

# Macao's Split Labour Market

*Timothy Kerswell* | ORCID: 0000-0002-7763-4234

Institute for International Affairs, Chinese University of Hong Kong  
(Shenzhen), 2001 Longxiang Boulevard, Longgang District, Shenzhen,  
P.R. China

*Corresponding author, e-mail: timothykerswell@cuhk.edu.cn*

*Leong Sin Hang*

University of Macau, Avenida da Universidade, Taipa, Macau, P.R. China  
*sherleyleong96@gmail.com*

*William Chan*

University of Macau, Avenida da Universidade, Taipa, Macau, P.R. China  
*yc27715@connect.um.edu.mo*

## Abstract

Edna Bonacich's split labour market states that socio-political factors generate differential outcomes for workers in a region, generally as the result of ethnic antagonism. This ethnic antagonism, Bonacich argues, does not require open violence or even verbal confrontation but can operate through exclusion movements and "caste" systems. In this paper, we use Bonacich's framework to analyse the production of a split labour market in the Macao, Special Administrative Region of China. Macao depends on an abundant supply of low-skilled migrant workers to remunerate the workforce. While many migrant workers are foreigners, most are 'internal' migrants from Mainland China, meaning that a conventional explanation of ethnic differences is insufficient. Bonacich had observed that "exclusion attempts and caste-like arrangements are found among national groupings within a racial category" giving the example of 'whites' in the United States excluding other 'whites' from different parts of Europe. However, Macao as a part of China constitutes a unique example in that an exclusion attempt and caste-like arrangement is to be found within the same national grouping of the same racial category in the same country. As this research considers how ethnic and quasi-ethnic differences are produced and sustained in Macao through government policy; social attitudes and the social practices of workers and businesses, we find that

permanent Macao ID card holders, which gives out numerous benefits and rights, is as a form of exclusion movement. Moreover, local workers act as a labour aristocracy: they extract concessions from businesses and suppress migrant workers economically, politically and socially. Edna Bonacich's split labour market helps explain how a labour aristocracy is maintained subtly at the interest of local workers through concessions from the businesses.

## Keywords

China – Macao – migration – split labour market

## 1 Introduction

In 2016 Macao had 177 638 migrant workers out of a total residential population of 650 843 (Macao Statistics and Census Bureau, 2022). Most migrant workers in Macao are from Mainland China, Hong Kong, Philippines, Vietnam, Indonesia, Thailand and Malaysia, with 113 417 from Mainland China as the majority. The disadvantages of foreign migrant workers are more readily comprehensible: exclusion as non-native ethnic groups. However, many of Macao's migrant workers come from Mainland China. This group, while belonging to the same ethnic group as the local residents, still suffer from similar disadvantages in Macao.

Originally established as a colony of Portugal, Macao was handed over as a territory from Portugal to China in 1999. To guarantee a smooth transformation, the central government of Mainland China issued the OCTS policy. According to a statement from Beijing in 2004, the OCTS was designated by Deng Xiaoping, the leader of China during the return of Macao to its motherland, for local Chinese compatriots in Macao to govern Macao (Deng, 2014).

The reason behind OCTS is to displace the previous colonial government but also retain its legal and legislative systems as well as the economic system and currency for 50 years, where the central government believed it would bring long-term prosperity and stability to the region. According to the second article of the Basic Law, Macao has been granted a high degree of autonomy, and a social system that is different from the rest of China (Government of Macao Printing Bureau, 1999). This provides the political and economic foundations for a massive transfer of wealth from mainland China to Macao, creating the material foundations for higher wages in Macao. The Macao government is

also responsible for its own immigration policies, and it will be argued that the policies Macao have selected have generated a split labour market over time.

Macao is a capital surplus region constantly lacking labour force. This leads the Macao residents to have political advantages, which enables them to be given a higher payment and form a labour aristocracy. Hence, economically, migrant workers are disadvantaged in comparison and the labour market is split.

Socially, local labour unions such as the Macao Federation of Trade Unions (MFTU) only admit Macao workers as members. The result of this combination of policies is that Macao workers and migrants are stratified according to their resident status. Migrant workers in Macao perform as a subordinate group with fewer resources and are exposed to discrimination. We use the concept of the split labour market and the labour aristocracy to understand these Macao's labour dynamics.

Macao's relatively recent economic growth follows the liberalisation of the gambling industry in 2001. The importance of the casino industry to Macao's economy cannot be understated with gaming revenues of US\$43.94 billion in 2014 which was 12 times as much as in 2003 (Gaming Inspection and Coordination Bureau of the Macao SAR, 2014). Macao's government is entirely dependent on taxes collected from the casino industry, which amounted to 83.5% of all government revenue in 2014 (Liu et al., 2015). Macao as an economic entity is also dependent on siphoning China's public wealth through official corruption. The evidence of this can be seen in the decline of Macao's economic fortunes during China's anti-corruption campaign (Zhou, 2017; Chen, 2018: p. 144) and the subsequent rebounding of Macao's economy after the campaign eased (Hagar, 2017). Macao's privileged existence is linked to official corruption with 70% of the gaming industry's revenues come from VIP gaming lounges, which are favoured destinations for laundering or spending the proceeds of corruption (Chen, 2018: p. 144). Thus, we argue that one of the important material foundations of Macao's labour aristocracy is rooted in the private appropriation of public wealth from mainland China.

Migrant labour to Macao is significantly driven by wage differentials. According to the World Bank (The World Bank, 2022), in 2015 the GNI per capita of Macao was PPP\$98 650 and for Mainland China was PPP\$14 420, Philippines PPP\$8870, Vietnam PPP\$5740 and Indonesia PPP\$10 700, each of which constitutes Macao's major migrant labour sources. Macao is also beset by an acute labour shortage creating significant demand for migrant labour. As of the fourth quarter of 2016, there were 177 638 migrant workers in Macao which is a very high number of migrant workers considering the overall

population at the same time was approximately 650 000 (Macao Statistics and Census Bureau 2022).

## 2 Studies in Macao Migrant Workers

Research related to labour issues in Macao is seriously lacking, and even more so are for the Migrant workers' studies. Chan (1999) argues from an economic perspective that migrant workers could relief the inflation of working-class wages and prevent massive unemployment. Wang (2010) pinpoints the weakness of the undifferentiated local workforce and argued that migrant workers could create a more diverse economic structure for Macao. Both researchers have placed the emphasis on how to achieve economic success in Macao without concern over the inequality and discrimination towards migrant workers.

