A NATURAL EXPERIMENT: THE COMMERCIAL TRANSFORMATION OF
A MEDIUM RANGE TOWN IN THE PHILIPPINES

A Thesis
by
TY STEPHENS MATEJOWSKY

Submitted to the Office of Graduate Studies of
Texas A&M University
in partial fulfillment of the requirements for the degree of
MASTER OF ARTS

August 1995

Major Subject: Anthropology
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ABSTRACT

A Natural Experiment: The Commercial Transformation of a Medium Range Town in the Philippines. (August 1995)

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The Philippine market town of Dagupan City has recently experienced a substantial transformation in its trade community. This thesis examines the effects the introduction of new retail institutions have had on the town especially among local traders. After the formulation of an hypothesis and discussion of general issues, a history of the community prior to 1990 will be examined followed by the reactions to these changes by community vendors. Although the thesis focuses on the community life of Dagupan City, it has implications for the urban life of less developed countries, in general.
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INTRODUCTION

My thesis is based on field research I conducted with Dr. Norbert Dannhaeuser in Dagupan City, Philippines, for two months in the summer of 1994 (see Figure A-1, Appendix A). It will analyze the commercial transformation that has taken place in this community during the last two decades. Dr. Dannhaeuser has conducted extensive research in the Philippines dating back to the late 1960s. Much of his work concentrates on this medium range town on the main Philippine island of Luzon.

The purpose of my accompanying Dr. Dannhaeuser into the field was to give me a chance to conduct ethnographic research in a supervised environment and to assist him in his long term study of Dagupan City. His familiarity with the town as well as the personal contacts he has established with individuals in the retail community made Dagupan City an ideal setting for a second year anthropology graduate student to conduct research. In addition, from the numerous publications Dr. Dannhaeuser has written about the town, I was able to supplement my own research with over two decades worth of interviews, maps, market vendor lists, and statistics. These resources proved useful in providing a longitudinal dimension to my study about Dagupan City’s trade life.

In this thesis I will examine the recent introduction of new retail institutions

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The journal format used is American Anthropologist.
into a Philippine market town. After formulating an hypothesis and discussing general theoretical issues, I will describe the community characteristics of the town prior to 1990, indicate the developments since that date, and examine, by means of cases drawn from local traders the importance of and the reactions to these changes. The earlier framed hypothesis and related issues will be revisited at the conclusion of the thesis. Although this thesis focuses on the community life of Dagupan City, it has implications for the urban life of less developed countries (LDCs), in general.
METHODOLOGY

This thesis is based on data collected through a variety of methods. The principle methodology employed was interviewing representatives of Dagupan City’s retail community. The informants included both members participating in the informal economy (market vendors) as well as those engaged in more formal trade (mall retailers). The interviews were of two types - survey interviews and intensive interviews.

Interviews. The survey interviews were the preliminary step in establishing contact with members of Dagupan City’s trade sector. Involving brief exchanges with retailers, the surveys were designed to find out general information about the traders (location, number of years in trading, type of goods sold, etc.). While an effort was made to interview a representative of each product line, within each line informants were randomly selected. These product lines included ready-to-wear (RTW), textiles, plastics, housewares, sari-sari (mix-mix), school supplies, shoes, toys, and basketry. About 40 individuals were questioned in this survey. Informants who responded well to questions were asked if they would be willing to reveal more details of their livelihood in an in-depth interview.

The intensive interviews, usually lasting more than an hour, attempted to reconstruct the family and business histories of the informants. Questions were also designed to find out how products reached the dealers (i.e. did company agents come
by to take orders or did the vendors travel to Manila to purchase goods from wholesalers?). Inquiries were made about the nature of the trade relationship between the urban supply side and retailing on the local level. To determine what adjustments informants have made to recent changes in the commercial sector was a major goal of the intensive interviews.

Like the survey interviews, an effort was made to include retailers in each product line. Close to 20 individuals engaged in both formal and informal trade activities were questioned. The results of the intensive interviews provide the groundwork for the case study portion of this thesis. It should be noted that both types of interviews were conducted, for the most part, in English. I had a research assistant to translate when the informants spoke only one of the two local dialects (Pangasinan or Ilocano).

Data collecting methods. Other means of gathering data supplemented the core methodology of interviewing. These included informal conversations with retailers and government employees. Information from market vendor lists and maps of the central business district that were obtained from the local administration (Dagupan City Development Office and the Market Superintendent’s Office) aided in the documentation of commercial activities. Newspaper articles proved a rich source for organizing and reconstructing events that lead to changes in the community’s commercial structure. Section six relies heavily on information collected from the weekly newspaper, the Sunday Punch. In addition, I added spatial and visual
dimensions to the research by mapping and photographing Dagupan City's commercial zones.

In an effort to document the changes in the community life of Dagupan City, the thesis includes census information from the Philippine government and information on the region previously collected by other anthropologists. Much of this data was gathered over a 25 year period by Dr. Dannhaeuser and his research associates (Dannhaeuser 1983). Finally, the thesis takes into account anthropological studies of other Philippine medium range towns (Davis 1973, Szanton 1972, Trager 1988).

The information compiled during my field session is, for the most part, qualitative in nature. When possible, numerical evidence is used to lend quantitative support to this empirical study. The resulting work is rooted in a broad data base that attempts to answer questions about the contemporary transformation of community life in Dagupan City.
HYPOTHESISPOSED

Initially, I intended for my thesis to be an ethnographic statement of Dagupan City’s main marketplace. This study was to emphasize the non-economic relations between the consumers and dealers of this retail institution. I hoped to research whether political, religious, or social factors played a part in the vendors and customers’ motivations for engaging in economic transactions.

Upon arriving in Dagupan City, this goal was soon dismissed. The city’s principal marketplace that had housed much of Dagupan City’s vending community no longer existed, replaced by a state-of-the-art retail institution.

This change from marketplace to large modern retail facility raised some intriguing questions. First, what forces were responsible for the transformation of Dagupan City’s retail structure? Second, what effect did this phenomenon have on the urban community life of the town, especially among small traders? And third, how did that trade community respond to this particular restructuring? These questions were sufficiently intriguing for me not to ignore them. Accordingly, I changed the topic of my thesis to research these questions.

The shift in Dagupan City’s trade structure has much in common with a process that has occurred in many Western nations since the Second World War. This is known as retail trade concentration and is characterized by market channels becoming vertically integrated and by the spread of large and formally managed retail facilities.
In order to organize my new research goal, I constructed an hypothesis. As far as I could tell at the beginning of this research, Dagupan City showed two contrasting conditions of the likelihood that retail trade concentration would take place on a large scale. On the positive side was the fact that the community and the nation had experienced economic expansion for some time creating conditions favoring economies of scale. In concrete terms, the spread of department stores and malls in Manila during the 1980s made it likely, given enough time, for similar institutions to appear in provincial towns such as Dagupan City. On the negative side, the continued presence of a strong informal sector in downtown Dagupan City seemed to prevent the development of retail trade concentration as fast as would otherwise be the case. If these assumptions were true, I predicted that a major disruption of the informal sector would have accelerated retail trade concentration in Dagupan City.

To test this hypothesis, this thesis will trace changes in the retail structure of Dagupan City up to the late 1980s: second, it will examine the changes in the retail structure since 1990; third, it will analyze the causes and consequences of these changes.

My research underscores the important role that commerce play in urban LDCs. Local merchants help define urban community life, institutions involved in trade influence a community’s socioeconomic well being, and market channels are a major means through which cultural information flows. To understand contemporary influences urban communities are subjected to in countries such as the Philippines it is important to understand their changing impact on local culture.
RELATED ISSUES

Five issues are relevant to understand the retail transformation of Dagupan City. These need to be addressed before turning to the particular experience of Dagupan City. These are (1) the dual model of urban commerce, (2) the relationship between the formal/informal sectors, (3) retailing in the urban Third World and retail trade concentration, (4) the role of ethnicity in urban trading and (5) the impact of commercial developments on urban centers.

Dual Model of Urban Commerce. It is usually assumed that urban commerce in LDCs has a dual structure. One of the first representations of this view was by Clifford Geertz in his discussion of "bazaar" and "firm" type of economies in a Javanese town. According to him, the bazaar type of economy in Java is characterized by many small middlemen who collectively share the risks of retail activities by credit networks, by trade links that are flexible, by a sliding price system, and by trade relations that emphasizes competition between consumers and vendors rather between vendors. An enterprise in the firm type of economy is more systematically and simply organized. It is devoted to long-term economic gains and is operated by established shopkeepers. The store (toko) is the main component of this economy on the retail level. These facilities are fixed in location and the prices they offer, they participate in a regulated credit network, have regular sales clerks, keep records, advertise, adjust to modern urban tastes, and maintain regular market
channels to urban suppliers (Geertz 1963:142-157).

Over time Geertz’s original dichotomy has become known as the “formal” and "informal" sectors. The labels were first used by Keith Hart, an anthropologist who worked on African development projects in the early 1970s. Hart maintained that the informal sector had been largely underestimated by economists when tabulating the Gross National Product (GNP) of a nation. By elucidating such facts, Hart not only stimulated a substantial amount of interest in the dual model among other scholars but encouraged policy making with respect to informal economic activities (Hart 1973:68). For purposes of this thesis, I will use S.V. Sethurman’s definition of the informal sector:

It is a sector to which entry by new enterprises is comparatively easy; enterprises in this sector rely on indigenous resources and are family owned; they operate on a small scale, in unregulated and competitive markets, and use labour-intensive and adapted technology; their workers have skills acquired outside the formal school system (Sethurman 1976:71).

I should also point out that enterprises in this sector are not organized according to bureaucratic and formal management principles (Hackenberg 1980:398). In addition, they are not incorporated into an integrated supply network (Dannhaeuser 1991).

Relationship between Formal/Informal Sectors. Geertz, Hart, and others have stimulated a debate about what activities belong to what commercial sector.

Subsequent work concerning this dichotomy has either concentrated on the analytical dimension of the formal/informal distinction (Santos 1979), or has described the sectors in particular cities or regions empirically (Hoiser 1987, Nattrass 1987). It has
also revolved around the problem of how these sectors interact. Relatively few scholars hold the position that the formal/informal economies operate separately (Tigaldo and Jurado 1978). Most contend a relationship does exist between the two but the nature of this relation tends to vary according to individual authors. Some argue that the components work synergistically with the informal sector playing a subsidiary, yet necessary, role to the formal one. In such a scheme, the informal sector serves as a labor cheapening instrument for the expanding capitalist economy. Others view the link in terms of a circular flow where commercial services, whether beneficial or harmful, have an effect on all those participating (Hackenberg 1980, House 1984).

In examining the relations between the commercial sectors of Dagupan City during the last two decades, the question is whether the informal sector has restricted the formal one only to be encroached upon by the latter due to a major disruption.

**Retailing in the Urban Third World and Retail Trade Concentration.** It is widely held that the retailing systems in LDCs differ from their more developed counterparts in a number of important respects. Whereas retail trade in developed countries is characterized by large establishments, high turnover, integrated market channels, and a wide selection of consumer products, the opposite is usually found in the commercial structure of LDCs. In most cases outlets are small, turnover is low, while the range of goods is restricted and shops are often understocked. Also, the vertical distribution channels through which goods are passed are complex and
typically involve a large number of intermediaries.

The environment in which the Third World commercial enterprises operate does much to explain this difference. Goldman (1974) argues that small-scale retailing of LDCS can be accounted for by the low purchasing power of the local consumers, low opportunity cost for those in commerce, and the need for a personally guaranteed credit relationship. The numerous steps involved in the distribution of consumer goods is due to poor infrastructure and, in particular, inadequate transportation systems. While some Western analysts may suggest the large number of retail outlets in LDCs represents an inefficient commercial arrangement, others argued that the retail and distribution systems are well adapted to the environmental constraints in which they are operating (Bauer 1963).

