is exerted somewhat like an embassy (…); the Macau issue can only be solved through bilateral negotiations with the PRC and we are open to discussions to define its status.’\(^\text{16}\)

As accounted by Garcia Leandro – Governor of Macau between 1974 and 1979 – he himself had received instructions not only to maintain political stability and ‘to bring the Portuguese (European) and Chinese communities together’, but especially to develop close links with China, beyond Guangdong, if possible, and on the margin of an institutionalised diplomatic framework, if necessary.\(^\text{17}\) Thus, on behalf of the new Portuguese government, Garcia Leandro’s main task was to develop and maintain good relations with both Macau Chinese leaders and Mainland authorities, in order to establish official diplomatic relations with China.\(^\text{18}\)

Apart from the diplomatic mission, Garcia Leandro also believed that the political and financial dependence on Lisbon was negatively affecting Macau’s development. He was determined to transform what he considered a ‘backward Hong Kong suburb’ into a self-sustaining economy lead by an autonomous government, capable of formulating its own policies without Lisbon’s intervention.\(^\text{19}\) He thus introduced three major changes during his governorship: the pegging of the Macau Pataca (MOP) to the Hong Kong dollar instead of the Portuguese Escudo, the renegotiation of the gambling franchise contract,\(^\text{20}\) and the creation of a new political status for Macau.

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16 Mário Soares, Portuguese Minister of Foreign Affairs, January 1975, on the occasion of the official statement recognizing Macau as a Chinese territory under Portuguese Administration, and the responsibility towards the rights of the Chinese people of Macau (Wu 1999: 360).

17 Interview with Garcia Leandro, Lisbon, April 2003.

18 In 1978, the Chinese ambassador in Paris received the Portuguese Minister for Foreign Affairs Martins Coimbra, initiating negotiations regarding the establishment of formal diplomatic relations, which were concluded in 1979. In that year (the last of Garcia’s Leandro governorship), Ho Cheng Peng formally invited Garcia Leandro to visit China, which was the first time a Macau Governor officially visited China.

19 Interview with Garcia Leandro, Lisbon, April 2003.

20 See Chapter 5.
3.3.2. The implementation of the Macau Organic Statute

In the absence of diplomatic ties and of any clear political strategy regarding the status of Macau (either by Portugal and China), in 1975 the newly drafted Portuguese Constitution declared that Macau was a Chinese territory under Portuguese administration, therefore not part of Portugal, and with a status that was contingent upon its ‘special situation.’\(^{21}\) The full acknowledgement of Macau as a Chinese territory was set to neutralize any political objections to the Macau Portuguese administration by the PRC and thus constituted a first step to the normalization of Portugal-PRC relations.\(^{22}\) The Organic Statute of Macau was a practical consequence of Portuguese constitutional changes which, in the absence of any clear position of the PRC on the Macau issue, set off the restructuring of the local political structures. Though the colonial label was definitively dropped, and the political reasons to stay had changed, the Portuguese re-invented their role in Macau by making sure one thing would not change: uncontested authority over the territory, at least for the time being.

In 1974, Garcia Leandro had set up a special Committee, composed of Macau’s most influential individuals to set the terms in which Macau’s new political status would be defined. Among the Committee members were Henrique Senna Fernandes and Jorge Neto Valente representing the newly formed local political parties, one Church and one Military representative, and Ho Yin and Chui Tak Kei from the MCA. After more than one year of negotiations with representatives of Macau’s most influential socio-economic organizations, the Organic Statute was implemented in January 1976. It created a ‘specifically-adapted’ governmental regime, maintaining Portuguese authority in Macau, but at the same time formally including the local Chinese and Macanese elites in the territory’s new decision-making institutions.

With this initiative, the Portuguese recovered a good deal of political power lost in the 1966-67 incidents. It was imperative for Garcia Leandro to avoid any public contestation to his governorship, and this could only happen through the maintenance of optimal and stable relations with Macau’s Chinese leaders. At the same time, it was also important to include the Portuguese and Macanese commu-

\(^{21}\) Constitution of the Portuguese Republic, 1975, article 5 (1) “Macau is autonomous from Portugal, it is not Portuguese territory but only under its administration”; see also revised article 292, 1982.

\(^{22}\) The implementation of the Organic Statute coincides with Mao’s death in 1976, in consequence of which the PRC authorities refrained from making any official statement regarding the question of Macau for the time being.
nities in the design of the new political status without upsetting the local Chinese population or challenging Mainland China. The uncertainties over the PRC’s intentions towards Macau – and the mounting political tension after the deaths of Zhou Enlai and Mao Zedong – made Garcia Leandro realize that local elite businessmen, and not the population as a whole, were the logical political partners to maintain a peaceful coexistence in Macau and to maintain Portuguese authority there.

However, the introduction of a democratic political system – as initially thought by Garcia Leandro – had to be adapted to the interests of the Macau Chinese elites, grouped around business and economic associations, whose leaders were traditionally key advisors to the previous colonial government. Almeida Santos actually cautioned Garcia Leandro on the issue of whether or not to introduce a universal suffrage system into Macau’s Legislative Assembly: ‘There is no need for too much political decolonisation; political and administrative reforms are needed but not much more than that.’

Garcia Leandro recounts that he soon realized that the leaders of the Chinese community would not take the step of constituting a democratically elected assembly, at least until the sovereignty issue would be settled. In his own words, ‘the Chinese had no tradition or interest in participating in the political and civil life of the territory because in their perspective this was a Portuguese problem and responsibility.’

The solution contained in the Organic Statute was the creation of a triangular system of political representation, where the number of seats appointed by the Governor were ‘meant to balance the interests, by nominating the excluded’ so that in principle all segments of Macau’s population could be represented. In this particular case, ‘nominating the excluded’ meant to appoint the Chinese business leaders who were not involved, at least directly, in any of the local, newly formed political parties (see below).

