

ABSTRACT

Abstract of thesis entitles *Employment and Casino in Macau*, submitted by Liu Ying (M-A6-6808-8) for the degree of Master of Social Sciences in Economics at the University of Macau in August in 2008.

Casino gambling is a popular form of entertainment in the world. Casino gambling in Macau has been popular for centuries. Based on the gross revenue of casino gambling, Macau has surpassed Las Vegas and become the largest “casino gambling city” in the world. The booming of Macau’s casino industry has caught the World’s eyes. An issue has been raised that how the casinos affect Macau’s employment. This thesis investigates this issue and provides answers to it.

Long-run models are conducted to disclose the relationship between the investigated variables in levels. Short-run models, i.e. VAR models, show the relationship between variables in their quarterly differences. Findings include that, in the long run, an increase in the casino employment has a positive effect on all other industries’ employment. More than half of the increase in the total employment results from an increase of the casino employment. In the short run, the quarterly difference of the total employment precedes the quarterly difference of the casino employment. That is, a quarterly increase in the total employment Granger-causes a quarterly increase in the casino employment. The quarterly difference of the casino employment precedes the quarterly difference of the non-casino employment and, reversely, the quarterly difference of the non-casino employment precedes the quarterly difference of the casino employment. That is, in the

short run, a quarterly increase in the casino employment Granger-causes a quarterly increase in the non-casino employment, and vice versa.

This research focuses on the employment issue and by no means suggests the Macau Government to unlimitedly develop the casino industry, especially during the time of reaching an unemployment rate at its record low. Other aspects of casinos' effect are complex and the Government is advised to scrutinize the development of the casino industry whenever a policy is made.