

Commentary on the 15-year Administration by the Macao SAR Government

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Since the establishment of the Macao Special Administrative Region (SAR) and with generous support from the Central Government, the Macao SAR Government has taken into account the actual conditions of Macao's economy and society and practiced with pioneering spirit the principles of "One Country, Two Systems" and "Macao people ruling Macao" and "a high degree of autonomy", bringing tremendous changes to the face of the Macao SAR. This paper intends to offer a brief commentary on the work accomplished by the Macao SAR Government in the past 15 years by reviewing the Policy Addresses delivered since the handover of Macao to China.

I. Review of Different Periods of 15-year Administration by the Macao SAR Government

Based on the 14 Policy Addresses delivered by the Chief Executives since the establishment of the Macao SAR, the administration by the SAR Government can be divided into three periods: period of consolidating foundations (2000-2002), period of exploring growth (2003-2009) and period of integrating growth with Mainland (2010-up to present).

1.1 Period of consolidating foundations (2000-2002)

The chief executive's first Policy Address for the fiscal year 2000 identified the government policies of "consolidating its foundations and achieving firm development". Macao's economy was, in general, going through a period of adjustment. The commercial and industrial sectors were still facing various difficulties, unemployment levels had not seen any improvement, and domestic spending remained low. In social terms, after having undergone the major change of being handed over to the motherland, Macao needed time to take stock, restore its energy and redefine the starting point for the future. In terms of political system, the mindset of the population, its political awareness and the concept of government had to adapt and make adjustments to the establishment of new political regime. Centering round the policy objective of "consolidating its foundations and achieving firm development", the SAR Government rolled out a slew of measures regarding economy, society and government operation in three successive years (2000, 2001 and 2002). These measures mainly include:

1.1.1 Improve investment environment and develop traditional industries

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First of all, comprehensively improve Macao's business environment to increase its investment attractiveness. In terms of hardware environment, complete infrastructure projects to promote environmental protection and improve hardware environment for investment. For instance, conduct feasibility studies for the construction of the third Macau-Taipa Bridge and the revamp of Portas do Cerco Border Gate; start the plan for the old district; enhance the competitiveness of Macao International Airport; promote the development of local information and telecommunication services; and popularize e-commerce. In terms of software environment, take proactive steps to perfect various systems and build a fair and orderly business environment according to the rule of law. For instance, review and improve budgetary system and taxation system, step up financial supervision and prevent financial risks; modify and improve laws and regulations regarding taxation, foreign trade, finance, labor and social security; support technology innovation and promote industrial transformation and upgrade; in addition, gradually establish more efficient public security management system through proper readjustment of organization structure to ensure a sound public environment for social investment.

Second, adopt multiple measures to develop traditional industries. For instance, promote the development of tourism by taking measures to offer quality service and diversified tourism products, conduct targeted promotional activities, and build partnerships while officially introducing competition mechanism into Macao's gaming sector; provide small- and medium-sized enterprises with training and follow-up support to enhance technology and management level for the sake of their operation, business startup and re-startup. Promote or facilitate the implementation of certification system or benchmark for international standards, such as ISO certification, internationally acknowledged professional qualifications test center for information technology, professional skills recognition benchmark for tourism and hotel industry so as to boost the competitiveness of small- and medium-sized enterprises and their employees.

Third, expand economic and trade contacts to promote regional cooperation. Besides strengthening traditional foreign economic and trade cooperation, enhance cooperation with neighboring regions, especially western part of Guangdong, Zhuhai and Hong Kong in tourism, economy and trade, and export and processing. Meanwhile, gradually step up coordinative ties with other provinces and cities in mainland China. By October 2001, holder of Macao passport can visit 32 countries and regions without applying for visa. In July 2001, "Mainland and Macao Chambers of Commerce Joint Committee" was established, officially launching the trade liaison mechanism between the Central Government and the Macao SAR.

1.1.2 Improve the people's livelihood and enhance the quality of society

During this period, policies regarding livelihood guarantee and social construction mainly include:

(1) Reduce residents' life burden. Starting from 2002, due to adjustments of economic structure the SAR Government adopted a series of short-term measures to relieve people's difficulties on an annual basis.

(2) Establish social security system. Establish and improve highly professional and reasonable modern medical and health system based on a sense of responsibility; prepare and set up disease prevention and control center; build an excellent medical team through training, exchange and strengthened management; speed up the review of medical complaint and supervision mechanism. At the same time, the government and NGOs should proactively work together and make full use of welfare resources to provide social services.

(3) Improve living environment. Mainly include improvement of transportation and handling various urban environmental issues. Resolve issues such as noise, urban sanitation and food quarantine that arouse general concern.

(4) Promote social construction. Adhere to the principle of “One Country, Two Systems”, promote Chinese culture, and foster the feelings of “love China, love Macao” among residents. Meanwhile, preserve and develop diverse culture and enhance residents’ cultural quality. Improve the original non-higher education system by training teaching staff, examining, approving and assessing teaching curriculum, perfecting educational facilities, and develop special education and lifelong education. What’s more, make proactive response to enable mainland residents who settle in Macao to blend into Macao society as soon as possible.