The Organic Statute re-organized Macau’s political system by assigning political, legislative and executive competences to local institutions, freeing Macau from its administrative dependence on Lisbon, except for the Governor’s appointment, which was still to be made by the Portugal head of state, although subject to the approval of Macau’s decision-making bodies. Besides representative functions, the Governor was granted with legislative (shared with the Legislative Assembly) and executive powers in the definition of the territory’s economic policies. That the governor was appointed by and responsible to the President of Portugal, and not to the parliament, is worth noting because it was supposed to ensure the stability of the Macau administration and reduce the effects of Portuguese party politics in Macau (cf. Lam 1991).

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23 Interview with Garcia Leandro, Lisbon, April 2003.
24 Interview with Garcia Leandro, Lisbon, April 2003.
The Legislative Assembly was the only institution in Macau where some of the deputies could be elected by universal suffrage. It shared legislative power with the Governor and it was initially composed of seventeen members. It was extended to twenty-three members in 1984. The Assembly has a triangular system of representation: 6-6-5 before 1984, and 8-8-7 in the present day. Seven representatives are nominated by the Governor, eight are indirectly elected by the main economic associations – the MCA, the Macau Industrial Association (MIA) and the Exporters and Importers Associations (MEIA) – and the remaining eight are directly elected among political coalition groups.

The Consultative Council was designed to function together with the Governor by giving recommendations in virtually all policy areas. The Consultative Council included 10 members: five indirectly elected, and five nominated by the Governor. From the elected members two were chosen by each municipal council, and three by the 'main representatives of the territory’s social interests.' Those nominated by the Governor should be chosen among the residents of Macau, under criteria of social prestige (Pereira 1995: 116).

The Municipal Councils (Leal Senado and Câmara Municipal das Ilhas – Taipa e Coloane) had been important administrative structures during the colonial period. However, the implementation of the Organic Statute expanded the local bureaucracy around the Governor, and these councils lost a good deal of their political importance. The subordination of the municipal councils to increasingly specialized government’s secretariats – the local equivalent of state ministries – reduced their functions to car park management, public entertainment activities, and the maintenance of public gardens and public markets.

In the political context of the time, the implementation of the Organic Statute depended more on the local business elites’ approval, rather than on the direct participation of Macau’s citizens. It is worthwhile noting that one of the appointees in the first legislature was Ho Yin, who being such a respected and symbolic figure in Macau ‘should be spared from having to go to the ballots.’ Ho Yin was not only directly appointed by the Governor but also became the first president of the Legislative Assembly in 1976. As he solemnly stated in his inaugural speech at the legislative Assembly, ‘from now on it is in Macau that Macau is administered.’

Although his statement was premature, it was also accurate in the sense that the Or-

27 Interview with Garcia Leandro, Lisbon, April 2003.
anic Statute indeed brought more political autonomy vis-à-vis Portugal. However, in relation to China, more political autonomy for Macau would require constant adaptation to the Chinese political and economic climate. The figure of Ho Yin and his capacity to wear many hats at the same time reflects a unique trait in Macau’s Chinese leaders: the capacity to adapt to any political circumstances, and to quickly turn them into their favour. After the implementation of the Organic Statute, the Portuguese administration remained in Macau, not because of popular choice, but because of a political negotiation between the local government and the local Chinese elites, who were automatically included in the new system, through indirect representation mechanisms. The local Chinese business elites, now legitimised by the number of seats they had in the legislature and by their presence in the Consultative Council, were at once the countervailing power to the Portuguese/Macanese bureaucracy, and the political channel of the PRC’s interests in Macau.

The administrative and political reforms introduced by the Organic Statute defined the scope – or rather the limits – of Macau’s autonomy; and set off a decolonization process, in which the main issue was not whether Macau should/ could be an independent state. After the establishment of diplomatic relations between Portugal and China in 1979, the debate was centered on what the terms of Macau’s de-colonization were; which status should it hold in the future and would the same be applied to Hong Kong. The Portuguese initiative had far-reaching consequences because it created mechanisms of partial political representation, which would predefine the political and economic future of these territories under PRC sovereignty.

3.3.3. Political Participation and Representation under the Organic Statute

The Portuguese view on Macau’s political autonomy was very much based on the idea that the local society had no meaningful political culture (Morbey 1990, Cannas 1992, Pereira 1995). This view was adopted by virtually all Macau’s governors since 1976. But despite this perceived low level of political culture and participation, a few political parties were constituted in Macau, mainly as a reflection of Portuguese political trends.

Two parties gained political profile in the aftermath of the Portuguese revolution and in preparation for the first general elections for the Legislative Assembly in 1976: the CDM (Macau Democratic Centre) and the ADIM (Association for the Protection of Macau’s Interests). The CDM was more left-wing. It was created in the spirit of the Portuguese Armed Movement (MFA – Movimento das Forças Armadas) and was basically composed of Portuguese citizens, born or not in Macau, under the leadership of lawyer Jorge Neto Valente (Pereira 1995: 185). The ADIM had a wider acceptance in the territory. It was more conservative regarding Macau’s
status quo and its leaders were Macanese, i.e., of Portuguese-Asian descent like Henrique Senna Fernandes and Carlos d’Assumpção. The ADIM was in a good position to bridge Portuguese and Chinese interests, mostly because of its quintessentially Macanese leadership. As the most voted political party in the 1976 elections, the ADIM gained political ascendancy in the territory, but after the 1984 electoral reforms (see below) it moved into the orbit of Chinese political influence, locally and in the Mainland.

While the Portuguese managed to strengthen their position in the executive government – and the Macanese their presence in the legislature through direct vote –, the Chinese business elites had gained access to the legislature by the governor’s direct appointment or through indirect vote. Indirect vote occurred when the most important local associations competed to elect a fixed number of representatives to the Legislative Assembly. From the composition of the first four legislatures, one can see that the associations ‘reflecting economic interests’ controlled the majority of votes for the indirectly elected deputies in the Legislative Assembly (c.f. Morbey 1990: 127-130). Between 1976 and 1984, there were three deputies representing economic interests: Ma Man Kei (MCA), Peter Pan (Macau Industrial Association) and Lee Sai Wing (Macau Exporters-Importers Association). Moreover, these association leaders were permanent members of the Governor’s Consultative Council. The number of association leaders elected through indirect vote was raised to five in 1984, including thence two representatives from the Macau Constructors’ Association. Ma Man Kei and Peter Pan maintained their seats (which are still held by them today) and Ho Yin – who already held his deputy seat by direct appointment of the Governor – was made President of the Legislative Assembly, position which he held until his death in 1983.

