

Chi Chuen Chan · William Wai Lim Li  
Eugene Chung Ip Leung

# Problem Gambling in Hong Kong and Macao

Etiology, Prevalence and Treatment

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*Dedicated to the Memory of  
Professor William Eadington  
University of Nevada at Las Vegas  
and*

*Professor Rowan Greer  
Yale University Divinity School*

# Preface

First of all, I would like to thank my mentor and good friend, Dr. Keis Ohtsuka of Victoria University, for his guidance during my studies as a Ph.D. student. Dr. Ohtsuka's meticulous concerns and care have been a great help in my studies. I also have to thank Professor Blaszczynski of the University of Sydney and Professor Jackson of the University of Melbourne for their inspiring advice during my Ph.D. studies and for my current research in the psychology of gambling. Lastly, I must thank Mr. Louis Lee, JD, who helped in the proofreading and editing of this book.

I hope this book can benefit social workers, psychologists, and counselors in the field of gambling in Hong Kong and Macao.

Chi Chuen Chan  
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### Also from the First Author

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# Chapter 1

## The History of Gambling in Hong Kong and Macao

### 1.1 History of Gambling in Hong Kong: The Story of the Hong Kong Jockey Club

#### 1.1.1 *Early Development of the Hong Kong Gambling Industry*

Hong Kong became a British colony after Britain and other foreign powers defeated China in the Opium War in 1841. As a British colony, Britain appointed the local governor and introduced a Western-style government. In the early years of the British colony, gambling was popular among the indigenous Chinese. The British government did not ban gambling in the newly acquired colony. At that time, there were neither casinos nor organized gambling establishments.

In 1844, the British governor put forth a number of legislative orders, most of which covered taxation as well as law and order. Among these laws, one entitled “Ban Gambling Regulations” was passed. This legislation imposed a maximum fine of 200 dollars for people who gambled or recruited others to gamble. The gambling ban did not originally aim to prohibit gambling—its main purpose was to increase government revenues from the fines collected. This law laid the foundation for legislation prohibiting public gambling in Hong Kong.

However, increasing tax revenue through prohibiting gambling was not an effective way to reduce gambling among the local Chinese. During the Ching Dynasty, gambling was at the root and foundation of Chinese culture. Gambling, especially among friends and relatives, had long been a tradition in Chinese popular culture. Chinese people loved to play mahjong with friends and relatives during festive seasons (Chan and Ohtsuka 2010). In the early years of British colonization, gambling was especially common among immigrant laborers from Mainland China. Most of these workers were from Canton, a neighboring province in Mainland China. The majority of these workers were illiterate and worked under harsh and unhygienic conditions. For them, gambling was their only pastime and social

leisure activity. Very often, these workers gambled illegally in the small betting houses in the central districts of the new colonial government. The area notorious for illegal gambling was Hollywood Road in the Central district of Hong Kong. They frequently went to these houses once or twice a week in search of the dream of quick riches and fortunes. However, very often, many of these illiterate workers lost all their earnings and found themselves heavily in debt. Unable to pay off their debts, many of these gamblers were sold as slave workers overseas. Some went as far as the USA. The local Chinese named these early victims of problem gambling “piggy workers.”

This increase of illegal gambling can be linked to the ineffectiveness of the British government and to the corruption of police officers at that time. The British government, in the first few years of operation in Hong Kong, had little desire to transform the local political structure into a British model with free elections and a representative government. Instead, the new colonial government intended to keep the basic Chinese social and cultural structures and customs intact. Consequently, the British government never intended to crack down on illegal gambling dens.

Another reason for the rapid increase of gambling is the widespread corruption among police officers in the early years of colonization. Though there were laws that prohibited gambling, there were few genuine attempts to eradicate the problem. Often, corrupt police officers would cooperate with gambling house owners to create dramatic “cracked gambling cases.” In these cases, police officers would bust the gambling houses and arrest a number of gamblers, including the owners of the shop. In fact, these were only shows for the public. The real owner would never be arrested. The locals often referred such operations as a “monkey show,” a sarcastic term for the rampant police corruption at that time. These staged crackdowns of gambling houses often appeared in the headlines of foreign newspapers (Ge 2004).

