COMMERCe AND SOCIETY IN THE URBAN PHILIPPINES:
A COMPARATIVE STUDY

A Dissertation
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
DOCTOR OF PHILOSOPHY

May 2001

Major Subject: Anthropology
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May 2001

Major Subject: Anthropology
ABSTRACT

Commerce and Society in the Urban Philippines: A Comparative Study. (May 2001)

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Until recently, the negative effects associated with the spread of large retail institutions away from the central business districts of local communities was most commonly identified with towns and cities in the developed West. Over the last decade, however, many urban localities in less developed countries have been subject to these same forces. Based on a comparative examination of Dagupan City and San Fernando City, the Philippines, this dissertation examines the degree to which the emergence of modern shopping facilities has affected local patterns of living in the developing context. It reviews the recent history of retail developments in Dagupan and San Fernando and their impact on the respective city centers and populations at large. In Dagupan, trade concentration accelerated following a major catastrophe in 1990. Although the urban center faced a potential devitalization related to planned commercial developments beyond the urban perimeter, a hollowing out of downtown never happened since these prospective trade projects had to be abandoned following the Asian economic crisis. As a result local socioeconomic activities remained concentrated in downtown Dagupan. In San Fernando, corporate retail development continued to emerge at a gradual pace. This work demonstrates that natural disasters and the conditions they precipitate are instrumental in the spread of urban trade concentration.
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CHAPTER I
INTRODUCTION

During the last half century, urbanization in the developed West has accelerated to the extent that the commercial landscape of towns and cities in the United States and Europe has been significantly altered. Central to this transformation has been the advance of retail trade concentration. This phenomenon involves a shift from a fragmented network of product distribution channels to one that is vertically streamlined and by a proliferation of large corporate facilities such as supermarkets, fast food restaurants, warehouse clubs, outlet malls, hypermarkets, department stores, and shopping centers. In numerous cases, the emergence of modern trade institutions in peripheral areas of municipalities has eroded the traditional socioeconomic hegemony of downtowns (Clark 1989; Kulke 1992). Such developments have frequently proved devastating for existing merchant populations and have often adversely affected the quality of local life for the communities at large (Dannhaeuser 1996b: 245-258; Gregory 1993; Rawn 1990; Tagliabue 1996). The recent appearance of equivalent commercial establishments outside of the major metropolitan centers of less developed countries (LDCs) raises the question of whether a comparable reorganization of downtowns and a subsequent devitalization of urban life will take place in the non-Western cultural context.

Although trade concentration has become an increasingly influential force shaping localities worldwide, this process has remained largely unexamined by social scientists like anthropologists. The dearth of ethnographic work analyzing the consequences of

The journal format used is American Anthropologist.
modern retail institutions on the municipal level may have to do with the fact that this commercial trend has been operating, by and large, outside the traditional scope of the discipline. For the most part, trade concentration has been limited to nations of the industrialized West and entails matters more closely associated with the fields of marketing, economics, and urban studies. Yet, given the considerable inroads made by the forces of mass consumerism in the provincial regions of advanced LDCs in recent years and the emergence of globalization as a salient issue for anthropological inquiry as of late (Appadurai 1996), the effects of trade concentration on the public life of local communities has begun to attract the attention of a growing number of cultural researchers (Dannhaeuser 1996a; Ritzer 1998; Seth and Randall 1999). Despite the burgeoning interest in this subject-matter, however, nearly all of this literature has tended to fall short on two fronts. Most of the scholarly work on this topic has remained focused on the experience of First World towns and cities (Humphery 1998; Jacobs 1984) or, when examining LDC communities, it has presented only limited descriptions of select commercial developments with little or no critical analysis of the long term socioeconomic ramifications these new institutions have on local populations (Jordan and Sullivan 1999; Tiglao 1994:60-61; Watson 1997).

So far, questions related to whether or not this recent transnational phenomenon has produced results in a Third World setting comparable to those which have arisen in the urban centers of the developed West have not been fully examined by social scientists. An in-depth exploration of retail trade concentration’s impact on particular LDC localities would do much to augment our knowledge about how this process functions. Does it operate in a predictable manner cross culturally or does it express itself differently within distinct cultural milieus? What is more, a deeper understanding about the socioeconomic implications of large corporate enterprises on the local level could be gained by looking at
trade concentration in various phases of development. This could be accomplished by juxtaposing the recent historical experience of an LDC municipality that has been subject to retail trade concentration for some time with a neighboring locality only in the incipient stages of the phenomenon. Such a comparison would help determine the extent to which this commercial trend generates similar conditions that evoke like responses within equivalent LDC communities. In short, a comparative analysis of trade concentration's impact on specific cities in a developing context could elucidate how this process operates outside the confines of Western nations and whether or not affected urban populations react in a like manner to the social changes which typically accompany this phenomenon.

The dissertation will investigate the socioeconomic ramifications modern shopping facilities are beginning to have on the commercial cores of two tertiary cities in the Philippines - Dagupan City, Pangasinan and San Fernando City, La Union. The Philippines presents an ideal location for this type of empirical research. Essentially an agrarian society, the country has sustained a trend of urban and commercial growth over the past few decades, despite periods of political instability and financial stagnation (McAndrew 1994). This market expansion has, among other things, created conditions favoring economies of scale which, in turn, have facilitated the spread of retail trade concentration. Although the effects of this phenomenon have been most conspicuous in Metro-Manila where mega-malls, shopping centers, 24 hour convenience stores, and multi-national fast food restaurants are now a ubiquitous part of the urban environment, by the 1990s towns and cities in the provincial areas of the archipelago had also become subject to these kinds of developments.

Given that the number of LDCs adopting market oriented policies similar to those which are transforming the Philippines has grown notably in the last 20 years, findings
from this work have relevance beyond the confines of this particular country. By chronicling pivotal episodes in the respective histories of Dagupan and San Fernando, the dissertation sheds light on a situation that numerous urban centers throughout the developing world are likely to encounter. Since both localities are in the primary phases of trade concentration, albeit to varying degrees, their experiences in confronting this phenomenon may suggest to urban planners how the transformative effects which attend this process can be mitigated on the local level in other LDCs.

While the specific economic trend (retail trade concentration) this work sets out to investigate is a relatively new subject for anthropology, ethnographic studies dealing with questions of how First World commercial patterns are replicated in the Third World context are not unexplored territories for cultural researchers. In fact, anthropologists working in the latter half of the 20th century have produced some very important work pertaining to this type of investigation. Notable scholars like Clifford Geertz (1963), Dawn Chatty (1996), Carol Smith (1976), and James Watson (1997) among others, have not only examined the degree to which formal/impersonal trade practices have been successfully duplicated in LDC municipalities, they have, likewise, documented the socioeconomic impact such developments have had on local communities. Working within this anthropological genre, this study will extend and deepen our understanding of how LDC urban localities are affected by the introduction of modern retail innovations on the municipal level.

Moreover, by documenting a significant force presently redefining urban life in Southeast Asia, the dissertation will contribute to the growing body of social science literature examining contemporary Southeast Asian society (Cannell 1999; Johnson 1997; Pertierra 1995). Part of this literature details the recent economic transformation of urban Southeast Asia and its subsequent impact on local populations (Kunio 1988;
McGee 1985; Naisbitt 1996). This dissertation will make an ethnographic and comparative contribution to this body of work.

**Dissertation Overview**

Given the comparative nature of this research, the dissertation will be divided into two primary components: the first half will deal with Dagupan City and the second half will focus on San Fernando City. After outlining an hypothesis relating to factors encouraging trade concentration and its consequences, a literature review and the basic research methods on which this study is based will be presented. In order to place recent changes on the municipal level in historical context, a diachronic profile of Dagupan will be introduced in Chapter II. It will trace the progress of trade concentration in the city up till 1990 and examine the role of Dagupan's ethnic Chinese minority in local affairs over the past four centuries. Following this, a description of the city's economic growth over the last ten years (Chapters III and IV) will be presented. Considering that large scale corporate development and its subsequent influence upon urban life is of central importance to the overall questions posed, this portion of the dissertation will include biographical sketches of those local business concerns which have spearheaded this commercial expansion. These firms and the individuals associated with them have been instrumental in transforming not only the retail landscape of Dagupan, but its political climate as well. Moreover, these two chapters will also gauge the impact this market growth has had on Dagupan's established trade community and population at large.

The second half of the dissertation will concentrate on San Fernando. So that recent modifications in the city's commercial morphology can be assessed within a proper historical framework, a longitudinal overview of the municipality's ascension to regional prominence with a special emphasis on market advancements prior to 1990 will be
introduced in Chapter V. This chapter will also include an account of the city’s ethnic
Chinese population and their contributions to municipal life over the years. This portrait
will remain less in-depth relative to it’s companion piece in Chapter II, inasmuch as those
sociopolitical forces most responsible for shaping the cultural identity of all contemporary
ethnic Chinese in the Philippines were already laid out in the former chapter dealing with
Dagupan. Subsequent chapters (Chapters VI, VII, VIII, and IX) will recount changes in
the state of local commerce during the past decade. In particular, this portion of the
dissertation will document the recent move towards retail modernization in San Fernando
and feature background information about those commercial firms and individuals most
closely identified with this process. The effect this trade expansion has had on existing
merchants and the general population will also be addressed at this point.

Following the Dagupan and San Fernando case studies, a comparison of the two
cities within the context of the hypothesis framed at the work’s outset will be presented
(Chapter X). Besides containing a recapitulation of the study’s major findings, this
chapter will also evaluate the experiences of Dagupan and San Fernando within a wider
framework. Included will be a discussion about the impact retail trade concentration is
currently having in other parts of Southeast Asia. As an anthropological study examining
urban LDC communities, the conclusion will provide a broadened understanding of how
retail trade concentration operates cross-culturally.

Although this is not intended as an applied study, some of the findings contained
herein may prove insightful for those looking at ways to accommodate established
patterns of urban living within the increasingly globalized setting of today’s LDCs.
Basically, this work will present a descriptive commentary on the commercial
modernization of two medium-range cities and will show the important role firms and
individuals involved with commerce have on communities within developing societies.
Hypothesis Posed

Dagupan City (Pangasinan) and San Fernando City (La Union) are located on the main Philippine island of Luzon within a 300 km range north of Manila (see Figure 1). Both cities lie along the Lingayen Gulf and approximately 70 km separate Dagupan (see Figure 2) from San Fernando (see Figures 3 and 4). As of 1998, the population of Dagupan was roughly 140,000 while that of San Fernando was just under 100,000. Due in large part to their geographical proximity and corresponding demographic composition, the two communities are notably similar. Each city operates as the primary trade, financial, health care, and educational center for their respective provinces. Correspondingly, the citizenries of Dagupan and San Fernando are divisible along similar ethnic lines. Aside from a general Filipino populace, both municipalities contain a small, yet influential, minority of Chinese-Filipinos which has dominated local commerce for generations. Moreover, given their seaside locales and tropical climates, both communities maintain a significant maritime orientation. Finally, the commercial morphology of each locality is best represented by the dichotomous formal/informal economic model. Although the presence of formal retail enterprises in both cities is becoming more evident, the urban populations of Dagupan and San Fernando continue to depend on the informal trade sector to meet everyday employment and consumption needs.

In addition to these shared characteristics, several variations exist between San Fernando and Dagupan. Not only does San Fernando have a larger and more accessible harbor than Dagupan, the former city has been home to an important military installation for decades. Dagupan has sustained a significantly greater degree of corporate retail development over the last two decades, whereas San Fernando has yet to experience this type of growth on a similar scale. Beginning in the 1970s, the traditional commercial
structure of Dagupan has been steadily modified by the entrance of modern supermarkets, department stores, and Western-style fast food outlets. This gradual transformation was punctuated by a major disaster in 1990.

Unlike Dagupan, San Fernando’s trade sector has experienced less radical change over the years. Although some peripheral areas of San Fernando were slightly affected by the disaster, a dramatically higher level of damage was concentrated in downtown Dagupan. This being the case, it seems reasonable to predict that the quality of life in Dagupan is today significantly less vital compared to that of San Fernando, due to the fact that Dagupan’s commercial core endured a greater amount of destruction relative to downtown San Fernando.

This prediction is grounded in two considerations. First, although major catastrophes initially produce a substantial disruption and decline in an urban community’s social and economic life, the long term effect is often a period of sustained expansion. Anthropological findings tend to confirm the general conclusion that disasters are likely to accelerate changes already under way before the disaster (Francaviglia 1996; Oliver-Smith 1996b). Therefore, post-disaster commercial growth is typically the product of enhanced pre-disaster market trends. Second, retail trade concentration generally encourages the spread of modern commercial facilities beyond a community’s central business district. Numerous cases from the developed West have shown that the proliferation of large retail institutions in the urban perimeter gives rise to a hollowing out of commercial cores and an overall devitalization of urban life (Gratz 1989; Rawn 1990).

Taking these two factors into account, the following hypothesis was formulated. An urban LDC community experiencing moderate to significant levels of trade concentration in its downtown core prior to a major natural disaster will experience the following stages in the post-disaster context: (1) an immediate decline in the
socioeconomic hegemony of the city center; (2) an extended period of heightened corporate retail development; (3) a reduction in the cultural and economic significance of the urban core.

Dagupan is an appropriate community for testing this hypothesis since the community has been moving in the direction of increased trade concentration since the 1970s and experienced a major natural disaster in 1990. San Fernando, by contrast, presents an ideal control to the case of Dagupan since it has undergone only limited corporate retail development over recent decades and sustained virtually no major damage from the disaster.

**Anthropological Research on Disasters**

Because disaster figures prominently in this examination of trade concentration its and consequences, it is necessary to review social science contributions to disaster studies. In his work *Anthropological Research on Hazards and Disasters*, Anthony Oliver-Smith describes disaster and its effects as:

a process/event involving a combination of a potentially destructive agent(s) from the natural and/or technological environment and a population in a socially and technologically produced condition of environmental vulnerability. The combination of these elements produces damage or loss to the major social organizational elements and physical facilities of a community to the degree that the essential functions of the society are interrupted or destroyed. This results in individual and group stress and social disorganization of varying severity (Oliver-Smith 1996a:305).

This description underscores the far reaching implications natural disasters have on affected communities. When disaster strikes, it tends to be a “totalizing” event that leaves few, if any, aspects of municipal life unaffected (ibid: 304). The magnitude of most disasters in terms of socioeconomic disruption and physical destruction is enough to generate conditions on the local level approximating a “natural laboratory” (ibid:
320-321). This presents researchers a rare opportunity to test various hypotheses and theories about how societies and cultures change. The holistic, developmental, and comparative perspectives of ethnographic research are highly compatible with investigations of disasters (Tory 1979). Despite this fact, anthropologists have up until recently made little use of disaster situations to advance the field (Coates and Morrison 1991; Loughlin and Brady 1978).