Macau’s triangular representation system shaped an authoritarian type of regime, in which the political ‘alliance’ between two sides of the triangle – the local business elites and the Portuguese executive – prevented the one side of directly elected representatives to revoke any decision coming from the executive government, or to ever gain the two thirds majority against the nominated and indirectly elected representatives (Lam 1991: 327). With the Organic Statute legislative power had progressively shifted into the territory, but it was also accompanied by the strengthening of an autocrat, neo-corporative government in fundamental policy areas (Afonso and Pereira 1990: 188).

The 1984 Electoral reforms

Until 1984, the direct suffrage for the Legislative Assembly constituted the only channel for the overall population to gain access to ‘formal’ politics. CDM and ADIM more or less divided the directly elected seats in the assembly, but the problem
was that the electorate was extremely small and not representative of the (Chinese) majority of the population. In the first elections in 1976, Macau’s voting population were those individuals residing in the territory for at least seven years and who possessed valid identification documents, meaning issued by the Portuguese authorities. In 1976, only 2,846 (out of a population of about 350,000) voted for the Assembly’s direct seats (Wu 1999: 398). This number would rise to 4,195 in 1980 and to 51,454 in 1984 (Morbey 1990: 124). This large increase in voting turnout was a direct result of the changes introduced during the governorship of Almeida e Costa (1984-1987).

Almeida e Costa continued the developmental trend initiated by Garcia Leandro, Melo Egídio (1979-1980) and Pinto Machado (1980-84) but found growing resistance from the Legislative Assembly and the Consultative Council to his political ideas and policy plans. Despite his reformist ideas, Almeida e Costa was regarded as ‘a difficult man to get along with and not very much liked by the Macanese and the Chinese.’

At stake were his initiatives to reform Macau’s civil service and public administration and to extend voting rights to Macau’s Chinese population. A law passed in January 1984 extended voting rights to all of Macau’s residents possessing valid identification registered in the Portuguese Consulate, regardless of nationality or years of residency in the territory. This law also gave voting rights to Macau-born individuals residing in Hong Kong. By recognizing voting rights (and residency rights) to Chinese immigrant workers, Macau’s electorate became more diverse and potentially more critical of the Portuguese administration (cf. Pereira 1995: 116-119).

In February 1984, during a plenary session regarding the new electoral law, conflict broke out in the Macau Legislative Assembly between the Governor and the President of the Assembly (and ADIM leader) Carlos d’Assumpção. At stake was the other reform introduced by the Decree-Law of January 1984: the extension of the number of directly elected seats in the Legislative Assembly. Almeida e Costa felt personally attacked by d’Assumpção’s proposal to raise to eight the number of seats by direct vote (Lima 1999: 587-89). In Almeida e Costa’s words, the Legislative Assembly had approved a law decree, on ‘irrelevant matters un-authorising the governor’ (Lima 1999: 557-569). He requested the dissolution of the legislature because of the ‘inherent lack of representation’ within the Assembly.

29 Interview with Jorge Rangel, Macau, February/March 2004.
30 Interview with Jorge Rangel, February 2004, Macau.
31 DL 9/84/M.
32 Macanese lawyer, leader of ADIM, highly influential in the Macanese Portuguese communities. He was elected president of the Legislative Assembly, after Ho Yin’s death in 1983.
to justify d’Assumpção’s position. Upon request from Almeida e Costa – who alleged that his authority was being ‘gravely challenged’ – the President of Portugal dissolved Macau’s Legislative Assembly in March 1984.

In an overt political move against Almeida e Costa, D’Assumpção decided to form an ADIM-CDM coalition for the upcoming elections, which included discontented deputies and civil servants, some of them Portuguese (Lima 1999: 570). The Macau Xinhua stated that the decision to dissolve the assembly had been taken without Beijing’s support, and that Beijing’s representatives in Macau were following closely what was going on. In April 1984, D’Assumpção received an invitation by Ho Cheng Peng to go on a trip to Beijing, during which it was suggested to D’Assumpção to run for the elections, but through a Chinese-supported ADIM rather than an ADIM-CDM coalition (Lima 1999: 570).

In the end, both Almeida e Costa and d’Assumpção managed to ‘save face’. Voting rights are extended and the number of directly elected seats increased to eight. The number of deputies elected through indirect vote also increased to eight; and those nominated by the Governor increased to seven. D’Assumpção and his ADIM won the elections in August 1984, with 58 per cent of the votes, but he never blocked any of the governor’s decisions again.

This small episode had two major consequences for Macau’s socio-political landscape. Before the electoral reforms in 1984, the Chinese community representatives only took part in elections through indirect vote – controlled by the major business associations. With the electoral reforms, there was an improvement in the voting behaviour of the Macau Chinese, at least quantitatively. However, political parties such as the ADIM or the CDM did not appeal much to the overall Chinese population, which translated into a poor voting turnout. Language differences or lack of valid documentation also contributed to low voting turnouts. For Portuguese representatives, the situation also changed after 1984. These could now only secure their seats in the assembly either through an improbable coalition with the ADIM (after its shift towards China) or by Governor’s appointment.

The second major consequence of these reforms was the growing popularity of the association as the main vehicle of political participation and representation in Macau. As the Macau Chinese increased their participation in local institutions, this was not accompanied by the proliferation of Chinese-based political parties, but instead by the ‘ politicisation’ of already existing associations, and by the creation of new ones. Next to the MCA, the Macau Industrial Association and other business

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33 Interview with Jorge Rangel, Macau, February/March 2004.
34 According to Lima, this was reported by the Macau Daily April 1st 1984. However, Lima states that before the Portuguese President dissolved the Legislative Assembly, he had first consulted the Chinese ambassador in Lisbon (Lima 1999: 567).
oriented organizations, other associations increased their political profile, namely
the neighbourhood associations – Kaifongs – and the workers’ associations.