These conditions are changing, however. As LDCs are advancing economically, commercial patterns appear that in many cases are similar to those in the West. These changes are usually uneven and in general the penetration of Western commercial enterprises is limited to the metropolitan areas of LDCs. Yet retailing in much of the urban Third World is more similar nowadays to what is found in commercially developed nations than it was 35 years ago.

One aspect of this increasing uniformity is the spread of retail trade concentration into urban LDCs (Kaynak 1982, 1986). In countries as diverse as Mexico, Thailand, and Brazil, there has entered a vertical integration of market channels and the spread of large commercial facilities (Economist 18 June 1994, 27 August 1994). A model of market channel evolution has been devised that foresees
certain trends accompanying economies of scale (Gultinan 1974, McCammon and Bates 1967). This model anticipates that the market strategies of large manufacturers and trade institutions will become more aggressive as development proceeds. Through contracts and ownership these enterprises will try to integrate market channels of which they are members and as their size increases they adopt more formalized management procedures. As long as conditions favoring economies of scale prevail, it is argued, these trends will continue. This thesis looks at Dagupan City to determine the extent to which this process is evident in a specific LDC town.

**Role of Ethnicity in Urban Trade.** Urban trade of many LDCs is dominated by immigrant ethnic minorities such as the entrepreneurially oriented Chinese in Southeast Asia and Indians in East Africa (Cohen 1974, Foster 1974). Analyzing the commercial activity of such cities requires an understanding of the role these immigrant groups play.

Several qualities characterize these ethnic groups. They often occupy a position as middlemen and changes in the urban community life are frequently initiated (or resisted) by them. More often than not they concentrate in medium-size businesses which are family owned and operated. Kinship is important in their enterprises, promoting the formation of personalized trust, partnerships, and credit relationships. Common to these ethnic enterprises is a tendency to engage in self exploitation to survive.

Because they tend to lack civic opportunities available to most citizens, such
groups mainly associate with members of their own nationality and focus their attention on finance and trade. Over time this condition translates into capital accumulation by the ethnic minority. No wonder they often dominate the commerce of urban LDCs.

In some countries, domination of marketing by particular ethnic groups has become a political issue which has lead to governmental intervention (Golay 1961). Because of their financial success, merchants belonging to an ethnic minority are often perceived as exploiters by the local population. It is for this reason, widespread demands for restrictions on "middlemen minorities" arises among nationals (Bonacich 1973). In extreme cases governments simply expropriate firms of certain ethnic groups. This "solution" usually causes severe economic disruption beyond the ethnic group targeted, since it suddenly eliminates the accumulated business experience before the skills have been learned by the groups which will replace the ousted one.

In Southeast Asia, including the Philippines, where Chinese immigrants have dominated trade for decades, successive governments have enacted legislation designed to limit the role this minority plays in retail trade (Purcell 1965).

**Impact on Urban Centers.** Much of what is known about the impact of large trade institutions on urban community life is derived from the experience of economically developed countries (Holdsworth 1985, Kuntsler 1993, Lukerman, Rawn 1990). As supply channels become more vertically integrated, the independence of the centrally located small traders is lessened. Moreover, the construction of corporate retail
facilities, often located in the periphery of towns, results in a reduction of the small retailer's customer pool. Thus, operators of these family firms and small single-person enterprises are faced with three options: close, move, or become branches-franchises themselves. It is not surprising that in places where considerable concentration of trade has happened, one result is a weakening in the viability of town centers that rely on small-scale retail activities for their survival.

The question that arises is whether urban life in the Third World is affected in a similar way when large retail institutions appear? I contend that the effect will differ in LDCs compared to those in developed areas due to the resilience of informal economic activities in the former. The informal sector is likely to persist due to its ability to absorb labor for which the rest of the economy has no place and due to demand for poor consumers. Therefore, it would pose a challenge for the success of newly introduced retail facilities. Studies have shown that the early introduction of supermarkets in LDCs failed because of the strength of the informal sector (Slater 1969). Towns in developed countries do not have strong informal sectors that can compete with the encroachment of large retail facilities. In sum, the existing trade community of places like Dagupan City, in which the informal sector continues to play an important role, should be able to blunt the negative impact retail trade concentration may have on urban community life.
DAGUPAN CITY PRIOR TO 1990

Dagupan City lies along the Pantal River not far from the Lingayen Gulf, Pangasinan (see Figure A-2, Appendix A). Like other cities in the Philippines, the town consists of a poblacion or commercial core in which most retail establishments, the cathedral, municipal and government offices and the plaza are located (Hart 1955). This business district centers around two major thoroughfares - Perez Boulevard and A.B. Fernandez Avenue (see Figure A-3, Appendix A). Two to three-storied buildings with shops on the ground floor and offices and living quarters above line both of these streets. Throughout the day the sidewalks and streets are congested with people and vehicles. Hawkers and street vendors sell their wares to pedestrians, while buses, jeepneys, and tricycles provide a constant stream of traffic. The poblacion is home to the Old Public Market, an enclosed two story marketplace across from the town’s plaza which takes up an entire city block. Below its tin roof, one finds a maze of corridors lined with stalls which provide access to hundreds of vending enterprises supplying a variety of goods and services (see Photograph B-1, Appendix B). Adjacent to the Old Public Market are the municipal offices and one of the largest structures in the poblacion, the cathedral.

In addition to the poblacion, Dagupan City is composed of 27 villages or neighborhoods known as barangays (barrios). The barangays are primarily residential and, despite some of their rural appearances, are all officially classified as urban by the census (Trager 1988:23). Several of the outlying barangays are island
communities, and, as evidenced by numerous fishponds and rice paddies, many of the residents' livelihoods rely on fishing and small-scale agriculture. Most houses found in the barangays are constructed with nipa palm and thatch or bamboo while in more developed subdivisions concrete houses with gardens are surrounded by walls have been built. Because a distance of several kilometers separates most of the barangays from the poblacion, a regular flow of jeepneys and tricycles takes commuters to and from Dagupan City.

**Historical Background.** Dagupan City derives its title from a Pangasinan term *nandaragupan* which means "where once stood the commercial center" (Active Research Center 1994:38). As reflected in its name, the city's central location and mercantile character were evident in prehispanic times. In fact, before Augustian monks arrived in 1590, an indigenous settlement was already established on the community's present site. Dagupan City served as a coastal fishing village in the 1600s and evolved into a thriving commercial center during the 19th century. Important as a station for the maritime traffic of commodities between inland Pangasinan and Manila, Dagupan City began to gain a commercial advantage over neighboring communities.

Its trade activity in 1885 was described as follows:

With the arrival of the northeast monsoon mercantile enterprises begin. The port of Dagupan becomes filled with pontines and other craft serving coastal traffic, which carry the goods to Manila. In this period there is much movement up until ... June and July when the wet season commences and traffic is paralyzed, and the boats depart, seeking shelter until the return of the fair season (Carrozal 1886, quoted in L. Trager's The City Connection
In the 1880s, Dagupan City became the terminal point of the only transportation link connecting Manila to the northern coast of Central Luzon. The establishment of the Manila-Dagupan Railroad in 1894 by the British secured the city's position as the region's dominant transport and commercial center. For two decades, Dagupan City enjoyed a position as the entrepôt for the flow of goods between the Ilocos coast, Pangasinan, and Manila. By the time the rail line was extended just north of San Fernando, a community in the La Union province, Dagupan City's status as provincial commercial center had already developed to such an extent that its size attracted newcomers and resources (Dannhaeuser 1983).

A 1901 description illustrates Dagupan City's importance:

During the period of the disposal of the rice harvest, there is much traffic at the railway station, and so for a space of six months, one sees a succession of miles and miles of carts forming upon it (the bridge) during the busyest hours in two uninterrupted lines both coming and going. Without fear of contradiction I am able to attest that except for Manila's bridges, there is no other which, during the course of the year, pass as many people, carriages, carts, coaches, horses and merchandise as this Pantal bridge, which is located in Dagupan in the heart of the port of disembarkation for ships and steamboats (Flormata 1901, quoted in L. Trager's The City Connection 1988:26).

During the time the railroad flourished between 1900-1930, the commercial role of Dagupan City shifted from being mainly the assembly point of local agricultural exports (rice and tobacco) to being the breaking and distribution point of consumer goods from Manila. This change did little to damage the prosperity of Dagupan City. The city served the Pangasinan hinterland which at this time had one of the most prosperous and densest rural populations in the Philippines. During this
period the city’s functions diversified. Medical and higher educational institutions were introduced into the community as were entertainment facilities such as cinemas. Along the gulf, a fishpond industry began to spread and in 1917 a major bus company, Pangasinan Transportation Company (Pantranco), was established by American entrepreneurs. Going on to become the Philippines’ biggest bus company, the Pantranco line reinforced the town’s importance.

During the Second World War, the role of Dagupan City changed once again. The occupying Japanese transferred the title of provincial capital of Pangasinan from the neighboring community of Lingayen to Dagupan City. The resulting union of provincial administrative and commercial functions in Dagupan City did little to ameliorate the economic stagnation caused by the war. Because the community’s supply sources of consumer goods in Manila had been severed, trade by local retailers was limited to peasant produce and petty buy-and-sell.

Conditions improved with the repatriation of the Philippines in 1945. The return of citizens who fled because of the war, the reconstruction of burned down districts, and, perhaps most importantly, the reopening of trade ties with Manila served to revitalize Dagupan City’s role as a distribution center. While Lingayen was restored as provincial capital, Dagupan was shortly afterwards officially designated a city. This action gave the city a higher taxing power and greater access to national resources in Manila.

After the war, Dagupan City experienced considerable growth. Its population increased from 36,000 in 1938 to 122,000 in 1990. Currently, the city’s hinterland
includes approximately two million inhabitants (750,000 in the 1930s) spread over a land area of more than 5,000 kilometers. The fishpond industry has expanded, three large colleges - University of Pangasinan, Luzon Colleges, and Lyceum Northwestern - as well as a number of vocational schools attract students, and the city boasts medical facilities that include eight private hospitals, one public hospital, and several clinics.

**Role as a Commercial Center in the 1980s.** Although it is the foremost population, educational and health center of Pangasinan, its primary role continues to be serving as a commercial hub. In the early 1980s, there were 2100 trade establishments in Dagupan City. These were divided into 750 market stalls (35 per cent), 800 neighborhood stores (38 per cent), 350 street stores in the **poblacion** (17 per cent), and close to 200 full-time hawkers (10 per cent) (Dannhaeuser 1983:35). As the numbers suggest, most of these retail units are small, located both inside the Old Public Market and along the main business streets.

The community’s importance as a commercial center was best measured by its role in the distribution of consumer goods entering the city after the war. National and international companies such as Coca-Cola, Procter and Gamble, Phillip Morris, San Miguel Beer, Johnson and Johnson, and California Refining made Dagupan City their warehouse and distribution center not only for Pangasinan but for the entire northern part of the Central Luzon Plain as well as for the mountain areas to the north. From here their sales agents traveled west to Zambales, east to Isabela, and
north to Benguet (Dannhaeuser 1983:111-120).

Instrumental in Dagupan’s role as a commercial center has been an extensive transport system which connects most major cities in Northern Luzon as well as smaller towns in the province to Dagupan City. Besides the train, this network is composed of five bus lines, two of which (Pantranco and Dagupan Bus Line) provide hourly service between Dagupan City and Manila. Within Pangasinan, transport is chiefly provided by buses and jeepneys that run from the city along each of the main roads leading out from the poblacion.