A recent study over the conditions of migrant workers was written by Wei Shi (2018). The author took great efforts to produce a narrative to describe the challenges faced by migrant workers structurally and culturally. From an economic perspective, Macao's economic prosperity has allowed huge leverage over the labor exporting states. Thus, there are few measures that the exporting states can help protect their migrant workers as the competition over migrant exportation is fierce (Shi, 2018).

Choi notes the average payrate of migrant workers ranged between "half to two-thirds of their local counterparts" (Choi, 2006: p. 145), whereas Ju and Sandel noted that unequal wages experienced by mainland migrant workers were a feature of Macao society, observing that this translated into a phenomenon of status differences between these categories of workers (Ju and Sandel, 2019: p. 270). However, in both cases the focus of the studies has been the wage differentials themselves or the difficulties of acculturation to a new society. The underlying causes for these phenomena have not been theorized.

## 3 Labour Aristocracy

Within the Marxist tradition, the concept most used to understand the privilege of certain workers is that of the labour aristocracy (Kerswell, 2019: p. 70). Workers from developed countries benefit through the indirect exploitation of workers from developing countries and accrue benefits from systems of trade and finance. Lenin coined the term 'labour aristocracy' as a component of his theory of imperialism (Lenin, 1964) whereby the system of imperialist

finance generates abnormally high profits as a result of super exploitation of certain types of labour. This enabled the capitalist class to pay higher wages to the labour aristocracy to win social peace. In the process however, it makes the privileged sections of the working class complicit in the exploitation of the other workers, altering their material interests and thereby their political stance.

In an exchange between Engels and Marx in 1858 (Marx and Engels, 1965: p. 110), Engels noted: “the English proletariat is actually becoming more and more bourgeois, so that this most bourgeois of all nations is apparently aiming ultimately at the possession of a bourgeois aristocracy and a bourgeois proletariat *alongside* the bourgeoisie.” He argued that this situation would ultimately cause the working class to split, leading members of the working-class to deviate from the revolutionary path.

In the early twentieth century, socialists regarded the labour aristocracy as a group of workers which had separated from the major proletariats in the form of closed and selfish specialised labour unions (Lenin, 1977). This argument explained why the European working class supported the imperialist states and their capitalist backers and fought with each other in the First World War in 1914. Compared to other workers, members of the labour aristocracy receive higher payments, better living standards and workplace treatments. They have more control over their working organisations and they have an affluent lifestyle (Hobsbawm, 2012: p. 26).

A labour aristocracy help produce and sustain a cultural and economic split between other workers. They can continuously receive support from the employers through the re-division of labour (split labour market) by having strong leverage position. In many cases, the labour aristocracy could even hire unprivileged workers to do their own work. We argue that a form of labour aristocracy has been established in Macao, based on the obvious political, social and economic supremacies. While labour aristocracies have historically been associated with imperialist countries, or settler colonies, we think that the same theoretical framework can be applied to Macau.

Migrant workers, especially unskilled ones, must work for specified work types strictly set by the Macao government. For example, although migrant workers can work in numerous sectors such as logistics, restaurants and even casinos, they are prohibited to work as drivers for their employers. They are often paid at a minimum wage. As an example, one security company in Macao said in a statement that the monthly salary for their migrant security worker is 6240 patacas (China Security Service (Macao) Co. Ltd., 2022). The average salary of domestic workers, comprising mostly migrant workers at 25 883 in

2022 (Government of the Macao Special Administrative Region: Labour Affairs Bureau, 2022a,b), is not included in the minimum wage. Whereas the median wage in Macao is 20 000 patacas, the average wage of domestic workers is only 4500 patacas (Government of the Macao Special Administrative Region: Labour Affairs Bureau, 2022a,b).

Casinos, according to the Labour Law, cannot hire card dealers, forcing Casinos to offer a higher salary to attract locals to work as this crucial job in the Casino city. Employers must also submit applications for migrant workers respectively. If the government decided that the profession has ample local labour available, it is highly probable that the Macao government would reject the application (Government of the Macao Special Administrative Region: Labour Affairs Bureau, 2009).

The situations of having a profitable and immobile industry and having a large migrant worker population are not unique to Macau. Singapore is another region that faces constant labour shortages and have recruited 1.4 million overseas migrant workers for the country with 5.6 million population (International Labor Organization 2020). Nonetheless, the unique feature of Macao is the presence of migrant workers with same ethnicity—Mainland Chinese. Meanwhile, Hong Kong's non-local working population is largely limited to immigrants (except for domestic helpers) while its financial position is increasingly challenged by other regions like Shanghai. Thus, we argued that Macao requires its own theoretical approach when examining the split labour market between local workers and those from the mainland.

#### 4 Bonacich's Split Labour Market

The theory proposed by Bonacich (1972: pp. 547–559) in *A Theory of Ethnic Antagonism: The Split Labour Market* can well be applied to Macao with localised adjustments. Bonacich argued that a labour market with more than two groups can be split along ethnic lines through a combination of exclusion or a 'caste system'. Here, Bonacich uses the sample of the 'white Australia' policy, South African colour bar and the Japanese in the Pacific coast of the US to explain. A key manifestation of this ethnic antagonism can be seen in wages.

Though Bonacich defines a split labour market along ethnic lines, we cannot solely attribute the price differences of labour to ethnic antagonism. At least initially, resources and motives are the factors that affect the price of labour (Bonacich, 1972). Three types of resources are mentioned: first, level of living, which refers to what people derive from different economic systems. The poorer the original economic system is, the lower price the migrant

workers can be expected to receive. Second, migrant workers usually lack relevant information, and sign contracts out of ignorance, which can also lead to a lower price for their labour. Third, the available political resources depend on how the government regards their emigrants. The political power of the original countries/regions, and how these countries/regions establish relationships with local labour unions or non-government organisations, affect the political resources of migrant workers.

Conflicts in labour markets develop amongst three parties: business or employers, higher paid labour (labour aristocracy) and cheaper labour (Bonacich, 1972). Businesses or employers concentrate on maximising profits and saving costs. If the split labour market happens, they have the options of choosing cheaper labour, mechanisation or relocation where the price of labour is low. Thus, higher paid labour is threatened by cheaper labour. To maintain their advantages, exclusion movements and/or a caste system will arise to protect the higher paid workers. Different countries or areas have developed different and successful exclusion movements/policies. Thus, it is a strong dominant ethnic group that causes ethnic antagonism, and that brings into existence the split labour market and different prices of labour (Bonacich, 1972). Bonacich's theory is an attempt to locate labour differentiation as a phenomenon for splitting the labour market into cheap and expensive ones, instead of ethnic violence or discrimination.