3.3.4. The Associative ‘Boom’

Between 1979 and 1990, 505 new associations were registered in the territory, and
according to Sousa Santos (1998) this associative increase or ‘boom’ was based on
two distinct factors. One was an increase in Macau’s population which diversified
the electorate, and the other was a ‘qualitative change in the relation between gov-
ernment and society’ (Sousa Santos 1998: 413). This occurred mostly during the
1984 electoral elections, when more associations (and not only the traditional ones)
ran for directly-elected seats in the assembly.

According to one local deputy, the fact that in Macau a few associations ac-
cumulated functions comparable with those of political parties had to do with a lo-
cal ‘modern Chinese culture of social organization.’ The pattern is one in which,
if it is not possible or desirable to create political parties, social groups crystallize
around socio-economic associations. The fundamental difference is that associa-
tions were not created to challenge and substitute the government, but only to ‘help
it, regardless of political ideologies.’ This deputy believes that this is a practical
and ‘realistic system’, but in fact it defines strict limits to political participation in
Macau. At the same time, this system contains a set of norms and values shaping
institutional relations in local associations. Despite the variety in purpose, local
associations perpetuate a rigidly-structured and slow-changing leadership culture,
based in criteria of material wealth and social prestige. In Macau, the creation of
new associations in the late 1980s became the main strategy to gain political pres-
tige; to be respected, heard and consulted. Those who could not be leaders of the
associations to which they already (and often) belonged to, started to create new
associations so that they could become leaders themselves.

Business Associations

With more associations contending for the directly elected seats in the Assembly,
the political edge of the MCA had to be reinforced outside Macau’s public institu-
tions, as a means to ensure that its political and social leadership would not be con-
tested in any form or in any institution.

36 Interview with J.F., Macau, February 2004
Back in 1963, the MCA board of directors had created the *Macau Industrial Association* (MIA), and two years later the *Macau Exporters and Importers Association* (MEIA). These associations had been created by MCA leaders, which induced a close integration and interlocked leadership among the three associations’ boards. The MIA has 451 enlisted members, 292 of which are involved in the manufacturing of textiles and garments. The president of this association – entrepreneur Peter Pan – has standing position in the government’s economic council. The MIA’s vice-president – Ho Teng Iat – who happens to be also the vice-chairman of the MCA, is a government-appointed deputy in the Legislative Assembly.

The MEIA started with twenty-five members in 1965 and nowadays counts around 300 members, half of which (142) deals in textiles and garments exports. The MEIA seeks to protect and secure legal rights for exporters, by having at least one representative in the Macau’s government delegations to international trade negotiations, such as the bilateral agreements for export quotas to the EU, USA and Canada. The MEIA has also been directly involved in regional trade, by having signed several cooperation agreements with a number of Chinese chambers of commerce and with associations and chambers of commerce from Portuguese speaking countries. MEIA representatives have been consistently present at the Legislative Assembly and in the Executive Council, participating in the drafting of economic-related laws and regulations and ‘contributing with opinions to all matters related to Macau’s economic development.’ It currently has one representative in the local legislative assembly (again by government appointment) and who, not surprisingly, also belongs to the MCA’s board of directors.

Since the early 1980s the MCA started integrating local associations as collective members. It sought to maintain a relatively united socio-political front but with a more diversified membership. The MIA and the MEIA have served both as the right as well as the left hand to local the government, in guiding economic policy regarding industrial development and export trade. Together with the MEIA and the MIA, the MCA had since 1976 enjoyed a large share of the Legislative Assembly’s seats, either through indirect vote or through government appointment. Moreover, the predominance of these associations’ leaders in the composition of the govern-

38 Interview with Jorge Rangel, Macau, March 2004.
39 Charter of the Macau Industrial Association, art.4.
40 Other categories of membership deal with the import/export of goods such as chemicals/cosmetics, construction materials, electrical/electronic supplies, food, beverages, tobaccos and jewellery among others (http://www.macauexport.com/english/membership.html).
41 For a detailed discussion on this issue, see Chapter 6.
42 http://www.macauexport.com/english/services.html
ment was not compromised by the electoral reforms of 1984, in which they also got a new seat for indirect representatives (thus 8) to match the increase in the directly elected deputies.

At this point, the Portuguese government itself embarked on the associative wave and decided to create an ‘association to further stimulate civic and political participation in Macau’. The Macau Management Association (MMA), created in 1984, was destined to function as a ‘cadre school’, with the objective of training public (official) and private (entrepreneurial) managers for a future generation of government cadres. In the words of the MMA chairman, and then member of the Macau government – Jorge Rangel – this association reflected an ‘effort to bring together a new generation of public and private managers, and to train them to participate in Macau’s political life, outside the influence of the traditional associations’. The government contributed to this association by financing the studies abroad of this young generation, which in turn could expect a future career in local governmental institutions. Most of the current MSAR top secretaries were trained at the Macau Management Institute and are members of the MMA: Florinda Chan (current Secretary for Justice), Francis Tam (Secretary for Economy and Finance) and Chui Sai On (Secretary for Lands and Public Works). The MMA symbolises the 1980s spirit on the part of the Portuguese Administration, in creating a ‘new, multi-cultural Macau operating in an independent framework.’ However, the MMA did not live up to the expectation of providing an alternative strategy to build a political career. This is simply because all the individuals mentioned above were members of the MCA prior to their MMA affiliation, which was the determining factor in their appointment as government officials in 1999.

