

## **Getting rid of the influence of history: A Study of Macau's Development Orientation and Innovation in Guangdong, HK and Macau**

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**Abstract:** With the national positioning of the economic development of Guangdong, Hong Kong and Macau, those have begun to re-orientate themselves. As a member of the Greater bay Area, Macau’s economic development has historical factors and needs to be modernized and restructured into a global economy. After sorting out Macau’s economic history, we finds that gambling industry, as one of the pillars of Macau’s economic industry, existed in the Ming and Qing Dynasties, and it was inseparable from politics and colonization. Since the 1990s, such economic development has been further path-dependent, tourism has become another economic pillar. However, this was not to say that there is no problem with this mode of development. In order to avoid and seize the strategic opportunities of the Greater bay Area, Macau needs to transform its development orientation from three aspects: firstly, needing to play its role as a bridge in the Greater bay Area; secondly, needing to get rid of Macau’s path dependence on the tourism industry and seek new economic growth points; thirdly, needing to expand Macau moderately. Utilization of ocean area. This is not to say that Macau needs to get rid of history overnight, we needs combine the current situation and make use of tradition to innovate economy, as to form a healthy, reasonable, low-risk and high-yield industrial economic model.

### **1. Introduction**

In 2019, the development plan for *Guangdong-Hong Kong-Macao Greater Bay Area* was officially released publicly after the approval of the Central Committee of the CCP and the State Council, it achieved great social repercussions. Its nature lies in its strategic positioning of Guangdong, HK, Macau and Greater bay Area. Comprehensive planning has been made on development goals and spatial layout. This is a long-term strategic development plan. According to the plan, the Greater bay Area should not only build a dynamic world-class city group, an international technological innovation center, an important support for the construction of the one belt

along the way, a demonstration area for deep cooperation between the mainland and HK and Macau, but also play a good quality life circle suitable for livable industries and become a model for high-quality development. As Mi Jian, Director of Policy Research and Regional Development Bureau of the Macao SAR Government said that the outline of planning listed Macao as one of the four central cities in the development and construction of the Greater bay Area, and making it a core engine or bringing a golden opportunity for Macau's development. In other words, Macau is engine. It means "the core part of the engine" and is the source of power. So, Macau needs to play a dynamic role in the development of the Greater bay Area.

In fact, how to play this role? How to play this role at multiple levels? According to the present urban pattern of Greater bay Area, it is not easy.

From the point of view of economic development, for Guangdong, it is China's largest economic province. According to data, the total GDP of Shenzhen and Guangzhou both exceeded 2 trillion yuan in 2018. The total GDP of Guangdong Province is about 10 trillion yuan in 2018, that is to say that two cities alone contribute almost half of the total GDP of Guangdong Province. Of course, Guangdong's advantages lie in its total economic output, but its disadvantages lie in the unbalanced development of the province. For HK, *Hong Kong-Zhuhai-Macao Bridge* was opened, it was adjacent to Shenzhen and with obvious location advantages. According to data, HK's economy has repeatedly exceeded expectations in 2017. Moreover, the ratio of per capital GDP to the level of high-income economies reached 1.25, ranking 14th in the world in 2016, .

From the industrial point of view, for Guangdong, its pillar industries include real estate, catering, finance, household appliances, science and technology digital, food, etc.. According to the data, in the first half of 2017, the cumulative added value of manufacturing industry above scale reached 1447.432 billion(RMB), an increase of 8.4% over the same period last year. It is still an important force to support the growth of industrial added value above scale. Moreover, the total contribution rate of electronics, electrical appliances and cycling to the growth of industrial added value above the scale of Guangdong is 64.0%, which is 10.4 percentage points higher than that of the same period last year, and 4.6 percentage points higher than that of the same period last year, which is 1.0 percentage points higher than that of the same period last year. For HK, its pillar industries include foreign trade and logistics, financial services, tourism and so on. According to the data, in 2016, the added value of financial services industry was 429.1 billion HK dollars; the added value of tourism industry was 112.4 billion HK dollars; the added value of trade and logistics industry was 523.1 billion HK dollars; and the added value of professional services and other industrial and commercial support services industry was 302.9 billion HK dollars.

From the perspective of the future development focus of Guangdong and HK, Guangdong has promulgated some incentive documents in 2017, those focusing on supporting the emerging pillar industries: high-end intelligent equipment, new energy, energy conservation and environmental protection, new materials, new generation information technology. In 2018, support for scientific and technological research and development have become the long-term focus of the new SAR government. According to the policy report, Hong Kong's

total R&D expenditure will increase from 0.7% to 1.5% of GDP in the next five years, reaching the level of about 45 billion Hong Kong dollars per year.