## 5 Methodology

Since the working status and payment of migrant workers are disadvantaged, it is worth investigating the reason behind this condition. For non-Chinese migrant workers, they are naturally at a disadvantage in comparison with the other ethnic groups in Macao and most regions in the world. However, as members of the same ethnic group as the citizens of Macao, migrant workers from Mainland China are at a disadvantage, nonetheless.

Most studies conducted about migrant workers in Macao, are related to legal problems or adverse working status (Choi, 2006). These studies often considered foreign migrant workers and Mainland Chinese migrant workers as one. The phenomenon we raise here is how Macao, the local Chinese, can have a labour aristocracy over the workers from the mainland. We attempt to address the intrinsic factors of the split labour market and examine in detail the mechanism of the region's labour market.

As any comparison of wages or living standards involves some quantitative comparison, this will take place during our study as well. We examine how



labour laws, local institutions, government bureaus and the central government sustained the labour aristocracy in Macau. The study also includes semi-structured interviews with Macao employers, Macao workers and migrant workers to describe the phenomena of mainland Chinese migrant workers.

In Bonacich's (1972: p. 547) explanation, the ethnic antagonism between two groups of workers causes the split labour market. Bonacich's analysis claims that the labour aristocracy, in this case the local workers in Macao, is the major party to promote a split labour market. This view is conflicted with the dual labour market view where the emphasis is put on the capitalist class to create and exploit the wage differences of the working class (Burawoy, 1981). The result of this theorization, Burawoy argues, is that Bonacich conceptualizes "capital" as individual capitalists whose sole purpose is to extract profit, without regarding on how the whole capitalist class will react to overproduction or to ensure the providence of public goods. This article, thus, supplements Bonacich's theory by discussing how the OCTs by giving policy autonomy in the area of labour migration, assists and maintains a split labour market in Macao.

A key part of Bonacich's theory are those factors which create dual structures in the labour market. Accordingly, this enabled a selection of Macao government policies which create such dual structures in our analysis such as preferential cash subsidies for Macao residents and occupations restricted to local residents. It also justifies the analysis of non-government decisions by institutions like the Macao Federation of Trade Unions or local Macao employers to exclude or prefer Macao workers.

Migrant workers from Mainland China are of the same ethnic group as Macao workers, but are excluded at the expense of Macao workers; pushed into lower paying industries and given unequal payment within the same industries. In the hierarchy of social class, migrant workers in Macao are exploited not only by the capitalists but also the local labour aristocracy.

Some basic situations about migrant workers can be detected through observation. For example, Mainland Chinese migrant workers mostly return to Zhuhai at the end of their working day which costs them time and money to cross the borders daily. For more detailed and reliable information, semi-structured interviews were needed. To support this paper, eighteen semi-structured interviews were conducted, with six Macao employers (1 female, 5 male), six Macao workers (2 female, 4 male) and six migrant workers (3 female, 3 male) from the retail industry, construction industry, gambling and hospitality industry and catering industry. The workers selected for the interviews had generally completed a high school level of education, or some polytechnical education in the Chinese mainland as is typical for the requirements of the industries studied. These industries were selected as they represent 'typical' industries



with a high volume of migrant workers within their labour forces. The interview participants all ranged between 25 and 45 years old and had lived and worked in Macao for at least two years. The data was partially coded deductively using key concepts from Bonacich's split labour market theory. This was combined with inductive coding based on findings that emerged naturally from the interview data. Our interview data was supplemented by secondary data from other published sources.

## 6 Analysis of the Split Labour Market in Macao

### 6.1 *Political*

The migration and visa system can be viewed as what Bonacich called exclusion moments: the key mechanisms allowing the exclusion and regulation of migrant workers within the Macao labour market. It will be argued here that as a result of certain historical and political factors, Macao residents can establish a level of political status above migrant workers from the mainland, and thus we will see the quasi-ethnic differences are produced between Macao and Mainland Chinese workers.

With Macao experiencing an economic boom after the liberalisation of the gaming industry in 2001, many migrant workers came to Macao for job opportunities. Bonacich observed that "If an expensive labour group is strong enough... they may be able to resist being displaced. Both exclusion and caste-systems represent victories for higher paid labour (Bonacich, 1972: p. 554)." The Macao government developed a series of policies to classify and restrict migrant labour. Some specific posts are offered only to Macao workers such as civil servants (9% of the labour force, 26 400 workers), certain casino occupations (29% of the labour force, 85 000), taxi drivers and drivers of public transportation (6% of the labour force, 17 600) (Macao Statistics and Census Bureau, 2022). According to The Basic Law of The Macao Special Administrative Region of The People's Republic of China (The Basic Law of Macao), issued on December 20, 1999, Article 3, 'The executive authorities and legislature of the Macao Special Administrative Region shall be composed of permanent residents of Macao in accordance with the relevant provision of this Law'; Article 63, 'The principal officials of the Macao Special Administrative Region shall be Chinese citizens who are permanent residents of the Region and have ordinarily resided in Macao for a continuous period of not less than 15 years'; Article 97, 'Public servants serving in the Macao Special Administrative Region must be permanent residents of the Region, except for the police and supporting members of the judiciary who were previously serving in Macao' (Government of Macao Printing Bureau, 1999).

As for the card dealers in casinos, the Macao government has continuously implemented the policy that states, 'The card dealers of the casino industry should be occupied with Macao workers.' According to the law No. 21/2009, The Law of Employing Migrant Workers, Article 2, migrant workers are employed because of the vacancy of Macao workers, or to be the temporary workers. Only when the company is not able to hire any Macao workers, can it apply to employ the migrant workers (Government of Macao Printing Bureau, 2009).

Furthermore, in 2016 the Chief Executive of the Macao SAR, Fernando Chui Sai On said that card dealers and drivers of public transport would continue to be occupied with Macao workers (Government of Macao, 2016).

Macao workers also have priority in employment outside of the protected categories according to the law No. 4/98/M (Government of Macao Printing Bureau 1998). Later, this was revised by the law No. 21/2009, The Law of Employing Migrant Workers, Article 2, as 'migrant workers can be hired as the supplement of the Macao workers or temporary workers for short term jobs.' According to the administrative regulation 13/2010, Article 3, 'The minimum quantity of Macao workers should be examined and approved with the need of market, the economic environment and the trend of industrial development. Besides, the number of Macao workers employed or committed to employ by the employers, is also the standard (Government of Macao Printing Bureau, 2010).'