Grass-roots associations:
the Macau Workers’ General Association and the Kaifongs

The Macau Workers General Association (Associação Geral dos Operários de Macau – AGOM) has existed since 1950 but it was only officially registered in Macau in 1983. This means that the registry date of the associations not always corresponds to the beginning of their activities (cf. Sousa Santos 1998: 409-419). In the case of the AGOM, this can be explained by the colonial circumstances of the

43 Interview with Jorge Rangel, Macau, February 2004.
44 Interview with Jorge Rangel, Macau, February 2004.
46 This organization was set up in 1950 with PRC support. (Interview with Mr. Wu, AGOM, Macau, July 2004.)
1950s and 1960s, in which any attempt of local workers to unionise would be ill-received by the Portuguese government and by the business associations. In the 1984 elections, the AGOM managed to secure one Legislative Assembly representative through indirect vote and two through universal suffrage. The Portuguese administration started to pay more attention to labour issues and the AGOM assumed a more prominent role as a social partner of the government in regulating labour relations, similar to a trade union.\footnote{The AGOM is part of the Council for Social Affairs, a tripartite structure in place since 1988, which includes representatives of the AGOM, of the MCA and of the government. This also coincides with Macau’s first ever labor legislation – Labor Relations Ordinance (Decree Law 24/89/M) – and with the creation of the Labor and Employment Department within Macau’s Government (for more on this point, see chapter 6).}

Throughout the 1980s, the AGOM became larger and more complex, and it now counts fifty-five branches in Macau. More than twenty of them function as community and social assistance centres, providing for schools, health care, support for the elderly, professional courses and sports activities. The AGOM is financed through the annual premium paid by its members, financial ‘gifts’ by benefactors and the running of several schools, day-centres, restaurants and ‘canteens.’\footnote{Interview with Mr. Wu, AGOM, Macau July 2004; but he did not disclose who the ‘benefactors’ were.}

Similarly to the AGOM, the Kaifongs – neighbourhood associations – were created to fulfil specific needs of Macau’s working class, not attended by the colonial administration (Sousa Santos 1998: 423). Since 1984, they have been a regular presence both in the Legislative Assembly (with one direct representative) and in Macau’s municipal council (Pereira 1995: 137). The Kaifongs are the local organizations that have catered for the most immediate and practical needs of Macau’s temporary workers and new immigrants from China, by helping them to find accommodation and by providing education facilities to their children. There are twenty-four kaifongs in Macau, corresponding to each of the city’s districts, including the islands of Taipa and Coloane. The organizational structure of each kaifong varies, depending on the number of associates. The president of each kaifong is usually a well-known, rich figure, from who is expected financial support and ‘protection’. He does not intervene directly on the daily activities of the kaifong and is present only on special occasions. One notable example is the Fai Chi Kei Kaifong – one of Macau’s most populated neighborhoods – whose president and principal benefactor is Ma Man Kei, from the MCA (Sousa Santos 1998: 425). The kaifongs are financed by the annual premium paid by its associates, but also through private benefactors’ and through government support. Similarly to the AGOM, the kaifongs provide for several types of community services, ranging from educational infrastructures and

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47 The AGOM is part of the Council for Social Affairs, a tripartite structure in place since 1988, which includes representatives of the AGOM, of the MCA and of the government. This also coincides with Macau’s first ever labor legislation – Labor Relations Ordinance (Decree Law 24/89/M) – and with the creation of the Labor and Employment Department within Macau’s Government (for more on this point, see chapter 6).

48 Interview with Mr. Wu, AGOM, Macau July 2004; but he did not disclose who the ‘benefactors’ were.
health assistance, to sports activities and dance classes. In 1984, the Macau kaifongs were integrated in the General Association of the Macau Kaifongs (UGAMM), which became an important institutional layer linking the twenty-four neighbourhood associations to the administration. The UGAMM comprises of representatives from the twenty-four kaifongs in the directive board, and of a working group whose main function is to manage financial and social resources (Sousa Santos 1998: 423).

From the associations mentioned so far, the MCA, the MIA, the MEIA, the AGOM and the Kaifong’s Union acquired organic political participation: the first three in 1976, and the later in 1984. Both the AGOM and the Kaifong’s General Union represent the interests of Macau’s working class but their political and economic prowess has been comparably inferior to the business associations. This is because, prior to 1984, the Portuguese administration was out of their reach, unless they had connections with the MCA or the MIA. In spite of the many political changes, the association – reflecting either workers or entrepreneurial interests – has been the predominant form of social and political organization, not just because they express specific collective interests and strategies overtime, but also because they offer a springboard to a political career.


The unquestionability of the Portuguese administration in Macau came to an end in 1984, when the PRC and the UK signed the Sino-British Joint Declaration, stating that Hong Kong would revert to PRC sovereignty. For Macau the significance of this declaration was that it anticipated a similar agreement and a similar fate. Both the Sino-British and Sino-Portuguese Joint Declarations excluded the possibility for either Macau or Hong Kong to be politically independent from the PRC, and foreseeing instead a wide degree of administrative autonomy.

Back in 1976, the Portuguese government had devised ‘other forms of local administration’ in Macau, which had to be consistent with the de-colonization process but still allowing it to retain a ‘sovereign’ politico-administrative role. For the PRC, the Portuguese initiative in recognizing Macau as Chinese territory proved the indisputability of the PRC’s view that both Macau and Hong Kong were part of China, and that their respective governments should and would be removed at

an appropriate moment. When Portugal and China established diplomatic relations in 1979, both countries signed a Protocol on the Macau ‘question’.\textsuperscript{50} The protocol committed the Portuguese government to continue administering Macau until the question on the territory’s future status was settled. The period between 1976 and 1979 was symptomatic that Portuguese and Chinese diplomats had reached the same conclusion regarding the future of Macau. The Portuguese agreed that formal political independence was out of the question, but China had to guarantee that the political and economic modes of living would not be jeopardized.

China took the lead in designing the political solution for Macau. In 1982, the inclusion of the ‘one country, two systems’ principle in the PRC’s constitution contained the long-awaited message: as part of the PRC, Hong Kong and Macau’s ‘special status’ would be respected and preserved. The ‘one country, two systems’ article provided for the creation of Special Administrative Regions in China, where different political and economic systems could be established (within the nation-state), in a clear reference to Taiwan, Hong Kong and Macau (c.f. Pereira 1995). Since the Portuguese had already recognized Macau as a Chinese territory, the PRC’s strategy was to first negotiate with the British the terms of Hong Kong’s devolution to China. The negotiations leading to the signing of the Sino-British Joint Declaration were done in a relatively short period of time – between July 1983 and September 1984 – and the handover date for Hong Kong was set for 1997, corresponding to the end of the 100-year leasing contract of Kowloon and the New Territories. In October 1984, Deng Xiaoping met with a group of Macau representatives, which included Ma Man Kei, Chui Tak Kei and Eric Yeung, and declared that the Macau question would be settled just like Hong Kong, but there was no immediate urgency. ‘(…) ‘When we established relations with Portugal, we agreed on important matters of principle regarding Macau. It will be therefore easier to negotiate’ (Wu 1999: 375-80).