The severe gambling problems caught the attention of the new Hong Kong governor MacDonnell, who decided to tackle them. In June 17, 1844, the Legislative Council of the Hong Kong Government passed the “Maintain Social Order and Weathered Regulations.” This law gave police the power to grant licenses to operate gambling houses. Tenders were solicited from existing gaming operators. Each application specified the location of the gaming venues. In the early round of selection, 12 bidders were approved, which led to the establishment of twelve gaming houses. Each annual license fee was 10,000 dollars (Cheung 2009).

Governor MacDonnell was the first legislator in Chinese history to raise tax through licensing and legislation. While the laws established the legal status of gambling, this legislative arrangement increased the accessibility, availability, and acceptability of gambling to the general public. Gambling was no longer an illegal activity hidden behind small wooden huts. Instead, middle-class and well-educated individuals began using gambling as a leisure and fun activity, as the establishment of the Hong Kong Jockey Club would later demonstrate. Contemporary gambling researchers such as Blaszczynski and Nower (2002) have argued that early “3 As” (availability, accessibility, and acceptability) are crucial in the pathway development of problem gambling, as children brought up in this environment have a higher likelihood to learn and indulge in gambling activities at an early age. Thus,

licensing the gaming operators encouraged and promoted gambling in the small developing British colony.

One of the most popular games in the early colonial years was Fan-tan, a game still enjoyed by many patrons in the casinos of Macau today. Fan-tan is a chance game similar to lottery. In this game, the banker randomly places buttons into a big bowl and the players have to guess the number of buttons. The numbers are counted in multiples of four. The players choose a number from 1 to 4. If there are 100 buttons, the winning number is 4.

In addition to “Fan-tan,” gambling houses also featured games such as “Sic Bo,” “Pai Gow,” and “Word Flower.” Most of these games were chance games which require relatively little skill to master (Ge 2004). These games were very popular among manual laborers as the games require low literacy levels and few specific skills to play.

Tax revenues from public gambling from July 1, 1867 (Public Order of the rates of gambling) to February 20, 1872 (The Ban Gambling Action) were very impressive. Back in Great Britain, voices against widespread gambling in the developing British colony came mainly from the conservative and religious members of the community. Pastor Charles Warren first raised opposition to this gambling revenue in the British Parliament.

In 1872, Sir Kennedy succeeded Sir MacDonnell as the governor of Hong Kong. During his term, Governor Kennedy was committed to ban gambling. He amended the 1844 Gambling Ordinance. At that time, ingenious businessmen put forward an innovative means of illegal gambling—the development of private clubs (Cheung 2009). Club membership was initially a Western innovation and a new form of social entertainment. Traditional Chinese culture emphasizes clan relationships. Gambling was often shared and enjoyed within one’s social clans. In the early years of colonization, clubs established in Hong Kong were mostly organized and run by foreigners. In these clubs, drinking, gambling, and sex shows (e.g., nude dancing of young women) were common.

During Governor Kennedy’s tenure, local Chinese merchants started to organize their own clubs. Application for the establishment of a club was easy; the procedure only required the signing of several documents with the government authority. In accordance with the rules of a club, only club members were allowed to get in and enjoy the fun activities. But in a Chinese club, there were no similar strict rules. Anybody could go into gamble. Consequently, many small Chinese gambling venues were established and operated under a club name. The common games in these clubs were Mahjong and Tin Kau, a common table game of chance that required little skill to master. Proposing to eliminate illegal gambling, Governor Kennedy amended the Gambling Ordinance in 1876. However, there was little success from his efforts as corruption and illegal gambling were rampant at that time (Cheung 2009).

A mahjong school is a licensed venue in Hong Kong where people over the age of 18 can play mahjong. Since 1871, privately run gambling businesses have been banned in Hong Kong; however, mahjong-hosting venues have been tolerated by the Hong Kong government. After World War II, the government required such

venues to obtain Mahjong/Tin Kau Licenses with the constraint that such businesses must be known, in legal English, as Mahjong Schools—a white lie to get around the ban on privately run gambling businesses. Although being technically “schools,” these Mahjong/Tin Kau Licenses are issued by Television and Entertainment Licensing Authority. At present, there are many licensed mahjong schools in Hong Kong, mostly in densely populated areas such as Mong Kok, Yau Ma Tei, Wan Chai, and Sham Shui Po.

If a player plays mahjong in a mahjong school, he has to pay a portion of his gains if he wins a game set. This is the main source of income of a mahjong school. To attract players, mahjong schools provide free drinks, free food, and sometimes lucky money. In addition to resident umpires, modern mahjong schools also have closed-circuit television installed to deter cheating and theft.