The institution for setting this minimum quantity of Macao workers is the Labour Resources Office. Only with an application permit are migrant workers allowed to work in Macao. However, it is harder for a Mainland Chinese migrant worker to get a work permit in Macao, than workers outside China. First, if the migrant workers are specified as non-technical workers, the employers must make an application through the Labour Affairs Bureau of Macao, after which employers need to recruit employees through a workers' agency in Mainland China. Contracts would have to be signed between the employer and the agency, and between the agency and the migrant workers (Government of Macao Printing Bureau, 2009).

During the interviews, Macao employers admitted to a degree of gaming the system as there are no checks on the minimum quantity standard. According to the interviewees, the Macao employers stated that no supervision is conducted after the migrant workers have been recruited. To fulfil the requirement of a minimum quantity standard, companies frequently offer highly paid tokenistic jobs to Macao workers in order to be granted permission to hire a still greater number of migrant workers. "We sometimes hire advertise and try to hire Macao workers, but the main purpose of our recruitment is telling the government we've hired some locals, so they'll give us permission for more migrant workers (Employer Y, 2017)."

According to Bonacich, ethnicity is defined as 'groups socially sharing a common ancestry in which membership is therefore inherited or ascribed, whether members are currently physically or culturally distinctive (Bonacich, 1972: p. 547). Ethnic antagonism can take two forms, exclusion and a caste system (Bonacich, 1972: p. 554). Exclusion refers to one migrant ethnic group being excluded by the local ethnic group. This occurs when a strong dominant ethnic group exists that generates ethnic antagonism. For example, the US repelled Asian and other immigrants from the Pacific coast and instituted a system of slavery and segregation of African Americans. While it is true that migrant workers from non-Chinese territories are excluded, which means the Macao workers and migrant workers from Mainland China are socially constituted as different groups, causing them to perform like different groups and split the labour market even though they are from the same ethnic community.

## 6.2 *Economic*

Bonacich also addressed how a split labour market makes a three-way conflict between business, the dominant and subdominant worker's group. While the working class' immediate interest is to have a greater share in the overall social production, the capitalists' is to maximise profits. After the handover to China, the economy of Macao boomed, because of growth in the tourism and gambling industries. This facilitated wage growth as can be seen in Table 1, with wages tripling in 17 years.

With a limited population and a surge in investment and the privilege of conducting the gambling industry legally in China, there are abundant job opportunities. This simple economic system profited from the singular growth of the gambling industry which constitutes about 50% of Macao's economy and 70% of government revenue (ISA Guide, 2014).

Conflicts in split labour markets develop amongst three parties: employers, higher-paid labour (labour aristocracy) and cheaper labour (Bonacich, 1972: p. 554). In Macau where casino industries cannot be relocated to other region, employers' primary cost cutting tactics is to choose cheaper workers. Since the average wage level in Macao is much higher than the mainland China, Macao bourgeoisie are inclined to employ migrant workers. However, in order to offset the political instability which would result from unchecked migration, the government offer significant concessions to the Macao labour aristocracy in order to allow capitalists to hire migrant labour.

Money from the gambling industry is channelled only to Macao residents, through direct redistribution in the form of many government schemes and subsidies and indirectly by generating the scope for high wages. Out of the 94.7 billion patacas (11.8 billion US dollars) revenue in 2020, the tax revenue

TABLE 1      Median monthly wages in Macao (Macao Statistics and Census Bureau, 2022)

| Year | MOP   | Growth (Year on Year, %) |
|------|-------|--------------------------|
| 1999 | 4920  | -2.57                    |
| 2000 | 4822  | -1.99                    |
| 2001 | 4658  | -3.40                    |
| 2002 | 4672  | 0.30                     |
| 2003 | 4801  | 2.76                     |
| 2004 | 5167  | 7.62                     |
| 2005 | 5773  | 11.73                    |
| 2006 | 7000  | 21.25                    |
| 2007 | 8000  | 14.29                    |
| 2008 | 8000  | 0.00                     |
| 2009 | 8500  | 6.25                     |
| 2010 | 9000  | 5.88                     |
| 2011 | 10000 | 11.11                    |
| 2012 | 11300 | 13.00                    |
| 2013 | 12000 | 6.19                     |
| 2014 | 13300 | 10.83                    |
| 2015 | 15000 | 12.78                    |

from the gambling (without including the hotels and other services provided by the casinos) was 29.8 billion patacas (3.72 billion US dollars), reaching over 30% of the total government revenue (Macao Statistics and Census Bureau, 2022). The casino industry rents are then recycled to the Macao resident labour aristocracy, putting resources to institutions such as education that almost benefit exclusively to local residents (Government of the Macao Special Administrative Region: Financial Services Bureau, 2019). The Wealth Partaking Scheme grants residents a yearly cash lump sum since 2008, and in 2019, each Macao resident ID card holder received 10 000 patacas (US\$1239) in a direct cash payment (Moura, 2018).

Meanwhile, Migrant workers suffer a certain level of exclusion and discrimination in the industrial structure. Those industries with a high proportion of migrant workers are mostly unskilled occupations. Table 2 shows that the largest number of migrant workers work in hotels and restaurants, construction or

TABLE 2 Non-Resident Workers by Industry (Macao Statistics and Census Bureau, 2022)

| Industry  | 2006  | 2011  | 2014   | 2015   | 2016   |
|---|-------|-------|--------|--------|--------|
| Total   | 64673 | 94028 | 170346 | 181646 | 177638 |
| Agriculture                                     | 2     | 32    | 72     | 242    | 263    |
| Mining/Quarrying                                | 0     | 7     | 0      | 0      | 0      |
| Manufacturing                                   | 14516 | 5079  | 4881   | 4946   | 4882   |
| Electricity/Gas/Water                           | 14    | 60    | 94     | 112    | 127    |
| Construction                                    | 7421  | 11757 | 45753  | 43480  | 34612  |
| Wholesale/Retail trade                          | 1483  | 9531  | 18012  | 19489  | 19875  |
| Hotels/Restaurants                              | 7601  | 27105 | 42622  | 48099  | 49989  |
| Transport, storage<br>and communications        | 1159  | 2727  | 4369   | 4815   | 4965   |
| Finance   | 135   | 470   | 730    | 844    | 840    |
| Real estate/Business                            | 3377  | 7240  | 14543  | 17603  | 18972  |
| Public Admin/<br>Security                       | 129   | 187   | 232    | 247    | 259    |
| Education                                       | 435   | 935   | 1645   | 1920   | 2085   |
| Health/Welfare                                  | 454   | 1230  | 1901   | 2173   | 2323   |
| Recreational,<br>cultural, gaming<br>activities | 20752 | 11396 | 13863  | 13933  | 13338  |
| Gaming/Junkets                                  | 18378 | 6715  | 7310   | 6874   | 6161   |
| Directly employed<br>Construction workers       | 14622 | 2781  | 2004   | 1904   | 859    |
| Domestic work                                   | 7157  | 16256 | 21611  | 23723  | 25089  |
| International<br>organisations                  | 7     | 11    | 9      | 11     | 12     |
| Self-employed                                   | 31    | 5     | 9      | 9      | 7      |