Social science research in disasters dates back some 80 years to Samuel Prince who examined the implications for social change in the munitions explosion of Halifax (Nova Scotia, Canada) harbor (1920). The potentials for social structural research he pioneered were not actively pursued by cultural researchers for another half century. Prior to the 1980s, social scientists (mainly sociologists and cultural geographers) approached disasters primarily as unpredictable and extreme events that impacted human populations. Disasters were considered as departures from the norm and recovery from them involved a return to the pre-disaster status quo, at least in terms of visible damage and calculable duress (Wallace 1957). For most of the 20th century, interests centered on the behavioral responses of individuals and organizations in the warning, impact, and aftermath stages of disasters (Wallace 1956). Little historical perspective was taken into account and most research was restricted to the experience of affected localities in the developed West (Oliver-Smith and Hoffman 1999).

By the mid-1970s, a new orientation in disaster studies had emerged. This shift was influenced largely by the work of anthropologists. Anthropological contributions to disaster studies included new theoretical perspectives (to be discussed below), a growing reliance on ethnographic research methods, and a focus on impacted communities in the developing world. By incorporating an ethnographic approach and a holistic perspective towards the investigation of local municipalities in non-Western societies much has been
learned about the state of urban life in post-impact towns and cities (Oliver-Smith 1986; Tory 1978).

Four major approaches have been developed within the anthropological study of disasters. These are: (1) the archaeological approach, (2) the political ecology approach, (3) the applied approach, and (4) the sociocultural/behavioral approach. Specific attention will be given to the sociocultural/behavioral approach, especially post-disaster cultural change, since the dissertation most closely relates to this perspective.

The sociocultural/behavioral approach encompasses the social and cultural issues beyond those that deal directly with environmental matters (i.e. those not covered by the political ecology approach). Central themes of this branch include behavior and responses to disaster and post-disaster cultural change.

Most work in the sociocultural/behavioral approach has concentrated on disaster behavior and response. Several closely drawn profiles of individual, group, and institutional behavior at various stages of disaster phenomenon and the strategies employed to effectively cope with stress brought on by such extreme geophysical events have been compiled by anthropologists over the last 30 years. These studies have focused on adjustments in religion and ritual, technology, economy, politics, and patterns of cooperation and conflict as they emerged both at disaster impact and in subsequent stages (Bode 1989; Button 1992; Gordon, Farberow and Maida 1996; Guillette 1991; Rossi 1993; Schulte 1991). Other behavioral studies have involved sociopsychological questions about vulnerability, victimization, and aid in disasters (Dudasik 1980; Maida 1996; Palinkas, Downs, Petterson and Russell 1993).

Relatively unaddressed since Prince's sociological study in 1920, has been the notion that disasters can function as instruments of change on the local level. Recent anthropological research has helped revive this idea (Oliver-Smith 1977; Oliver-Smith and
Goldman 1988). These ethnographic studies have demonstrated that disasters and subsequent reconstruction efforts often create changes in the established political, social, and economic order of local communities (Chairetakis 1991; Oliver-Smith 1979; Rossi 1993). Notably under-represented in anthropological research on post-disaster cultural change has been the examination of how catastrophes and reconstruction efforts affect local commercial patterns in the LDC context. Findings from this dissertation will help shed light on this topic.

**Methodology**

The dissertation centers on information compiled during 12 months of research in Dagupan City and San Fernando City from June 1997 through May 1998. The initial seven months of fieldwork took place in the former locality and was followed by five months of data collecting in the latter community. This study grows out of previous work conducted in the summer of 1994 in Dagupan documenting the impact a new shopping mall had on local market vendors (Matejowsky 1995). The data for the present work was obtained through a variety of methods, including participant-observation, household surveys, library research, and intensive interviews.

In an effort to add ethnographic depth to the dissertation, information concerning those men and women at the forefront of market advancements in Dagupan and San Fernando was extensively relied upon. Data was collected in each community through a series of some 25 in-depth interviews with the individuals themselves at either their homes or place of business. In a few cases, this data was supplemented by facts culled from previously published biographical accounts. All in all, this approach emerged as an effective technique for identifying the processes that have recently transformed public life in both cities.
Given the complexities inherent to Dagupan's and San Fernando's business communities, it was necessary that the pool of informants be balanced in terms of ethnic affiliation and the economic sectors in which they operate. Thus, the interviews covered Filipino merchants as well as Chinese traders. Moreover, traders (such as vendors) participating in the informal economy along with those engaged in more formal commercial activities were also questioned. Notwithstanding the emphasis placed on individuals associated with the private trade sector, the dissertation does not ignore input from other sources. Contributions from city officials and citizen activists were also incorporated into this study. These supplemental accounts provide an added dimension to information supplied by the primary group of contacts.

Other means of acquiring data in both cities augment the core methodology of intensive interviews. Of particular importance was the administration of a comprehensive consumer survey to over 100 urban and rural households in Dagupan and in San Fernando respectively. Aside from gauging community perceptions regarding the recent appearance of corporate trade institutions on the municipal level, this questionnaire was designed to measure the impact such retail enterprises had on the population at large. It was employed to determine the extent to which local domestic units depend on the modern trade sector -- relative to more conventional practices -- to fulfill basic consumption needs. In addition to the household survey, informal conversations with retailers and government officials as well as a reliance on participant-observation were utilized as ethnographic tools for gathering information. Concerning the latter technique, insights about Philippine life became available in both communities by taking part in a variety of activities. These included living in local Filipino households, participating in civic and religious events, accompanying merchants on stock purchasing trips, and interacting with customers. To aid in the documentation of commercial operations,
market vendor lists, business licenses/registrations, census documents, development plans, and maps of Dagupan and San Fernando were obtained from regional and municipal offices. Furthermore, information from city and regional periodicals were utilized as a primary reference source for organizing and reconstructing events related to the retail structures of either community, including the extent of, and repercussions from the 1990 disaster. What is more, spatial and visual dimensions were added to the study through mapping Dagupan’s and San Fernando’s commercial zones. Finally, in an effort to better understand the dynamics of medium-range cities in the Philippines, findings from other anthropological sources relevant to the overall research aims were taken into account (Berner 1997; Dannhaeuser 1983; Davis 1973; Doeppers 1971; Omohundro 1978; Szanton 1972; Trager 1988).

It was the goal of this field effort to collect a broad data base that is qualitatively and quantitatively balanced. Thus, numerical evidence is utilized whenever possible to add factual support to assertions regarding commercial advancements and community life in both Dagupan and San Fernando. The resulting study will contribute to the anthropological literature in three ways. First, it will elucidate the commercial processes of trade concentration currently influencing two regional communities in the Philippines. Second, it will add to our understanding of how the quality of life in LDC provincial cities is affected by such transnational forces. Third, it will show the effects natural disasters have on the vitality of urban life in the developing world.
CHAPTER II
THE DEVELOPMENT OF DAGUPAN CITY:
1590 - 1990

Introduction

Dagupan's experience with trade concentration is best viewed not as an independent phenomenon divorced from local history but, rather, as a product of various commercial trends and social forces extending back in time. The present chapter will place these processes in historical context and be divided into two parts. The first will trace the municipality's rise from an indigenous fishing settlement in pre-Hispanic times to an urban center increasingly affected by corporate retail development in the closing decades of the 20th century. The second part will examine, more specifically, the history of Dagupan's ethnic Chinese community. The contributions this ethnic minority has made to local life from the 16th century up to 1990, especially in matters related to commercial modernization, will be emphasized. Before delving into the past, however, it is necessary to briefly survey the city's physical character and community life just prior to the disaster of 1990. This synchronic snapshot will give a general representation of contemporary Dagupan City against which its historical experience and more recent transformation can be evaluated.

Dagupan City: A Community Profile (1990)

Situated in northern Pangasinan near the point where two major river systems converge and empty into the Lingayen Gulf, Dagupan City occupies a central position within the province. Like other towns and cities in the Philippines, life in Dagupan is concentrated primarily in the poblacion or town center. Among other things, this core
area is noted for housing those edifices associated with the Philippine plaza complex. These institutions include an open square known as the plaza proper, the municipal government building (municipio), and the local Catholic cathedral (Hart 1955). This nuclear assemblage, along with the city’s grid design, reflects the uniform settlement pattern first implemented by Spanish colonial planners in Philippine communities in the 16th century (Reed 1978). The plaza complex provides the setting for the numerous activities of political, religious, and cultural significance -- the most prominent being the local fiesta celebration -- held throughout the year.

Besides the plaza complex, the urban district also contains numerous private and public schools, elite residences, and most of the city’s retail establishments. Of significance is the Old Public Market (OPM). This enclosed concrete marketplace has a sales area of 5,550 sq. m. and takes up an entire city block in the heart of downtown. Beneath its tin roof, lies a maze of narrow corridors partitioned into 930 individual cubicles. These stalls contain a variety of small scale vending enterprises that provide local consumers with an assortment of goods and services. While the main selling floor inside the OPM is composed almost exclusively of wet goods dealers offering meats, vegetables, fruits, and locally produced candies, the outer perimeter is occupied by those selling dry goods. Their products include ready-to-wear (RTW) clothing, textiles, plastics, housewares, school supplies, shoes, toys, and basketry. Additionally, the OPM accommodates numerous beauty salons, dress making shops, small groceries, and law offices within its two story concrete front added sometime in the 1960s.

The poblacion of Dagupan is composed of several urban neighborhoods and is bisected by the Pantalan River. The city’s built environment is organized along two major east-west thoroughfares - A.B. Fernandez Avenue to the north and the more recent Perez Boulevard to the south. Multi-tiered buildings with shops on the ground floor and
offices, storage spaces, and living quarters above line both of these primary roadways as well as the various north-south streets linking them.

Throughout the day and into the night, the urban center is alive with people and vehicles. At peak hours, shop fronts are crowded with customers, salesgirls, and armed security guards while hawkers and itinerant traders ply their wares to passers-by. It is not uncommon for the poblacion’s sidewalks to become so congested during this time that foot traffic spills out onto the road. Pedestrian spill over, coupled with the numerous push carts, tricycles (motorcycles with covered sidecars), private automobiles, buses, jeepneys (jeeps converted into minibuses), and trucks all vying for road space, contribute to Dagupan’s chronic traffic problems. This gridlock not only increases the drive time for most area commuters, it also results in high levels of air and noise pollution within the urban core.

The hectic pace of poblacion life stands in contrast to the more serene atmosphere of the city’s 26 rural barangays (barrios). Most of these neighborhoods are residential and, despite their seemingly rustic appearance, are all officially categorized as urban areas by the national government. This classification stands even though several of the remote barangays are island communities and accessible only by river craft. Most barangays contain modest houses built from nipa palm, thatch, bamboo, or salvaged materials, while in more exclusive suburbs concrete housing with walled gardens, paved driveways, and other amenities have been erected.

Not all of the acreage comprising Dagupan’s outlying barangays is devoted to housing. As evidenced by the numerous rice paddies and fishponds (where bangus or milkfish, and tilapia are raised) that cover Dagupan’s rural landscape, many of the residents rely on some form of small scale aquaculture or wetland farming to make a living. Other barangay inhabitants earn income through various non-agricultural
enterprises. Some run sari-sari (mix-mix) stores near or within their homes. These small scale neighborhood retail enterprises offer a variety of products like bottled soft drinks, beer, candy, cigarettes, canned goods, rice, kerosene, and sample-size packages of soap, shampoo, detergent, and toothpaste. Other barangay households are involved in cottage industries, including the manufacturing of bamboo or nipa handicrafts and the production of native delicacies like bocayo (coconut candy). Given that most of the barangays’ population does not earn enough to afford private transportation, a constant stream of jeepneys and tricycles shuttles passengers to and from the poblacion. It is along these roads leading into the city proper where strip development began to emerge in the 1960s. So extensive has this commercial ribbon development been over subsequent decades, that by 1990 very few of the properties along the main highways remained undeveloped.

**Historical Background**

The history of Dagupan reaches back to pre-Hispanic times. Prior to the arrival of Augustian monks to the region in 1590, the indigenous population had already set up a village along the common delta formed by the Agno, Toboy, Bued-Angalacan, and Pantal Rivers. These native inhabitants exploited the fertile conditions created by this estuarial environment, subsisting primarily through fishing and rice planting. The settlement’s location along the Lingayen Gulf and accessibility to numerous inland waterways established the community as an important center for coastal trade. Early Dagupenos maintained regular trade ties with tribal groups living in the interior of Pangasinan and with the Chinese merchants on their occasional sojourns to northern Luzon.

The indigenous settlement predating modern Dagupan was officially organized into a town by the Spanish colonial government in 1643. Following guidelines established by the Law of the Indies, the town was organized on a grid scheme with the
plaza complex serving as a principal point of reference (Reed 1978). This centralization of administrative and missionary leadership soon encouraged the incorporation of heretofore decentralized local inhabitants into governable units. The establishment and maintenance of early Dagupan relied extensively on forced labor from the indigenous population. In 1660, native resentment against the Spanish in Pangasinan boiled over, sparking a widespread revolt which resulted in, among other things, the destruction of the local poblacion. The subsequent period of community reconstruction coincided with the emergence of Nandaragupan as the locality’s new name. The term roughly translates as “where once stood the commercial center” and was utilized for almost a century before finally being simplified in the late 18th century to Dagupan (Active Research Center 1994:38).

The town served mainly as a rice farming and coastal fishing village for most of its colonial experience. As technological advances began to reach the provincial Philippines during the 1800s, Dagupan also began to evolve into a thriving commercial center. In 1855, the nearby port of Sual was opened to international trade. This established Dagupan as an important link in the maritime traffic of commodities from the Ilocos region in the northeast, via Sual, to Manila. The sandbars formed near the point where the Agno and Pantal Rivers merge provided excellent anchorage for boats engaged in coastwide trade. Soon, Dagupan started to outpace neighboring communities as the principal trading station in northern Luzon.

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 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,).
Some of Dagupan's success as a maritime commercial center was due to the efforts of the upper echelon of Filipino society. Besides those already living in Dagupan, Filipino entrepreneurs from Pangasinan, Ilocandia, Pampanga (to the south) and elsewhere settled in the community during the mid- to late 1800s to take advantage of the town's newly enhanced status as the region's capitol of trade. Mainly operating fleets of sailboats along the sea routes linking Dagupan to Manila, native tradesmen soon also became active in other local market sectors including ship building, textiles, and the petty buy and sell of local products.

As Dagupan's economic vitality became more apparent in the second half of the 19th century, so too did the presence of foreign owned commercial operations. Several enterprising trade firms from abroad set up offices and warehouses along the town's waterways. Of particular significance was the British owned Heald Trading Company which commenced operations in the 1860s. The success of this venture later convinced a consortium of British industrialists that Dagupan held the potential to become the Philippines' most important trade post north of Manila. In 1887, they formed a corporation called the Ferrocarril Manila-a-Dagupan and secured the rights from the Spanish colonial government to build the only transportation link connecting Manila to the northern coast of central Luzon (Basa 1997). Construction on the Manila-Dagupan Railroad began a year latter and was completed in 1892. With the opening of this railway, Dagupan solidified its position as the region's dominant transport and trade center. For over two decades, the town enjoyed a position as the primary entrepot for the flow of goods between the northern Philippines, Manila, and beyond.
A brief account from 1901 illustrates the town’s commercial prominence in the region:

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 busiest 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).