1.1.3 Perfect government mechanisms and enhance administrative efficiency

First of all, improve government structure. (1) In terms of structure improvement, set up customs, merge Macao Foundation and Macao Cooperation and Development Foundation. (2) Streamline administrative structure. Starting from 2002, carry out major reforms of government structure in an all-round way and implement structural reorganization of various departments. For example, comprehensively realize “e-government”, and pursue “one-stop” government service. (3) In terms of operation mechanism, optimize organizational structure of Marine Police Bureau; strengthen the management of Macao prison and improve security system. Enhance contact and communication with public security organs of neighboring regions and reinforce the mechanism of cooperation between police and civilians. Accelerate the optimization of security forces’ human and material resources. Second, improve administrative supervision mechanism. Measures taken by the government mainly include: (1) Strengthen administrative appeal mechanism. (2) Impel various administrative organs to practice stricter economy and increase efficiency and benefits by implementing systems of Commission of Audit. (3) Formulate and improve necessary legislative proposals and laws and regulations, follow through the enforcement of existing laws and regulations, and improve legal system. (4) Pay attention to the increase of administrative transparency, enhance communication and dialog with the media, and listen carefully to society’s opinions and suggestions regarding the government. Third, strengthen the training of public servants and improve related management systems.

1.2 Period of exploring growth (2003-2009)

During this period, the main guiding principle for the administration is comprehensive enforcement of the *Basic Law of the Macao Special Administrative Region of the People’s Republic of China* (hereinafter as “the Macao Basic Law”) and implementation of the “One Country, Two Systems” policy in various fields of the Macao SAR such as politics, economy and social development. The promulgation of “National Security Law” in 2009 became a major timeline that symbolized an end to the period of exploring growth after the handover of Macao to China. During this period, Policy Addresses mainly touch upon the following tasks besides continuing the unfinished ones of the previous period:

1.2.1 Promote economic diversification to realize its development goal

The development goal of the Macao SAR’s economy: moderate diversification of economy led by gaming and tourism industries. In order to tackle the issue of economic diversification, launch a series of policies to optimize industrial structure and promote regional cooperation besides continuing traditional measures such as improving software and hardware environment for business

operation and lending energetic support to small- and medium-sized enterprises. Major measures include: promote tourism industry to diversify tourist source and products and offer quality service; promote the growth of service sector and emerging sectors with potential.

As to the regional cooperation, the SAR Government proposed to leverage traditional advantages and policy support and build Macao into three major service platforms: "Trading and Commerce Service Platform for Western Guangdong Region", "Liaison and Cooperation Service Platform for International Chinese Entrepreneurs" and "Economy and Trading Cooperation Service Platform for China and Portuguese-speaking Countries". With the signing of supplementary agreement II of CEPA in 2006, the export of all goods originally made in Macao at zero customs duty and enhanced open-up of service and trade sectors not only offer strong support to Macao-based enterprises and professional talents that can secure greater room for growth in the vast Mainland market filled with opportunities and the implementation of industrial diversification policy, but also create favorable conditions for the deepening of regional cooperation.

1.2.2 Pay attention to the improvement of people's livelihood and nurture civil society

The concept of "building a fairer society" was first raised by the Policy Address of 2004. The Policy Address of 2005 proposed the concept of creating "high-quality community". The Policy Address of 2006 mentioned a "society that truly puts the people's interests first", and pointed out that such a society is based on the community consciousness, self-sufficiency and constant self-improvement of its entire citizenship. It should uphold the principle of fair play, manage issues in a scientific way, never stop striving even during times of hardship, constantly improve itself, embrace both its local citizens and foreign friends, and care for the benefits of this generation and those to come. The Policy Address of 2007 specifically put forward the vision of "harmonious society". The Policy Address of 2008 proposed the goal of "cultivating civil society" and pointed out that a mature civil society needs active community organizations. It also depends on the widespread recognition of fundamental principles such as rational and open-minded attitudes, diversity and tolerance, common values, rule of law, democracy, self-respect and self-empowerment, cooperation and trust, mutual supervision and commitment. The Policy Address also identified the three great values that underpin the social construction of Macao: fairness, equality of riches, and harmony.

The fundamental practice of the Macao SAR Government is to continuously improve people's livelihood as a breakthrough point for social construction. Major measures include improvement of educational system, improvement of public service system, increased efforts to make financial relief and subsidy available, and strengthened humanities construction of culture. By taking these measures both the material life and spiritual life of the society are enhanced simultaneously. Besides, the SAR government attaches great importance to the cultivation and popularization of the values embedded in the Macao Basic Law. The values of "love China, love Macao" are developed across the whole strata of society by popularizing the Macao Basic Law. In short, the SAR Government makes great efforts to promote traditional morality and enhance the society's diverse integration quality by establishing social security system and caring disadvantaged groups; it improves the educational system from elementary education to higher education, from adult education to continuous education through education reforms so as to keep elevating the cultural quality of the whole society.