as domestic workers. Shi also points out that not only were migrant workers working in 3D (Dirty, Dangerous and Difficult) jobs which local residents often refused, but their employers usually assigned them worse tasks by exploiting their feeble situation (Shi, 2018). If we compare the total employed population and non-resident worker population in different industries in 2016, we

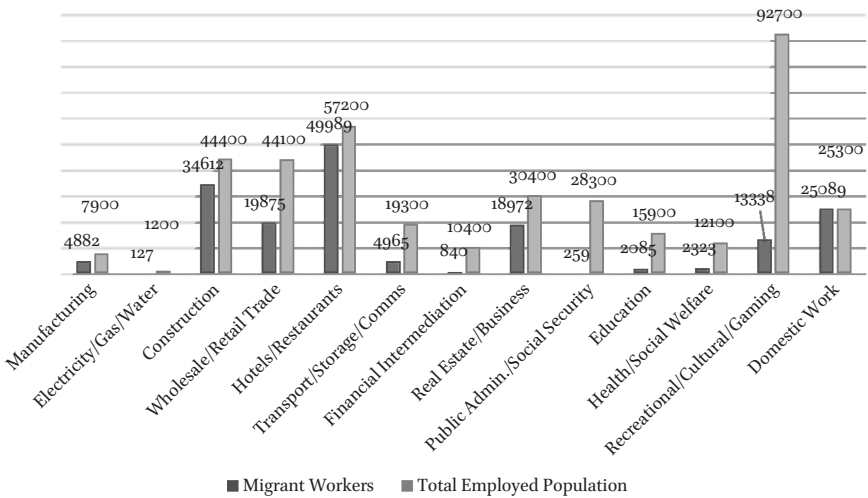


FIGURE 1 Migrant Worker/Total Employed by Industry 2016 (Macao Statistics and Census Bureau, 2022)

can see that almost all the domestic work is done by migrant workers. Others, such as construction and the hotel and restaurant industries, are mostly done by migrant workers. Ju and Sandel interviewed participants who “described that, in the eyes of Macao locals, migrant workers from mainland China were believed to “qiang fan wan,” literally “steal the rice bowl,” or take away jobs from locals (Ju and Sandel, 2019: p. 264).”

By comparison, Macao workers are mostly in education and recreational cultural gaming activities. Therefore, we can see that there is a labour market segmentation whereby migrant workers perform degrading work with intense workloads and in poor conditions. This sort of industrial pattern again causes the higher payment of Macao workers and relatively lower payment of migrant workers. The status of Macao workers as labour aristocracy thus becomes enhanced (Fig. 1).

### 6.3 Social

The lifestyle of Macao workers displays significant difference to that of migrant workers including significant conspicuous consumption (Veblen, 1899). The extent of domestic work demonstrated in Table 2 shows that a major part of Macao’s social reproduction is performed by maids and cleaners employed by the labour aristocracy and they allow most Macao residents to remain in the Macao workforce in protected industries with high wages and comfortable jobs, further enriching the labour aristocracy of Macao.

The situation of unemployment is also favourable to the labour aristocracy. Macao unemployment rate reached around 2% in 2013 which has since been become the average rate until the pandemic outbreak (Schmidt, 2015), giving immense leverage to local workers where migrant workers could not enjoy under the rigid rules and regulations.

Here, it is possible to explore the other aspect of Bonacich's theory: caste system, which is defined as people into different layers of groups culturally and socially. While we the OCTs and wage differences, politically and economically, created a sense of superiority for the Macao residents against the non-resident workers, there are discriminations in social institutions which also causes antagonism between the two groups (Bonacich, 1972: p. 549).

For example, the biggest trade union—Macao Federation of Trade Unions (MFTU)—with direct and indirect electors of the Legislative Assembly in Macao claimed that the organisation spoke out workers' right. In reality, not only is the trade union membership excluded non-resident workers, their party's, legislative representatives often insisted on controlling the number of imported migrant workers and other policies that protect the rights of Macao workers (Liang, 2014: p. 155). Meanwhile, the Liaison Office of the Central People's Government in the Macao SAR which serve as the communication bridge between the central government and Macao did not deal with the problems of migrant workers from the mainland, despite it saying that their primary task is to integrate and economic, educational, science and technology, cultural and athletic exchanges and cooperation between Macao and the mainland (Liaison Office of the Central People's Government in Macao, 2022).

As a result of this lack of institutional representation, migrant workers often suffer bad outcomes in labour disputes. For example, in May 2015, over 100 non-resident workers were fired by Sands China Ltd. Parisian (East Net, 2015) after which they sought compensation appealing to the Macao Labour Affair Bureau. About 60 of them went to the Liaison Office of the Central People's Government in the Macao SAR and sought help. With all these efforts, they got a mere legal compensation of 15 days salary plus three days salary per month for the rest of the contract.

According to law No. 2/93/M, only local residents have the rights to demonstrate (Government of Macao Printing Bureau 1993). Migrant workers who want to protest and express their opinion publicly will not be granted this right by the government (Pastorin and Cheang, 2021). Besides education and welfare schemes, foreigners and people from the mainland are also barred from cultural activities such as the government held music events (Macao Cultural Affairs Bureau, 2022a) and competitions (Macao Cultural Affairs Bureau,



2022b). Registration of association and legislation voting are strictly limited to local citizens, preventing migrant workers to integrate in society both politically and socially.

We argued that the MFTU's main function the labour aristocracy system in Macao, while the Liaison Office safeguarded the rights of migrant workers in extreme cases in a reactive way. Both institutions, which migrant workers from the mainland should be able to rely on, failed to advance their situation. In addition, the government and legislation also excluded participation of migrant workers, even if they are from the same ethnicity.