During the first three decades of the 20th century – following the Philippine Revolution of 1896-98 and the establishment of the U.S. colonial administration in the Philippines – commercial patterns within Dagupan began to become more complex. When it previously served as northern Luzon’s main assembly point for the transshipment of local staples like rice, tobacco, sugar cane, peanuts and coconuts to the south, the direction of trade between these regions was, for the most part, one way. The flow of items between Manila and Dagupan became more reciprocal as the town began to experience more economic and social development. Due to improvements in the road and rail system connecting other areas of northern Luzon to Manila, the exportation of agricultural products ceased being channeled exclusively through Dagupan.

Contemporaneously, Dagupan’s municipal trade community began to incorporate other activities into its sphere. Of particular importance was the practice of breaking down bulk shipments from Manila and the subsequent distribution of these consumer goods throughout the region. This shift in trade activities was due largely to the fact that at the time Dagupan, which posted a population of just over 20,000, was supported by one of the Philippines’ most affluent and densest hinterlands. In 1903, the population of Pangasinan was approximately 400,000 (Cortes 1986:20).
Changes on the municipal level were not limited to Dagupan’s role as an entrepot. In the decades preceding World War II, other areas of local life also began to flourish. Similar to the experience of communities across the Philippines, Dagupan benefited from the democratic reforms implemented by the American colonial regime, including the right to vote and a public education system. Coinciding with these developments were such innovations as Dagupan’s first institute of higher learning (the Colegio de San Alberto Magno), hospital, banking institution, newspaper, and entertainment facilities (including several movie theaters) along the town’s main business corridor — A.T. Buigallon Avenue (changed to A.B. Fernandez Avenue in the 1980s). What is more, the city’s reputation as a transportation center was augmented with the opening of the Pangasinan Transportation Company (Pantranco) in 1917. Established by a group of American entrepreneurs, the fleet of Pantranco buses went on to become one of the country’s most prominent passenger carrier line. Concomitant with these developments was the maturation of Dagupan’s aquaculture industry. By the 1930s, thousands of acres of farmland and brackish mangrove/nipa areas had been divided by a series of pilapil (dikes) and converted into fishponds for the harvesting of bangus, tilapia, oysters, and other marine life.

By 1938, the city’s population had increased to 36,000. Many improvements to the town’s infrastructure were implemented during this time of demographic growth. Besides the drilling of artesian wells in the poblacion, the municipal road and bridge system was extended to connect outlying barangays with downtown. Moreover, two major buildings -- a permanent public marketplace (OPM) and a new municipal government building -- were erected adjacent to Dagupan’s plaza complex in the 1930s. These upgrades did little to change the general character of the local built environment. During the pre-World War II era, the poblacion was mostly composed of unpaved streets
separating rows of low-rise wooden buildings that housed a variety of residences, craft shops, and street stores.

This time of heightened growth was interrupted by World War II. The Japanese seizure of the Philippines in December 1941 brought about a period of suffering and economic stagnation for most of the country. In Dagupan, retreating American forces burned much of the poblacion in an effort to deny invading Japanese troops additional supplies. While a large segment of the populace fled into Pangasinan’s countryside fearing conditions under Japanese rule, Dagupan’s role as a provincial center took on an added dimension. The occupying Japanese leadership transferred the provincial capitol from Lingayen to Dagupan. The resulting centralization of administrative and commercial functions in one location did little to reverse the economic downturn brought on by the war. Dagupan was no longer able to operate in its full capacity as the regional distribution center for consumer products in northern Luzon because contact with supply sources in Manila and overseas had been effectively severed. The municipal trade scene had deteriorated to little more than the buying and selling of local produce and other non-luxury items during the three years of Japanese occupation.

Conditions improved considerably with the repatriation of the Philippines in January 1945. The return of those traders who went into hiding, the reconstruction of the razed downtown areas, and, perhaps most importantly, the reopening of trade ties with Manila, all helped to reestablish Dagupan as the region’s primary center for product distribution. Although the provincial capitol was transferred back to Lingayen at the end of the war, the ratification of Dagupan’s cityhood charter in 1947 did much to bolster the influence of Dagupan in Pangasinan and northern Luzon. Not only did this upgrade give local administrators the authority to raise taxes among city dwellers, it also provided the municipality with greater access to government resources in Manila.
During the post-war decades, roughly from 1950 to 1990, Dagupan experienced a profound expansion comparable to the burst of growth which transformed the community during the late 19th century. First of all, the community’s population nearly tripled from 44,000 in 1948 to 122,000 in 1990. Likewise, the city’s rural hinterland at the beginning of the 1990s had grown to include approximately two million inhabitants (one million in the 1940s) spread over a land area of more than 5,000 square kilometers. Moreover, Dagupan’s institutions of higher learning — the University of Pangasinan, Luzon Colleges, Lyceum Northwestern, and a number of vocational and trade schools — began to attract students from all over Pangasinan and beyond. In addition to its role as a regional center for education, the city also became recognized for its premiere health care facilities. Eight private hospitals, one public hospital, and numerous medical clinics were established in Dagupan in the decades following the war.

The built environment of the city began to reflect this expanding prosperity as well. A succession of fires in the poblacion encouraged the replacement of the wooden buildings that once lined the urban district’s main street with more permanent structures. In an effort to accommodate increases in downtown traffic, the east-west oriented Perez Boulevard was constructed in the late 1950s as a secondary business thoroughfare to the parallel running A.T. Bugallon Avenue (later A.B. Fernandez Avenue). It was just off this new boulevard where the municipal government set up a vendor site known as the Perez Market. For the next four decades this marketplace housed small scale merchants dealing in a variety of goods and services before being abandoned in the 1990s. Coinciding with operations at the Perez Market was the relocation of the municipal abattoir in the 1950s from downtown to adjacent to the Perez Market. Prior to its closing in the 1970s, the facility served as the primary center for the slaughtering of large animals. What is more, strips of commercial enterprises began to spread along the
highways leading out of downtown Dagupan during the 1960s. Rows of lumber yards, car dealerships, repair sheds, and printing shops sprang up on both sides of the roads heading south to Calasio and east to Mangaldan.

Major renewal projects were also carried out on the city’s plaza complex in the decades subsequent to the war. In the mid-1960s, the plaza proper underwent renovation work that included the establishment of a raised stage fronting a rectangular slab of concrete and the transfer of the monument honoring Philippine national hero Dr. Jose Rizal to a much more visible location. In addition, several multi-tiered office wings were added to the municipio building, including a new police headquarters in the vacant area fronting city hall. Finally, the local cathedral compound underwent substantial modernization work beginning the 1970s. This renovation entailed the construction of a more contemporary and spacious sanctuary to replace the centuries old brick cathedral.

Major structural changes were also implemented to properties within close proximity to the local plaza complex during this time. In the mid-1970s a site immediately to the west of the OPM was selected for one of the most ambitious capital ventures ever undertaken in Dagupan. Known as the McAdore International Palace Hotel, the high rise complex catered primarily to a wealthy clientele and contained a swimming pool, a multi-screen cinema, and a rotating restaurant. Taking advantage of loans provided by the government, the five star hotel was the first major attempt by private investors to modernize the downtown commercial core. Opened in 1977, the McAdore closed three years later due to structural problems and lack of patrons. While some sections of the complex have been utilized as a vendor market and post office, the structure has slowly deteriorated in the two decades since its closing. The building remains the most dominant feature of Dagupan’s skyline despite its dilapidated condition.
Dagupan’s built environment was also affected by several events pertaining to the privatization of community space in the postwar period. Even though all constructions within the city were required to conform with a comprehensive zoning ordinance, over the years exceptions to this general land use strategy have occurred. Typically, these inconsistencies involved the conversion of properties heretofore publicly maintained to sites intended for private commercial activities.

Beginning in the late 1960s, local administrators approved the privatization of communally held real estate adjacent to the city’s public plaza complex. Of significance was the conversion of a site located across the from the municipio, the Ramon Magsaysay Public Park. Originally created as a park in the 1950s, the public area became a place where small scale traders could legally establish a marketplace in 1969. By the mid-1980s, this vendor site was developed by Bungay Construction and Development Corporation, an ethnic Chinese firm from Manila, into the New Magsaysay Commercial Center. This bi-level shopping complex was a conspicuous manifestation of trade concentration on the local level and housed numerous Western-style retail outlets in front, including Dagupan’s first fast food restaurant, Jollibee. It’s back section operated primarily as a vendor facility. Similarly, in 1986 a public market just to the west of the OPM was converted into a private market despite the protest of affected vendors. Located directly in back of the municipal building and across from the cathedral compound, this property was franchised to a subsidiary company of Magic, Inc., owned by local Chinese entrepreneur, Benjamin Lim.

During the 1970s, the city continued to be recognized primarily as the chief trade hub for the northern Luzon. Boasting one of the largest retail communities north of Manila, the commercial composition of Dagupan in the early part of that decade was comprised of approximately 2100 trade establishments. These enterprises included 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). The majority of Dagupan’s retail operations were small and concentrated within the *poblacion*. Many, in fact, were located either inside the OPM or along the main business streets of A.B. Fernandez Avenue and Perez Boulevard. What the numbers don’t indicate is that by the late 1970s the city’s retail morphology had already begun a process of restructuring precipitated by the entrance of a few Western-style supermarkets, appliance shops, department stores, and international chain fast food outlets. Although these corporate enterprises offered consumer amenities much like the modern shopping facilities of Metro-Manila, the initial impact of retail trade concentration on local commerce was limited.

The community’s importance as a commercial powerhouse during the postwar decades is best reflected in its role as distribution center of consumer products. Just after the Second World War, national and multi-national corporations including Coca-Cola, Procter and Gamble, Philip Morris, San Miguel Beer, Johnson and Johnson, and California Refining, among others, began establishing regional headquarters in or around Dagupan City. These distribution centers and warehouse complexes provided goods for a geographical area that went far beyond the immediate vicinity of central Pangasinan. Sales representatives not only covered the entire northern section of the Central Luzon Plain, they were also responsible for the mountain areas to the northeast. Utilizing Dagupan as their base of operations, company agents traveled as far west as Zambales, Isabela to the east, and to Beneguet in the north (Dannhaeuser 1983:111-120).

Integral to Dagupan’s success as a commercial center was the extensive road and highway system that developed in Pangasinan during the postwar years. With the north-south rail service having declined after World War II, trains no longer provided the
main source of transportation to and from Dagupan. Beginning in the 1950s, transport links connecting Dagupan to urban centers and small towns across the region were maintained primarily through five major bus lines. By the 1980s, these competing bus companies provided hourly service to all of Luzon's major destinations including Metro-Manila. Travel in the more immediate area at this time was covered by several independently owned mini-bus lines and a fleet of passenger jeepneys running from the poblacion along each of the main arteries leading out of the city.

The Ethnic Chinese of Dagupan City

Even though the number of those with Chinese heritage in Dagupan (approximately 3-5,000 as of 1995) seems demographically insignificant given the city's population of 140,000, it would be erroneous to assume that their impact on local life has been negligible. Over the years, Chinese and Chinese mestizos have contributed to various areas of Dagupan's urban life. Their strongest influence has been in matters of municipal commerce. Besides introducing many commercial innovations onto the community level (including those associated with retail trade concentration), ethnic Chinese have controlled virtually all large scale trade establishments in Dagupan during the 20th century even though Filipino merchants temporarily gained a sizable share of the market in the 1970s.

Given the long term contact between Chinese maritime merchants and northern Luzon's indigenous populations, it is not surprising that some Chinese were already living in the Dagupan area before the arrival of the Spanish in the 16th century. In fact, some scholars assume that the neighboring community of Lingayen began as a Chinese colonial settlement sometime in the 15th century (Basa 1997:12). While the veracity of this remains debatable, what is uncontested is that in the latter half of the 19th century there
was a major influx of Chinese into Dagupan and other coastal Philippine communities. This primary wave of Chinese immigrants was composed almost entirely of single adult males from Fu-chien (Fukienese) and Kuang-tung (Cantonese). Although they had ventured overseas seeking their commercial fortunes, most were not initially involved with trade. Most began as carpenters, blacksmiths, masons, tanners, rice millers, bakers, butchers, or other types of skilled artisans and craftsmen (Lim 1997). Given that their diverse vocations necessitated daily interaction with Filipinos and elite Europeans alike, many in this first wave of Chinese became competent in a pidgin language which combined aspects of Chinese dialects, Pangasinan, Ilocano, Spanish and, to some degree, English. While this ability to communicate with locals helped the ethnic Chinese assume a greater presence in domestic trading, it was their entrepreneurial orientation -- similar to the historical experience of ethnic Chinese traders in other Southeast Asia areas -- that allowed them to eventually carve out an intermediate position as trader middlemen within Philippine society.

By the 1910s, Dagupan's Chinese merchant community -- now numbering 100 families -- had established itself as the prime force in the town's retail structure. An account from 1910 describes Dagupan's downtown business sector as follows:

The principal cluster of Chinese then was near the river along Avenida Torres Bugallon... Here were at least five general stores run by Hokkien speaking Chinese as well as two shoemaker's shops and a bakery run by Cantonese. A bakery and a dry goods store were in the east. Near the railroad were two shops which turned out wheels, bullock carts, and calesas, the principal vehicle of the day. These establishments were also managed by Hokkien. The Chinese formed the core but not the entirety of the commercial sector. Filipino owned businesses were also located on the same road... In 1900 retail trade was dominated by the Chinese (Doeppers 1977, quoted in B. Lim's The Dagupan Chinese 1997:18).
The number of ethnic Chinese families living in Dagupan grew to around 200 in the 1920s and 1930s. It was during this time that Chinese entrepreneurs began to move into some of the more specialized consumer lines like school supplies, musical instruments, pharmaceutical products, and sporting goods. The dominance of Dagupan’s retail market also increased the ethnic Chinese’s exposure to outside political forces. Given this vulnerability, many Chinese began to take steps in the 1920s towards safeguarding their substantial investments. Most prominently was the formation of several sports, musical and community organizations dedicated to the furthering of Chinese interests. Predating the more powerful Pangasinan Chinese Chamber of Commerce by almost 20 years, these associations served as forums for resolving conflicts within Dagupan’s Chinese merchant community and as groups dedicated to protecting Chinese interests in Filipino politics. The organizations were also instrumental in establishing Dagupan’s first Chinese cemetery. Located on a site just outside of the poblacion, this undertaking seemed to symbolize that many ethnic Chinese had developed roots in the community.

Given their distinct cultural character, status as aliens, and general economic success, it is not surprising that feelings of resentment and mistrust persisted in the host population toward local Chinese. Many Filipinos harbored the suspicion during the prewar period that Chinese were siphoning off the wealth of the Philippines to mainland China (Lim 1997:24). Considering that these circumstances remained prevalent over the generations, social ties for most Chinese -- other than those established through marriage to Filipinas -- were effectively confined to their immediate peer group.