1.2.3 Comprehensively carry forward reforms and enhance administrative quality

First, launch in-depth public administration reform on all fronts. The administrative reform of

this period is characterized by the shift from scattered and intermittent reform to systematic and standard reform. For instance, the roadmap for 2007-2009 public administration reform put forward multi-year roadmap and timetable to implement reform project. The reform is also characterized by trans-department and cross-field reform that used to be self-contained reform limited to single department and single field. For instance, a special trans-department and cross-field team was set up in 2003 to address citizens' complaints so as to promote the implementation of ISO quality management system by more government departments.

Second, improve public servant management system. Intensify the training for public servants, especially work ethics training to comprehensively cultivate service personality in civil servants. Improve civil servant system, modify the legal system for public office and evaluation system for public servants, and complete the drafting of a series of laws and regulations regarding accountability mechanism. Establish and perfect accountability system for public servants on a gradual basis and provide humane care to public servants.

Third, improve social service mechanism. For example, promote "one-stop" service and "service promise". Make preparations for the setting up of one-stop comprehensive service center for civil affairs. Build "citizen service center" and gradually developed "government comprehensive service building" and accelerate the optimization of trans-department cooperation so as to make new breakthroughs in terms of government service quality.

1.3 Period of integrating growth with Mainland (2010-up to present)

The issuance of a series of documents including the "Outline of the Plan for the Reform and Development of the Pearl River Delta Region (2008-2020) (January 2009)", "Overall Development Plan of Hengqin" (August 2009), "Twelfth Five-year Plan (2011-2015)" (March 2011), "Framework Agreement on Cooperation between Guangdong and Macao" (March 2011) symbolizes a new period during which the Macao SAR's economic and social development begins to integrate with that of Mainland China, especially Pearl Delta River. During this period, major work accomplished by the Macao SAR government includes:

1.3.1 Deepen regional cooperation and promote industrial optimization and upgrade

As to regional cooperation, major policies adopted by the Macao SAR Government include: (1) Promote regional cooperation with Guangdong and especially Zhuhai. In terms of cooperation between Guangdong and Macao, promote industrial and trading cooperation, key planning coordination, large-scale infrastructure joining up, and mutual benefits for people's livelihood between Guangdong and Macao. In terms of cooperation between Zhuhai and Macao, propose the development goal of "urban integration between Zhuhai and Macao" so as to realize joining up of infrastructure, convenience of cross-border clearance, industrial cooperation and service integration between two places. Complete the construction of new campus of the University of Macao on Hengqin Island and promote the transformation and upgrade from "cross-border industrial park" to "cross-border Cooperation Park". Proactively work with Guangdong on building cooperation industrial park with unique features at Hengqin. Spare no effort to make preparations for the building of Guangdong-Macao Traditional Chinese Medicine Technology Industrial Park. (2) Promote cooperation between Macao and Taiwan. Push forward new fruits of cooperation between two places in fields such as trade, tourism and culture. Provide services to Taiwan small- and medium-sized enterprises and its people as well as Macao citizens in Taiwan. The SAR government will continue to support Macao's institutes of higher learning in their effort to obtain accreditation

in Taiwan. (3) Expand cooperation with Portuguese-speaking countries, ASEAN, and European Union. Promote joint development in this region and enhance Macao's international image and competitiveness.

The boost of industrial competitiveness: First, the development of gaming and tourism industries: make great efforts to prevent and cure pathological gaming and problem gaming, strive to promote responsible gaming, and give effective play to the dominant role of gaming sector in driving the growth of other sectors. Improve laws and regulations related to tourism sector and diversify the tourist market. Second, the cultivation of emerging sectors: focus on the development of convention and exhibition industry, cultural and creative industry, TCM industry and commerce and trade service industry. Set up the "Committee of Cultural Industries" to strengthen the cultivation of talents for the cultural and creative industry and build a cultural and creative industry base. Set up the "Convention & Exhibition Industry Development Committee" to promote professionalism and internationalism of Macao's convention and exhibition industry. Make proactive efforts to promote the development of Hengqin-based "Traditional Chinese Medicine Technology Industrial Park" project and build a TCM industry development base that complies with standards of international market. Third, support to small- and medium-sized enterprises: uphold the combined approaches of "Support" and "fostering", increase assistance to small- and medium-sized enterprises in terms of capital, human resources, technology and information so as to enhance their competitiveness. Major measures include: mitigate the operation pressure of small- and medium-sized enterprises and enhance their competitiveness through "SME Assistance Program", "SME Credit Guarantee Scheme", "SME Special Credit Guarantee Scheme", "Enterprise Financing Loan Interest Subsidy" and "Industry and Commerce Development Foundation".