Ethnic Composition of Trade. Dagupan City’s success as a commercial center can not be attributed only to the achievements of Filipino merchants. Entrepreneurially oriented Chinese and Chinese mestizos play a significant role in the community’s commercial structure. For most of the 20th century this ethnic group has controlled the large trade establishments in Dagupan City, even if Filipino merchants temporarily gained an increasing share of the market in the 1950s and 1960s.

According to Dannhaeuser (1983), the Chinese introduced the first large general store or bazaar into Dagupan sometime in the second half of the 19th century. In the 1890s, they had gained a very strong hold over the Manila-Dagupan trade and during the period between 1910-1915, the Chinese operated the more substantial dry goods and general stores. By the teens this ethnic group formed the center of local commerce.

For sometime the largest concentration of non-Filipinos in Pangasinan could be
found in Dagupan City. Around the turn of this century, the town’s total population stood at 20,357, including 400 Chinese. By 1939, the population of the community was 32,602, and the number of Chinese and Chinese mestizos had risen to 900 (U.S. Bureau of the Census 1905, vol.2; Philippine Commonwealth 1940-1943, vol.1). The Chinese controlled much of the store trade during this period, leaving Filipinos to concentrate on petty buy-and-sell. They virtually monopolized all of Dagupan City’s hardware, dry goods, grocery and bazaar stores. At the same time, Filipino retailers engaged in store trade and controlled more restricted consumer goods such as school supplies, musical instruments, drugs, and sports supplies.

With the Japanese occupation, the government began programs to Filipinize retailing. The Japanese exerted pressure on Chinese commercial activities by encouraging Filipino participation in domestic trade. Through government-sponsored retail associations and provincial federations, whose memberships were restricted to Filipinos, indigenous traders started to play a larger role in commerce. These associations were given preferences in the distribution of essential commodities such as soap, lard, salt, sugar, and rice (Dannhaeuser 1983:32).

The post-independence Filipino government continued this effort. The administration took steps towards furthering the interests of Filipinos by dismantling the role minorities played in domestic trade. To begin with, the government saw to it that the allocation of import licenses should favor Filipinos. Likewise, on the retail level legislation was passed that granted Filipinos the task of retailing essential foods (rice and corn) and other subsidies. A more extreme move was the passage of the
Retail Trade Nationalization Law in 1954. Implemented in 1964, the law was designed to eventually eliminate alien (i.e. Chinese) participation in retail trade.

What effect did the war and subsequent events have on the role of Chinese merchants operating in Dagupan City up to the late 1970s? According to Dannhaeuser, the clearest evidence for changes in the ethnic composition of local trading is illustrated by the fact that,

before the war trade between Manila and Dagupan was in the hands of the Chinese wholesalers, and today [late 1970s] Filipinos participate at least to some degree in virtually all product lines ... Throughout these years Chinese moved away from small and medium-scale commerce, and Filipinos filled the gap. Filipinos in Dagupan now virtually monopolize marketing of produce, and they more than any other ethnic group benefitted from the proliferation of the neighborhood store that took place in the sixties and seventies. Filipinos also control part of the interregional trade of appliances, gas, cement products, drugs, and schools supplies, and their role in the grocery and textile trade is less negligible than it once was (Dannhaeuser 1983:39-40).

Although the Chinese position was weakened in retailing, it was by no means eliminated. Up to the late 1970s, the strength of local Chinese retailers rested in a powerful Chamber of Commerce which protected their economic and political interests. Of the community’s 2,100 trading establishments, only 160 (eight per cent) were controlled by ethnic Chinese. Although this number suggests that Chinese merchants were consistently out competed by Filipinos, when the annual turnover of Dagupan City’s trade establishments is considered, it is apparent the Chinese minority was able to hold their own. In 1974, they realized aggregate sales of P88 million, compared to P86 million by Filipinos (Dannhaeuser 1983). Simply put, Chinese operated larger enterprises, had a total turnover that differed only slightly from those of the Filipino commercial majority, and controlled about half of the trade volume in
Dagupan City in spite of the government efforts to curb their influence during the two preceding decades.

Since the 1970s the trend towards Filipinization in Dagupan City’s retail structure has been reversed. The ethnic Chinese retail community was able to recapture its commercial dominance, when many of its members opted for Filipino citizenship. As a new generation of Chinese merchants came into prominence, the effectiveness of legislation excluding aliens from retailing began to wane. Because many of these young retailers had received Filipino education and identified with local culture more than their predecessors, the choice of becoming a Filipino citizen was not a difficult decision to make. Today, most of the large commercial facilities in the forefront of retail development in Dagupan are owned by Filipino citizens who are ethnic Chinese.
DAGUPAN CITY 1990 AND AFTER

On July 14, 1990, the Central Luzon Plain experienced an earthquake that registered 7.7 on the Richter scale. The costs of this disaster were devastating in both the number of lives lost and the amount of property destroyed. The quake resulted in 77 fatalities and left more than 2,000 families homeless throughout Pangasinan. The province suffered approximately P1.6 billion in infrastructural damage as well as the destruction of private sector property estimated at P2.2 billion (note: P26 = $1). In an effort to facilitate the recovery of Pangasinan, the national government declared the province a disaster area and earmarked funds for a rehabilitation program.

The destruction caused by the earthquake was not evenly distributed throughout the region. The loose alluvial soil underneath the poblacion of Dagupan City had an especially destructive effect on the numerous multi-story buildings, roads and bridges. One of the bridges spanning the Pantal River collapsed and about 80 per cent of the city’s commercial buildings on A.B. Fernandez Avenue and Perez Boulevard sank by several feet. The lowering of this land brought an upswell of groundwater to the surface and left A.B. Fernandez Avenue flooded. The street remained submerged for several weeks during which the seasonal rains served to make a bad condition worse. The situation in downtown was so calamitous that for a time there was talk about area businesses abandoning their present sites and relocating to a residential area to the west. However, with the assurance that government reconstruction funds would be forthcoming, traders decided to remain along the city’s two commercial strips.
The greatest blow to downtown was the destruction of the Old Public Market. Despite a history of several fires that damaged the market in the 1950s and 1960s, the Old Public Market continued to function as a principal site of informal trading for Dagupan City. With the loss of this structure, hundreds of market stall holders were displaced and the municipal government was sent scrambling for a relocation site.

After several days of debate, the mayor through the auspices of the Dagupan City’s Public Market and Slaughterhouse Committee, decided to build a makeshift market on the town’s public plaza and adjacent tennis courts into which to relocate the large number of dislocated vendors (see Figure A-4, Appendix A and Photograph B-2, Appendix B).

**Vendor Relocation.** This relocation was not without its problems. First, the selection process for stalls in the new market came under fire. Many displaced vendors worried that individuals with connections to city hall would receive preferential treatment when market stalls were allotted. The dilemma was resolved by a raffle. Second, questions about the legality of choosing the public plaza as a temporary market were raised by some city council members who felt by-passed by the mayor’s office that had made this decision. It was their conviction that the market on the city plaza should have received their prior approval before construction commenced.

Third, displaced stall vendors were not allowed to salvage goods and stocks from their old stalls in the damaged Old Public Market. Despite objections that the merchandise legally belonged to the vendors, the stalls had been pad-locked and the
collapsed market was placed under 24 hour guard to prevent "looting." Finally, the displaced vendors soon had to contend with stalls illegally set up along the perimeter of the new plaza market. To the merchants operating legally inside the plaza, these peripheral stalls represented an unfair competition because they had greater access to customers. It was the opinion of many plaza market operators and city council members that the stalls bordering their establishments were run by close friends and relatives of top police officials and members of the mayor's office.

In an effort to deal with these difficulties, market vendors decided to reactivate an old association -- the Dagupan City Market Vendors Association (DCMVA). It was to look out for the economic and political interests of the displaced stall owners and to represent them at meetings with the mayor and city council. The DCMVA was soon engaged in a boycott of market stalls in the city plaza until the illegal vendor situation was resolved. The organization was also kept busy investigating anomalies in the way the mayor's office handled the demolition of the Old Public Market. Rather than granting the job of leveling to a local firm, the mayor, Liberato L. Reyna, awarded the contract to an outside company. The terms of the agreement were that the market would be demolished by the contractor for the price of P75,000. He would pay this sum to the city with the condition that he could keep all of the site's salvageable goods. It was the view of some that Mayor Reyna secretly profited from awarding the demolition contract to this particular firm because it stood to gain millions of pesos worth of retrievable merchandise which incidentally had belonged to the vendors.

The market vendors were not the only group with complaints against the city's
handling of the emergency. In November of 1990, the Economic Reconstruction
Group of Dagupan City (ERGDC) was created to facilitate the reconstruction of the
downtown commercial district. This association was organized by one of Dagupan
City’s principal Chinese merchants, Benjamin Lim, and was composed of individuals
who operate businesses along A.B. Fernandez Avenue and Perez Boulevard. Because
little was being done to repair these areas - no drainage or water works systems had
been installed - the ERGDC gave the city an ultimatum to initiate reconstruction by
December of that year or they would move their enterprises elsewhere. The effort
was ultimately ineffective.

As the new year (1991) began, little was being done to alleviate the situation at
the public plaza market. The DCMVA continued to lobby for vendors’ rights at city
hall despite the fact that their boycott of plaza stalls, which started off strong, had by
January weakened. Legitimate vendors operated on the plaza, tennis courts, and
children’s park even though illegal stalls had spread to the near by Rizal Park (see
Photograph B-3, Appendix B). At least, the city began requiring the unlicensed
vendors to pay for daily cash tickets.

On the first anniversary of the earthquake, the central government has already
invested P66 million in Dagupan City’s rehabilitation effort. This money had
facilitated the completion of 65 per cent of the redevelopment projects. Much of the
city’s commercial sector had been revitalized and new facilities were added. A local
firm headed by Benjamin Lim, Centromart, opened a two story 1,200 sq. m. complex
(Magic Centromart) housing a supermarket, appliance store, bakeshop and snack bar,
on the first floor, and a department store with game center on the second. Likewise, Jollibee, a major Asian fast food franchise system, had reopened a large outlet opposite city hall. A.B. Fernandez Avenue and Perez Boulevard had both been drained and repaired. The future of the Old Public Market site, however, remained undetermined. Because of its central location in Dagupan’s commercial district there was little doubt that the site would be redeveloped. The question was whether it would be under the auspices of public or private concerns.

The Bidding War for Old Public Market Redevelopment. Dagupan City’s Old Public Market complex had been the community’s primary center of informal trading for decades. Like other public institutions, the marketplace was regulated by offices within the local government and when it was destroyed by the earthquake the nature of the government’s role in the market was reevaluated. Despite promises by elected officials immediately after the disaster that the right to construct and manage a market building on the Old Public Market site would remain in public hands, rumors to the contrary soon began to circulate.

As this gossip spread, members of the DCMVA became concerned and 100 of them took their case to the city council. At this meeting in mid September, 1991, the vendors expressed fears that the bid to redevelop the site would be granted to a private contractor. If this would be the case, they argued, their chances of receiving preferential stall locations would be very slim. Likewise, the rental rates for stalls inside the new market would be very high. City council members assured the group
that they knew of no plans to give development rights to a private firm, but what were the intentions of the mayor’s office they could not say.

It was only weeks later that it was disclosed that private firms would, indeed, be allowed to bid on the Old Public Market reconstruction project. According to city officials, the municipal government’s decision was based on several reasons. First, the city was not in the financial position to bankroll such a project. Second, the privatization of the market would help generate city revenues by creating a wider tax base. Third, with the market in the hands of a private firm an improvement in the basic services available to the town would take place.

The city then set up specific guidelines and regulations for the construction of a new commercial center on the Old Public Market site. The terms included: (1) the lease was to be a minimum of 40 years, but subject to renewal; (2) the raw lot rental was to be at least P18/sq. m.; (3) the minimum construction cost was to be P60 million; (4) the maximum construction time was two years with it beginning one month after the signing of the contract; (5) the structure was to be between three and five stories high; (6) the buildable area minimum was 3,500 sq. m.; (7) the foundation was to be constructed of concrete steel in order to withstand earthquakes.