## 7 Unequal Payment

Wage differentials are the most apparent result of ethnic antagonism. The principal criterion of ethnic antagonism is established through the Macao Resident Identification document (ID), with the right of abode. Macao accepts immigrants according to the law, No. 3/2005 if the migrants are investors of any important investment project in Macao, professionals or applicants for gatherings with local family members. Unlike Hong Kong, anyone continuously working and residing in Hong Kong for seven years could apply for a Hong Kong ID, migrant workers work in Macao can never obtain an Macao ID unless they fulfil the above qualifications.

As a result, significant discrimination occurs within the labour market based on the stratification between Macao residents and migrant workers based on their identification documents: Macao ID or work permit. With a different document, workers get different treatment in employment procedures. The Macao workers with a Macao ID have priority, social welfare and protection through local associations. The Macao ID, therefore, is a status marker, clearly distinguishing between the two different groups and an associated bundle of rights and privileges.

Our interviews indicated that, both employers and Macao workers agree with the situation that migrant workers are a permanent part of Macao society, but equally they regard the lower payment of migrant workers as normal and reasonable. For example, Macao Worker A working in sales (Macao Worker A, 2017) reported that "There is unequal payment and treatment between Macao workers and migrant workers. If the payments are the same, Macao workers will complain about it. It will disrupt the balance. I think the migrant workers are fully engaged in Macao society, but they are disadvantaged since they get different welfare."

Similarly, Macao Employer D (Macao Employer D, 2017) working in the retail industry noted that “Macao workers have some mental barriers. They don’t accept comparison. They refuse to be equated with migrant workers. Migrant workers are more passive and optimistic. Even if we provide higher payment than now, we cannot get any Macao workers. Maybe we need to set a MOP 2000–3000 higher base salary, to have Macao workers.”

Macao residents seek protection and priority in the labour market. With their superior position being enshrined by the Macao ID. The notion that workers without a Macao ID would receive lower payment even for the same work, is normalized.

While it is possible for some migrant workers to obtain a Macao ID, a critical factor prevents this is that government restrictions allow only applications for residency from investors and managerial/technical personnel (Macao Trade and Investment Promotion Institute, 2022) thereby restricting residency to high net wealth or high-income individuals. Thus, Macao residency and the status that it brings operates as caste system, with entry restricted to capitalists and labour aristocrats from other countries.

## 8 Exclusion and Caste System

The antagonism between Macao workers and migrant workers makes Macao a split market. Within split labour market theory, there are two forms of antagonism: exclusion and the caste system (Bonacich, 1972: p. 547). Migrant workers are excluded from Macao society in various ways, which are established by the government and the local labour associations. If the Macao workers and migrant workers were in the same economic system, and shared the available resources equally, the pool of available labour would not be divided into dominant and subordinate groups.

Most of the professional high-income migrant workers, with a level of high education or professional qualifications, are welcome as new immigrants to Macao. By contrast, the non-technical migrant workers are excluded since they are easily replaceable. They are considered as a resource only when there are insufficient numbers of grassroots workers to meet the demand. Besides, the employer is required to perform a list of exhaustive administrative tasks for them, which makes hiring low skilled labour even more cost ineffective. Hence, the payment of the non-technical migrant workers is easily affected by business factors, which means the firms will set a lower payment for these workers to reduce their financial costs.

Interview data, corroborated by a search of Macao job advertisements, demonstrate that Macao employers consider Macao workers first during recruitment. “We would like to hire Macao workers as a first priority, since the procedures of recruiting migrant workers are complicated, while recruiting Macao workers saves time and labour costs” (Macao Employer X, 2017). One employer from the retail industry, however, gave high marks of appreciation to Mainland Chinese workers. In his view, “migrant workers are hard-working, and highly loyal” but even so, given a choice of recruiting Macao workers or migrant workers, he would “still choose Macao workers” (Macao Employer Y, 2017). These paradoxical ideas imply that migrant workers are in the subordinate position in the caste system of Macao society, with some migrant workers even affirming that they perceived themselves as inferior to the local residents (Ju and Sandel, 2019: p. 271). They are thus disadvantaged by being considered ‘second class’ even by employers who view them favourably.

What’s worse, in Macao there are no clear criteria about how to determine whether a migrant worker is qualified as a professional who “benefits” the Macao SAR. It is easy for firms to play loose and fast with the legal requirements. One way this has been accomplished is to hire the Macao workers as ‘senior workers’, and the migrant workers as ‘junior’ ones. Eventually, they somehow are required to meet the same workload and product output at similar rates. However, their contract of employment gives legal sanction to their unequal status and payment.

“Benefits” and “equal works” are just some of the futile terms that the Macao government has propagated over the years to appear as attentive on migrant labour issues. The OCTS prolongs the antagonism among the two labour groups that belonged to the same ethnicity through a legal and institutional framework that excludes migrant workers. On the one hand, the Macao government addresses itself to be extremely concerned with the local employment rates; on the other hand, in 2016 the total number of workforces in Macao was 389 700, almost half of them are migrant workers (177 638).

Despite being ranked as the richest city in 2020 by the IMF (International Monetary Fund, 2020), the social welfare of Macao is seriously lacking behind, failing to provide adequate health care, unemployment and education subsidies to the locals compared to other developed states, let alone the migrant workers (Hui et al., 2012). The prosperity of the city has produced extreme inequality, inflation and structural economic problems that the government has not yet found any adequate solutions. While Bonacich is certainly right that the labour aristocracy has enabled the split labour, the ruling elites have successfully shifted the blame of the social problems to migrant workers, and they will exploit this antagonism if possible.

## 9 Conclusion

Migrant workers make up an important segment of Macao's population and society. They not only fill any voids that occur in the available employees for different industries of Macao, but are an essential part of the Macao economy, liberating further labour power from social reproduction, and performing tasks which the Macao labour aristocracy often refuse to perform. Nonetheless, migrant workers have a subordinate status in the Macao labour market. Thus, viewing the resulting labour market as one that is split through group antagonism, can greatly explain the relationship between Mainland Chinese migrant workers and Macao workers.

Macao's labour migration policies place Macao workers and Mainland Chinese migrant workers in different social groups with resulting social antagonism, pitting Chinese workers against each other and generating political tension. Labour policies in Macao strongly protect Macao workers, through deliberate policies of exclusion impact migrant workers.