Despite a general sense of ethnic solidarity, the local Chinese community was not without some degree of political partisanship during this time. Factional divisions within this immigrant group were especially apparent than in the late 1930s when the opposing
ideological doctrines of the Chinese Civil War found their way into the Philippines. Although this partisanship caused a rift within the ethnic Chinese community, local groups sympathetic to both Chiang Kai-shek and Mao Tse-Tung stood on common ground on the issue of Japan's imperialist foreign policy.

Anti-Japanese sentiment amongst Dagupan's Chinese intensified sharply following the invasion of the Philippines by Japanese forces in December 1941. While most Chinese abandoned their businesses and went into passive hiding, some became involved with the Filipino guerrilla movement. For those Chinese who did not leave, life in Dagupan took on an added dimension of uncertainty. Those who did not collaborate were subject to various forms of Japanese persecution, including imprisonment, torture, and execution.

During the war years, occupying Japanese administrators implemented sweeping reforms aimed at Filipinizing commercial trade. It was their intention that local retailing should, to the exclusion of the ethnic Chinese, be the domain of Filipino traders and Japanese nationals. Although some measures to improve the competitive position of Filipino merchants relative to the ethnic Chinese in retail trade and the distribution of key subsidies (rice and corn) had been implemented before the war, these programs met with little success due in part to the influence of the American colonial government. The push for the Filipinization of trade by the Japanese was much more decisive than previous efforts. Government sponsored trade associations and provincial federations were soon set up for Filipino merchants. These organizations were given preferences in the distribution of essential commodities like soap, lard, sugar, and rice (Dannhaeuser 1983:32).

The period between Japanese surrender in 1945 and Philippine Independence in 1946 can be best characterized as a time of resurgence for Dagupan's Chinese merchant
population. Local ethnic Chinese were able to reassert control over municipal retailing and wholesaling. The war’s aftermath also created financial opportunities in “buy and sell” for many Chinese entrepreneurs (Anderson 1969). The success of Chinese traders dealing in military surplus (transport machinery, relief supplies, and other equipment) helped the minority community recover much of the ground lost in municipal commerce during the previous five years. By the 1950s, many of the Chinese selling war provisions in Dagupan had expanded into other areas of commerce (hardware, RTW, shoes, and groceries). What is more, many of them had opened new businesses in other major Philippine urban centers including Baguio, Cebu, and Manila (Lim 1997:27).

Around this same time, Chinese merchants from Dagupan and across Pangasinan formally organized the Pangasinan Chinese Chamber of Commerce. The association became one of the most powerful economic and political organizations in the region. Besides focusing on issues related to local commerce — much like the earlier ethnic associations of the 1920s and 1930s — the Chinese Chamber also served to cultivate smooth relations with the Filipino political elite. The campaigns of most local candidates received contributions from the Chinese Chamber.

Attempts to limit alien (i.e. Chinese) participation in the Philippine economy — facilitated by Japanese wartime efforts — resurfaced in the early 1950s. Although the ethnic Chinese composed only one per cent of the country’s population at this time, they, nevertheless, continued to dominate wholesale and retail trade nationwide. This disparity in the Philippines’ commercial structure, combined with the nationalist policies of the newly independent Philippine government, established retail market reform as a central issue on the national agenda. Thus, the post-war administration, seizing upon the ethnic Chinese’s disadvantaged position in Philippine politics, took legislative steps towards
furthering the interest of Filipino enterprises 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. In 1948, Filipino importers accounted for 23 per cent of the total value of imports, compared with 39 per cent by Chinese and 28 per cent by Americans (Golay 1969:59-62). By 1965, after the advantages granted to Filipino importers had taken effect, Filipino firms controlled approximately 70 per cent of imports, American enterprises, 22 per cent, and Chinese, almost four per cent (ibid). Far more damaging to ethnic Chinese was the passage of the Retail Trade Nationalization Law in 1954. This protectionist legislation was designed to prevent non-Filipino citizens from entering national retailing in any major way. Alien trade enterprises were permitted a grace period of 10 years before the law was implemented and those established prior to 1954 would theoretically not be affected. At the time, this statute was seen as a profound blow to the Chinese living in the Philippines since their economic power was rooted in retail trade (Kunio 1985:83).

Even though the Retail Trade Nationalization Law was aimed at diminishing the role of overseas Chinese in local commerce, its long term impact ran somewhat counter to this primary goal. Because this minority group derived most of its financial power from retail trade, the barriers instituted by this legislation proved initially effective in devitalizing the Chinese community's economic base. Yet, with retailing opportunities no longer legally open to them, many Chinese were forced to enter other sectors of the market, including manufacturing, processing, and, most importantly, wholesaling. This diversification of operations established an ethnic Chinese presence in virtually every major area of the Philippine economy.
Moreover, because avenues existed to circumvent the Retail Trade Nationalization Law, many Chinese merchants were still able to retain control over local retail trade. Some overseas Chinese continued to participate in commercial trade by using the names of Filipino front men on government licenses and permits or, more audaciously, by paying Filipinos to remain on store premises and act as if they were owners. Other Chinese merchants resorted simply to bribing officials to remain in operation. Less common and more time consuming was for Chinese to become naturalized citizens of the Philippines. Since this process entailed numerous expenses, most Chinese families attempted to secure citizenship for the most business savvy of their number. Upon gaining citizenship, all company shares were then transferred to this individual. This legal stratagem authenticated many ethnic Chinese commercial operations in the eyes of the government and was prevalent during the 1960s and early 1970s.

During the Martial Law period that was proclaimed in 1972 by President Ferdinand Marcos, bureaucratic restrictions inherent to the Philippines’ naturalization process were relaxed considerably. Not only did it become easier for older Chinese to become citizens, those with of parents of mixed nationality were given the opportunity upon turning 21 to choose either Filipino citizenship or maintain the alien status of their non-Filipino parent (usually the father). By becoming naturalized citizens, ethnic Chinese were able to gain a more secure position within Philippine society as well as move into occupations previously closed to them. Since foreigners were disallowed from taking the state examinations necessary for entrance into careers like medicine, engineering, architecture, law, and the media, most Chinese steered away from such professional fields, preferring instead commerce. Taken all of these facts into account, the overall legacy left by the Retail Trade Nationalization Act and similar exclusionary policies was,
ironically, to strengthen the commercial status of ethnic Chinese nationwide and to facilitate their eventual integration into mainstream Filipino society.

How was Dagupan’s ethnic Chinese population as a whole altered by the war and subsequent events during the post-war era? One of the most notable effects was the substantial growth experienced within Dagupan’s Chinese community. The total number of Chinese and Chinese mestizos living in Dagupan had reached about 2,000 in the 1970s. By 1990, this group’s population stood at approximately 3-5,000 inhabitants. This demographic surge had much to do with the fact that most ethnic Chinese were unable to return to their homeland following the victory of the Chinese Red Army in 1949.

In the 1950s, the Philippine government tightened restrictions on Chinese immigration to the Philippines. As a result, local Chinese were forced to become more receptive towards establishing social bonds with their Filipino counterparts that transcended the realm of commerce. This growing recognition of Filipino lifeways tended to reflect the extent to which most Chinese born just after World War II had been assimilated into the mainstream of their host country.

This increased absorption of ethnic Chinese into Filipino society manifested itself in various ways. For example, mixed marriages had become more acceptable for many in these latter generations. Although intermarriage between ethnic Chinese and Filipino nationals was common amongst their elders, the bride and groom no longer carried the stigma that was once attached to it. Moreover, by the late 1970s, a sizable segment of the Chinese minority had attended schools with a largely non-Chinese curriculum. Moving through an educational system where classes were typically (in some cases forcefully) taught in one of several locally spoken dialects and daily interaction with Filipino schoolmates was the norm, many Chinese born in the 1950s and 1960s began to have a different outlook regarding the Philippines than their ancestors. Finally, and,
perhaps, most importantly, was the sense of place many within this ethnic group
developed for Dagupan, specifically, and the Philippines, in general. Given that the family
history of most Chinese in Dagupan now went back well over a century, a considerable
amount of time had passed for local roots to have taken hold. Most local Chinese had
parents, grandparents, and great-grandparents buried in Dagupan’s Chinese Cemetery and
many did not know a life outside of the Philippines. In short, as they had come to
incorporate numerous aspects of Filipino culture into their manner of speech, dress, and
behavior, the distinction between those with Chinese ancestry and the indigenous majority
became increasingly blurred.

Besides changes affecting Dagupan’s Chinese community in general, what effect
did the war and subsequent events have on the role of ethnic Chinese merchants operating
in the city? According to Dannhaeuser, the clearest evidence for changes in the ethnic
composition of local trade was 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 benefited 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 school supplies, and their role in the grocery and textile trade is less negligible
than it once was (Dannhaeuser 1983:39-40).

Although the standing of Chinese traders was eroded to some extent during these
decades, it was by no means eliminated. In fact, by all accounts the trend towards a
Filipinization in Dagupan’s retail sector has reversed considerably since the 1970s. Of the
2,100 commercial establishments operating in Dagupan in the late 1970s, only 160 (eight
per cent) were controlled by the Chinese. Although this number would seem to suggest
that this ethnic group was out competed by Filipinos, when the annual turnover of Dagupan City’s trade operations is considered, it is apparent that the Chinese minority was able to hold their own. In 1974, they realized estimated sales of P88 million while the Filipino merchant establishment generated P86 million (Dannhaeuser 1983:35). Simply put, Chinese operated larger enterprises, had a total turnover of pesos that differed only slightly from those of the Filipino commercial majority and controlled about half of the trade volume in Dagupan City.

All of this was accomplished in spite of government efforts to curb the influence of the ethnic Chinese in local retailing. Because a significant number of Chinese traders had become naturalized beginning in the 1970s, the minority retail community was able to reassert its dominance over local commerce. After this time, most of the trade firms at the forefront of corporate commercial development in Dagupan were owned by first generation Filipino citizens who were ethnic Chinese. The entrepreneurial orientation and mutual aid network of these traders helped facilitate the spread of retail trade concentration in downtown Dagupan during the 1980s. At this time, virtually all of the supermarkets, department stores, appliance dealers, electronics shops and fast food restaurants were Chinese controlled.

It should be noted that many of these achievements in the post war period could not have been realized without the efforts of the Pangasinan Chinese Chamber of Commerce. While still serving as a forum for quelling discord amongst members and an organization dedicated to the maintenance of the Chinese cemetery, the group’s primary function continued to be the preservation of political ties with the local government. As a new generation of Chinese businessmen took over leadership positions beginning in the late 1970s, the association started to become more service oriented. The association began to take steps towards mending impaired social relations between themselves and
the Filipino majority. By setting aside a portion of their accumulated wealth to fund the construction of new schools, a volunteer fire department, and other philanthropical projects, local perceptions about the Chinese Chamber, specifically, and the Chinese community, in general, became more favorable.
CHAPTER III
DAGUPAN CITY
1990 - 1994

Introduction

Having established Dagupan's historical background, the stage is set for an examination of the effects of the 1990 disaster and its immediate aftermath. Of importance is whether or not the catastrophe increased levels of retail trade concentration within the city and what, if any, were the repercussions of such developments on Dagupan's established trade scene and general population. To add ethnographic detail, profiles of those firms at the forefront of post-earthquake retail changes will be featured in the concluding sections of the chapter.

The 1990 Earthquake

On the afternoon of July, 16, 1990, major fault lines running through the main Philippine island of Luzon experienced an abrupt shift. This seismological activity triggered a series of earthquakes which, at its peak, registered a magnitude of 7.8 on the Richter Scale. Affecting the numerous provinces of central and northern Luzon, the disaster was devastating both in terms of human suffering and destroyed property. Nationwide the earthquakes killed some 1,666 people, injured about 3,561, demolished thousands of houses, and caused damages of upwards to P50 billion or $1.7 billion (note: due to fluctuations in the U.S. dollar to Philippine peso exchange rate during the last decade for the purposes of the dissertation P30 = $1). Although the epicenter of the primary temblor was some distance to the east of Pangasinan in Cabanatuan City (Nueva Ecija), this quake resulted in a provincial fatality count of 77 and left more than 2,000
families homeless. On top of an estimated P2.2 billion ($733 million) in private property damage, Pangasinan sustained losses in public infrastructure approximating P1.6 billion ($533 million). In an effort to facilitate Pangasinan’s recovery, the national government declared the region a disaster area and earmarked billions of pesos in relief funds for the province’s rehabilitation.

The destruction caused by the catastrophe was not evenly distributed throughout Pangasinan. Hit especially hard were the numerous mid-rise buildings, multi-lane roads, bridges, and other built features of downtown Dagupan. Subterranean fissures generated by the earthquake erupted beneath the poblacion, sending underground deposits of water to the surface. This massive discharge of groundwater liquefied layers of loose alluvial soil beneath the city. As a result, about 80 per cent of the buildings on A.B. Fernandez Avenue and Perez Boulevard either sank by one or more meters or were tilted. The liquefaction also left the city’s main business thoroughfares inundated with floodwater. The arrival of seasonal rains over following weeks only exacerbated the situation. Dagupan’s poblacion had deteriorated to such a state that for a time some affected merchants considered abandoning their damaged sites downtown for more geologically secure locations beyond the city center. With assurances from government officials that reconstruction funds were forthcoming, most traders ultimately remained in the poblacion.

In addition to the collapse of a bridge spanning the Pantal River and the damage sustained by the Old Cathedral of St. John, one of the greatest blows to downtown was the destruction of the OPM. For decades, the OPM had functioned as the principal site of informal trade on the municipal level even though a series of fires burned sections of the market in the 1950s and 1960s. The loss of this structure not only left 2,790 market stall occupants and their sales personnel without a place of business, it also prevented the
300 ambulant vendors that operated in close proximity to the market building from earning a living. Because the administration’s attention was focused on other pressing matters, the task of finding a temporary venue for displaced vendors was given to one of Dagupan’s most successful ethnic Chinese entrepreneurs - Benjamin Lim. He recommended the city’s public plaza as an interim trading site. His proposal was based on the fact that the plaza has traditionally accommodated those displaced by disaster. After several days of debate, the mayor, Liberato L. Reyna, through the auspices of Dagupan’s Public Market and Slaughterhouse Committee, approved a plan for the city government to erect a temporary marketplace on the plaza where stalls could be rented by those vendors displaced by the earthquake.

**Vendor Relocation**

Operations to transfer vendors to the plaza proper, although promptly implemented, were not without problems. First, there was concern regarding how administration officials would go about determining which traders would be picked for priority stalls. Many of those dislocated worried that individuals with connections to City Hall would receive preferential treatment when good locations in the market were allotted. The dilemma was eventually resolved through a raffle drawing. Second, questions concerning the legality of selecting the public plaza as the site for a provisional market were raised by some city council members who felt that the mayor’s office purposely by-passed them when making this decision. It was their conviction that these plans should have received their prior approval before construction work commenced. Third, former occupants of the OPM were thwarted in their efforts to return to the damaged structure and salvage equipment and merchandise from their old stalls before the site was cleared. Despite their objections that the property legally belonged to them,
the collapsed market building had been closed off and placed under 24 hour guard to prevent “lootimg.” The final problem was that, after trading on the plaza got underway, clusters of illegal booths were set up along the city square’s perimeter. To the merchants operating legally inside the plaza, these 90 or so perimeter stalls represented unfair competition in that they were more accessible to flows of pedestrians. It was the opinion of these small scale retailers and some city council members that these unlicensed stalls were owned and operated by the relatives and close friends of officials within the police department and mayor’s office.