At this time (fall 1991) three companies were interested in bidding for the project: City Supermarket Inc. (CSI), Centromart (Benjamin Lim), and the Bungay Construction and Development Corporation. Some of the stall holders formed the Dagupan City Market Stallholders Multi-Purpose Cooperative, Inc. (Co-Op) in an effort to receive attention in the government’s selection process. The minimal terms
of the project were beyond the resources of the Co-Op, but the organization felt they had an advantage over the other parties involved in the bidding. The National Cooperative Code of the Philippines gives cooperatives priorities in the management of public markets. The code states:

Cooperatives and their federations such as market vendor cooperatives, shall have preferential rights in the management of public markets and/or lease of public market facilities, stalls or spaces (quoted in Sunday Punch, September 29, 1991).

The Co-Op's position in the bidding was reinforced when Mayor Reyna, in his support of the vendors, signed a lease contract with them before official bidding took place. Because most members of the Co-Op were displaced vendors, raising capital to finance redeveloping and managing the market presented a problem. However, with a planned P30 million loan from a local bank to cover construction costs and financing coming from future equities of beneficiary market vendors, the Co-Op offered to lease the site for 25 years. This agreement with the mayor's office was soon declared illegal, however, by the Dagupan City council because the mayor had not sought enabling legislation with them.

All of the parties interested in the project were to present their sealed bids to a selection committee by February 4, 1992. Despite a rumor that one of the firms made a P3 million payoff to the mayor, the selection process continued. Only two firms, in fact, presented bids to the selection committee: Centromart, Inc. and CSI. The Bungay Construction and Development Corporation withdrew its offer early in the bidding process, and the Co-Op, in protest, never presented a bid. Owing to the fact that Centromart Inc.'s proposal was missing documents, contained no feasibility
study or preliminary design, and intended to share management of the complex with CSI and the Co-Op, it came as no surprise that the Dagupan City government awarded the development contract to CSI.

The firm agreed to lease the 5,000 sq. m. lot for 50 years at P25/sq. m. Each year CSI would pay Dagupan City P4.3 million in terms of rental, business taxes, mayor's permit, amusement taxes, garbage, and other services. In addition, CSI's plan would provide space for ambulant vendors around the new commercial center at a fee of P100/sq. m. per stall holder with a 10 per cent annual increase. Finally, the firm planned to finance the P150 million project which included a three story mall, a cinema, and several market modules.

City Supermarket Incorporated (CSI). The decision of the city to grant CSI the franchise was based on the company's experience in operating a number of large supermarkets and warehouses in Dagupan City and the nearby community of Urdaneta for over five years. Because of its importance in the commercial structure of Dagupan City, it is worth looking at the background of this family firm in more detail. CSI was the brainchild of a local Chinese business woman, Belen Fernandez (note: her surname has been Filipinized), whose experience in retailing came from her time as the assistant manager of her father's business, City Grocery.

City Grocery has been in the family for three generations. Belen Fernandez's paternal great-grandfather, Lim Toan Ko, first opened a bakery and the original City Grocery on A.B. Fernandez Avenue in 1930. Lim Toan Ko was born in China and
came to the Philippines with his wife in Spanish times. He stayed in Manila for 20 years where he owned a grocery store. In 1925, he came to Dagupan City with his family looking for commercial opportunities. His son, Lim Ting (Belen Fernandez's paternal grandfather), was born in China and came to the Philippines in 1925. He took over the family business after Lim Toan Ko died. Possessing only an elementary education, Lim Ting ran the grocery business (the bakery was destroyed during the war) for many years until his death in 1968. By the 1960s, the family had consolidated all of its enterprises (the grocery store, several warehouses and a flour business) into the Lim Corporation.

Lim Ting's sons took over the Lim Corporation after their father's death. Belen's uncle, Narciso Lim, became the corporation president, while her father, Lim Chu, became the vice president and the proprietor of City Grocery. Lim Chu was born in China and moved to the Philippines with his mother in 1938. He was educated on the islands and received a degree in commerce from a university in Manila. Lim Chu returned to Dagupan City in 1955 to help his father manage the business. Together with his wife, Remedias Tan Lim, Lim Chu had eight children: seven girls and one boy.

During the early 1970s, City Grocery was mainly a wholesale venture that sold to the sari-sari stores in the Old Public Market and to many of the neighborhood stores. Besides these local traders, City Grocery had customers in practically all of Dagupan's neighboring towns. City Grocery received its stock from manufacturers, wholesalers and importers located in Manila. In 1976, there were about 18 people,
many of them family members, working in the City Grocery itself. Lim Chu toyed with the idea of opening a "Western" style supermarket in Dagupan City in the 1960s but decided against it because the local buying power at that time was simply not enough. This idea was realized nearly two decades later by one of Lim Chu's daughters, Belen, after she and her siblings took over the business in 1986.

The first supermarket that Belen Fernandez -- the general manager of the firm -- opened in Dagupan City was CSI Main on A.B. Fernandez Avenue. This 500 sq. m. enterprise was at the time unique in Dagupan City, in offering a complete line of grocery items, school and office supplies, toys and gift items, RTW, glassware, and a restaurant under one roof. After a few years, CSI added another supermarket, the CSI Plaza near the city plaza. This outlet was opened one day after the 1990 earthquake. Belen Fernandez claims that the new Plaza outlet helped prevent panic buying by Dagupenos and price gouging by the competitors after the disaster. In the years following the earthquake, the Fernandez firm has expanded its operations with a retail outlet and warehouse club in Urdaneta. Taken as a whole, the CSI enterprise has had gross sales of P180 million per year and a net worth of close to P82 million.

Construction and Opening of the CSI Market Square Mall. The CSI franchise with the city began a new chapter for the firm and the town. The building, valued at P83.2 million (P25 million going into labor and professional services and P58 million into construction material) would help Dagupan City maintain economic momentum as the earthquake rehabilitation would draw to a close. Beyond the end of construction
in late 1993, P2.8 million in annual wages would be generated. This money would be paid to the 40 individuals who would operate and maintain the building. Not included is the money to be made by those working in the mall’s stores. Based on CSI’s report, the project would break even in eight years and would have a pay-back period of 15 years.

Believing they had the preferential right to develop the market project because of the National Cooperative Code of the Philippines, the vendor’s Co-Op neglected to protect its privileged position by not bidding. After CSI was granted the contract in early 1992, the vendors filed suit against the city in the Philippine Supreme Court. The Co-Op wanted the court to call the CSI franchise with the city as null and void. It hoped to secure the construction rights of the new commercial center and preserve its role as a public concern. Despite the fact CSI was facing a costly lawsuit, construction of the mall continued as previously planned.

By mid May 1992, Dagupeños had elected a new mayor. Alleged corruption charges helped remove incumbent Mayor Reyna from office. His replacement, former vice mayor A. Fernandez (no relation to Belen Fernandez), was to play a more impartial role in the relations between city government and the local trade community. One of his first actions in office was to call for a revision of the CSI franchise. This was in regards to Belen Fernandez’s plans to use an area behind the CSI Market Square Mall that was intended for a government constructed market as parking spaces. It was his contention that such plan would complicate the problem of ambulant vending and traffic congestion. Likewise, opportunities for spaces and trade
growth would be limited by CSI’s assimilation of this land.

Mayor Fernandez’s role in the conflict over who should have control of the new commercial center received support from newly elected Philippine president, Fidel V. Ramos. On August 22, 1992, President Ramos delivered a speech on Dagupan’s Old Public Market site appealing for both parties to resolve their differences. Speaker Jose de Venecia, who like Ramos is from Pangasinan, then personally charged the mayor the task of negotiating a settlement between the Co-Op and CSI. Without going into the specifics of his plan, Fernandez promised a resolution by September. Curiously, not one of the elected officials alluded to the municipal government’s role in this dispute.

Notwithstanding the efforts of politicians, the conflict continued. By the fall of 1992, the Co-Op had not gained much ground in its lawsuit and most of its members were enjoying little prosperity. In fact, the situation for those operating on the public plaza had seen no substantial improvement. In an effort to improve the market vendors’ predicament, the city had plans to open four new modules on a site behind the new commercial center. Those displaced by the earthquake would be given priority in applying for stalls. Yet, as each of these structures could only house a maximum of 80 vendors, over half of the 700 legitimate merchants would remain on the plaza. The number of plaza merchants able to occupy spaces in the new modules would be further limited because only meat, fish, and vegetables would be sold there. Those merchants specializing in other goods would have to stay in their present location until additional space was made available. Moreover, vendors eligible to
move into one of the new market modules would encounter higher rental rates.

Despite the setbacks faced by many in the small buy-and-sell trade, the community as a whole was well on the road to economic recovery. Ninety-eight percent of Dagupan City's earthquake rehabilitation projects had been completed by the beginning of 1993. Likewise, in the first three quarters of that year, 417 retail enterprises had opened in Dagupan City while only 77 closed. The construction of the market modules (completed in the spring of 1993) and the CSI mall were sufficient to boost the city's earnings to P75 million which lead to the national government to upgrade the community. Because the revenue generated fell into the P50-80 million range, Dagupan City was reclassified as a third class town. This action increased the amount of support the city would receive from the government.

As mall construction progressed, CSI began accepting applications from retailers interested in occupying spaces within the complex. The mall, which would be the largest and most modern retail center north of Manila, had close to 80 "stalls" varying in size available for rental. Large international companies such as McDonalds and Shakey's Pizza chose to open restaurants within the mall. Following the lead of these enterprises several shoe and RTW chains based in Manila worked up contracts with CSI. Besides these retail establishments, the mall was to contain a department store and supermarket (both owned by CSI), as well as a video arcade and two cinemas plus several locally operated stores and vendor enterprises. The entire complex was set to open in December 1993.

The efforts of the Co-Op to gain control of the facility were proving futile. In
November of 1993, the city announced plans to construct a marketplace to which the remaining vendors located in the plaza would be shifted. This two story structure would be built along A.B. Fernandez Avenue opposite the mall and have a P10 million price tag. The ground floor would house the market stalls while the top floor would be reserved for shops and offices. The Co-Op’s position was further undermined when several of its members publicly reversed their position in the conflict after meeting with Belen Fernandez. The hardest blow dealt to the Co-Op came in December, when the Supreme Court ruled that the city acted within the law by granting CSI the right to build and maintain a commercial center on the old Supermarket site. Although an investigation of alleged improprieties by CSI in the winning of the franchise was still being considered by the city, the legal avenues open to the Co-Op in nullifying the CSI franchise were gone.

Coinciding with Supreme Court’s decision was the opening of the CSI Market Square Mall on December 12, 1993. The grand event was marked by a visit from members of the Ginebra San Miguel sponsored basketball team as well as an evening stage show performed by CSI managers. The American Procter and Gamble company even donated P100,000 for the festivities. The 3,500 sq. m., three story structure sported a modern architectural design painted pink with green trimmings (see Photograph B-4, Appendix B). The complex boasted two features especially appealing to shoppers: functional one way escalators and centralized air conditioning operational even during power failures (see Photograph B-5, Appendix B). Finally, as a means to maintain good relations with the public, CSI announced that the firm
existed not only for profits but also for service, especially the welfare of children and the poor through sponsoring local charitable programs.