Therefore, how to position Macau in the development of the Greater bay Area is a matter of great concern to Macau in the future. This paper holds that the development of any city has the influence of historical tradition, but not in one move can achieve great results. This paper chooses the history as the starting point and Macau as the starting point to discuss how to carry out innovative and integrated development in the strategy of the Great Bay Area.

## **2. Macau's Economic Development History since Ming and Qing Dynasties**

The purpose of reviewing Macau's history is to understand its past industrial and economic situation. According to the data, after the *Youhaotongshangtiaoyue* was concluded between the KMT and the Portuguese Government, Macao has entered a new period of rapid development and prosperity since the early 1930s, the patent management of Macau's gambling industry has also been implemented from this period. Macau was opened in 1553, it has a different political ecology from any other colonies in the world. Moreover, since the opening of the port, the prosperity and decline of Macau has been closely related to the inter-dynasty movement of the mainland. Macau's early prosperity was not due to Portuguese's special trade and governance ability, but its exclusive monopoly of trade under the background of China's maritime ban.

By 1845, the Queen of Portugal declared Macau a free port for Portugal, and all ships from any country were exempted from customs duties when importing goods to Macau. By virtue of the weakness after the defeat of the Qing Dynasty, the Portuguese occupied Macau, but it was not until 1887 that Macau's legal status was confirmed by the *Zhongpuyouhaotongshangtiaoyue*, and Portugal was able to live and manage Macau forever. If strictly speaking, it is from this moment that Macau becomes a real colony.

In 1974, *the Portuguese Revolution* succeeded in implementing the policy of decolonization, recognizing that Macau was illegally occupied by Portugal, the first time returning Macau to China. But for a series of reasons, it was not until 1999 that Macau returned to China. Therefore, from this perspective, Macau's economic development is often inseparable from history and politics.

Specifically, Macau's entire economic history can be divided into the following stages: First of all, during the Ming Dynasty, Macau was originally a small fishing village in Xiangshan County with a small population. But since the Portuguese occupation, Macau has gradually become a port for China's foreign trade and a transit port for Western countries to trade in the East.

Secondly, during the Qing Dynasty, Macau's foreign trade was much worse than before, but the Qing government still gave Macau many preferential treatments, which enabled Macau's foreign trade to proceed. For example, the import and export tax of merchant ships was collected in accordance with the old system of the Ming Dynasty and classified according to hull size. After the first Opium War, Britain devoted itself to developing HK as a transit port and replacing Macau, and this actions making Macau's transit trade decline

completely. In 1847, Portugal declared Macau legal gambling. Since 1872, the gambling industry has become an important part of Macau's economy.

Thirdly, Macau's traditional economic activities during the Republic of China were mainly fisheries, with more than 60,000 fishermen in 1921. Fish exports accounted for 26.4% of total exports in 1930s. In addition, in 1930, the three major industrial exports accounted for 37.8% of the total export value. At this moment, Macau's gambling industry is also beginning to develop. Haoxing Company acquired the exclusive rights of gambling industry in Australia and established the first Western-style casino in Greater China. In 1937, Taixing Entertainment Corporation signed a contract with the Finance Department of the Macau Government to acquire the exclusive gambling rights in Macau. It paid for Macau \$1.8 million annually to the Macau Government, which became the main source of revenue for the Macau Government. From the Second World War to the 1980s, Macau's gambling revenue increased steadily. In 1975, it was 68.97 million, but in 1976, it increased to 20.654 million. In 1977, it increased to 30.48 million, in 1978, it was 41.368 million, in 1979 it increased to 56.976 million, and in 1980, it reached 71.72 million. This was a helpless result for Macau, but a deformed economy.

In addition to the gambling industry, other forms of Macau's economy developed slowly during this period. In terms of industry, Macau's industrial activities were dominated by three traditional handicraft industries: Shenxiang, matches and firecrackers. However, the earliest modern industry in Macau is textile and wig manufacturing. In 1958, textiles accounted for 19% of the export products, followed by fish and firecracker industry, which accounted for 71.6% in 1969, fish dropped to 9.2%, and traditional handicraft industry accounted for only 7.1%. It can be seen that the gambling industry occupies the mainstream of Macau's economy, while the industrial and financial industries develop slowly.

### **3. Getting rid of the influence of history: Macau's Development Orientation and Innovation in Guangdong, Hong Kong and Macau**

For Macau, the single economic development was obviously one of the characteristics of Macau's, but it can not meet the needs of Macau's social and economic development in the new era of China. Now, the strategic opportunity of the Great Bay Area has given Macau chance. How can Macau use this opportunity to carry out its transformation?