In an effort to deal with these problems and to further the interests of the small scale trade community, market vendors turned to an old association — the Dagupan City Market Vendors Association (DCMVA). The organization was utilized to draw attention to the economic and political plight of the displaced stall owners and to provide them with a collective voice in dealings with the mayor and city council. One of the DCMVA’s first actions was to call for a consumer boycott of the illegal market stalls in the city plaza until the situation could be resolved. The association engaged in an investigation focusing of alleged anomalies involving the mayor’s office’s handling of the OPM’s demolition. Rather than granting the job to a local firm, Mayor Reyna awarded the contract to an outside company. The terms of the agreement between these two parties stipulated that the heavily damaged market building would be leveled 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. Accusations of impropriety were raised when it was learned that the mayor may have secretly profited from awarding the contract to this particular firm. Moreover, the demolition company stood to gain millions of pesos worth of retrievable merchandise which belonged to the former occupants of the OPM.
Criticism against the city’s post-earthquake operations was not limited to the local vendor community. In November of 1990, five months after the catastrophe, the Economic Reconstruction Group of Dagupan City (ERGDC) was created in an effort to facilitate the rebuilding of the downtown commercial core. Organized by Benjamin Lim, the association was composed of those traders whose businesses were located along and between A.B. Fernandez Avenue and Perez Boulevard. Few infrastructural repairs had been accomplished in downtown since the area was continually plagued by aftershocks in the months subsequent to the disaster. Because problems with electric and sewer utilities persisted, the ERGDC gave the city an ultimatum to begin reconstruction work by December or face a mass exodus of commercial enterprises. This threat inevitably proved empty as only a few traders actually relocated to neighboring communities.

As a new year (1991) began, relations between municipal authorities and the DCMVA remained strained. Though the group’s protest against unlicensed market stalls within public plaza had started off strong, by January it had lost considerable momentum. The vendor organization weakened position ultimately forced them to accept a compromised solution as proposed by City Hall. Under this agreement, city officials would not forcibly evict the illegal vendors from their stalls, but instead would require them to pay rent in the form of daily cash tickets. By the time this issue was settled, virtually all legal plaza market stalls were hidden behind a surrounding facade of crudely built structures. This unsightly collection of makeshift stalls had not only overtaken the public square, it had effectively compromised the aesthetic and spacious character of Dagupan’s plaza complex.
Post-Earthquake Development and the CAMADA Plan

By the earthquake's first anniversary, the central government had already invested P66 million ($2.2 million) in the rehabilitation of downtown Dagupan City. This infusion of public funds had resulted, most conspicuously, with the draining and repair of A.B. Fernandez Avenue and Perez Boulevard. With roughly two-thirds of local redevelopment projects completed, Dagupan had made considerable headway towards community rehabilitation.

The city's post-earthquake rehabilitation efforts also had important implications for long term urban growth within the greater Dagupan area. Taking advantage of this period of reconstruction to evaluate future expansion efforts in and around the city, the Philippine Government, through the auspices of the National Economic and Development Authority and the European Economic Community, conceptualized a comprehensive development strategy known as the CAMADA plan. After public meetings, community surveys, and site inspections in the surrounding localities of Calasio, Mangaldan, and Dagupan, the consulting team summarized their findings and recommendations in a report submitted to the local government in 1993. The finalized CAMADA plan was published in 1994.

This ambitious report advocated the consolidation of Dagupan City with Calasio (to the south) and Mangaldan (to the east) to form a metropolitan center by the year 2020. In addition to the infrastructural upgrades required in all three communities, the growth triangle proposed in the CAMADA plan would necessitate the eventual transfer of Dagupan's poblacion to a site more peripheral -- though less prone to flooding -- east of its current location and near Mangaldan. Recommendations were also proposed concerning historical and cultural landmarks. These included the redevelopment and preservation of Dagupan's public plaza in the "traditional manner" (i.e. pre-earthquake
character). Once the finalized version of the plan was submitted, the municipal government passed a resolution endorsing CAMADA as the basis of all future development projects in the city.

Equally important in signifying the city’s reemergence was the revitalization of the local trade sector. By 1992, several new commercial enterprises were established and many retailers took the opportunity to upgrade their business facilities. Of particular importance was the opening of a two story shopping complex adjacent to the OPM site and owned by a subsidiary company of Benjamin Lim’s Magic Inc. Known as Magic Centerpoint, this retail venue maintained a total floor space of 1,200 sq. m. which housed a supermarket, appliance center, bake shop, and snack bar on the first floor, and a department store and game room on the second. At the time, Magic Centromart was Dagupan’s most modern commercial facility. Likewise, the Philippines’ premiere fast food chain, Jollibee, reopened a spacious franchise outlet just opposite of Dagupan’s municipio building.

Despite progress in certain local market sectors, as of 1992, one important trade issue remained unresolved; namely, the future of the OPM property. While most locals believed that the market site would be rehabilitated, the question with no answer readily available was whether or not development efforts would come from sources in the private sector or public sector.

The Old Public Market Bidding War

The OPM complex had been Dagupan’s primary center of small scale trading for decades. Like other public trade institutions, the marketplace was regulated by offices within the local government. Following the building’s destruction, the nature of City Hall’s role in the development and maintenance of the OPM were reevaluated by officials.
Although they initially promised affected vendors that the right to construct and manage a market structure on the OPM site would remain in public hands, rumors to the contrary soon began to circulate.

As a result, the DCMVA became so anxious about the future of Dagupan’s main public market area that more than 100 organization members sought a conference with the city council. In a meeting held in September 1991, local vendors were allowed to express their fears about the rumored privatization of the site. They contended that if the bid to redevelop their former business site would be granted to a private contractor, their chances of securing a place within the new trade center would be impeded by more substantial commercial firms. Given their financial plight in the earthquake’s aftermath, DCMVA members believed that the rental rates for all stall locations inside the complex would be too expensive for most vendors. Recognizing the traders’ apprehensions, city council members assured the group that, as far as they knew, there were no plans to open bidding to private concerns.

The city council’s assurance turned out to be an empty gesture when it was disclosed soon thereafter in 1991 that private firms would, indeed, be allowed to bid on the reconstruction project. According to Mayor Reyna, the city government’s decision not to limit bidding to the public sector was based on several factors. First, the city was not in a financial position to bankroll such a costly undertaking. This was especially true since a substantial amount of local resources and manpower had been applied to post-earthquake reconstruction efforts. Second, leasing the market site to a private interest would help generate city revenues not only from the earnings created by the subsequent lease and rental fees but also by significantly widening the municipality’s tax base. Third, with the commercial property in the hands of a private concern a
considerable improvement in the basic services and trade amenities in downtown would likely occur given the need for the firm to remain competitive.

The administration soon provided guidelines for parties interested to bid for the right to construct and operate a new commercial center on the former OPM site. These terms included: (1) a minimum lease of 40 years, subject to renewal after 25 years; (2) a raw lot rental fee of at least P18/sq. m. ($0.60); (3) a minimum construction cost of P60 million ($2 million); (4) a maximum construction time of two years, beginning one month after contract signing; (5) a structure of between three and five stories; (6) a built area minimum of 3,500 sq. m.; (7) a deep concrete foundation to minimize the effects of an earthquake.

In the fall of 1991, three ethnic Chinese companies had expressed their intention to bid on the market site’s redevelopment. These were the Manila based Bungay Construction and Development Corporation, Magic, Inc. (Benjamin Lim), and City Supermarket Inc. (CSI). While the Bungay Construction and Development Corporation was known mainly for establishing one of the first commercial centers in Dagupan City (the New Magsaysay Commercial Center in the 1980s), its commitment to the project was questionable since most of its capital was tied up in reconstruction work following the earthquake. Magic, Inc. and CSI were much more substantial commercial operations and, since the 1980s, had competed for dominance over Dagupan’s retail market.

This display of interest by these firms did not deter the efforts of the local vendor community. Determined not to be overlooked during the municipality’s selection process, hundreds of former OPM stall holders consolidated their assets and organized the Dagupan City Market Stallholders Multi-Purpose Cooperative, Inc. (Co-Op). Although the minimal terms of the project were beyond the Co-Op’s resource capability, based on the National Cooperative Code of the Philippines, members felt they held an
advantage over other parties. This law gives vendor cooperatives and other collective enterprises priority status when it comes to the leasing and 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 favorable position in the selection process was further strengthened when Mayor Reyna publicly sided with them. The mayor went as far as signing a lease contract with the vendor cooperative even before official bidding on the project took place. While the support of Dagupan’s top office holder was definitely in their favor, the members of the DCMVA still found the task of raising the capital necessary to finance this large undertaking to be daunting. The relatively small scale of their business operations coupled with their relocation from the centrally located OPM to the less than commercially viable plaza market, caused many vendors to experience a steep profit decline. Even if they pooled all their resources, it was unclear whether the Co-Op would have the finances to implement their development plan. Given their preferential right under the Cooperatives Code and the backing of the mayor’s office, a local bank did agree to loan the Co-Op P30 million ($1 million). While this sum would be used for construction costs, operational financing would come from the future revenues made by the beneficiary market vendors. With their monetary affairs seemingly in order, the Co-Op made it known that they were prepared to lease the site for 25 years.

As the date for all interested parties to present their sealed bids to a selection committee neared (February 4, 1992), the Co-Op’s favorable position in the proceedings began to unravel. Much to disappointment of vendors, the organization’s agreement with Mayor Reyna was declared null and void by the city council since he never consulted with the council on the matter beforehand. Equally damaging to the Co-Op’s standing were
reports that one of its rival firms had made a P3 million ($100,000) payoff to the mayor and other top officials in exchange for their support on the project. While these allegations were serious enough for some in the city government to call for an investigation, the selection process, nevertheless, continued as planned.

The problems plaguing the Co-Op obviously played to the advantage of the other firms bidding on the project. In fact, when it came time for the submission of the respective site renewal plans, only Magic Inc. and CSI remained in serious contention. With several decades of experience between them in the operation of groceries, supermarkets, warehouses, department stores, and other retail enterprises, these ethnic Chinese concerns had become two major trade powers in the Dagupan region. Before going on to trace developments in post-earthquake Dagupan, it is worthwhile to consider the family histories of these rival firms (note: information presented in the two following sections was not obtained through direct interviews).

Magic Incorporated

Magic Inc. is one of numerous subsidiary companies owned by local Chinese entrepreneur Benjamin Saplan Lim. In his various capacities as president, vice-president, general manager, board chairman, or director-consultant of these business enterprises, Lim is involved in a diverse range of regional and national ventures that include Marimar Department Store, Magic Sales Inc., Magic Appliance Center, Marwood Home Furnishing, Magicworld Realty Development Corp., Dynasty Sales and Development, Xentrex Automotive Inc., Photoclear Inc., and Urdaneta Builders and Realty Corp. Notwithstanding his participation in these commercial operations, Lim is perhaps best known as the central manager of Duty Free Philippines (1992-1998) - a chain of government owned duty free shops specializing in imported luxury items. By the early
1990s, Duty Free Philippines had emerged as the country’s third highest dollar earner and the fourth largest duty free operation in the world.

Born in 1952, Benjamin is the son of Victoria Saplan, a Filipino citizen, and Mariano Lim an immigrant from Xiamen (Amoy), China. Although they had three additional children besides Benjamin, the parents were never legally married since Mariano already had a wife in China. The senior Lim became involved in municipal retailing just after the World War II when he and his brother Joe (Benjamin’s uncle) began selling American G.I. surplus goods such as cots, tents, canteens, and shoes. In 1948, the Lim brothers established Mickey Mouse Shoe Store on A. T. Bugallon Avenue. The store was in business for over 20 years before it was destroyed by the downtown fire of 1968. While the shoe store saw modest gains in the 1950s, it was in the 1960s when he held a virtual monopoly over the local chenilla (plastic shower slip-ons) market that his business truly began to flourish. Up until the poblacion fire, he was the only major supplier of the new and inexpensive sandals on the local level. After the store was rebuilt in 1970, it not only assumed a new name, Mickey Mar Shoe Store, but it also began offering more trendy lines of footwear.

In 1973, after graduating from Manila’s Adamson University where he earned a degree in Industrial Engineering, Benjamin Lim returned to Dagupan and set up a sister store of Mickey Mar known as Marimar. The new shoe store was adjacent to the original outlet and dealt almost exclusively in the latest footwear styles. By tapping into the buying public’s new found demand for fashionable products, the store enjoyed financial success almost immediately. By 1980, Lim and his wife, Celia Chua, opened up the second level of their Marimar location and began to offer RTW and assorted gift items. These efforts towards modernization drew such a favorable response from local shoppers that within a year more remodeling took place. This time, in addition to the installation of
an air-conditioning system, a third floor housing both a toy and child's wear department was added. In less than a decade, Lim had transformed a fairly modest shoe emporium into Dagupan's first Western-style multi-level department store.

As his influence in Dagupan increased, Benjamin Lim became active in numerous civic and religious associations. Besides holding leadership positions in local chapters of the Rotary Club and Jaycees, he also served successive terms as the public relations director for the Pangasinan Chinese Chamber of Commerce. His experience in these service organizations played a significant role in his appointment as an interim city councilor in the months immediately following the ouster of President Marcos in February 1986. By this time, Lim had politically aligned himself with the newly elected LAKAS party of President Corazon Aquino. Among others in the party's leadership, Lim had forged a political relationship with Speaker of the House and Dagupan native Jose de Venecia.

Due in large part to his new connections with the Filipino political elite, Lim's economic power base had grown considerably in the late 1980s. Shortly after President Aquino took office, she authorized the Department of Tourism to establish and operate a tax-and-duty-free merchandising system in the country. In 1987, with only 91,000 in capital, a 12 man task force began operations of the first Duty Free Philippines arrival shop outside the international airport in Metro-Manila. Soon after that, departure stores were opened there as well as in Cebu City's international airport. Despite its limited line of tobacco products, perfumes, and confectioneries, Duty Free Philippines ended its first year with net sales of $9.59 million. Impressive double digit growth rates followed in subsequent years so that by 1991 sales had reached $116.68 million. Remarkably, within one year after Benjamin Lim had taken control of the enterprise, sales had grown by 88 per cent to $219.12 million.
In addition to overseeing Duty Free Philippines, Lim also opened several commercial outlets within Pangasinan during the late 1980s and 1990s. By 1998, it had been reported that the subsidiaries of Magic Inc. employed over 4,000 workers in the province. Given their size, Lim’s trade operations have not been without some degree of controversy. Of particular note was his lease agreement with the municipal government of Lingayen to establish a private market facility on portions of a public park in 1989. This project involved the dismantling of a previously constructed marketplace and resulted in the displacement of hundreds of stall holders. The local vendor organization sued Lim, the city and all other parties involved in the contract. Despite much public support for the plaintiffs, however, the regional trial court ruled that the agreement between the administration and Lim was legal and binding.