With the opening of the CSI Market Square Mall, it appeared that even if most local vendors had not prospered, Dagupan City had at last recovered from the earthquake four years earlier.
VENDOR STRATEGIES FOR COPING WITH COMMERCIAL TRANSFORMATION

The changes in Dagupan City’s trade structure since the earthquake have been advantageous for some of the more substantial retailers. The effect on the hundreds of vendors involved in small-scale retail exchange has been generally less than beneficial. Without a doubt, the vendors operating on the city’s public plaza have suffered the most from the recent changes in Dagupan City’s trade community. Unlike the wet vendors that were relocated to one of the four new market sheds behind the CSI Market Square Mall, those dealing in other goods have had to remain on the plaza. Although the city government promised these traders that construction of a new public market would begin in April of 1993, ground had yet to be broken by July, 1994.

The situation for the plaza merchants does not appear resolvable in the near future. With the plaza’s drainage problems, a diminishing customer pool due to competition with CSI, as well as the high rental fees for occupancy in the mall, the only options most vendors face is either hanging on or moving. Some may choose to close but for most this is no real option considering vending is the main income generating activity of their households. In an effort to survive, many informal sector vendors have elected to engage in new trade strategies including reaching down to Manila sources. Due to the earthquake and the coming of CSI the boundary between the formal and vendor sector has been increasingly blurred.
The following sections will examine the efforts of six plaza vendors trying to survive in Dagupan City's new commercial landscape, four of them Filipino and two of them with Chinese backgrounds (note: these vendors were chosen because they illustrated certain trends and provided detailed information).

**Jo Jo Crisostomo.** Jo Jo Crisostomo is the owner and operator of Crisostomo Dry Goods. The 29 year old Filipino is from Dagupan City and is trained as a factory engineer. In 1992, he worked for a short time in a South Korean factory but soon returned to help his wife, Merly, run the family business. Their retail establishment has been selling RTW, towels, pillows, shoes and jewelry for eight years and was previously located in the Old Public Market where it was jointly owned by Jo Jo, his wife, and her parents. With the relocation to the plaza, the parents turned over ownership to the young couple. The Crisostomos have two children: a two year old girl and an eight month old boy. Crisostomo Dry Goods is composed of two illegal stalls in the Rizal Park section of the plaza. Besides Jo Jo and Merly, there are eight other employees: seven sales girls and a man to help move merchandise. All of the employees are hired based on the recommendations of relatives.

Jo Jo buys the store's merchandise from company agents who drop by periodically and from several wholesalers in Divisoria when he visits Manila. Most often agents and wholesalers extend credit to him on a 60 day basis. In this arrangement, he receives the merchandise by first paying 50 per cent in cash and then is extended the remaining half on credit. He prefers the longer terms of credit
payment.

The company agents frequently propose that Jo Jo should engage in new selling strategies. In particular, they push certain products and suggest ways of displaying these items. It was through such persuasion that Crisostomo Dry Goods became the exclusive dealer of Frisco Jeans in the plaza marketplace. Although the jeans have been in stock for only a month, Jo Jo claims they have been a steady seller.

The store’s clientele is composed mainly of special and permanent customers known as sukis. Along with his wife and sales staff, Jo Jo extends credit to sukis on both a retail and sub-wholesale level. He sees this as a "fact of business."

Sometimes the sukis don’t pay him back or are slow in settling their accounts with the store. According to him, he has problems with about 80 per cent of his customers in this regard.

Unlike most vendors in the plaza, the earthquake did not severely affect the Crisostomo business. Compared to their stall in the Old Public Market, their present location has more space with the rent staying about the same. As noted earlier, their store is composed of two illegally constructed stalls for which they have to pay P15 in daily vendor’s tickets. Jo Jo claims the store’s sales volume was lower in the Old Public Market compared to the present gross of P8,000 per day.

Like most plaza vendors, however, Jo Jo contends that the opening of the CSI Market Square Mall has adversely affected his retail operation. He says many of his customers prefer the mall over the plaza for two reasons. First, the mall has air
conditioning. Second, during the rainy season the plaza market floods, becomes muddy and then breeds mosquitoes. In an effort to adjust to the new competition, they have started to promote Crisostomos Dry Goods over a local radio station. Jo Jo often invites the radio workers to his home for food and beer in exchange for air time for his store.

The Crisostomos are members of both the DCMVA and the Co-Op. Jo Jo states that neither vendor group nor the city government have done anything significant to help the plaza dealers. In regards to future plans, the Crisostomos hope to move to the new market building if it is ever built. In addition, he hopes to expand the items they carry to include different lines of jewelry as well as paints.

**Virgina Go.** For close to six decades, Virgina Go, a Chinese *mestiza*, has been an active participant in the local retail community. A lifelong resident of Dagupan City, Virgina, with no formal education, has been trading since the age of 13. Virgina was the daughter of two Dagupenos, Fabian Villamil (Chinese) and Jona Villamil (Filipina). It is unknown what Virgina's father did for a living but her mother bought and sold vegetables in the local marketplace and then opened a canteen sari-sari and had a store called "Next Trading." Virgina became responsible for the family after both her parents died within a year of each other. Before starting the city's only small-scale toy store, Virgina worked in a sari-sari store owned by her uncle and for seven years sold banana cubes, candies, bread, and native cakes as a street vendor. In 1952, she was able to open a sari-sari stall in the local marketplace by obtaining
stock on credit. Virgina married Domingo Go Sr., a contract plumber, with whom she raised seven children. Although most of her children have started careers and families in Manila, her youngest daughter, Imelda, has remained to assist her mother to operate the business.

Before the earthquake, the enterprise was located in the Old Public Market where it was known as Beniang Store. Virgina changed the store's name to Virgo Merchandising - House of Toys and Gift Items after moving the store to three stalls on the northern border of the public plaza market. As the title suggests, the store sells candy, toys, small gifts, and cheap plastic trinkets. Besides Virgina and Imelda, who mainly works afternoons, there are six other persons employed at Virgo Merchandising, two of whom are relatives. The staff is composed of four young sales girls and two male carriers. Workers are hired based on the recommendations of customers. When a position becomes available, Virgina asks her patrons if they can suggest potential candidates who meet the qualifications of being hard working and possess the ability to guide customers.

Virgina orders the store's stock by phone seasonally from three wholesalers in the Divisoria district of Manila with whom she has an established trust. Although company representatives come by often, merchandise is rarely purchased from them because she views this as too risky. This was not always the case, however. When first operating her sari-sari store in the 1950s, according to an earlier interview, Virgina's main product source were company agents who traveled from Manila to offer their services. Credit can be obtained from the wholesalers and usually involves
three payments over a 90 day period. The urban suppliers do not figure prominently in the market strategy of Virgo Merchandising. According to Virgina such decisions are made by her and her family. Likewise, the store is not the formal dealer of any one product. It should be noted, however, that the store's sign contains an advertisement for Champion Cigarettes. The billboard was provided at no cost to Virgina after she approached the company and convinced them her store front was an ideal location for such publicity. Streamers promoting Halls, Clorets, and Bubblets also line the awning of Virgina's stalls as well as other stores facing the street. These advertisements were posted without the permission of Virgina but she has not removed them because they are "just small plastic signs."

Most of the store's merchandise is sold by Virgina and her daughter to a relatively stable clientele, of whom 60 are considered sukis. Credit is extended to these patrons but Virgina admits having difficulty collecting many of the suki accounts. She states that "out of ten customers, three are good payers." Besides word of mouth, Virgo Merchandising does not organize on any type of promotion. Like many other plaza merchants, advertising in local newspapers or on the radio is not a viable option for Virgina because of the costs involved.

The earthquake has had a substantial impact on the business. To begin with, the present location of Virgo Merchandising is smaller than the stalls she owned in the Old Public Market. Virgina also estimates that since relocating to the public plaza, the store's sales volume has been reduced by half. She says most of her clientele from the old location have remained loyal, but, they are just not spending as much.
As a result, the store still carries the same products but in smaller quantities.

The CSI Market Square Mall has also contributed to the decrease in sales at Virgo Merchandising. The new competition, however, has not affected the type of customer with whom Virgina does business. She claims her store caters mainly to people who live in the barangay, while CSI sells to wealthy customers first, and barangay residents second. However, since her patrons do not have the buying power of those who shop at the mall, she has had to make some adjustments to compensate for the loss in turnover. Not only has the store's stock been reduced but the prices on most items have been lowered. Likewise, Virgina has had to dismiss some of the store's employees.

Virgina has been a member of the DCMVA since 1955 but is not "updated" enough to form a view on their role in the dispute with government and CSI. She speculates that the vendor's group is "trying to do their best," and city hall is giving a "delayed result" concerning the plight of plaza traders. In any case, she would move the store to a new location if the city could guarantee her a permanent stall. She feels a secured space in the new market would improve business. The decision to relocate may not be made by Virgina, however, since she will retire in 1995. Her family has urged her stop working for four years because of her age, yet they also realize she will not have anything to do at home. Notwithstanding her other children, Virgo Merchandising will most likely be passed to Imelda.
Francisco and Emilia Chua. For 35 years Quality Shoes Footwear (QSF) has operated in Dagupan City. Owned by Francisco Chua, a 58 year old mestizo retiree who was educated as a certified public accountant, the store has been located in the public plaza market for four years. QSF is run by Francisco’s wife, Emilia. She is a 48 year old Filipina who has received a high school education. The Chuas are both from Dagupan City and have two children.

Previously located in the Old Public Market, QSF is composed of six stalls. The store’s four sales girls and two male carriers are all relatives of the Chuas. Emilia makes weekly trips to the Baclaran and Marikina districts in Manila and the Laguna district in Southern Tagalog to obtain the store’s stock. The wholesalers that supply QSF’s merchandise do not extend Emilia any trading credit. Therefore, she pays cash on delivery for the shoes. Presently, she does not deal with company agents but this has not always been the case. In the Old Public Market location, she purchased stock from one agent. Because of a lack of customers, QSF has no formal sales strategy. Unlike before, the Chuas no longer engage in any type of promotions or advertising. At the former site, they advertised over the radio for P4,000 per month. Since business has been slow, this is no longer an affordable option.

QSF sells primarily to suki customers, which according to Emilia, number over a hundred. The Chuas’ clientele mainly consists of teachers, students, and office workers. Unlike most plaza vendors, they do not extend credit to their sukis. Products must be purchased with cash. Because QSF does not receive trading credit from its urban suppliers, no credit is provided to customers.
The Chuas have seen a steady decline in business since the earthquake four years ago. Emilia states, "Before, I have lots of customers but now I have no customers. The earthquake damaged my stall and the looters got all the items inside the old market." The store's sales volume has dropped from a daily gross of P1,500 at the Old Public Market location to as low as P500 per day at the plaza. Likewise, they occupied a larger amount of space and paid lower rental fees at the old market. In the past, they only paid P580 per month for 11 stalls. Now they pay monthly rental fees of P1689 for six stalls plus P680 in electrical costs.

Emilia also blames the decline in profits on the opening of the CSI Market Square Mall. The new commercial facility is particularly formidable because it contains over five shoe stores. In an effort to adjust to this new competition, Emilia has lowered the price of the store's merchandise. She says, "If CSI sells a pair of shoes for P280, we will sell ours for P180." To complicate matters, the Chuas have amassed a P30,000 debt to the local branch of the Philippine National Bank since relocating to the plaza. The borrowed money was used to replace the stock lost from the disaster as well as help defray moving costs. Emilia is not certain how they will pay off this debt.

Despite being members of the DCMVA and the Co-Op, the Chuas feel neither organization has done enough to help the traders of the public plaza market. They share the same sentiments about the city. It would seem, however, the Chuas would have a better relationship with the local government because Emilia is the niece of President Ramos. In fact, she related her situation to him in a letter and requested his
help in relocating QSF to the new mall. Ramos replied on her behalf with a message to the Dagupan City's Mayor's office. However, Mayor Fernandez has yet to act on this request.

The Chuas will move the store to the new marketplace if it is ever constructed. Emilia believes the proposed building will be a good site for a shoe store. They also have plans to one day open a shoe factory in Dagupan City. In the meantime, their outlook about the public plaza market remains pessimistic. Emilia states, "We don't have any customers at all. Many businesses and stores have closed. No hope here in the plaza market."