Firstly, the role of Macau as a bridge in the Great Bay Area of Guangdong, HK and Macau should be brought into full play. This paper argues that Macao should be built as a transit station connecting HK and Guangdong. On the one hand, although Macau was a free trade port in history, but the status was not prominent. On the other hand, because of the rapid development of gambling industry, the Macau government did not give full consideration to the role of Macau Bridge in trade. Today, with the Zhuhai-HK-Macau Bridge and the globalization of world trade, we believe that Macau should play such a role again and integrate national strategies to achieve this transformation. At the same time, Macau should give full play to its unique advantages

of “one country, two systems” and take the two orientations entrusted by the state as its starting point: 1) as a world tourism and leisure center, it can provide tourism training for cooperation between Guangdong, HK, Macau, the Great Bay Area and the Pan-Pearl River Delta; 2) Macau can make full use of the favorable conditions for the establishment of a platform for the economic and trade cooperation between China and Portuguese speaking countries, and combine it with the construction of the big bay area of Guangdong, HK and Macau and the construction of “one belt and one road”.

Secondly, we should get rid of Macau’s path dependence on the tourism industry and seek new economic growth points. Today, the role and weight of the gambling industry for Macau is very important, but it also has certain risks, such as since the central anti-corruption, Macau’s gambling has suffered a heavy blow. According to the data, the good days in Macau have undergone tremendous changes since the 10th year. In 2015, Macau’s GDP fell by 24.5%. At the same time, for some residents, there is also excessive reliance on the gambling industry. “We do not have other work experience, so it is difficult to find a job outside the casino, and from earning 20,000 Macao dollars a month to earning 10,000 yuan a month is also unacceptable.” Therefore, this has led to the local main players are fully dependent on gambling. So, the most important and difficult transformation is caused by both the history and the monotony of the current economic development model. But it must be reformed. On the one hand, Macau needs to find new economic growth points, such as the traditional Chinese medicine industry. On the other hand, Macau should enhance its ability to resist risks.

In addition, the pressure brought by tourism is not small. For example, when tourists visit the Dasanba, they will also go to the neighborhood to buy things and occupy a certain amount of space. However, this will inevitably lead to the competition between migrants and local resources, such as transportation resources.

#### **4. How does Macau face the above problems?**

You see that Macau’s marine area can be appropriately expanded. Located on the West Bank of the Pearl River, Macau SAR has a population of 650,000 and a land area of 32 square kilometers. Its GDP was about 342 billion yuan in 2017, and it was per capital GDP is 79,000 yuan. But to put it in the Great Bay Area, Macau is also the place of bullets. The unbalanced demand and supply of resources, as well as the continuous expansion of residential construction land and Casino land, it will inevitably bring great challenges to Macau’s land resources. So, it is necessary for Macau to think that how to expand space.

As we all know, in 2015, *Zhonghuanmingongheguo aomentebixingzhengqu xingzhengquyutu* was formally put into effect, which defined the waters and land boundaries of Macau. The Central Government defined the waters of the Macau Special Administrative Region as 85 square kilometers, which means that Macau can play a diversionary and economic role. In the long run, to develop the marine economy, Macau should focus on regional cooperation, especially on strengthening cooperation with Guangdong and Zhuhai for common development. At the same time, the ideas of Zhuhai and Macau can even be more open and cooperation can be more in-depth. For example, many islands under Zhuhai’s jurisdiction have not developed satisfactorily, so it is

better to rent or sell some to Macau to develop island tourism. the construction of high-end hotels on the island, the development of cruise and yacht leisure tourism, which is sure to Zhuhai's economy is also a good driving force. So, How to develop on the sea is the countermeasure that Macau needs to think.

To sum up, Macao needs to play a bridge role in the Great Bay Area and play the role of linking resources and trade products, actively strengthen integration with HK and Guangdong. They can cooperate in many fields such as science, technology, education and culture. For instance: 1) Macau should take the initiative to play the role of precisely positioning this development mode; Macao needs to get rid of its dependence on gambling industry, reduce its risk and balance the resources imbalance caused by gambling and tourism, so as to avoid squeezing local residents. 2) Macau needs to do something on the sea and rely on the strategy of "one belt and one road". The development and utilization of goods trade, hotels and tourism on the sea will reduce the pressure on land. 3) In the context of regional cooperation, Macau needs to promote economic exchanges and maritime cooperation between Guangdong, HK and Macau, as well as deepen trade in marine goods around the world. Only in this way, Macau can get out of the influence of history and actively seek new economic growth points and play a good role as an engine.

## **5. Conclusion**

This paper first introduces the problems, then combs the economic history of Macau, and then puts forward corresponding countermeasures, that is, how to get out of the influence of history and actively integrate into the economic development of Guangdong, HK and Macau. The three countermeasures in this paper are not only the strategies for Macau's economic development, but also the warning for Macau's current economic and social development.

According to the author's many years of life experience in Macau, especially, the tourism industry, although it can be an economic pillar. We need to find a way to develop Macau's diversified economy. More importantly, in addition to economic transformation, how to achieve the balance between people's livelihood development and economic development under existing conditions. This problem is not only Macau's, but also China's.

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