Coordinated development of various sectors: First, continue to supervise and regulate the development speed of gaming sector to promote the healthy growth of gaming sector. Meanwhile, focus on the development of convention and exhibition industry, cultural and creative industry, TCM industry and commerce and trade service industry, continue to facilitate the transformation and upgrade of traditional industries, and strive to form a moderately diversified economic structure that conforms to local realities. Give full support to various industries and encourage them to innovate technology and enhance management level so as to increase competitiveness. Second, support the development of diversified tourism and related industries and especially encourage the industries to reinforce non-gaming factors. Promote the growth, upgrade and replacement of industries related to diversified tourism to provide impetus to moderate diversification of economy. Consolidate existing source of tourists and expand international tourist market; encourage the construction of budget hotels and actively promote quality tourism, convention and exhibition events and diversified tourism; develop "one trip with multiple stops" tour path through regional cooperation to promote diversification of tour products. Continue to improve laws and regulations regarding tourism industry and strengthen training of tourism employees.

1.3.2 Establish long-term mechanism for people's well-being and comprehensively carry forward social construction

First, continue to focus on the improvement of people's well-being. Measures regarding the people's well-being adopted by the Policy Address of 2010 include: Construct the new island hospital and improve community medical services network; establish a center for food safety under the Civil and Municipal Affairs Bureau, responsible for overall food supervision and related

coordinated work. Continue the Wealth Partaking Scheme, and launch another round of the Health Care Voucher Program. Continue to disburse Old-age Allowance to show concern and respect for the elderly. Offer every household the same electricity fee subsidy; continue providing financial allowances to low-income, full-time employees; investigate the potential for granting more temporary housing subsidies to eligible families on the waiting list for public housing; offer financial aid to families with difficulties through the Social Welfare Bureau; provide special subsidies and special living allowances to three categories of disadvantaged families, etc.

Second, build long-term mechanisms for four major fields of livelihood: education, social security system, medical care and housing. As to the improvement of living environment, the Policy Address of 2011 proposed to draft the Master Plan for Macao's New District, commence the legislative process for the law on urban renewal, commence the drafting of the Urban Planning Law and its supporting regulations, expedite revision of the Land Law, and work on formulation of the General Road Traffic and Transport Policy of Macao (2010-2020). As to the long-term mechanism for social security, the Government has promulgated the law on the Social Security System, the law on Provident Fund Personal Accounts, and the by-law on Fund Attribution Procedure to Individual Provident Fund Accounts. Looking ahead, we will draft a law on the Central Provident Fund System and a by-law on the Payment of Contributions to Central Provident Fund and the Allocation and Supervision of the Central Provident Fund.

Third, enhance the society's cultural standing. Measures adopted by Policy Address of 2010 mainly include: increase funding for education; establish the core values of patriotism, love for Macao, and social responsibility among young people; make sure to pass them the torches for the great endeavors of the policy of "One Country, Two Systems", "Macao people ruling Macao", and a high degree of autonomy. The Policy Address of 2012 proposes to "strengthen humanitarian construction" and put forward concrete measures: continue to step up investment of resources in higher education.

1.3.3 Further administrative reform and build Sunshine Government

In the Policy Address of 2010, the new SAR government put forward the policy objective of "Sunshine Government" and made scientific and bold attempts to achieve this goal. First, as to the building of clean administration, the Commission Against Corruption (CCAC) will reinforce supervision of the integrity of public servants, strengthen the ombudsman's functions to help public departments enhance transparency and assist the whole team of civil servants in establishing a clean and honest administrative culture. Second, as to the optimization of government structure, place the Social Security Fund within the social affairs and culture policy portfolio, and the Pension Fund Authority within the administration and justice policy portfolio. Merge the Legal Reform Office with the International Law Office. Establish a chief executive-led coordination mechanism for handling crises. Amend the law on the organizational structure and operations of the Cultural Affairs Bureau (ICM) and the Macao Sports Development Board (IDM) to support the migration of the related functions of the Civic and Municipal Affairs Bureau (IACM), and just other functions of IACM. Optimize work process and streamline administrative procedure; improve government spokesperson system; urge the government to accept supervision, supervise itself and improve itself through performance management, examination and appraisal of leaders/officials and official accountability. Third, stick to open administration and ensure the transparency of administration. Establish government spokesperson system to explain every aspect of Government policies and maintain good communications with the public. Uphold the principle of freedom of the press,

which allows the policies to be soundly supervised by the public and the media. Review the existing operation of advisory bodies, with a view to providing clearer frameworks and increasing their transparency. Establish a more effective system for public consultations to enhance the effectiveness of public consultations. Fourth, stick to scientific policy-making. Establish a Policy Research Office, which will report directly to the Chief Executive. The new office will provide advice and assist in policy-making. It will help the Chief Executive to understand public opinion, and scientifically formulate policies. Furthermore, it will coordinate various departments in formulating policies.