Mahjong game was originated in China. It is commonly played by four players (with some three player variations found in South Korea and Japan). The game is played with a set of 144 tiles based on Chinese characters and symbols, although some regional variations use a different number of tiles. In most variations, each player begins by receiving 13 tiles. In turn, players draw and discard tiles until they complete a winning hand using the 14th drawn tile to form four groups (each with 3 tiles) and a pair. There are standard rules about how a piece is drawn, the use of simples (numbered tiles) and honors (winds and dragons), the kinds of groups, and the order of drawing the tiles. There are many regional variations in the rules, with the most popular version being the Cantonese version. Since it can only be played by four people, it is not an option for the casinos. Mahjong is always the best entertainment during festivals such as Chinese New Year. Very often, young people learn this to play this game from their parents (Ohtsuka and Chan 2010).

Tin Kau (Chinese: 天九; Cantonese: Tin Kau “Heaven and Nine”) is the name of a Chinese gambling game for 4 players played with a set of Chinese dominoes. In the game, “Heaven” is the top-ranked tile of the civilian suit, while “Nine” is the top-ranked tile of the military suit of the domino set. Tin Kau is more like playing bridge with no trump suit and no partner. Four players play against each other. At the start of each game, each player receives 8 tiles from a deck of 32 tiles. There are complex rules to the game play and scoring. The players need to rely on luck and strategies to beat the other players’ tiles. It is a challenging game to learn and master. At present, only a small number of Chinese people understand how to play this game.

At present, the Hong Kong government has strict restrictions on the Mahjong/Tin Kau License in order to control this kind of privately run gambling. There are time and age controls in which no games shall be played except between the hours of noon and following midnight and no person under the age of 18 years shall be permitted to play the game. Further, the owner of the Mahjong school cannot loan money to the patrons to finance their gambling (Office of the Licensing Authority 2014).

In the first few decades of British colonization, organized gambling started when gangsters discovered ingenious means of gathering bets and wagering. One popular game at that time was “Word Flowers.” This game operated much like a modern

lottery. There were 36 numbers or “*Word Flowers* (字花),” each carrying a specific hero story in ancient China. Some of these were war heroes, while others were legends and famous people. The players could bet on any of these numbers. If they win, they will receive a fixed payout, usually 30 to 1. There was a definite house advantage as the odds of winning were 1 in 36. The winning “*Word Flowers*” were organized twice a week. However, the results of the game were fixed by the organizing company. “*Word Flowers*” was a popular game among the working class as the game required little skill and the payout was attractive (Ge 2004).

At the outbreak of the Pacific War in 1941, Hong Kong was under Japan’s rule. The Japanese army organized a new security group, called the security assistance mission in Hong Kong, in order to stamp out the local opposition (Ge 2004). This security group did not have sufficient funding. They thus raised funds by organizing Word Flower lotteries. After the ending of the Japanese occupation, this game was operated by members of the Chinese mafia groups, known as triad societies in Hong Kong. Though being illegal, Word Flower game continued to be one of the most preferred games among the working class housewives until the 1970s when the Hong Kong Jockey Club started a new lottery game, the *Mark Six* (六合彩). A complete list of current legalized games in Hong Kong is included in Appendix D.

### ***1.1.2 The Rise of the Hong Kong Jockey Club***

The Hong Kong Jockey Club (HKJC) is a not-for-profit organization and a company with liability limited by guarantee. Through its wholly owned subsidiaries HKJC Horse Race Betting Limited, HKJC Football Betting Limited, and HKJC Lotteries Limited, the Club holds the sole licenses for the operation and management of Hong Kong’s horse race betting, football betting, and Mark Six. The Hong Kong Jockey Club Charities Trust is a public charity and is primarily engaged in supporting charitable organizations and community projects in Hong Kong.

#### **1.1.2.1 The Early Years of Horse Racing**

The history of horse racing in Hong Kong dates back to the beginning days of colonization. During the governorship of Hong Kong’s first governor Pottinger, the committee of organization held horse races twice in 1842 and 1843. The races took place in Macao as there was not a suitable racing ground in Hong Kong. In 1845, a British group held the first horse race in Pok Fu Lam. There was no betting on the races (Cheng 2005).

As the small colony developed, many foreigners, especially British, came to work and live in Hong Kong. Many of them came from Europe, where horse racing was a social fixture of the upper class. Thus, they set up a permanent Jockey Club known as the “Hong Kong Jockey Club.” At that time, horse racing was held once a