City Supermarket Incorporated (CSI)

City Supermarket Inc. is the brainchild of local Chinese businessperson, Belen Fernandez. Coming from a long line of merchants on both her mother’s and father’s side, Fernandez’s family history embodies the experience of many in Dagupan’s ethnic Chinese trade community. Belen Fernandez is the maternal great-granddaughter Tan San Guioc, one of four Tan brothers who migrated to Dagupan sometime in the 1860s. Tan San Guioc had four sons, of whom, Rufo Tan was Belen’s maternal grandfather. Remedia Tan, a daughter of Rufo Tan, was Belen’s mother.

On her father’s side, Belen is a descendant of Lim Toan Ko, her paternal great-grandfather, who migrated from China to the Philippines during the early years of American colonial rule. With his wife, Lim Toan Ko spent approximately 20 years in Manila where he owned and operated a modest grocery store before relocating to Dagupan in search of better opportunities. A baker by trade, Lim Toan Ko first endeavor
into Dagupan's trade sector was a small bakery. In 1930, he opened City Grocery on A.B. Fernandez Avenue. His son, Lim Ting (Belen's paternal grandfather) who was born in China and came to the Philippines in 1925, took over commercial operations after Lim Toan Ko died. Possessing only an elementary education, Lim Ting ran the grocery business. During the 1950s he became a naturalized Filipino citizen and assumed a Hispanic name. Now known outside of the Chinese community as Jimmy Lim Fernandez, he proceeded to consolidate all of the family's commercial holdings -- which at the time included the grocery store, several warehouses and a flour mill -- into the Lim Corporation.

After the death of Lim Ting (Jimmy Lim Fernandez) in 1968, his sons took over the Lim Corporation. Belen's uncle, Narciso Lim, became the corporation president, while her father, Lim Chu (Jimmy Lim Fernandez Jr.) served as vice-president of the company and the main proprietor of City Grocery. Like his father, Lim Chu was born in China and moved to the Philippines with his mother in 1938. Unlike his father, however, he was educated in the Philippines and received a degree in commerce from a university in Manila. Lim Chu returned to Dagupan in 1955 to help his father manage the business. Together with his wife, Remedios TanLim, he raised eight children: six girls and two boys.

During the early 1970s, City Grocery was mainly a wholesale venture that supplied sari-sari stalls inside the OPM and many of the neighborhood stores located in Dagupan's outlying barangays. Besides local clients, City Grocery also supplied outlets throughout Pangasinan. Belen Fernandez became the grocery's assistant manager sometime around 1976. At this time, there were about 18 employees, mostly family members, working in City Grocery. Although Lim Chu considered opening a Western-style supermarket in Dagupan during the 1960s, he decided not to do so since local buying power at the time was insufficient to support this type of commercial
venture. This idea was realized only two decades later after his daughter Belen became the company’s general manager.

Now known as City Supermarket Incorporated (CSI), the Fernandez family opened their first supermarket along A.B. Fernandez Avenue in 1986. Established near the City Grocery location, CSI Main occupied a floor space of 500 sq. m. At the time, this enterprise was unique because it offered a complete line of grocery products, school and office supplies, toys and gift items, RTW, glassware, and a small eatery all under one roof. After a few years, CSI expanded its commercial facilities to include another outlet across from the Dagupan City plaza. This branch was called the CSI Plaza and opened for business, coincidentally, one day after the 1990 earthquake. In the years that followed, CSI had extended its influence into nearby Urdaneta with a multi-tiered warehouse club. The family firm had become so commercially successful under the leadership of Belen Fernandez that in just six years of operation (1986-1992) the company had an annual gross sale of P180 million ($6 million) and a net worth of close to P82 million ($2.73 million).

From Old Public Market to Shopping Mall

Since two of the bidders for the OPM redevelopment project were dismissed by the overseeing committee, the selection became essentially a process of elimination. While the Bungay Construction and Development Corporation withdrew its intention to bid on the project early on, for unspecified reasons board members ignored the privileged status of the Co-Op and did not accept the vendors’ development plan. The committee also did not consider Magic Inc. for the project since its bid package was missing essential documents. The contract to take over and develop the OPM site was awarded to CSI.
Many in the community, the Fernandez family included, were surprised by the committee’s decision. Magic Inc. was commonly perceived as the front-runner in the selection process given Benjamin Lim’s connections in local and national politics. The surprise outcome of the OPM bidding war not only widened the gap between CSI and Magic Inc. in local commerce, it also intensified their rivalry.

With the contract awarded to them, CSI entered into a build-operate-transfer scheme with the city government. This lease contract stipulated that the firm would build and manage a trade structure on the OPM site for the next 50 years before it would revert back to municipal management. At a projective cost approaching P100 million ($3.33 million), CSI planned to construct the area’s first modern shopping mall. Differing from most European and American malls, this three story complex would have commercial space set aside for local vendors. Small scale traders would be permitted to occupy one of several market modules to the rear of the mall at a nominal fee of P100/ sq. m. per stall holder/per month with a 10 per cent annual increase allowed.

The CSI contract with the city not only marked a new chapter for the firm, it also represented a new beginning for the community as well. The building, valued at P83.2 million ($2.77 million) seemed to promise continued economic growth in Dagupan as earthquake rehabilitation efforts drew to a close. It was projected that more than P2.8 million ($933,333) in annual wages would be generated with the completion of construction work in late 1993. This sum would be paid to the mall’s operating and maintenance staff. Not taken into account is the earned income of the hundreds of store employees working in the shopping center. Based on a company report, CSI’s shopping mall project would break even in about eight years and have a pay-back period of 15 years.
This positive outlook towards the project’s future was not shared by all in the community. Particularly dissatisfied was Dagupan’s market vendor population. They believed their preferential right to develop the OPM project as guaranteed by the National Cooperatives Code of the Philippines had been overlooked by the selection committee. Soon after CSI was granted the contract in early 1992, the vendor organization filed suit in the Regional Trial Court against the city and CSI. In an effort to secure the construction rights of the new commercial center and preserve the public character of the site, the Co-Op sought a court ordered nullification of CSI’s contract agreement with the Dagupan municipal government. Questionable circumstances surrounding the selection process lent credible support to the vendors’ case.

As the litigation began to move forward, alleged corruption charges removed incumbent Mayor Reyna from office in the local elections of May 1992. His replacement, former vice-mayor Alipio Fernandez (no relation to Belen Fernandez), was to play a more impartial role in the relations between the city government and the local trade community. One of his first actions in office was to call for revised lease contract with CSI. This move was to counter CSI plans of converting an area behind the shopping mall previously designated as the site for a government constructed market into a parking lot. It was his contention that this would exacerbate the downtown traffic situation and limit growth in the vendor sector.

The mayor’s role in the mounting conflict over who should have control over the former OPM site received political support from the Philippines’ newly elected president, Fidel V. Ramos. Because the president was from Pangasinan, he had more than marginal interest in this issue. In August 1992, President Ramos delivered a speech in Dagupan where he appealed for both parties to resolve their differences and come up with a mutually beneficial agreement. Congressman and Speaker of the House, Jose de Venecia
at the same event personally charged Mayor Fernandez with the task of negotiating a reasonable settlement between the Co-Op and CSI. Without going into the specifics of his plan, the mayor promised a resolution of the dispute by September of that year. Despite this showing of political statesmanship, not one of these elected officials, curiously enough, alluded to the municipal government’s role in this conflict.

Despite this emotional meeting, Mayor Fernandez’s pledge to end the dispute was largely an empty gesture. By the fall of 1992, months after Ramos’ visit, the friction between the CSI and the vendor community had escalated. Although the Co-Op had gained little ground in its legal efforts to overturn the contract, many traders operating in the plaza were encouraged by the news that the city had thwarted the move by CSI to construct a parking lot behind the new mall. Instead, four market modules were to be constructed on the disputed site. Those displaced by the earthquake would be given priority in applying for stalls in the covered sheds known as the Malimgas Public Market. Considering that conditions at the public plaza had seen little improvement since vendors were relocated there two years ago, this news was cautiously welcomed. However, since each of the structures could only accommodate a maximum of 80 traders, over half of the 700 legitimate merchants housed on the plaza would have to remain situated. Further limiting the number of market stalls available to vendors was the disclosure that Malimgas Marketplace would accommodate only those selling wet goods (i.e. meats, fish, and agricultural products). The traders specializing in other goods would have to stay in their present location until additional space could be made available.

Setbacks among Dagupan’s small buy-and-sell trade to the contrary, the community as a whole was well on the road to economic recovery. By the beginning of 1993, 98 per cent of the city’s earthquake rehabilitation projects had been completed. Furthermore, in the first three quarters of that year, 417 retail enterprises opened locally
while only 77 closed. Construction work on the four Malimgas Market modules (completed in the spring of 1993) and the CSI mall complex were sufficient to boost Dagupan’s earnings to P75 million ($2.5 million). This increase in proceeds was of such a level that the national government upgraded the community’s urban status. This measure would lead to an increase in the amount of support the city would receive from the national government.

As mall construction progressed, CSI began taking applications from national corporations as well as local retailers interested in occupying spaces within the new complex. The mall, which would be the largest and most modern shopping facility north of Manila, had close to 80 spaces varying in size over three levels available for rental. Multinational fast food companies such as Shakey’s Pizza (and later McDonald’s) elected to open outlets in primary spaces on the ground floor. Following the lead of these enterprises, several shoe and RTW chain enterprises based in Manila negotiated contracts with CSI whereby they would lease store space on the mall’s first and second tier. Besides these more substantial trade establishments, a considerable area of the third floor would be set aside for small scale vendors. In addition, the new mall was to contain retail ventures operated exclusively by CSI. These included a large supermarket, bi-level department store, video arcade, and two cinemas. Barring legal complications, the entire complex was set to open in December 1993.

During this same time, a series of events transpired which frustrated Co-Op efforts to invalidate the CSI contract. Not only had a considerable portion of the mall already been built in the months since the dispute began, the city had begun the construction of a new marketplace to accommodate all of the displaced vendors still remaining on the plaza. Unveiled in November 1993, the plan outlined a two story structure along A.B. Fernandez Avenue opposite the mall with a P10 million ($333,333)
price tag. The ground floor of the proposed trade center would house market stalls while the upstairs would be reserved for shops and offices. In effect, the vendors could no longer claim that there was no immediate prospect of a commercially viable market site for them to ply their wares. Further undermining the Co-Op’s position was the defection of several prominent vendors. Their departure followed a meeting with Belen Fernandez. In a public relations coup, CSI’s general manager provided the local media signed statements from key Co-Op members documenting reversals in their position regarding the pending litigation. For going on record in support of CSI, this group of traders, it was widely rumored, were promised locations in the mall.

Controversy surrounding these allegations was soon overshadowed by the grand opening of the CSI Market Square Mall on December 12, 1993. The monolithic three story structure sported a modern architectural design with a pink and blue color scheme and was undoubtedly the most conspicuous building in this part of the country. The 3,500 sq. m. complex also boasted one way escalators and centralized air conditioning. To promote the event, several national and multinational companies based in Manila agreed to act as corporate sponsors for the ribbon cutting ceremonies. Procter and Gamble donated approximately P100,000 ($3,333) for the opening day festivities, while Ginebra San Miguel Distilleries sent members of their professional basketball team.

In only the first few months of operations, the mall had attracted a pool of customers numbering in the tens of thousands. Individuals from greater Dagupan as well as communities in Pangasinan and beyond came in droves to experience a form of shopping that heretofore could only be enjoyed in Metro-Manila. Given the facility’s centralized location within the poblacion, this influx of customers not only frequented shops and restaurants inside the mall but also patronized many of the trade complex’s neighboring businesses. Street store merchants along downtown Dagupan’s main
commercial thoroughfares and traders inhabiting market sites within the immediate vicinity of CSI all benefited from the mall’s customer spill over.

The momentum created by the successful start up of the CSI Market Square Mall increased significantly following a legal victory for the firm in the summer of 1994. The Supreme Court ruled that the municipal government acted within the law when it granted CSI the right to build and maintain a commercial center on the former site of the OPM. With the possibility of the Co-op to reverse the contract via the regular court system now gone, CSI directors and certain city officials still faced legal jeopardy from other branches of the national government. First, following the appeals of Dagupan’s affected vendor community, a Senate Blue Ribbon Committee was called to undertake an investigation of the purported collusion between CSI management and municipal officials in the firm’s attainment of the OPM lease rights. Specifically, this probe was convened to look into allegations against CSI concerning the bribery of public officials by company directors and the submission of fraudulent documents relative to the OPM redevelopment bid. Second, the Co-op filed two separate cases with the Regional Ombudsman (a public official appointed to investigate citizens’ complaints against local or national government agencies that may involve the violation of individual rights). The first case was against the municipal government and the second was against CSI. In both instances, the vendors claimed that city administrators and CSI violated their rights under the Anti-Graft and Corrupt Practices Act.

The Initial Impact of the Mall on Local Trade

The addition of the mall brought about a major shift in Dagupan’s commercial morphology. Whatever the previous equilibrium underlying the local formal and informal trade sectors, by 1994 it had begun to tilt decidedly towards the former at the expense of
the latter (Dannhaeuser 1997:164-65). While the more substantial commercial outlets in the city remained concentrated in and around the mall or along A.B. Fernandez and Perez Boulevard, local small scale vending operations had splintered into two primary trading zones. The first was the temporary marketplace on the public plaza which, besides the 410 legitimate stalls spread over a sales area of 3,130 sq. m., also contained some 90 illegal stalls covering an additional area of 540 sq. m. The second trade zone consisted of the four vendor modules at the Malimgas Market located directly behind the CSI mall. At this location space was provided for 410 wet vendors with a 1,450 sq. m. sales area. When these two trade venues are considered together (including the 90 illegal stalls at the plaza), 920 vendor spaces were found occupied by 2,750 vendors with a cumulative sales area of 5,120 sq. m. Given that just prior to the earthquake 2,790 vendors occupied the OPM’s 930 stalls which extended over a floor space of 5,550 sq. m., it seems, then, that the presence of small scale downtown traders was only slightly reduced since the late 1980s. Seen in this light, the city’s informal economic sector experienced merely a two per cent drop in the number of vendors and stalls comprising its total base of operations and just an eight per cent decrease in the aggregate sales area.