II. Basic Commentary and Analysis of 15-year Administration by the Macao SAR Government

Overall speaking, in more than one decade since its handover Macao has developed its democratic politics and the principle of "Macao people ruling Macao" has enabled the broad masses of Macao residents to become the master of their own affairs; fruitful achievements have been made in terms of safeguarding people's livelihood, economic construction and social construction; the rights granted by the Macao Basic Law to Macao residents have been effectively ensured.

2.1 Steady development of constitution guided by democratic politics

After the handover of Macao, the development of constitution includes government organizational building and administrative mechanism development. In terms of government organizational building, the first phase focuses on the improvement of government organizational structure, the second phase on the administrative reform and the third phase on the building of Sunshine Government. Every phase has its concrete work contents and specific targets. The first phase mainly deals with the issue of how to improve the government organizational structure as quickly as possible upon the establishment of SAR. The second phase mainly focuses on virtuous operation of administrative mechanism. In the third phase, against the backdrop of fundamental stability of SAR administrative structure, the SAR Government proposes the building of Sunshine Government, which not only reflects the social expectation for Macao's administrative system but also conforms to modern political civilization's basic requirements for government administration.

As to the development of administrative mechanism, the Macao SAR successfully completed the revision to the method for the selection of Chief Executive and the formation of Legislative Council. On 30th June 2012, *Amendment to Annex II to the Basic Law of the Macao Special Administrative Region of the People's Republic of China Concerning the Method for the Formation of the Legislative Council of the Macao* was recorded at the 27th Session of the Standing Committee of the 11th National People's Congress (NPC) of the People's Republic of China (PRC). In September 2013, the election of Macao's Legislative Council was held and the 5th Legislative Council was formed according to the amended method. The number of directly and indirectly elected legislators increased by two respectively, enhancing the democratic nature of the Legislative Council to some extent. On 30th June 2012, *Amendment to Annex I to the Basic Law of the Macao Special Administrative Region of the People's Republic of China Concerning the Method for the Selection of the Chief Executive of the Macao Special Administrative Region* was approved at the

27th Session of the Standing Committee of the 11th NPC of the PRC. In 2014, the number of the fourth Chief Executive Election Committee is increased to 400, expanding the social basis of the Chief Executive Election Committee. The amendments to the method for the formation of the Legislative Council and selection of the Chief Executive fully demonstrate democratic politics' requirements for the Macao SAR's constitutional development.

2.2 Continuous improvement of people's livelihood and systematic social construction

The comprehensive implementation of fundamental rights granted to residents by the Macao Basic Law has ensured the safety of society and people's livelihood. At the same time, the SAR Government attaches great importance to constructing rule of law, securing the rudimentary social equity and bringing drastic changes to the face of the Macao SAR.

2.2.1 Promote social harmony and stability by improving people's livelihood

Since the handover, with the constant increase of the SAR's financial resources the efforts to support the people's livelihood have been continuously stepped up. In 2012, with the implementation of economic subsidy and wealth partaking, the SAR Government will spend about MOP 8.57 billion. By adopting various tax reduction and exemption measures, the SAR Government will lose MOP 1.47 billion as tax revenue. In 2013, with the implementation of economic subsidy and wealth partaking, the SAR Government will spend about MOP 9.77 billion. By adopting various tax reduction and exemption measures and introducing new tax rebate measure, the SAR Government will lose about MOP 1.61 billion as tax revenue. In 2014, with the implementation of economic subsidy and wealth partaking, the SAR Government will spend about MOP 11.31 billion. By adopting various tax reduction and exemption as well as tax rebate measures, the SAR Government loses about MOP 1.98 billion as tax revenue. By 2013, the SAR Government's four major long-term mechanisms for people's livelihood – education, social security, medical care and housing – have been tentatively established.

2.2.2 Realize social equity and justice through constructing a society governed by the rule of law

Since the handover, the social stability of the Macao SAR and the comprehensive implementation of the Macao Basic Law have been closely related to the SAR Government's abiding by the rule of law and adhering to the rule of law. The first Policy Address delivered by the Macao SAR Government in 2000 proposed that in order to consolidate the Macao SAR's legal system and ensure that the objectives of the "One Country, Two Systems" policy can be achieved, the Government will produce draft bills and essential regulations, follow up on the implementation of existing legislation and intensify work relating to the publication of legal information, particularly in terms of promoting the Basic Law. In 2001, the SAR Government considers constructing the rule of law as an essential component and important guarantee of the software environment of Macao market: the Government will amend and formulate commercial laws and regulations corresponding to the needs of social development, and review our system of taxation, revise obsolete regulations, and simplify procedures. The Policy Address of 2002 points out that the SAR Government will re-deploy its human resources next year to focus efforts on the renewal and promotion of relevant laws and regulations that support economic revitalization. The Policy Address of 2007 points out the following regarding the legal reform: in the field of administrative legal affairs covered by the Policy Address some tentative projects and preliminary measures