**Emelia Biagtan.** Emelia Biagtan is the owner and proprietor of Biagtan Grocery - one of the few small groceries left in Dagupan City. She is a Filipina and was born in Dagupan City. Her family has been involved in the local small-scale trade sector for generations. Her maternal grandmother, Niolas Mendoza, was born in Dagupan City and owned a sari-sari in Mayombo (a local barangay) which carried canned goods and rice. Emelia's mother, Juana Arzadon, was born in Mayombo but lived most of her life in the poblacion. She was a fish vendor who made extra money by selling rice from a small lot she owned. Miguel Tanopo was Emelia's father and he was born in a community near Dagupan - Malued. He earned a living by making nipa wine and owning a fishpond. Miguel died when Emelia was only a month old.

Emelia graduated from Philippines Normal College sometime in the 1940s. She taught elementary school for close to 30 years in Dagupan City. In 1944, Emelia
married a local Dagupeno - Juan Biagtan. A year after the Biagtan's marriage, Juan
and his brother opened their first store in the local marketplace. The venture was
financed by a bank loan and their joint savings. During this time most of the store's
stock came from Chinese wholesalers in Manila. Emelia helped out in the store when
she was not teaching school or raising her four children (three boys, one girl). In
1964, Juan was murdered under mysterious circumstances. Emelia knew enough of
the business to take over. Her children have become quite successful and all but her
youngest son, Gil, have left in Dagupan City. Her eldest son is a physician in
Wisconsin, U.S.A., while the other son owns a printing press and grocery in
Urdanetta. Emelia's only daughter is a nurse in Saudi Arabia. Biagtan Grocery is
presently located in the public plaza market near the children's park. Before this, the
store was in the Old Public Market.

In addition to the downtown enterprise, Emelia also owns a small grocery in
Mayombo that shares the same name. Besides Gil, Emelia has 10 other individuals
working at Biagtan Grocery. She employs two drivers, five boys for carrying
merchandise and three sales girls. Her method for hiring is to give jobs to the
relatives of old employees.

Biagtan Grocery's stock is purchased by Gil from salesmen representing
products manufacturers. These agents, who come by one or two times a week, extend
Emelia trading credit with terms of either a 15 or 10 day pay-back period. Emelia
prefers the former. Concerning exclusiveness of a product, Biagtan Grocery has an
arrangement with the national brewery where the only alcohol Biagtan Grocery will
carry is Ginebra San Miguel (a beverage stronger than regular beer and is 80 per cent alcohol). Because of this agreement, the beer company provided the store with a large Ginebra San Miguel sign and numerous t-shirts in exchange for each case of beer she orders. Emelia keeps a few of the t-shirts but gives most to her customers. The scenario just described is not unique. She says all of the company agents who come by have suggestions for promotions, advertising, and sales strategies.

Emelia, along with the three sales girls, does most of the selling to non-suki customers. Despite this fact, Emelia estimates that Biagtan grocery has close to 100 sukis. These sukis are not extended credit because Emelia has had problems in the past collecting on debts. She does, however, give her sukis free products during the Holidays.

The 1990 earthquake greatly affected the business of Biagtan Grocery. Like most plaza traders, Emelia’s stall in the Old Public Market was destroyed. Her present stall is smaller than the previous one but she paid higher rental fees in the Old Public Market. According to Emelia, the sales volume of Biagtan Grocery has seen a decline since the disaster. The store in the Old Public Market took in P50,000 per day while the new location has a daily turnover of P40-45,000. The clientele of Biagtan Grocery has not changed since the earthquake. Emelia’s customers are, in general, the poor of Dagupan City.

In addition to the earthquake, the opening of CSI Market Square Mall has had adverse effects on Biagtan Grocery. Up until the summer of 1994, Emelia has made no adjustments to the new competition. Although Emelia admits that the new
commercial complex has lured away her wealthier customers, she has not lowered the prices of her products. She feels that the mall’s amenities of bigger displays, air conditioning and parking space have been the cause of her shrinking customer pool.

Emelia is a member of both the DCMVA and the Co-Op but she does not hold either vendor organization in high esteem. Concerning the Co-Op, she says, "I don’t like to hear the word 'cooperative' because they did not help us." Emelia is equally infuriated with the way the Dagupan City government handled redevelopment bids for the old Supermarket and the present plight of the public plaza vendors. She says, "They don’t seem to help. They have no program for the plaza merchants. It is a definite problem."

Emelia will move Biagtan Grocery to the new market if she is guaranteed a good location and a fair rental fee. In regards to future plans, Emelia will continue to work, at least until the near future. She plans to pass down Biagtan Grocery to her son, Gil.

**Fernando Siapno Jr.** Like Biagtan Grocery, Siapno Brothers Grocery is one of the remaining small grocery stores in Dagupan City. As the title suggests, the store is a family enterprise. It is operated by Fernando Siapno Jr. and his sister Charito Siapno and is owned by Fernando and his two brothers Alfonso and Daniel. Fernando is a 40 year old Filipino who comes from a long line of traders who have sold their goods in Dagupan City. One of Fernando’s great grandfathers sold rice and sugar locally and his paternal grandfather, Jose Siapno, was a farmer who marketed his own
products in the Dagupan City marketplace. But it was Fernando Jr.'s father, Fernando Siapno Sr. who ventured into the grocery business beginning in 1930s when he opened a small sari-sari at a demonstration mine near Baguio. By 1939, the elder Siapno owned a grocery store and restaurant in Baguio. With the help of relatives, Fernando Sr. was able to open a grocery in Dagupan City’s marketplace in 1948.

After the death of his father, Fernando Jr. along with his two brothers took over the family venture. Siapno Brothers Grocery holds a coveted street front location yet has been in the public plaza market for only a year. (This prime location in the plaza may be due to the fact that Fernando Jr.'s godfather is the former mayor of Dagupan City -- Liberato L. Reyna). Before the earthquake, it was in the Old Public Market and then relocated to a site in front of the city hall after the disaster. The store remained in this "temporary" location for three years while the present site was being "cleaned up" by the city. Consequently, the brothers had to pay rent for both sites although only one was occupied.

The Siapno brothers are involved in a diverse set of business ventures throughout Luzon. Besides the grocery store, they jointly own a rolling store (a mobile grocery) and Fernando and Alfonso own a job recruiting agency in Manila. Fernando also owns a car dealership, Tru-Car Motors, with outlets in the Mayombo district of Dagupan City and on in Baguio. The lines he carries include Mazda, Daihatsu, Kia Motors, and Nissan Diesel. In addition, Fernando helps his wife, Leah Paras Nisce, who is involved in running her family’s bus line -- Philippine Rabbit (one of the largest in the country).
Siapno Brothers Grocery employs 23 persons, three of which are relatives (uncle, aunt, and sister). Most of the non-kin employees are hired based on the recommendation of other market vendors while some are found through an employment agency. Fernando says he seldom uses the latter method because of the fee required by the agency.

The store’s stock is purchased by Fernando. Some of the products are delivered directly from the manufacturer, while many come from wholesale sources. According to Fernando, some of the lines they carry are ordered from company agents who drop by periodically but most of the stock comes from large Divisoria wholesalers. The credit relationship that exists between the Fernando and the wholesalers involves him issuing post-dated checks for payment periods ranging from a week up to 20 days. Fernando prefers the shorter payment period because he receives more of a discount from the Divisoria suppliers. Siapno Brothers Grocery does not deal exclusively with any one line of products nor does it engage in a formal sales strategy suggested by corporate representatives. However, the store does promote certain goods by allowing company agents to set up product displays in the store.

The selling is done mainly by Fernando’s sister, Charito, and the store’s sales staff without any type of promotions. They sell primarily to suki customers which number over a hundred. According to Fernando, some of the sukis buy in large quantities while others buy small. He extends credit to his established customers because he feels there is a bond of trust. New customers do not receive the same
treatment because Fernando feels "they don't know how to pay correctly." Because he is selective to whom he extends credit, Fernando has minimal problems collecting payments.

The earthquake had a substantial impact on the Siapno family business, according to Fernando. Within 45 seconds his home, store and warehouse were all destroyed. The present store is smaller than the former ones with the rent remaining the same. The store's sales volume has also suffered. It is down by 10 per cent. Fernando claims the store's gross is more now because his profit is less because of inflation. The earthquake has not affected the types of products he sells nor the customers to which he caters.

Concerning the effects of the mall, especially the new CSI supermarket within it, Fernando says business has become "a little bit bad." In order to compete with CSI he has had to reduce the prices of all the items he carries. He feels Siapno Brothers Grocery still appeals to "marginal" customers. He is a member of both the DCMVA and the Co-Op but would not comment on the role either group played in the dispute with CSI and city hall. He did feel that key officials in the local government did take bribes to facilitate CSI gaining the bid to redevelop the Old Public Market site.

The lease for Siapno Brothers Grocery's present location ends in December of 1994. Rather than relocate the business to the proposed market building that the city is planning to build, Fernando hopes to open with the help of his family "Siapno Brothers Supermarket" sometime in 1995. A supermarket, according to Fernando,
provides more incentives for the customers and will eventually lead to more profits.

The site for this supermarket will be on A.B. Fernandez Avenue, across from the CSI Market Square Mall.

**Divina Ulanday.** Divina Ulanday is a 41 year old Filipina who operates a stall in the public plaza market near the Rizal statue called Dalape Dry Goods. Both of Divina’s parents are from Santa Barbara. Her father, Vasilio Dalape, works as a radio director while her mother, Leonara Dalape, is a dress maker and owner of Dalape Dry Goods. After completing her third year in Commerce at the University of Pangasinan, Divina was employed in 1978 by Ever Emporium (shoe store) as a cashier. She met her husband, Gil Ulanday, at the university where he completed three years in Commerce. Gil, who is from San Fabian, worked from 1971 to 1980 at the local branch of the Philippine National Bank before becoming the owner and operator of Ulanday Bag Store in the plaza market. The Ulandays have eight children.

Dalape Dry Goods is a two stall enterprise that sells textiles, bags, curtains, and jewelry. The store was previously in the Old Public Market and has been in operation for 15 years. In 1991, the business was relocated to the public plaza market. Four people work at the store but none are related to Divina. All of the employees came to Divina to apply for jobs.

Divina makes a weekly trip to Manila to purchase the store’s merchandise. Not only does she buy from wholesalers in the districts of Divisoria and Baclaran, stock is also ordered directly from company representatives. Excluding curtains and
bags for which she pays cash, Divina receives credit from both wholesalers and agents on most items. The terms of credit involve a three to five month period where she can pay with post-dated checks. No type of sales strategy or formal promotion is organized by the urban suppliers. Concerning advertising, however, Divina is able to promote Dalape Dry Goods over the radio because she knows people who work at a local station. The radio advertisements are not free, however. She has to pay P75 a day for four spots.

Along with her sales staff, Divina sells mainly to suki customers. Numbering over 100, the suks of Dalape Dry Goods are not only from Dagupan City but from neighboring communities such as Bayambang, San Carlos, La Union, Calasio, and San Fabian. On account of consistently increasing earnings, Divina is able to extend credit to her suks. In fact, she feels the business has seen a substantial improvement since locating in the plaza. Divina states that although the six stalls that composed Dalape Dry Goods in the Old Public Market were larger than the present site, they did not attract customers because they were located in the back of the building. The monthly rent for the two stalls at the new site is P290 compared to P190 per month for spaces at the previous location. Her sales volume has not diminished. She states that before the store took in an income of P10,000 per month. Now, except during the rainy season when fewer customers shop at the plaza, the monthly profit is close to P40,000. Likewise, Divina feels the store is attracting a more affluent clientele.