What the aforementioned figures do not reflect, however, is that by 1994 a sizable portion of the stalls in the plaza marketplace were no longer occupied. When this variable is taken into account, changes in the post-earthquake composition of the local informal economy are much more dramatic. Based on this factor, the city’s 1994 informal trade sector breaks down as follows: 750 vendor stalls occupied by 2,260 individuals over a total sales area of 4,140 sq. m. It appears, therefore, that in the period beginning just prior to the earthquake and ending soon after the CSI Market Square Mall was opened, Dagupan’s informal economy had experienced a 19 per cent reduction in the number of stalls and vendor personnel it employed, and a sales area that had diminished
by 25 per cent. All things considered, the earthquake and subsequent events resulted in a smaller but still viable informal sector in downtown Dagupan City.

Aside from its impact on the local vendor community, what was the initial effect of the mall on Dagupan’s already established downtown retail sector? Again turning to Dannhaeuser (1997:166), prior to the completion of the mall there were roughly 540 stores situated along the city’s main business thoroughfares. These trade enterprises covered a total sales area of 26,860 sq. m. (50 sq. m. per store) and staffed a total store personnel of 3,400 employees. Thus, the measure of floor space encompassed by formal sector operations was already five times that of the amount occupied by local vendors. Of the 540 street stores, 70 (approximately 13 per cent) could be classified as modern. These types of enterprises are characterized by the various consumer amenities they offer, including, but not limited to, glassed-in store fronts, contemporary decor, air conditioning, self service, uniformed staff, and corporate sector promotional displays. What is more, stores in this formal sub-sector are typically either a corporate branch, franchise, or exclusive product dealer. Taken as a whole, these operations occupied a sales area of 8,090 sq. m. (30 per cent of the total) and had an average size of 120 sq. m. - substantially larger than the regular shop at that time. In addition, these modern commercial outlets sustained 17 per cent of all non-vending sales personnel (580 individuals) in the city.

The opening of the CSI Market Square Mall augmented the total number of commercial outlets in Dagupan City to 585, a seven per cent increase, and expanded the aggregate sum of sales space by 20 per cent to 33,660 sq. m. Not only did the shopping center bring the average size of local stores to 60 sq. m., up from 50 sq. m., it, likewise, extended the number of formal sector employees to 3,750 individuals, a 10 per cent
increase over the previous figure. Simply put, the institution of the mall has propelled Dagupan's formal sector unequivocally in the direction of increased trade concentration.

This movement towards corporate retail development was most vividly manifested in the growth experienced by the modern sub-sector of Dagupan's formal economy. Following the mall's establishment, modern retail outlets had a 19 per cent share (110 stores) of all street shops in the city center as well as 44 per cent of the total floor space (14,890 sq. m.) with the average sales area standing at 140 sq. m. Moreover, 23 per cent of all store sales personnel, 870 individuals, now serve in such modern establishments. Although the local modern sub-sector may not have been insubstantial prior to the opening of the mall, with the expansion of CSI it has become a major component of Dagupan's commercial structure.
CHAPTER IV
DAGUPAN CITY
1994-1998

Introduction

The 1990 earthquake and subsequent establishment of the CSI Market Square Mall in 1993 dramatically transformed urban life in Dagupan. Although the disaster initially proved devastating for the community as a whole, it did precipitate a heightened period renewal of the downtown’s built environment, including the redevelopment of the former OPM site into a state-of-the-art commercial complex. Not only did these developments facilitate the augmentation of formal sector enterprises on the local level, they also gave rise to a poblacion with an increasingly metropolitan character. City residents no longer had to make the five hour trip to Metro-Manila to experience the type of consumer amenities now being offered by CSI and other select retail establishments in the poblacion.

Notwithstanding such achievements, the aftermath of the earthquake and attendant mall operations did not occur without certain trade-offs. Besides creating numerous divisions amongst the city’s population, these events affected, to varying levels of intensity, the price of area lands, urban traffic patterns, and the local aquacultural industry. More significantly, they helped set in motion a series of developments involving a much more radical commercialization of the greater Dagupan area. Both in terms of scale and proposed site locations, these new developments and the circumstances leading up to them signaled significant changes in downtown Dagupan’s quality of life.

This chapter will present a detailed look at local events following the establishment of the CSI mall in late 1993 through the election of May 1998. It will document the various political and social disputes which erupted during these years and
attempt to gauge the preliminary effects of subsequent commercial developments on the quality of urban life in Dagupan. This chapter will explore the possibility of whether or not the level of retail trade concentration now attained by Dagupan has resulted in a commercial and cultural devitalization of the downtown core.

CSI, the Senate Blue Ribbon Committee, and the Ombudsman

Despite the mall’s economic impact in the opening months of 1994, CSI still faced the prospect of having their contract with the municipal government declared invalid by both Luzon’s Ombudsman and the Senate Blue Ribbon Committee. Given the amount of public and private capital invested in the project, however, it was highly unlikely that, if either the city or CSI were found guilty of graft charges, the new commercial center would be turned over to the vendor’s cooperative or demolished. A more probable scenario was that the complex would be seized by the government and placed up for bid to those parties interested in taking over the mall operations. Whether or not this group would be the Co-Op remained uncertain. More plausible was that the affected traders would receive some type of financial compensation for being overlooked by the city’s selection committee in 1992 and for the years of suffering they endured on the public plaza.

Blue Ribbon Committee proceedings on the matter began officially in the summer of 1994. Based on initial findings, the 18 member committee believed that there was enough evidence to look into whether or not the city’s contract with CSI should be overturned and charges filed against those involved. The crux of this sentiment rested primarily on the sworn deposition of Hilario Cabuang. In his testimony, the former business associate of CSI director Belen Fernandez, claimed that the firm violated basic provisions in the contract selection process by submitting fraudulent documents contained
in the mall's feasibility study. Although there was no direct documentation of the crime to support Cabuang's allegations, his statements were corroborated by another witness - Cesar Agpoon. Given his position as the President of Dagupan's chapter of the United Architects of the Philippines during 1991-92, Agpoon was required to sign his approval on all major architectural projects built within the city. It was his contention that the signatures on key documents within CSI's site redevelopment bid were not his but rather forgeries.

Perhaps more damaging was the assertion by Cabuang that a covert meeting between Fernandez and select municipal officials took place at his residence prior to the firm's selection as exclusive OPM developer in 1992. At this alleged rendezvous, he claimed, there was talk about possible payments from CSI to the elected officials in exchange for their vote. After this preliminary discussion transpired, he went on to state, two more secret meetings occurred -- this time at different local hotels -- where both he and Fernandez paid administrators P14 million ($466,666) to guarantee their support for CSI in the selection process.

Fervently denying the charges leveled by Co-Op members, and by Cesar Agpoon and Hilario Cabuang, Belen Fernandez claimed the CSI contract with the city was completely legitimate. She noted that her one time business partner was simply using the Senate Blue Ribbon Committee as an instrument to extract money from her family beyond the amount due him under his CSI contract.

In December 1994, the Senate Blue Ribbon Committee ruled that the firm's contract to redevelop the OPM site was indeed valid. Yet, the panel's decision did not clear CSI or the implicated city administrators from any wrongdoing. In fact, 10 senators signed a report recommending the prosecution on graft charges of Dagupan's vice mayor, city engineer, and several former and current city council members. The upholding of the
firm’s contract was based more on a technical error made by the Co-Op than any exculpatory evidence favoring CSI. Because the vendor’s failed to initially secure an order for the contract nullification from the Senate Blue Ribbon Committee, the legislators were powerless to advocate a repeal of the CSI agreement with the city once hearings on the matter were concluded. What is more, it was argued that since Luzon’s Ombudsman was the appropriate venue for these types of criminal proceedings, the government officials charged with taking bribes were legally shielded from prosecution.

With the Ombudsman still open to them, Co-Op members were still hopeful of victory. Unfortunately, the vendors’ cases against the city government and CSI both suffered considerable blows with the premature death of a primary witness - Hilario Cabuang. Both cases remained under consideration for well over three years before decisions in each were handed down. First, the Ombudsman dismissed the charges against the public officials for lack of merit in September 1995. The investigators did not find sufficient cause to proceed against the accused officials for violation of the Anti-Graft and Corrupt Practices Act since the matter had been previously settled by the court system. Nearly one year later (1996), the Ombudsman cleared Belen Fernandez of all charges related to improprieties in the securing of the OPM redevelopment contract. The Co-Op had at last exhausted all available options to invalidate the contract between CSI and the city.

Even though the prospect of contract nullification did not impede the commercial development of CSI in the greater Dagupan area, the numerous cases brought against the firm by the Co-Op did demonstrate that even local retail giants were not immune to prosecution by offices within the municipal or national government. Conceivably as a reaction to this type of vulnerability or, perhaps, as a way of protecting CSI corporate assets, Belen Fernandez successfully ran for Dagupan City Council in 1995. Although
her campaign was based on a platform of helping the city’s less fortunate residents, this
did not obscure the fact that she stood to gain considerably from holding office. Her
council membership would augment the power of CSI in the region and help consolidate
the political influence of Dagupan’s ethnic Chinese business community.

Dagupan City’s Construction Boom and Its Consequences

In the years after the 1990 earthquake, Dagupan City experienced an
unprecedented increase in the amount of capital infused locally and in the number of
construction projects undertaken on the municipal level. So impressive was the city’s
post-disaster recovery, in fact, that the moniker “Phoenix of the North” was typically
applied to describe Dagupan during the 1990s. While some residential subdivisions were
put up during this time of growth, the rise in building activity and investments was
concentrated primarily in the community’s commercial sector. The successful operation
of the CSI Market Square Mall made it apparent to potential developers that large scale
retail ventures could thrive in the urban centers of the provincial Philippines. Although
this boom period was welcomed by virtually all segments of the population, particularly
the local political elite, it did not take place without certain trade-offs. Given that a
significant degree of economic development had occurred in such a relatively short span
of time, certain indicators emerged which seemed to suggest that the environmental
character of Dagupan and the quality of life for local residents had been exacerbated.

This trend of heightened local investment took place soon after the opening of the
mall in the mid-1990s. Not factoring out the annual inflation rate, the city’s income had
more than tripled from P45 million ($1.5 million) in 1991 to P183 million ($6.1 million) in
1996. The expansion in municipal revenues was accompanied by the introduction into
Pangasinan of numerous national and multinational capital ventures including a P12
billion ($400 million) cement plant, a P1 billion ($3.33 million) international seaport, and a large scale dam project. The province received roughly P1.6 billion ($533 million) in investments for the year of 1995 alone.

Concurrent with this expansion was a dramatic rise in the level of construction work in and around Dagupan. In the first half of 1995, 38 trade structures were built in Dagupan compared to 18 commercial buildings for the entire year of 1994. Although the average price for business properties along A.B. Fernandez Avenue and Perez Boulevard was never inexpensive, by 1994 the asking rate for downtown properties was P10,000 - 15,000 ($333 - 500) per sq. m. on a take it or leave it basis. In part, the high value of real estate in Dagupan’s población was the product of higher leases following the earthquake. Landlords took advantage of the option to raise lease rates in the disaster’s aftermath so as to offset the costs of structurally upgrading their rental properties. Many of the new trade enterprises were, then, forced to move to some of the city’s less accessible streets or even to the neighboring towns of Calasio and Mangaldan.

Besides the considerable growth experienced by Dagupan’s private sector, several major public infrastructure projects were also undertaken locally during this same period. Notable was the completion of the Jose de Venecia, Sr. Avenue to the south of downtown in 1996. Connecting Calasio with Dagupan’s western barangay of Lucao, this highway was built primarily to ease the congested traffic situation in Dagupan’s población.

Since the 1970s, the city’s street system had been put under increasing pressure as the amount of local vehicular traffic has risen substantially. This problem of congestion is illustrated by looking at how the proportion of registered vehicles relative to available road space has changed over the years. While the ratio of vehicles per 100 persons has gone from 9.3 in 1975 (higher than Metro-Manila’s 1990 ratio) to 19.8 in 1996, the
municipal road network has expanded during this same period by only 4.9 kilometers (88.24 in 1975 to 93.17 in 1996). This increase in roads represents a mere six per cent growth over a span of nearly 20 years. In effect, while Dagupan’s registered motor vehicle population more than doubled from 1975 to 1996, its street system remained virtually the same. Noteworthy is the fact that the above figures are underestimates as hundreds, if not thousands, of vehicles utilizing Dagupan’s streets are not registered with the local government.

The most congested stretches of road within the greater Dagupan area are along A. B. Fernandez Avenue and Perez Boulevard. In the last fifteen years the poblacion has seen major increases in the number of cars, jeepneys, trucks, and buses traveling over its roads. According to government statistics, the daily count of motor vehicles moving through the central business district went from 10,619 in 1984 to 18,201 in 1992 thereby growing 71 per cent. Moreover, three years after the opening of the CSI Market Square Mall, the number of vehicles passing through downtown jumped further. In 1997, based on my own independently conducted traffic survey, the number of motor-driven vehicles traveling daily along the poblacion’s main roadway stood at approximately 24,096 - a 32 per cent increase from the government figures for 1992.

These increases in local traffic can be explained by several factors. The central business district has experienced a substantial rise in consumer flows since the CSI facility began operations in 1993. Customers being dropped off in front of the mall and those drivers searching for a parking space have contributed to the slow movement of vehicles in downtown. Similarly, changes in land use patterns over time have adversely affected traffic in the downtown area. As neighborhoods outside the downtown core have become increasingly urbanized, the roads linking them to the city proper have become more congested. Exacerbating the situation has been the city government’s lax stance
towards enforcing compliance with the municipal traffic code - especially in regards to the loading and unloading of passengers. Considering that more than half of the municipality’s registered vehicles are jeepneys and buses that board and discharge commuters outside of designated loading zones, this “looking the other way” by traffic officers (whether unintentional or in exchange for pay-offs) remains an impediment to the orderly movement of vehicles. As numerous business owners have attested, moreover, the indiscriminate parking of buses in front of their downtown stores has caused significant loses of income. Finally, the erratic enforcement of laws dealing with street vendors has also contributed to the problem. Since ambulant vendors are permitted to sell their wares along downtown sidewalks, pedestrian flows are frequently forced into the road, thereby hampering traffic.

Even though the city government has tried numerous schemes over the years to ameliorate driving conditions in the poblacion, including limiting the direction of transit streams during peak hours and adding express lanes for private cars, these plans have proved largely ineffective. This problem is made worse by the condition of the bridge along A.B. Fernandez Avenue spanning the Pantal River. Not only does the structure’s narrow on-ramp impede traffic flows, it’s support columns, which were weakened during the 1990 earthquake, can no longer manage the weight of trucks and passenger buses. Thus, the more substantial vehicles now have to be rerouted via Perez Boulevard. Considering most of the traffic on Perez is traveling in the opposite direction (eastward), bottlenecks frequently occur. Although construction of an additional bridge to alleviate downtown traffic has been on the municipal agenda for some time, preliminary work has yet to begin. Without additional road space, it is unlikely that Dagupan can realistically accommodate the ever increasing number of vehicles utilizing its streets.
That being the case, what effect has the city's increasingly dense traffic situation had on the character of urban life? While lengthening the commute for residents living in the barangays peripheral to the poblacion by tens of minutes and the wear and tear inflicted upon municipal infrastructure, this transportation gridlock has not, surprisingly enough, dramatically elevated air pollution levels in downtown Dagupan. By the same token, neither has it ameliorated air quality. Instead, increased vehicular traffic in the commercial core has merely changed the character of local air pollution. Prior to the introduction of tricycles (motorcycles with covered sidecars) in the late 1960s, clouds of stirred up dust and dried manure from horse drawn carriages were so intense that most pedestrians covered their faces with handkerchiefs while in the poblacion. The increases in vehicular traffic over subsequent decades brought about a new but equally harmful type of air pollution. Sustained exposure to vehicular fumes over the past three decades can only have been to the detriment of poblacion residents' health.