3.4.1. The Sino-Portuguese Joint Declaration of 1987 and the implementation of the Macau Basic Law

The Sino-Portuguese Joint Declaration of 1987 initiated a new and final phase in Macau’s de-colonization process. It brought together the governments of China and Portugal, to negotiate and prepare Macau’s handover to the PRC. As stated in the Declaration’s preamble, both governments agreed that the transition would be conducted under a framework of ‘administrative continuity, in harmony with the one

country two systems principle’. In the ‘one country, two systems’ framework, the Joint Declaration contained two fundamental principles: the principle of continuity and the principle of autonomy. As specified in Article 2 of the Joint Declaration, Macau would become a Special Administrative Region of China, with a high degree of autonomy in conducting all of its policies, except in defence and external representation issues. The principle of continuity preserves the political, social and economic systems, including the protection of individual rights and freedoms during and after the transition, and the continuation of the local administrative and legislative institutions. The principle of autonomy declares that from 1999 onwards, both the Legislative Assembly and the local government would be constituted by local residents; and in the case of top government functions, by residents possessing Chinese nationality. As an SAR, Macau is directly subordinated to the PRC central government, and at the same time autonomous from it, through its locally-constituted politico-economic system.

Between 1987 and 1999, Portugal and China assumed joint political responsibility over Macau, specifically through the creation of two temporary institutional bodies: the Sino-Portuguese Liaison Group and the Sino-Portuguese Land Group. These were ‘facilitating institutions for the transition process’, with powers to gather ‘specialized joint committees in constitutional, legal and economic areas, when deemed necessary, until the handover date.’

The Sino-Portuguese Liaison Group (Grupo de Ligação Luso-Chinês) functioned as a permanent consultation and information exchange body between the governments of Portugal and China, headed by two high representatives from each country, on an equal basis. This group was composed of ten members, five representing each country and it was not meant to have any supervisory role in the territory’s direct administration. It served mainly as a diplomatic platform, bringing together external representatives (Portugal and the PRC), and local government and business representatives. Yet it still had an important political function in supervising the establishment of the legal and constitutional base of the new status.

The second transitional body was the Sino-Portuguese Land Group (Grupo de Terras Luso-Chinês), composed of six members, three for each country. It dealt

52 Joint Declaration, 1987, article 2, 4. This article institutes freedom of speech, freedom of press, of association, of migration, strike, professional choice, academic research, religious freedom, and the right of private property.
53 Joint Declaration, 1987, art. 4 (3).
54 Joint Declaration, 1987, annex 2.
exclusively with contracts of land development and land concessions in Macau. For example, all the income obtained from land leases in the transition period would be automatically used by the post-1999 government. Until that date, the Land Group would supervise all contracts financing land development and allocating land for public investments.

In 1988, the Sino-Portuguese Liaison Group established the Basic Law Drafting Committee, bringing together representatives from Portugal and China, from the local business community and church representatives to draft Macau’s future constitution. In 1993, the Macau Basic Law was approved by the PRC’s National Assembly and replaced the 1976 Organic Statute, by establishing the political and administrative structure of the future SAR.

The Basic Law operated the devolution of Macau to the PRC and dismissed any possibility for the territory’s self-determination, by affirming that it is an inalienable part of the PRC. The Basic Law articulates a division between local and central powers. It admits the possibility of changing Macau’s political and economic system, but not before a period of fifty years. Revisions and amendments to this law can only be done at the central level (at the People’s National Assembly – PNA) but the PNA can initiate revisions without consulting local institutions. Accordingly, political and economic rights in Macau are conditioned by the prohibition of acts of treason and subversion against the central government. The Basic Law also extends the powers of the Governor – to be called Chief Executive after 1999 – in its capacity to initiate and make policies in new areas, such as administrative and electoral reforms, and definition of the public budget, outside the approval of the Legislative Assembly. The choice of the term ‘Chief Executive’ over the colonial-charged Governor indicates that Macau should be run like a company; the last word comes from the administrative board, not from the managers and workers. In comparison to the Governor, the Chief Executive can dissolve the Legislative Assembly without consulting the central government, when the general interest of the Macau is in jeopardy. This contrasts with the previous period in which the Portuguese governor could only dissolve the legislative assembly with the consent of the Portuguese Head of State. Finally, all policy and

55 For more on this issue of land concessions, see Chapter 5.
56 Cf. Morbey 1990, annex 5: ‘Composition of the Basic Law Drafting Committee’.
58 Basic Law 1993 article 5
59 Basic Law 1993, article 144.
60 Basic Law, 1993, article 50.
61 Basic Law, 1993 article 52.
legislation proposals from the Legislative Assembly have to be first submitted to the Chief Executive, which potentially ‘erodes the assembly’s legislative powers, and perpetuates an authoritarian, executive-led political system’ (Pereira 1995: 134).

Edmonds and Yee (1999: 814) point out that the Basic Law’s preservation of the organizational structure left by the Portuguese has suited the central government’s designs. The triangular system (8-8-7) ensured that no proposal by the directly appointed members could ever pass if this is not in the government or the business groups’ interest. Despite the LA’s loss of power vis-à-vis the SAR executive, both Portugal and the PRC have had a keen interest to keep the appointed seats (nominated deputies) in the legislature. This served the interest of the Portuguese in avoiding being kicked out too soon and of the PRC in the continuation of the system. The system had been built to countervail any growing democratic trends and could be continued by local people loyal to the ‘one country, two systems’ – the rich, influential Chinese business elites. Accordingly, the Basic Law clarifies that the top officials of the post-handover Macau will be chosen from the local population, and not outside appointees from the Mainland.

The Basic Law also determines that the choice and election of Macau’s highest representative – the Chief Executive – will be conducted by a local electoral commission, gathering representatives mostly from the larger associations and other elite groups, especially those close, or with connections to the PRC central government. Institutionally, the Legislative Assembly has no word in the choice of the Chief Executive, but some of its deputies do participate in the electoral commission. This means that important decisions depend on a very small number of people – those few who have wealth, social influence and political connections in the Mainland.