With the opening of the CSI Market Square Mall, Dalape Dry Goods suffered the loss of some of its customers. According to Divina, "the customers go to CSI
because of the air conditioning." Yet, the attractiveness of CSI to her customer pool does not necessarily mean a financial set back for Divina and her family because in 1993, the Ulandays opened Mandalas Dry Goods on the third floor of the mall. Managed by Divina’s 22 year old daughter, Marites, the store sells RTW and bags. Besides Marites, two nieces of Divina are employed as sales girls at the new location.

Compared to the operating costs of Dalape Dry Goods, Mandalas is a more expensive undertaking. The monthly rental fee for the mall booth is P10,000. To compensate, the Ulandays have to sell items at the mall for a higher price even though they can be bought at the plaza for less. The store’s sales volume averages to a daily turnover of P4,000, while during the weeks preceding the start of school it can be as high as P30,000 per day. Like the Ulanday’s plaza venture, Mandalas Dry Goods customer pool is composed chiefly of sukis. These customers are not only from Dagupan City but come from neighboring communities. Unlike Dalape Dry Goods, however, the mall sukis receive no credit because of the high overhead required for operation in the mall. All purchases must be made with cash or check. Instead of extending credit, Marites will give the suki customers a 10 per cent discount on cash purchases.

Divina is both a member of the DCMVA and the Co-Op. In fact, she was appointed treasurer of the Co-Op and has held this office since 1992. In regards to the vendor organization’s role in the quarrel between CSI and the plaza vendors, Divina feels that they have done a good job and "can’t please everyone." In addition, it is her opinion that the part played by the Dagupan City government in the dispute
has been "sometimes good, sometimes bad." Divina claims the politicians are only looking after their wealthier constituents.

Concerning future plans, Divina hopes to move her plaza stores to the new market when it is built. She is unsure if she will receive a good location there, however, because the selection will be determined by drawing lots. In the meantime, Divina says she is content operating Dalape Dry Goods and owning the store in the mall.

Discussion. There are several attributes which can characterize the group as a whole. To begin with, all of the vendors were previously located in the Old Public Market, although the size of these former spaces and their respective rental fees differ. Because the owners of the stalls employ one or more relatives, each of the enterprises can be considered family operations. Except for Emelia Biagtan, the main clientele of these traders are suki customers. In almost all cases, the relationship between these vendors and their permanent and loyal patrons is characterized by an extension of credit to the sukis. Furthermore, the merchants examined all receive stock from urban suppliers, whether Manila wholesalers or traveling company agents. All of them belong to the DCMVA and, except for Virgina Go, all are members of the Co-Op. Finally, all but Fernando Siapno Jr. hold in common a desire to relocate their stores to the new market promised by the city government.

Concerning the effect the 1990 earthquake had on these vendors, the relocation to the public plaza market meant a reduction in commercial space for all of the
retailers except Jo Jo Crisostomo. His case is not representative of most on the plaza. Perhaps the expansion of his store is due to the fact that it was built illegally and, thus, not subject to the city’s construction guidelines. Likewise, none of the vendors profiled saw a decrease in rental fees following the earthquake. For most merchants operating on the plaza, the result of the earthquake meant higher rental fees for worse stall locations.

The opening of the CSI Market Square Mall has produced negative effects for the public plaza traders as well. Two of the merchants interviewed saw dramatic decreases in the sales volume since the mall began operating. Virgo Merchandising’s turnover has been reduced by half while the daily intake of QSF has dropped from P1,500 to P500. These examples seem to represent the majority of plaza dealers. The increase of turnover professed by the owners of Crisostomo Dry Goods and Dalape Dry Goods is most likely the result of their occupying better locations in the plaza compared to the Old Public Market. In fact, the present site of these two enterprises is among the illegal stalls near the Rizal statue. It should be noted that this area of the plaza market has the best drainage and is also the most accessible to customers.

The plaza vendors have engaged in various marketing methods to offset the new competition presented by the mall. Often these involve tactics previously not used. Some of these methods are creative while others involve more negative measures. First, there has been a practice of charging patrons less for merchandise. In addition, those who could afford it or had connections with local radio stations
were able to promote their stores over the air. Some merchants were forced to reduce
the quantity of items sold as well as to dismiss several of their employees. Also, the
competition from CSI had prompted some vendors to become exclusive dealers of
certain products. Despite the marginal location of the plaza market, company agents
continue to seek out the business of stall holders. For example, Crisostomo Dry
Goods became the only establishment to sell Frisco Jeans. One of the more
successful ways of reacting to the mall I came across was the case of Divina Ulanday.
Despite a diminishing customer pool and an uncertain economic future for most
vendors, Ulanday has been able to open a small store in the mall. Divina’s position
as the Co-Op’s treasurer most likely played a part in her ability to acquire Mandals
Dry Goods. It seems that CSI preferred offering space in the mall to Co-Op officers
rather than to regular members. As described earlier, it was public knowledge in
Dagupan City that CSI made efforts to gain the support of the Co-Op’s leadership.
HYPOTHESIS REVISITED

At the outset of this thesis the following question was posed: "did major disruptions in community life - especially among small traders - increase the pace of retail trade concentration in Dagupan City?" I predicted that the answer to this query would be positive based on two assumptions. First, conditions of "economies of scale" which are conducive to retail trade concentration have existed for sometime in the Philippines. Second, an existent informal trade sector in towns like Dagupan City prevents the process of retail trade concentration from occurring as fast as would otherwise be the case. That is, in spite of economic growth no large scale retail trade concentration had occurred because of a pre-existing informal sector.

The findings of this case support the hypothesis that general conditions in the Philippines in the 1990s were ready for retail trade concentration in up-country towns with the main limiting factor being a pre-existing informal sector in downtowns. Once Dagupan City's informal activities were temporarily eliminated due to the earthquake, a significant development of retail trade concentration took place.

Before the earthquake, some signs of retail trade concentration were present in the community as a slowly improving national economy and conditions favoring economies of scale had emerged. Under such circumstances, urban firms were able to expand their operations into regional centers like Dagupan City. By the mid 1980s, several small Western style supermarkets had opened along the commercial strip of A.B. Fernandez Avenue. Also at this time a number of fast foods companies,
including Jollibee and Dunkin' Donuts, had established outlets in Dagupan City. It is important to note that most of these enterprises were owned and controlled by Chinese firms.

Although the underlying conditions favoring retail trade concentration already existed before the earthquake, the continued penetration of such modern facilities into downtown Dagupan City was limited due to the preponderance of small-scale trade activities. The community's informal retail sector was concentrated at one site - the Old Public Market. Because of its prime location and accessibility to both merchants and customers, the market met most of the commercial needs of Dagupan City. Consumers could purchase merchandise at relatively low prices and, in most cases, on credit from small-scale traders. The Old Public Market, likewise, provided vendors with an affordable and centrally located site from which to sell their wares. Consequently, there was no urgent demand in Dagupan City for state-of-the-art shopping facilities such as a mall. By the late 1980s, the Old Public Market was the main obstacle to the spread of very large commercial institutions into the downtown.

This changed drastically following the 1990 earthquake. The destruction of the market building displaced hundreds of vendors and brought informal trade activities to a virtual standstill. This disruption of the local commercial structure gave an opportunity for large retail firms to occupy a site formerly held by small-scale operators. The disarray of the vendors due to the earthquake and the limited support for them by the Dagupan City government made this even more likely. Trade concentration took place at a faster rate than would otherwise be the case. In the
months that followed the disaster, the Chinese company, CSI, was able to gain the rights to develop the Old Public Market site and subsequently establish the largest and most modern retail facility north of Manila. Because of CSI's previous trade ventures, the company had the experience and resources to construct a large commercial complex in Dagupan City. In this case, the void left by the Old Public Market provided CSI an opportunity to realize its intention to move into mall retailing at a rate faster than otherwise would have been the case.
RETURN TO ISSUES RELATED TO CASE STUDY

The five issues presented at the beginning of the thesis that are related to the topic analyzed will be reconsidered in light of the material presented in the previous two chapters. The topics include (1) the dual model of urban commerce, (2) the relationship between the formal/informal sectors, (3) retailing in the urban Third World and retail trade concentration, (4) the role of ethnicity in urban retailing and (5) the impact of commercial developments on urban centers. In the following pages I discuss these topics within the context of Dagupan City's recent commercial transformation.

Dual Model of Urban Commerce. Like urban commerce found in most centers of the Third World, the commercial structure of Dagupan City can be best visualized as having two sectors: an informal and formal one. Yet, the characteristics which Geertz and others have used to distinguish informal sector activities from more formal commercial pursuits may deserve reconsideration in the case of Dagupan City. Since the Second World War, there have been some indications that the boundary separating the two sectors has become less distinct. The influence exerted by the urban supply side has intensified for many of the vendors of Dagupan City since the earthquake.

For example, agents representing large companies have, in many cases, more frequently interacted with neighborhood stores and market vendors. Overall, there has been an increase in vendors tapping Manila sources rather than going through
local intermediaries. Although Geertz states that enterprises in the firm type of economy are characterized by ordering stock from a relatively small number of urban suppliers, the same can be said nowadays about many of Dagupan City’s informal sector retailers. Most vendors on the plaza purchase merchandise, often on credit, from usually no more than three Manila wholesalers. Besides the wholesalers, company representatives provide an additional supply source for a substantial number of vendors.

Two examples from the vendors sketches illustrate the above. The first can be found in the case of Jo Jo Crisostomo. The merchandise for Crisostomo Dry Goods is purchased by Jo Jo from company agents who drop by on a regular basis as well as from several wholesalers in the Divisoria district of Manila. According to him, the company agents frequently propose new selling strategies for the store. In particular, they push certain products and suggest ways of displaying these items. It was through the persuasion of a corporate representative that Jo Jo became the exclusive dealer of Frisco Jeans in the plaza marketplace.

The sketch of Virgina Go provides another instance of large companies penetrating Dagupan City’s small-scale retail market. The stock of Virgo merchandising is ordered over the phone seasonally from three Divisoria wholesalers. Virgina considers it too risky, however, to purchase merchandise from the company agents who come by often. Despite the fact that Virgina rarely puts into practice the trade strategies suggested by these urban suppliers, their influence is nonetheless felt. Since Virgo Merchandising faces one of Dagupan City’s busiest streets, companies are
Attracted to the store’s advertising potential. For this reason, Virgina received a billboard for her establishment from Champion Cigarettes. The sign was provided at no cost to her because it contains an advertisement promoting the cigarette company.

Another area in which the formal/informal divide has become blurred since the earthquake involves vendors adopting trade strategies that were formerly pursued by traders operating in the formal sector. Several of the market vendors interviewed are presently engaged in more active trade practices than before the earthquake. Advertising provides a case in point. Once an exclusive practice of Dagupan City’s more prosperous retail establishments, the diminishing pool of customers at the plaza market has motivated some traders to advertise their enterprises over the radio. The radio promotions practiced by Jo Jo Crisostomo, Divina Ulanday and other small-scale plaza traders illustrate that competition by vendors is increasingly directed to fending off formal sector enterprises.

Relationship between Formal/Informal Sectors. One of the goals of this thesis was to determine the shifts in the relation Dagupan City’s formal/informal commercial sectors in the last two decades. The question posed was whether the informal sector has restricted the formal one only to be eventually dominated by the latter due to a major disruption.

Before the 1990 earthquake, the connection between the commercial sectors in Dagupan City was relatively stable. Informal economic activities served as a labor absorbing device for the thousands of people unable to find work in other areas.
Although supermarkets and other large retail facilities began to emerge in Dagupan City during the 1980s, their spread did not present a real threat to the small-scale traders who were already entrenched in the city’s commercial landscape with an established customer pool. If anything the Old Public Market limited significant inroads by the formal sector into downtown up to 1990.