related to major administrative and legal reforms have been specifically listed. The Policy Address of 2010 points out that in the field of legal affairs the SAR Government will step up efforts to respond to social demand and fully undertake the work of drafting laws and strengthen training of legal professionals. Meanwhile, in accordance with the provisions of the Macao Basic Law and the Reunification Law, the Government shall study, analyze and complete work on adapting laws that were promulgated before reunification with the motherland, and remain in force, thereby delineating Macao's legal system. According to the Policy Address of 2013, prior to the establishment of the Macao SAR, a total of 2,123 laws and decree-laws were gazetted between 1976 and December 1999, among which 712 were confirmed to remain in effect upon review. However, as some of these laws or decree-laws have already become out of tune with the social development or legal system after the establishment of the SAR, further study is necessary on the decision of amendment or abolition. The Government will also continue to perfect the legal coordination mechanism.

With the development of a series of long-term administrative mechanisms, the legal system of the Macao SAR with the Macao Basic Law as its supreme law undergoes increasing improvement and plays a major role in the economy, society and life in the Macao SAR.

2.2.3 Carry forward the spirit of "love China, love Macao" and develop social value system

The Macao SAR is directly under the Central Government and is a SAR of China. The development of Macao cannot be achieved without continuous support from the Central Government and the Mainland China. Macao's economic and social development divorced from mainland China's abundant resources and vast space would be like water without a source or a tree without roots. Therefore, besides increasing investment in education, expanding education opportunities and emphasizing moral education, the Macao government has teamed up with all walks of life to popularize "love China, love Macao" as the fundamental value orientation for Macao society. The Policy Address of 2005 points out that "the youth of today embody the overall quality of Macao's future social development. We must strongly emphasize the cultivation of a spirit of patriotism among our young people, reinforce their education about the concept of 'One Country, Two Systems' and about the Basic Law, help them understand Chinese history and culture, and increase their sense of belonging to their own nation. They should attain a humanistic outlook and care about all of mankind. While living in Macao and cherishing their Motherland, they should also have a broader world outlook." It is the Macao SAR Government's highly effective policy of humanistic care that has not only ensured internal harmony and stability of the Macao SAR society but also maintained sound interaction with mainland China and the Central government, thus promoting the smooth implementation of the "One Country, Two Systems" policy in the Macao SAR.

2.3 Policies that keep up with the times and outstanding economic achievements

The economic achievement attained by the SAR Government since its handover is obvious to all. According to the statistics posted by the website of the Statistics and Census Service of Macao, in 1982 the per capita gross domestic product in Macao is MOP26,811; in 2000 the per capita gross domestic product in Macao is MOP119,911. In 2012, the per capita gross national product in Macao is MOP611,930. The steady increase of per capita income is accompanied by continuous improvement of government finance. According to the Policy Address of 2014, as at September of

2013 the basic reserve of the SAR Government financial saving amounted to MOP 111.921 billion and the excess reserve amounted to MOP 55.414 billion. The total amount of foreign exchange reserve amounted to MOP 130.281 billion. As of the end of November 2013, the total value of financial assets increased to about MOP 168.2 billion.¹

There are mainly three pieces of advice for the success of economic construction:

2.3.1 Sustained improvement of environment for business operation

Since the handover, besides devoting a large amount of financial resources to improving the Macao SAR's hardware facilities such as transportation and environment, the Government has also attached great importance to the construction of software environment for investment such as continuous improvement of legal system and enhancement of administrative quality, bringing about sustained improvement of environment for business operation in Macao. Of particular importance is the open-up of gaming industry which quickly introduced European and the United States' advanced operational concepts to the operation of gaming industry in Macao. In concert with mainland policy of permitting "free and independent trip" to Macao, the local gaming industry has undergone rapid growth within a short span of time, not only making up for the economic recession caused by mainland's reform and open-up, migration of manufacturing industry to north, and sluggish business of local traditional SMEs but also bringing about drastic growth of national economy per capita.

2.3.2 Establishment of industrial path in line with local conditions

After the initial period of "consolidating foundations" upon the handover, the SAR was basically on the track of steady development in every aspect. In response to drastic changes of internal and external economic conditions, especially the rapid elimination of manufacturing industry amidst competition, the SAR Government soon identified the economic growth path with gaming and tourism as leading industries, coordinated development of related industries and promotion of moderate diversification of economy. The identification of this path not only conforms to Macao's actual conditions but also takes into account the future development; it not only matches the country's overall development planning but also meets the requirements of a series of Central government's policies regarding Macao. Therefore, remarkable achievements have been made within a short span of time. Nowadays, the magnificent casinos, luxury and comfy hotels, and places of historic figures and cultural heritage that scatter all over the Macao SAR are attracting more and more tourists to spend their leisure time as well as money in Macao. In November 1999, the number of inbound tourists was 655,874; in November 2013 the number of inbound tourists was 2,432,975. In 15 years, the number of tourists has grown almost four times year on year.