3.4.2. The Co-optation of Macau Associations in local and national government institutions

Between 1987 and 1999, Macau’s de-colonization process was accelerated in view of the new status it would have as a PRC region. It was also in this period that local business elites and working class representatives acquired formal recognition within Beijing’s top political institutions.

In reward for their political loyalty to the PRC, individuals such as Ma Man Kei, Stanley Ho, Susana Chou (currently president of the LA) Edmund Ho (current Chief Executive), Francis Tam (Secretary for Economy and Finances) and Chui Sai Cheong (Secretary for Social and Cultural Affairs) – all of them MCA members – were accepted into the People’s Political Consultative Conference (PPCC). In 1990 two representatives from the AGOM and one from the UGAMM were also
granted access to the PPCC. During the 1990s, the MCA clearly had support from Beijing. Ma Man Kei was appointed Vice Chairman of the Standing Committee of the People’s National Assembly in 1993, and Edmund Ho – the son of Ho Yin and vice-chairman of the MCA until 1999 – was chosen to become Macau’s first Chief Executive. Two thirds of the members in the Basic Law Drafting Committee were part of Macau’s top-associative nucleus (including Stanley Ho, Ma Man Kei, Francis Tam and Chui Sai Cheong), which clearly shows the growing influence of Macau business elites, both in the territory and in Beijing.

This political evolution accompanied a process in which Macau’s largest and most influential associations fused the PRC’s political and economic interests in Macau. The opening up of the PRC’s political institutions to the local Chinese elites – to those with an assumed pro-Beijing political stance – turned them into uncontested political leaders, and their associations into an elite pool from where future government officials would be drawn.

3.4.3. The Localization Process: the substitution of Portuguese for Chinese civil servants and administrators

The Joint Declaration had forecasted several reforms to be conducted at all levels of the government, in order to set up the organizational structure of the future SAR government. In practice, this involved gradually substituting Portuguese government officials and civil servants for local Chinese ones. This substitution – granting the Macau Chinese the right to fulfil administrative and governmental functions – has been denominated localization process (Lam 1991, Pereira 1995, Lo 1995). This task required close collaboration with the Macau Chinese elites, otherwise – and if the localization would not be made on time – the required qualified personnel would have to come from the Mainland to take over government functions.

The localization process required a legal definition of a Macau ‘citizen’, which would be anyone living and working in Macau for at least seven years. Following the reform of the local electoral system in 1984, a Macau resident (and potential voter) could choose to have either Portuguese or Chinese nationality, but never both. After 1987, the population of Macau had the right to choose which nationality to have after 1999 without hindering their residency status. Most Macanese were inclined to choose the Portuguese nationality, due to socio-cultural affinities and to the fact that many generations of Macanese had traditionally worked for the Portuguese administration. The Portuguese had long favoured the Macanese, by including them in the civil service because of their language abilities (bilingual Portuguese-Cantonese). Since 1987, securing top positions for the Macanese was the way the Portuguese found to extend their linguistic and cultural influence in
Macau after 1999.⁶² There was a feeble effort in introducing Chinese as a working language in local government departments, which resulted in a last minute promotion of very young and inexperienced administrators with no working knowledge of the Portuguese language.⁶³ The urgency of implementing Chinese as a working language in the government meant that both Portuguese and Macanese civil servants would loose out to mostly young and inexperienced Chinese because, though fluent in Cantonese and in Portuguese, the Macanese and Portuguese seldom spoke Mandarin and were unable to use the Chinese writing system.

The localization process was accompanied by a substantial expansion of the administrative apparatus in Macau, which included the creation of several governmental and semi-governmental bodies and a number of cultural and educational foundations.⁶⁴ The Organic Statute had prescribed the existence of five secretariats under the Governor, but these were extended to seven in 1990 each secretariat growing in a number of specialized departments, divisions and sections, like for example the Department of Gambling Coordination and Inspection or the Department for Labour and Employment Affairs, both created in 1989 (Wu 1999:416). These changes provoked an increase in government and administrative personnel. In 1990, Afonso and Pereira (1990: 245) had counted around 8,500 individuals employed by the government; ten years later there were almost the double or, 16,700 civil servants.⁶⁵

With the handover in sight, the days of the politically committed Governors of the 1970s and early 1980s were over. A shift in the attitude of the Portuguese administrators meant that they now wished to profit from the situation and to gain as much money and influence as possible before the handover. The 1990 scandal involving Governor Carlos Melancia in a case of fraud and embezzlement gravely affected the image of the Portuguese government in Macau, though with no major consequence for the ongoing transition. It is not incidental that during the early

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⁶² This is made evident in the Basic Law, which declares that Portuguese would remain one of Macau’s official languages, on the same level as Chinese.

⁶³ Nowadays the Chinese who detain high rank positions within government institutions are mostly in their thirties. One assumes that the basic criteria for recruitment were a minimum level of proficiency in Portuguese coupled with a pro-Beijing stand.

⁶⁴ These semi-governmental bodies congregated government officials and local businessmen, such as in the IPIM (Macau Institute for Investment Promotion) or the CPTTM (Macau Centre for Productivity and Technological Transfer) – discussed in Chapter 4. In the case of local cultural foundations, like the Macau Foundation or the Macau Cultural Institute, these were largely sponsored by the local gambling consortium: this company provided with the money and the Portuguese government appointed the administration, which included the financial stakeholders, political representatives and members of the Portuguese cultural elite.

1990s, Macau was perceived as the place to go to earn as much money as possible through the exercise of political functions, before the Chinese would take over. Personal favouritism and connections were reflected in the award of large projects such as the construction of the airport and the second Macau-Taipa bridge to Portuguese companies, in which Stanley Ho’s gambling consortium provided the lion share in of these projects’ investment capital.\textsuperscript{66} In Portugal, the metaphor for Macau was literally, the “Pataca Tree”, the place where money grew on trees.