Despite that in the past the Old Public Market building had been damaged by disasters such as fires, this retail institution was able to maintain its role as a center for informal trading after being repaired. With the destruction of the Old Public Market in 1990, however, the balance previously maintained between the formal/informal sectors was disrupted. In the immediate period following the disaster, large commercial entities such as CSI were able to take advantage of a weakened informal sector and the formal sector grew at the expense of the informal one.

However, the transformation of Dagupan City’s retail structure did not affect all plaza traders the same way. Those who held key positions in the Co-Op presented opportunities to open stalls within the CSI Market Square Mall. Consequently, vendors such as Divina Ulanday were able to make the move from the public plaza market to the mall. In fact, Mandals Dry Goods stands as an example to the way the formal and informal sectors can interact. Her mall venture combines many aspects of a marketplace enterprise with those of a modern commercial store.

Let me turn to some numbers. Dagupan City’s formal sector has experienced a tremendous growth in the last four years and local informal sector activities have
been weakened because of this. Before the earthquake (1990) the Old Public Market consisted of 930 stalls spread over a 5,550 sq. m. sales area. In 1989, 2,790 traders and other sales personnel occupied this facility as well as close to 300 ambulant vendors that traded in close proximity to the market building.

In 1994, four years after the earthquake, Dagupan City’s informal sector took on a new appearance. Small scale vending had been fragmented into two principal trading zones. The first was the public plaza market which contained 410 stalls and a sales area of 3,130 sq. m. In addition, the plaza was occupied by some 90 illegal stalls covering an area of 540 sq. m. The second zone was comprised of the four market modules located behind the mall. At this location space was provided for 410 wet vendors over a sales area of 1,450 sq. m. When these two vending areas are considered together (including 90 illegal vendors), 920 stalls are found occupied by 2,750 vendors with a 5,120 sq. m. sales area. It seems, then, that the presence of small scale downtown traders was only slightly reduced since the late 1980s: two per cent less vendors and stalls and only an eight per cent decrease in total sales area.

What the aforementioned figures do not reflect, however, is that by the summer of 1994 a sizable portion of the stalls in the plaza marketplace were not occupied. When these are taken into account, post-1994 change is more dramatic. Now, the town’s 1994 informal sector breaks down as follows: 750 stalls in the central area covering a sales area of 4,140 sq. m. with a total vendor count of 2,260 individuals. Based on these net values, it appears that in the time beginning shortly before the earthquake and ending in 1994 there has been a 19 per cent decrease in the
number of stalls and sales personnel, and a sales area that has been reduced by 25 per cent. The earthquake and the CSI Market Square Mall resulted in a smaller but still potent informal sector in downtown Dagupan City.

**Retailing in the Urban Third World and Retail Trade Concentration.** Although the majority of traders in Dagupan City still operate small outlets which yield a low turnover and deal with a restricted range of goods, in the last 50 years, the city's retailing system has become more similar to the economies of more developed nations. The complex networks of intermediaries composing the vertical distribution channels through which goods are passed has been integrated considerably. In most cases, products no longer change hands many times before reaching Dagupan City's retailers and, subsequently, consumers. The efforts of urban wholesalers and company agents to penetrate regional markets like Dagupan City as well as improvements in transportation systems and infrastructure have facilitated such trade linkages.

In the last 10 years, several relatively large commercial institutions have been established in Dagupan City. These include several Western style supermarkets, department stores, fast foods outlets and so on. A few international companies such as McDonalds and Jollibee opened franchises in the city. National shoe store chains have, likewise, located stores in the city. This trend has been epitomized by the opening of the CSI Market Square Mall. These modern facilities contrast with most local retail operations in that they produce a high turnover, are linked to integrated
supply channels, and offer a wider selection of consumer products.

The opening of the CSI Market Square Mall has propelled Dagupan City's formal sector decidedly in the direction of increasing retail trade concentration. Aside from its impact on vendors, what effect has the mall had on the city's pre-existing formal sector, composed mainly of street stores?

Before the mall was completed, Dagupan City had 540 stores along the commercial strips of A.B. Fernandez Avenue, Perez Boulevard and tributary streets covering a total sales area of 26,860 sq. m. (50 sq. m./store) which employed a total store personnel of 3,400 individuals. The formal sector's sales area was therefore already then almost five times that of the one occupied by the vendors. Of the 540 street stores, 70 can be considered modern (glass enclosed, contemporary decor, perhaps air conditioning, perhaps self service, corporate sector promotional display, perhaps corporate branch, franchise or exclusive dealer, definitely formal sector, etc.) or 13 per cent of all stores. These occupied a sales area of 8,090 sq. m. (30 per cent of the total) and had a size, 120 sq. m., substantially larger than the typical store. The modern store outlets were staffed by 17 per cent of all non-vending sales personnel (580 individuals).

The opening of the mall in one stroke augmented the number of stores in Dagupan City by seven per cent, to 585, and the total sales area by 20 per cent to 33,660 sq. m., bringing the average size of Dagupan City's stores to 60 sq. m., up from 50 sq. m. 3,750 individuals were now employed in this trade sector, up from 10 per cent of the previous figure. To put it mildly, the mall has given Dagupan
City's formal sector a considerable boost.

Especially the modern sub-sector has expanded. Now, this sub-sector constitutes 19 per cent of all street stores (110 outlets) and 44 per cent of the total sales area (14,890 sq. m.) -- the per store sales area stands now at 140 sq. m.

Moreover, 23 per cent of all store sales personnel, 870 individuals, now serve in such modern, formal sector establishments. Dagupan City's modern retailing sector may not have been insignificant before the opening of the mall, but with CSI it has become an important part of the local commercial structure.

How have existing street stores fared with the opening of the CSI Market Square Mall? Operators of textiles, RTW, shoes and grocery outlets (supermarkets) have expressed most concern about the new competition but none to the degree of organizing a formal opposition against CSI. Perhaps by the summer of 1994 not sufficient time has passed since the opening of the mall, but other store retailers did not experience much of a reduction in their customer pool. It appears that the trend of customers being drawn to the mall is countered by the fact that more visitors are now coming to downtown. In response to the mall, some downtown retailers plan to renovate their stores and the lone supermarket in the eastern end of the población reported declines in sales. For the majority of street store traders, the important feature of the CSI mall is that it is located downtown and that is run by a local firm.

Role of Ethnicity in Urban Trade. The success of Dagupan City as a regional trade center owes much to the efforts of ethnic Chinese. This minority has controlled much
of retailing in Dagupan City and most of the Philippines for over a century. In an effort to transfer this trade power in the hands of Filipino merchants, the government passed the Retail Trade Nationalization Law back in 1954. Implemented in the 1960s, the law temporarily restricted the trade activities of the Chinese. However, in the last 15 years, many Chinese merchants have been able to regain their previous positions by becoming citizens of the Philippines.

This reassertion of Chinese retailing power in Dagupan City is best illustrated by the events which followed the 1990 earthquake. To begin with, two of the three parties which made bids for the Old Public Market’s development were controlled by Chinese. Both of the companies held an advantage over the Filipino dominated Co-Op in that they could finance their ventures through an established credit network that linked local Chinese merchants to Manila banks.

The franchise with the city was eventually granted to the community’s largest retailing firm, the Chinese owned - CSI. A formidable entity in the local commercial landscape since 1986, CSI had set in motion retail trade concentration previous to the earthquake by opening a number of modern supermarkets in the city. In seizing the opportunity to develop a large retail facility on the site of the Old Public Market, CSI was able to expand its operations in Dagupan City. It was not only a step in the firm’s expansion of trade activities in Dagupan City but also a movement in the control ethnic Chinese have over trade in Dagupan City.

Ironically, the success of CSI might also be its eventual undoing — and this is also caused by Chinese interests. The success brought attention to the return a mall
can generate in an up country town such as Dagupan City. Two Manila based firms have plans (as of 1994) to follow CSI's lead by developing retail institutions similar to the Market Square Mall in the Dagupan City area. The more formidable company of the two is the Chinese owned Shoe Mart (SM). In 1958, this firm opened with a department store in Manila and by 1980 it had expanded to six large department stores throughout the city. SM entered the mall trade in 1985 and today it has several megamalls (the largest is almost a mile long) in the periphery of Manila. With plans to build a mall twice the size of the CSI Market Square in the Mayombo district of Dagupan City, the company hopes to fulfill its goal of opening a mall in a provincial town each year to the year 2000 (Tiglao 1994:60-61). It is an open question whether the CSI Market Square Mall will be able to survive such a, by local standards, megamall. In any case, Chinese control over Dagupan's trade would be strengthened.

**Impact on Urban Centers.** As suggested earlier, the effect of retail trade concentration in Dagupan City is likely to differ from that experienced by towns in the West due to the resilience of informal economic activities. Although affecting negatively some of the existing merchants, especially vendors, the CSI Market Square Mall has actually increased the centrality of Dagupan City's downtown by attracting customers to the town center. In fact, the role the mall plays in the community is far more than a commercial one. It has replaced the plaza as the site of local festivities such as the Fiesta and parades.

But if we look into the future, the addition of two new state-of-the-art
commercial facilities in Dagupan City's periphery would have a significant impact on the community's commercial district that would have more in common with the effects of retail trade concentration in the Western towns (Dannhaeuser 1994). Downtown Dagupan would be affected in several major ways. The amount of trade flowing through the formal sector would increase and, subsequently, augment outside control of trade in Dagupan City. Likewise, because the new malls would be located away from downtown, they would have a more destructive effect especially on the existing formal sector trade than the CSI Market Square Mall has up till now.
CONCLUSION

As evidenced by the experience of Dagupan City, retail trade concentration is no longer limited to the developed world. The vertical integration of market channels and the spread of large commercial facilities has entered not only the Philippines but other LDCs as well. The process has occurred, primarily, in the metropolitan centers of Third World countries. The shift in Dagupan City’s commercial structure demonstrates that retail trade concentration has now expanded into communities beyond such centers. Because retail trade concentration in medium range towns in LDCs has received little scholarly attention, this thesis is significant.

The penetration of modern retail institutions into regional centers of the Third World has a tremendous impact on local community life. They disrupt the former dominance of informal sector activities, something which in the case of Dagupan City was encouraged by the earthquake and the entrepreneurial reaction of Chinese traders to the open opportunity. Large modern trade firms are also instrumental in expanding the availability of industrial products to consumers. In addition to television, radio, and other media sources, the flow of mass consumer goods into these communities acts as a transmitter of cultural information. When department stores, supermarkets, and malls, replace public marketplaces and traditional family operations as the dominant retail establishments, consumers’ expectations about preferred forms of living are altered. The influence of standardized industrial goods and institutions which promote them are, in part, responsible for an emerging world culture.
Retail trade concentration on Dagupan City's trade structure underscores the important role commerce plays in urban LDCs. Merchants help define community life and, in this instance, help transform it. For this reason they are significant and deserve close attention.
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U.S. Bureau of the Census
APPENDIX A
Figure A-1

The North-Central Plain of Luzon with Luzon Insert
North-Central Plain of Luzon

1. Dagupan City
2. Lingayen
3. San Carlos
4. Santa Barbara
5. Calasiao
6. Urdaneta
7. San Fabian

Luzon Insert

1. Dagupan City
2. San Fernando
3. Baguio City
4. Benguet
5. Isabela
6. Manila
7. Laguna

Key for Figure A-1
Figure A-2
Dagupan City
Figure A-3

Downtown Dagupan City
Figure A-4

Public Plaza Market
APPENDIX B
Photograph B-1

Old Public Market

Photograph B-2

Public Plaza Market
Photograph B-3

Inside of Public Plaza Market

Photograph B-4

CSI Market Square Mall
Photograph B-5

Inside of CSI Market Square Mall
VITA

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