2.3.3 Active expansion of room for development

Macao's room for future development lies in mainland China, especially the Pearl River Delta. There has been a consensus about this in Macao's society. The "Outline of the Plan for the Reform and Development of the Pearl River Delta Region", "Overall Development Plan of Hengqin", and "Framework Agreement on Cooperation between Guangdong and Macao" provide historical opportunities for integrated growth of Macao and mainland economy. The abundant resources and vast market of mainland China offer huge room for the development of Macao's SMEs. Some SMEs have gained a foothold in Zhuhai, Zhongshan, Guangzhou and Shenzhen, where they have scored quite good performance. The development of Hengqin will provide more convenient

conditions for the growth of Macao's SMEs. All of these are bound to stimulate more of Macao's SMEs to make investments and start ventures.

III. Limitations and Future Path of the Macao SAR's Development

Since its handover to China, Macao still faces some profound issues that need to be tackled carefully and solved properly despite the scene of prosperity and stability. To sum up, major outstanding issues are as follows:

3.1 Power model needs to be further explored

For the Macao SAR Government, the successful part over the decade is the executive-led polity that consistently maintains the superiority of executive power. The government has accomplished a lot by making use of such constitutional conditions. The executive power of Macao SAR rarely encounters legislative obstruction as can be seen from the open-up of gaming industry to the launch of a series of policies and measures. Meanwhile, the Legislative Council fails to bring its functions into full play. The most prominent issues are insufficient supervision of the government and lack of debate. This situation should be gradually changed in accordance with the spirit of the Macao Basic Law. As to the internal reform of executive power, each administration has followed the executive mechanism with great interests since the handover and achieved certain successes in areas such as organizational restructure, construction of operational mechanism, improvement of training and assessment systems for civil servants, leaders' accountability, and giving full play to functions of CCAC and Commission of Audit. However, there is still a gap between what citizens expect and what the government delivers. If the relative stability of executive structure and operational mechanism has ensured the overall smooth transition of Macao's society from the handover up to now, the Government needs to make greater efforts to carry forward the internal reform of executive branch in the future: as original executive mechanisms have given rise to numerous groups with vested interest, how to get streamlined as quickly as possible in the process of scientific organizational restructure calls for serious consideration. New political wisdom is expected to answer the question of how to build executive management mechanism in line with the Macao SAR's economic and social development guided by the spirit of "One Country, Two Systems" and the Macao Basic Law while precluding the Western political model of separation of the three powers (the legislative, executive and judicial powers).

After the handover, the amendment concerning the method for the formation of the Legislative Council of the Macao SAR was recorded at the Standing Committee of the NPC of the PRC. The election held in 2013 produced the 5th Legislative Council. Further observation is needed to determine whether the new Legislative Council can meet social expectations. In 2014, a new Chief Executive will be elected in the Macao SAR according to the new method for the selection of Chief Executive. How to ensure that the election can be smoothly carried out and a Chief Executive is selected to the satisfaction of the society will be a new test for the political operation of the Macao SAR.

3.2 Watch out for negative effects of welfare administration

Since the handover, the people's livelihood has always been the focus of administration of the SAR Government. In recent years, the SAR Government has effectively increased the coverage of social security and practically expanded the free preliminary healthcare and special medical care through enhanced system building and improved allocation of resources while focusing on social security, medical care and housing, all of which affect the immediate interests of Macao's residents. The 15-year free education is implemented; scholarship and grant-in-aid as well as subsidy for continuing education are increased; the planning and construction of 19,000 public houses are carried out. According to the Public Address of 2014, the SAR Government will spend about MOP 11.313 billion in measures such as helping disadvantaged group, injecting funds into Provident Fund Personal Accounts, carrying out Wealth Partaking Scheme and continuing advanced studies plan.

Although welfare administration is an important means of fulfilling obligations by modern government, it is by no means omnipotent. It should be pointed out with special emphasis that welfare administration is a double-edged sword and improper use of it will bring unfavorable consequences to the government as well as society. The negative effects of welfare administration are evident: first, in terms of economic and social development, stagnant economy, rising inflation and high unemployment rate will appear. Inadequate driving force for economic growth is a major reason that causes stagflation while diminishing investment leads to lack of driving force for economic growth. Diminishing investment is closely related to high taxation and high costs while high taxation and high costs are closely related to high welfare policy. Second, the public financial situation deteriorates. In order to maintain the welfare policy, the government has to levy heavy taxation and increase public finance expenditure. Third, the nationals will become lazy. The universal welfare policy gives rise to a gigantic and considerate social security network that meets the basic life needs of citizens of the whole society. As this network greatly narrows the gap between the incomes of those who work and subsidies received from the social security by those who don't work, the dependency on welfare will be encouraged and the enthusiasm for work will be dampened. To some extent it will cause the people to lose diligence and weaken the quality of the people and national competitiveness. Fourth, the administrative quality will keep declining. The bureaucracy is a monopolistic organizational medium and operating agent for all people's social security system. This will give rise to the phenomenon of "administrative nation", which fully reflects the malpractices of bureaucratic system.