Between 1987 and 1999, changes in the Macau executive seemed to have been the result of individual improvisation by the Portuguese Governor (Lam 1991: 330). Every new governor would basically re-organise the functions and powers of the undersecretaries. Higher rank positions in Macau were given as ‘rewards to political supporters and personal friends of the Portuguese President’ (Lam 1991: 227). Throughout the transition years, the connection between the presidency in Portugal and the governorship in Macau would become so close that as a rule every change of the presidency in Portugal was followed by a change of Governor in Macau. For every change of governor, the high rank officials would also change, producing a high turn-over of Portuguese-born civil servants. However, the Portuguese administration did not recruit any local Chinese to key positions, with the exception of Lee Peng Hong as president of Macau’s Investment Promotion Institute (IPIM) in 1998. In the last years of the Portuguese administration, the expansion of the local bureaucracy brought, for a brief period of time, an actual increase in Portuguese and Macanese civil servants, especially in top political functions. The last Portuguese Governor in Macau Rocha Vieira (1991-1999) still kept an executive overwhelmingly composed of Portuguese nationals, including all of his undersecretaries. He justified delays in implementing the localization policy based on ‘the lack of qualified personnel in Macau to perform governmental functions’ in the face of ‘increasing complexity of administrative tasks.’\textsuperscript{67}

\section*{3.5. Conclusion}

From the end of the colonial regime to the moment of its integration in the Chinese state, Macau’s modern political system evolved along a particular de-colonization/

\textsuperscript{66} This matter is discussed in more detail in Chapter 4.

\textsuperscript{67} Rocha Vieira, transcription of his speech on the occasion of the 85\textsuperscript{th} anniversary of the Macau Commercial Association, June 8\textsuperscript{th} 1998.
transition process. This process not only lasted more than 25 years, but also echoed institutional arrangements of Macau’s early colonization period, during which changes in the relations between Portugal and China had a direct impact on Macau. In the de-colonization period, such as in the early colonial period, public institutions were in fact a Portuguese matter, with little or no influence from Chinese authorities. However, the crucial difference was that the Portuguese now recognized that Macau was—and always had been—a part of China.

After Mao’s death in 1976, China entered a long period of political and economic reform. It is not surprising that Macau was not a priority in the PRC’s political agenda and, until 1984, the political climate in Macau was somewhat detached from Mainland politics. However, between 1976 and 1979, the joint effort of Portuguese and Chinese diplomats to negotiate the future of Macau is revealing of how the de-colonization processes first occurred on the diplomatic level, and gradually was adapted and introduced in the local institutions.

The implementation of the Organic Statute in 1976 introduced a partial representation political system, which enhanced and consolidated the power of the Portuguese executive government—weakened since the 1/2/3 events—and the power of the business associations. In the absence of a clear agreement regarding Macau’s future status, the negotiated pattern of political control over the territory was maintained, this time between neo-colonial Portuguese administrators and local Chinese business leaders. To avoid major problems with China, the local government preferred to rule together with the leaders of these associations, rather than stimulating political and civic participation through the formation of political parties or trade unions, situation which did not change meaningfully with the 1987 Joint Declaration or with the Basic Law in 1993. This negotiated ‘social contract’ between the Portuguese and the local business leaders was reminiscent of older colonial times. The business leaders’ support of the Portuguese government perpetuated the ‘co-existence of a relatively self-sustained and secluded bureaucratic polity and the overall Chinese society in Macau’ (Lam 1991: 323)

However, the de-colonization process gains a different light, once we take the association as the most effective political means of organization in Macau. Though excluded to participate in deciding Macau’s future status, the local population started showing a strong desire to participate in the territory’s civic life. After the short-lived existence of some political parties similar to those in other parts of the world, the Macau associations gained a new life with the Chinese population eager to create more mechanisms of civic and political inclusion. The 1984 electoral reforms are illustrative of this phenomenon and also of how associations other than the traditional ones acquired direct participation in the legislative assembly. Nevertheless, the continuous presence of business representatives in the local government—in contrast with, for example, local labour interests—reveals a typical
pattern of state-society relations, which emerged still in colonial times and which would weigh substantially in determining the economic and political parameters of Macau’s re-unification with China. In 1987, the Sino-Portuguese Joint Declaration established a framework of bilateral negotiations (between Portugal and China), and created special institutional bodies to operate Macau’s transition. By taking part in these bodies, the local business elites and their associations increased even further the scope of their political role in Macau, and now also in China. They thus became the fundamental actors in negotiating the terms of Macau’s transition. In the course of the 1980s, especially after 1987, the protection of Macau’s local business interests became an essential factor in China’s political strategy for Macau. Hence more opportunities were given to the Macau business elites to participate in China’s top policy making bodies, and to use that newfound political capacity to assure high political functions in the post-handover government.

As the decolonisation process reached the stage of administrative localization –the substitution of Portuguese bureaucrats for local residents possessing Chinese nationality – a change in actors did not alter the character of local power relations, expressed in the capacity of interest groups to influence, rather than to acquire political authority. The heritage of the Portuguese neo-colonial model remained, but it was now bound to be ‘recolonized’, not by Mainland officials but by those who possessed to right connections in Beijing; namely the local Chinese business elites. In this context, associations such as the MCA, the MIA and the MEIA have been the preferred vehicles for local Chinese businessmen with a political agenda. They want to shape economic policy in Macau in order to protect and enlarge their business interests, and eventually to perform political functions in Macau as well as in China.

The negotiated character of Macau’s decolonisation process is found in the ways through which Portuguese officials and the Macau Chinese business elites shared and split political power in Macau, outside any dominant opposition framework. Though this situation echoes the earlier patterns of negotiated colonialism (in which Macau’s jurisdiction was split between the Portuguese traders and the Chinese Mandarins), the de-colonisation period is characterized by the growing political power of local business elites, who first played the role of political counterweight to the Portuguese administration, and that would later become the administration itself. These patterns have carried their legacy into the present situation, but the transition process has also served to introduce major economic changes and stimulate new economic and political decisions. The implications of Macau’s new political status for local state and business patterns will be the main theme of the remaining part of this study: the analysis of these patterns after the transition, with two case-studies about state-business relations in two different, but significant local industries – the gaming and entertainment-related industry and the textiles and garments industries.