The higher wage levels and special status has entrenched the Macao workers as a labour aristocracy which is then articulated through specific policy frameworks. To be with or without a Macao ID card is considered as a caste marker in Macao society, and as outsiders to the system, migrant workers are denied resources that their local counterparts receive. Most of the time, they cannot understand the complicated procedures and tripartite contracts for their employment. Because of all these exclusionary practices, migrant workers are in the subordinate class of the caste system in Macao. Not only are they exploited by the capitalist system in which they come to work, but they are also the targets of exploitation from the Macao labour aristocracy.

In short, the regime of exclusion and the policy of OCTS grants labour migration policy autonomy to the government of the Macao SAR, allowing the generation of a split labour market in Macao. There is group antagonism between Macao workers and workers from the mainland based on differential status and payment, and the same can be said for the non-Chinese migrant workers.

## References

- Bonacich, E. 1972. "A Theory of Ethnic Antagonism: The Split Labor Market." *American Sociological Review* 37 (5) (1972), 547–559.
- Burawoy, M. "The Capitalist State in South Africa: Marxist and Sociological Perspectives on Race and Class." *Political Power and Social Theory* 2 (1981), 279–335.

- Chan, W. 1999. "輸入勞工與澳門失業的問題 (Importing migrant labor and the problem of Macao unemployment)." *Macao Research Centrtre* 12 (1999), 40–52.
- Chen, C. 2018. "The Impact of Anti-Corruption on Macao's Gaming Industry: An External-ity Analysis." *Chinese Studies* 7 (2) (2018), 144–154.
- China Security Service (Macao) Co. Ltd. *Recruitment Brochure for Security Guard Com-ing to Macau 2022* (Macao: China Security Service (Macao) Co. Ltd., 2022), available online at <http://www.hycglwfw.com/display.asp?ID=339> (accessed 8 December 2022).
- Choi, A. "Migrant Workers in Macao: Labour and Globalization." In *Transnational Migration and Work in Asia*, eds. K. Hewison and K. Young (London: Routledge, 2006), 144–164.
- Deng, X. *Deng Xiaoping's Speech on One Country Two Systems* (2014), available online at <http://hm.people.com.cn/n/2014/0728/c42272-25356984.html> (accessed 8 December, 2022).
- East Net. 澳門消息：金沙地盤外勞不滿賠償求助中聯辦 (*Macao: Sands site for-ign workers dissatisfied with compensation for help Liaison Office*) (2015), avail-able online at [http://hk.on.cc/hk/bkn/cnt/news/20150523/bkn-20150523202245867-0523\\_00822\\_001.html](http://hk.on.cc/hk/bkn/cnt/news/20150523/bkn-20150523202245867-0523_00822_001.html) (accessed 8 December 2022).
- Farly, J.E. 1988. *Majority-Minority Relations*, 2nd edn. (Englewood Cliffs, NJ: Prentice Hall, 1988).
- Gaming Inspection and Coordination Bureau of the Macao SAR. *Monthly Gross Rev-ueue from Games of Fortune* (2014), available online at [www.dicj.gov.mo/web/cn/information/DadosEstat\\_mensal/2014/index.html](http://www.dicj.gov.mo/web/cn/information/DadosEstat_mensal/2014/index.html) (accessed 8 December 2022).
- Government of Macao. *Card dealers are to remain occupied by Macao citizens* (2016), available online at <http://www.gpv.gov.mo/> (accessed 8 December 2022).
- Government of Macao. *The Drivers of Public Transportation are Occupied by Macao Citizens* (2016), available online at <http://www.gpv.gov.mo/> (accessed 8 December 2022).
- Government of Macao Printing Bureau. *Employment Policies* (1993), available online at [https://bo.io.gov.mo/bo/i/93/20/leio2\\_cn.asp](https://bo.io.gov.mo/bo/i/93/20/leio2_cn.asp) (accessed 8 December 2022).
- Government of Macao Printing Bureau. *Employment Policies* (1998), available online at [http://bo.io.gov.mo/bo/i/98/30/leio4\\_cn.asp](http://bo.io.gov.mo/bo/i/98/30/leio4_cn.asp) (accessed 8 December 2022).
- Government of Macao Printing Bureau. *The Basic Law of the Macao Special Admin-istrative Region of the People's Republic of China* (1999), available online at [http://bo.io.gov.mo/bo/i/1999/leibasica/index\\_cn.asp#4](http://bo.io.gov.mo/bo/i/1999/leibasica/index_cn.asp#4) (accessed 8 December 2022).
- Government of Macao Printing Bureau. *Law No. 21/2009, The Law of Employing the Non-Resident Workers* (2009), available online at [http://bo.io.gov.mo/bo/i/2009/43/lei21\\_cn.asp](http://bo.io.gov.mo/bo/i/2009/43/lei21_cn.asp) (accessed 8 December 2022).