3.3 Constructing rule of law needs policy support

First, the concept of rule of law has not been well unified and popularized. Concrete demonstrations of this include: some people still stick to outdated Portuguese legal system that has been disused by Portugal but introduced to Macao for application and turn a blind eye to new achievements of modern world's legal system construction, displaying their diehard conservative attitudes and aversion to reform; second, the society as a whole has low awareness of the rule of law. The prevailing practice of respecting the rule of law has yet to be developed. Traditional local influence, family influence and financial group influence constitute a foundation on which the survival of a significant portion of people depends. Third, the education regarding the rule of law is not available in Macao's universities. Nowadays, as a general required course in mainland universities, the Foundation Course of Law offers basic knowledge that every college student must

learn and understand. However, the education regarding popularization of the Macao Basic Law and fundamental education of law are still not available in any university in Macao.

Second, there is still room for improvement in legal reform. The Macao SAR's legal system characterized by the "One Country, Two Systems" policy still needs to be improved as quickly as possible. In terms of legislative technique, the relationship between normative documents and non-normative documents needs to be differentiated; in terms of law systematization, fundamental consensus needs to be reached among the professional field to promulgate valid regulations in a systematic and categorical manner as quickly as possible; in terms of economic and social development requirements, there are still many links that need to be coordinated between legislation in Macao's major social areas and legislation in mainland China. Particularly, legal reform that meets the needs of integrated growth of economy and society has not been given enough attention; in terms of modernizing legal system, the legal system is completely divorced from the society. What's more, there are also many issues regarding the enforcement and application of laws. Particularly in the judicial sector, the text cannot be completely put into Chinese, which renders it difficult to achieve judicial impartiality and equity.

3.4 Economic construction needs comprehensive attention

3.4.1 Policies designed to support SMEs need to be reviewed

From 2003 up to now, the Policy Address of each year has introduced a slew of measures designed to support SMEs. For instance, there are "SME Credit Guarantee Scheme", "SME Special Credit Guarantee Scheme", "SME Loan Scheme to Improve Business Operation" and "Startup Fund Scheme" etc. However, the development of SME in Macao is still not ideal. Except for gaming and tourism industries, Macao still does not have leading enterprises with market competitiveness. Policies designed to support SMEs need to be reviewed in a timely manner so as to step up efforts to help SMEs.

3.4.2 Continuous increase of gaming industry's side effects need to be followed closely

As is known to all, the development of gaming industry is closely related to the policy of permitting free and independent trip to Macao. The business of big clients in VIP rooms constitutes a major source of profit for the gaming industry. The gaming industry brings unavoidable side effects to Macao society; what is more, as more guests come from mainland China, the negative impact on mainland China, especially the neighboring regions can't be ignored. In the long run, the Central Government will be bound to review the policy of permitting free and independent trips. The gaming industry may be subject to heavy losses at certain time in the future due to the adjustment of policies regarding free and independent trips to Macao.

3.4.3 Integrated growth needs to have breakthrough results

Only with the open-up of gaming industry in 2003, official introduction of competitive mechanism and mainland's simultaneous implementation of policies regarding free and independent trips did the Macao SAR's economy begin to develop in a steady manner. The closure of many SMEs as well as the exit of traditional industries from the historical stage is covered up by the enormous revenue generated by the gaming and tourism industries. The cultivation of Macao-based SMEs is undoubtedly a major task for the Macao SAR Government in the new round of Pearl River Delta development. At present, both mainland China and Macao have rolled out relevant policies but their effects are not ideal. In this regard, the Macao SAR should give up excessive care for local enterprises, foster an open market through macro policy guidance, relax

threshold for enterprises and welcome enterprises to invest and run business in a fair system. Meanwhile, enterprise regulatory system should be set up and improved; the phase out of outdated enterprises and the formation of sunshine industries should be expedited.

IV. Conclusion

This year marks the 15th anniversary of Macao's handover to China. The government functions have been playing a major role in the practice of the "One Country, Two Systems" policy over the decade. Thanks to a series of Central Government policies designed to support Macao, the Macao SAR Government and society have successfully coped with challenges brought about by emergencies such as adjustment of industrial structure, "SARS", Asian financial tsunami, and world economic crisis and made obvious achievements. Of course, in the future economic and social development the Macao SAR Government is faced with many issues, among which in-depth issues will keep growing. It can be said that the practice of the "One Country, Two Systems" policy has entered "deep water area". It remains to be seen how the Macao SAR government can make greater achievements in a more practical and scientific manner through timely reforms.

Notes:

- ¹ Author (2014). Macao Secretary for Economy & Finance Tam Pak Yuen: Financial Reserve by the End of Last Year Exceeds 160 Billion Patacas; Social Opinions Solicited on How to Use Excess Reserve. *Jornal Va Kio*. 1st July 2014. 11