- Government of Macao Printing Bureau. *Regulation of Employing Migrant Workers* (2010), available online at [http://bo.io.gov.mo/bo/i/2010/22/regadm13\\_cn.asp](http://bo.io.gov.mo/bo/i/2010/22/regadm13_cn.asp) (accessed 8 December 2022).
- Government of the Macao Special Administrative Region: Financial Services Bureau. *Information of Public Finance* (2019), available online at <http://www.dsfgov.mo/financialReport/?FormType=0&#budgetExeSys> (accessed 8 December 2022).
- Government of the Macao Special Administrative Region: Labour Affairs Bureau. *Worker faqs* (2009), available online at [https://www.dsal.gov.mo/zh\\_tw/standard/nrworker\\_faq\\_pro.html#:~:text=%E6%A0%B9%E6%93%9A%E7%AC%AC21%2F2009%E8%99%9F,fsm.gov.mo%E3%80%82](https://www.dsal.gov.mo/zh_tw/standard/nrworker_faq_pro.html#:~:text=%E6%A0%B9%E6%93%9A%E7%AC%AC21%2F2009%E8%99%9F,fsm.gov.mo%E3%80%82) (accessed 8 December 2022).
- Government of the Macao Special Administrative Region: Labour Affairs Bureau. *Employment Survey* (2022a), available online at [https://www.dsec.gov.mo/getAttachment/4f624728-ccce-43e4-9542-c8dbce07501a/E\\_IE\\_PUB\\_2022\\_Q1.aspx](https://www.dsec.gov.mo/getAttachment/4f624728-ccce-43e4-9542-c8dbce07501a/E_IE_PUB_2022_Q1.aspx) (accessed 8 December 2022).
- Government of the Macao Special Administrative Region: Labour Affairs Bureau. *Number of Non-Resident Workers by Industry and Country/Region of Issuance of Identification Document* (2022b), available online at [https://www.dsal.gov.mo/download/pdf\\_en/statistic/nrworker/A1/A1\\_2022\\_01.pdf](https://www.dsal.gov.mo/download/pdf_en/statistic/nrworker/A1/A1_2022_01.pdf) (accessed 8 December 2022).
- Hagar, R. "Macao Gaming Revenues Surging with Easing on China's Anti-Corruption Campaign, Union Gaming Executive Says." *Fernley Reporter* (2017), available online at <http://www.fernleyreporter.com/macao-gaming-revenues-surging-with-easing-on-chinas-anti-corruption-campaign-union-gaming-executive-says/> (accessed 8 December 2022).
- Hobsbawm, E. "Lenin and the Aristocracy of Labor." *Monthly Review* 64 (7) (2012), available online at <https://monthlyreview.org/2012/12/01/lenin-and-the-aristocracy-of-labor/> (accessed 8 December 2022).
- Hui, S., C. Aspalter and D. Lai. *Social Welfare in Macao—Between East and West: A Comparative, Analytical Welfare Regime Perspective* (2012), available online at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2027764](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2027764).
- International Labor Organization. *Public Attitude Towards Migrant Workers in Singapore* (2020), available online at [https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/briefingnote/wcms\\_766633.pdf](https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/briefingnote/wcms_766633.pdf) (accessed 8 December 2022).
- International Monetary Fund. *World Economic Outlook, October 2020: A Long and Difficult Ascent* (Washington, DC: International Monetary Fund, 2020).
- ISA Guide. *Macao Casinos Top Las Vegas as Adelson, Wynn Battle Stanley Ho* (2014), available online at <http://dev.isa-guide.de/english-news/articles/14755.html> (accessed 8 December 2022).
- Ju, B. and T. Sandel. "Adaptation of Mainland Chinese Labour Migrants in Macao." *Journal of Intercultural Communication Research* 48 (3) (2019), 257–273.

- Kerswell, T. 2019. "A Conceptual History of the Labour Aristocracy: A Critical Review." *Socialism and Democracy* 33 (1) (2019), 70–87.
- Lenin, V.I. "Imperialism and the Split in Socialism." In *Lenin Collected Works Volume 23* (Moscow: Progress Publishers, 1964), 105–120.
- Lenin, V.I. "Harry Quelch." In *Lenin's Collected Works Volume 19* (Moscow: Progress Publishers, 1977), 369–371.
- Liaison Office of the Central People's Government in Macao. *Organizational Functions* (2022), available online at <http://www.zlb.gov.cn/mac/jgz.htm> (accessed 8 December 2022).
- Liang, Q. *Situation and Difficulties of Foreign Labor in Macao* (Macao: Centre for Macao Studies, 2014).
- Liu, T., T. Chang, H.N. Loi and C. Chan. "Macau gambling industry: current challenges and opportunities next decade." *Asia Pacific Journal of Marketing and Logistics* 27 (3) (2015), 499–512.
- Macao Cultural Affairs Bureau. *40th Macao Young Musicians Competition* (2022a), available online at <https://www.icm.gov.mo/CJMM/40/cn/Home> (accessed 8 December 2022).
- Macao Cultural Affairs Bureau. *Hush! 300 Seconds* (2022b), available online at <https://www.icm.gov.mo/en/news/detail/20476>.
- Macao Employer D. *Personal Correspondence*, interview by Sin Hang Leong (24 October 2017).
- Macao Employer X. *Personal Correspondence*, interview by Sin Hang Leong (28 October 2017).
- Macao Employer Y. *Personal Correspondence*, interview by Sin Hang Leong (29 October 2017).
- Macao Statistics and Census Bureau. *Statistics Database* (2022), available online at <http://www.dsec.gov.mo/> (accessed 8 December 2022).
- Macao Trade and Investment Promotion Institute. *Residency Guidelines*. (2022), available online at <https://www.ipim.gov.mo/tresidency/en/upload/guideline.pdf> (accessed 8 December 2022).
- Macao Worker A. *Personal Correspondence*, interview by Sin Hang Leong (25 October 2017).
- Marx, K. and F. Engels. "Letter from Engels to Marx, Manchester, 7 October 1858." In *Selected Correspondence* (Moscow: Progress Publishers, 1965), 110.
- Moura, N. "Cash Handout to Go Up to MOP 10,000." *Macao Business* (2018), available online at <https://www.macaobusiness.com/macao-cash-handout-to-go-up-to-mop10000-media/> (accessed 8 December 2022).
- Omi, M. and H. Winant. *Racial Formation in the United States from the 1960s to the 1980s* (New York, NY: Routledge and Kegan Paul, 1986).



- Pastorin, R. and U. Cheang. "Walking Tour Shows Filipino Community's Way of Life." *Macau Post Daily* (2021), available online at <https://www.macaupostdaily.com/article12426.html> (accessed 8 December 2022).
- Schmidt, A. *Why Investors Should Watch Macao's Unemployment Rates* (2015), available online at <https://ca.finance.yahoo.com/news/why-investors-watch-macao-unemployment-150655135.html#> (accessed 8 December 2022).
- Shi, W. *Wandering in China's Las Vegas: Migrant Workers in Macao* (漂泊在中國的拉斯維加斯). (Hong Kong: City University of Hong Kong Press, 2018).
- The World Bank. *gni Per Capita, ppp* (Bretton Woods, NY: The World Bank, 2022), available online at <https://data.worldbank.org/indicator/NY.GNP.PCAP.PP.CD?locations=MO-CN> (accessed 8 December 2022).
- Veblen, T. *The Theory of the Leisure Class* (New York, NY: Macmillan, 1899).
- Wang, Y. 劳动力迁入对澳门经济发展影响 (*Effect on Macao economic development over migrant labor importation*) (Changchun: Jilin University Publishers, 2010).
- Xu, Q. "澳門輸入外地勞工的法律政策研究." (Research on the Legal Policy of Importing Foreign Labor in Macao), 3rd edn (Macao: Public Administration and Civil Service Bureau of the Macao SAR, 2003).
- Zhou, F. *How Anti-Corruption Policy of Mainland China Affects Macao Gaming Industry* (2017), available online at <https://lib.dr.iastate.edu/cgi/viewcontent.cgi?referer=&httpsredir=1&article=6485&context=etd> (accessed 8 December 2022).