City planners anticipated that by opening the Jose de Venecia, Sr. Avenue to the south and west of the poblacion some of these transit problems would be relieved. In fact, it was hoped that travel time for commuters from eastern provincial towns heading towards western Pangasinan could be reduced by 35-45 minutes. Yet, since large trucks, buses, and other utility vehicles continued to use the streets of downtown Dagupan, the by-pass corridor has so far not proved effective in reducing the traffic dilemma. Despite the new route's limited efficacy, it did have a positive outcome for some of the adjacent property owners. Given that the rural lands bisected by the new highway were some of the only undeveloped spaces in the greater Dagupan area that could safely accommodate high rise buildings without the threat of liquefaction during earthquakes, a dramatic appreciation in the value of real estate along the highway occurred almost overnight. Speculation on future commercial expansion west of the city caused several local and
outside business concerns to snatch up large tracts on both sides of the roadway. Although the local government still considered this property agricultural land which was typically appraised at a value of P75 ($2.5) per sq. m., most developers were not willing to sell their newly acquired acreage for less than P2,000 ($66) per sq. m. (a 2,660 per cent mark up) by 1994.

As it turned out, this type of land speculation was quite prescient in light of the new found attention given to Dagupan by outside commercial interests. The almost immediate success of CSI operations in Dagupan City underscored the sizable revenues a state-of-the-art shopping facility could generate in the urban centers of the provincial Philippines. Given the size of Dagupan’s commercial market, several of the nation’s top retail developers began to explore the feasibility of establishing large scale mall facilities in and around the city. While reports of this possible corporate expansion proved worrisome for many, especially the more substantial retail enterprises, the news was generally welcomed. Not only did the prospect of new shopping venues imply additional consumer and employment opportunities for local residents, it also suggested a more cosmopolitan Dagupan.

The anticipated arrival of these types of consumer developments could not take place without a considerable degree of land conversion. The limited availability of commercial spaces large enough to accommodate multi-tiered trade structures within Dagupan’s poblacion and the relatively high prices being asked for unoccupied downtown lots intensified the search for acreage in the urban perimeter. In fact, the demand for peripheral real estate became more urgent as residential developments began to sprawl outward from the downtown center in the mid-1990s. Some rural land holders found the prospect of converting their properties for non-agricultural uses difficult to dismiss.
Considering that this type of land conversion has been a problem in the Philippines for some time, the national government enacted a preventative measure in the Comprehensive Agrarian Reform Law (CARL) of 1988. Even though this provision restricts the conversion of agricultural properties (including fishponds) to other kinds of land development, it does allow for a shift in operations if the dominant land use surrounding the site is non-agricultural. Until recently, CARL and the relative economic profitability of local agricultural enterprises managed to keep illegal farmland conversion to a minimum. However, as Dagupan’s real estate market began to thrive in the mid-1990s, an increasing number of property owners could no longer ignore the profit potential of changing their land to commercial or residential uses.

Especially vulnerable to unlawful land conversion were the thousands of acres of fishponds located in the coastal and riverside areas just outside of downtown. Although most fishponds in Dagupan were financially remunerative -- annual profits reportedly reaching ₱150,000-180,000 ($5,000-6,000) per hectare (Corpuz 1991:31) -- future increases in urban property values, combined with the possibility of declining fish productivity, induced some land holders to convert their properties for non-agricultural uses. Most fishpond owners had to hire contractors with heavy machinery to accomplish this undertaking.

So far, only some of the major fishponds located just beyond the poblacion have been switched over illegally in the 1990s. The Department of Agrarian Reform has seen an increase in the number of applications requesting the legitimate conversion of fishponds. Due to the unlawful property conversions of their neighbors, most of those going through proper legal channels owned aquacultural properties where the dominant land use was no longer agricultural. The government agency, in compliance with CARL, now has no choice but to approve their requests. Although this trend of land conversion
has recently intensified, the majority of agricultural tracts continue to be utilized for the harvesting of foods.

The Privatization of Dagupan City’s Public Plaza

The plaza marketplace continued to undergo a period of economic stagnation despite the growth experienced by the community as a whole in the 1990s. While some vendors had been relocated to one of the four new market sheds at the Malimas Public Marketplace behind the CSI mall, many more traders were left on the plaza. Even though merchants there were forced to sell goods comparable to those found in the new mall at greatly reduced prices, these consumer advantages were overshadowed by the numerous modern amenities offered by CSI.

Shoppers tended to stay away from the plaza market because of its shoddy construction and exposure to the elements. Upkeep for the site was kept to a minimum because the city had already undertaken construction on the new market project for the displaced vendors. The plaza’s multi-level surface, coupled with heavy seasonal rains, resulted in chronic drainage problems. Likewise, the corrugated tin roofs that covered most of the market stalls intensified the heat from the tropical sun. Given these operating conditions, the financial situation for most plaza vendors had so deteriorated that some chose to leave their leased stalls unoccupied. They found it more economical to temporarily stop selling while continuing to pay rental fees so that they would remain eligible when the city selected occupants for the behind schedule public trade building across from the mall. Construction of this marketplace did not begin until September 1994.

The impact of the economic stagnation experienced in the temporary plaza marketplace extended beyond vendors. The prolonged delay in the construction of the
new dry goods trade structure was causing the city government substantial losses in stall rental fees and taxable income. It was revealed in 1996 that for the past four years the city has lost approximately $250,000 ($8,333) per month due to the delay in market operations. Considering the monthly rentals were pegged at $3,400 ($113) per vendor space, revenue losses were estimated to have grown to $15 million ($500,000) by the time commercial activity at the market finally got underway in 1996.

In April 1996, with the completion of the new market building (Malimgas Public Marketplace Phase II) now imminent, the mayor’s office announced the clearing of temporary stalls from the plaza in preparation for a $3.7 million ($123,333) site rehabilitation. A comprehensive renovation of the public square had been on the city’s agenda since the mid-1980s. Prior to the earthquake, the plaza had degenerated into a squatter’s area where drug dealing and prostitution were common. Conditions were so dismal that some local administrators were prepared to condemn the property and transfer the plaza as well as the municipio to a location several kilometers northeast of the poblacion. The abandoned site would then be open for commercial development. Along the same lines, a local university, the University of Pangasinan, considered creating within its campus complex a plaza for use by city residents since most citizens no longer felt safe at the one downtown.

The city’s 1996 plaza redevelopment program intended to leave intact most of the facilities erected when the site last underwent restoration work in the 1960s. It also outlined changes that would radically alter the plaza’s traditional morphology. Less controversial improvements included the leveling of the plaza surface to a uniform elevation, the installation of brick walkways and tree lanterns, and the establishment of a city museum and cultural center. The emplacement of public restrooms and playground equipment (incidentally, donated by two of Dagupan’s competing fast food chain
restaurants) on either side of the auditorium, likewise, did not elicit public criticism. What generated opposition from a large segment of the community was the proposed transfer of the monument commemorating Dr. Jose Rizal from the eastern third of the plaza to its original site in the southwest corner to make way for a privately maintained three story shopping mall. If implemented, the mall would reduce the total area of the plaza from 12,375 sq. m. to 8,250 sq. m. and permanently diminish its historical and public character.

As the case of Dagupan makes clear, public plazas in the Philippines are integral to municipal rehabilitation during times of emergency. Following a catastrophe, the square can be utilized as a temporary refuge for displaced citizens and an area where itinerant vendors can establish a makeshift marketplace. In fact, it is not uncommon for the site to be occupied by traders for extended periods of time. Yet, since municipal plazas in the Philippines have been traditionally viewed as falling under public ownership, they have in almost all instances been inaccessible to permanent private commercial development. Since 1909 the country’s high courts have handed down several decisions pertaining to the legality of establishing permanent trade structures on local plazas. These rulings have upheld the concept of the plaza as public property and, therefore, “beyond the commerce of man” (Philippine Reports 1909; Philippine Reports 1915; Philippine Reports 1935; Philippine Reports 1958).

Preliminary rehabilitation work on the plaza began in August 1996. Although the clearing of market stalls was welcomed by the general public, it was overshadowed by the proposed privatization of the public square’s eastern third. Opposition to the city’s plan began to crystallize shortly after the project was announced in April 1996. By September 1996, a consortium of over 40 student, religious, environmental and historical preservation organizations had united to form the
Save-the-Plaza-for-Pro-People-Development (SPCPD). The group’s membership was composed primarily of local professionals, although some Metro-Manila residents with affiliations to Dagupan were also involved. Many of those holding leadership positions within the coalition were also politically aligned with the former mayor, Liberato L. Reyna. Despite dismissals from some city officials that the SPCPD’s opposition to the proposed trade facility was the product of a Spanish colonial mentality which assumes that the city hall, church, and plaza have to exist in a cohesive assemblage, the coalition’s stance on the matter soon became too powerful to ignore. The mayor’s office scheduled an open assembly to assess local sentiment regarding the issue.

On October 18, 1996, the public hearing was held in the city’s session hall. Hundreds of SPCPD rank and file arrived in identical yellow t-shirts and plastered the meeting room’s walls with “Save D Plaza” posters. After the recognition of individuals representatives of the coalition, the City Development and Planning Officer presented the municipal government’s restoration plan. The city claimed the proposed tri-level shopping facility on the plaza was necessary to house those displaced vendors who were not selected for stalls in the recently completed Malimgas Market II. Moreover, it was the administration’s position that the unconfined space characteristic of public plazas nationwide would be retained since the intended trade center would actually be an “atrium mall” and, hence, constructed around an open area.

Following the municipality’s presentation, members of the SPCPD were permitted to read their respective position papers regarding the matter. By and large, coalition proponents expressed support for local commercial expansion and the upgrade of the plaza. They disagreed with city planners on the issue of allowing a sizable parcel of the public square to be privately developed. They noted that the conversion of a large portion of the plaza was not only incongruous with the local zoning ordinance, it also did
not conform to the recommendations of the CAMADA report. Furthermore, the SPCPD contended that the “atrium mall” would compromise the plaza’s traditional character. They felt that citizens stood to benefit far more with the plaza as a commercial-free zone rather than housing a private trade structure within its confines. This assertion was based on the numerous events of political, religious, and cultural significance that take place in the open square and its position as the primary refuge for trees and plants in the downtown area.

The SPCPD, additionally, pointed out that within close proximity to the plaza were already located large scale shopping facilities owned by Magic Inc. and CSI. The construction of another multi-tiered retail enterprise within the immediate vicinity of this core area would worsen an already tenuous parking and traffic situation and compound environmental concerns regarding air quality and of water resources. Likewise, the SPCPD contended that no section of the plaza should be commercialized since there already existed properties both publicly and privately maintained just outside the plaza complex (e.g. the McAdore International Palace Hotel) which could better accommodate the displaced vendors in whose name the “atrium mall” was being established. Specifically, they maintained that most of these small scale merchants did not possess the finances to afford the rental fees in the proposed commercial building.

Although a few city administrators opposed the “atrium mall”, most notably Councilor Belen Fernandez, the SPCPD’s strong showing at the open assembly did not persuade the municipal government to rescind its intentions regarding the plaza. It did, however, convince the administration of the need to intensify its public relations strategy for the project to the community at large. Since the plaza dispute was not resolved, another hearing on the issue was scheduled for December 1996. In the weeks preceding
the second meeting, the mayor’s office began to use its influence to garner public support. Reports started to circulate that the city would withhold financial assistance to city neighborhoods unless barangay officials vocally endorsed the plaza conversion. Moreover, the city began to court favor with certain groups with whom they had previously had an antagonistic relationship. In particular, administrators enlisted the support of the local market vendor’s association. Ironically, four years earlier, the city had completely overlooked this group’s privileged position in the bid to gain the redevelopment contract of the OPM site. As potential benefactors of the new plaza project, the small scale trade community became outspoken advocates for the “atrium mall.”

As the second meeting approached, the SPCPD began to feel the effects of the city’s intensified push for the privatization of the eastern third of the plaza. To begin with, it was learned that Magic Inc.’s Benjamin Lim was to be the prime developer of the proposed “atrium mall” (he was the one responsible for relocating the vendors to the plaza in the first place). His growing financial and political influence in the region convinced some coalition members that their opposition to the project may be much less effective than previously considered. Worse, the consortium’s membership base began to erode as several affiliated groups publicly withdrew their allegiance to the SPCPD under suspicions of being bought off. Attacks about SPCPD members from administrative officials soon appeared in the local media. These reports attempted to undermine the coalition’s credibility by scrutinizing their political affiliations.

Responding to this escalation, the SPCPD began approaching national organizations for assistance in early November 1996. The coalition contacted the National Historical Institute requesting a ruling about the city’s plan to transfer the Rizal monument from the eastern third of the plaza to its original location in the southwest
corner to make way for the three story commercial center. The National Historical Institute responded with a decision stating that such a move was against their recommendations. Moreover, the SPCPD held a People's Forum where former Senator Aquilino Pimentel was the primary speaker. As author of the Local Government Code of 1991, which, among other things, dictates the procedure city governments are to follow when converting public land to private property, he noted that the project was plainly illegal since it had, thus far, circumvented established procedures. Furthermore, he agreed to act as *pro bono* legal counsel for the group in any legal action they might pursue against the Dagupan City government.

In the spirit of the approaching holiday season, a one month cease-fire in the dispute over the proposed plaza commercialization was agreed to by both parties. The forthcoming second public hearing regarding the issue was rescheduled for February 1997. Coinciding with this postponement was the completion of initial plaza restoration work. Sufficient upgrading had been achieved in the five months of renovation so that, for the first time in seven years, the plaza was utilized as the site for the local fiesta. The vendor occupation of the public square had necessitated the transfer of the city fiesta and other community events to adjacent sites - the most notable being the parking area fronting the CSI Market Square Mall. The reestablishment of the plaza as the principal fiesta venue was welcomed by many residents as evidence that Dagupan had at last recovered from the 1990 earthquake. Besides the hundreds of tree lights, large sections of the public square were adorned with holiday decorations made by inmates at the city jail. For two weeks in December 1996, thousands gathered each night at the plaza to participate in the activities associated with the celebration's theme of "Bring Back the Joy and Gaiety at the Plaza". Yet, throughout these festivities one third of the plaza remained conspicuously vacant.
Like the public assembly in October 1996, the second meeting in February 1997 was heavily attended by both proponents and opponents of the “atrium mall” project. Not wanting to repeat its lackluster showing in the previous hearing, the municipal administration enlisted the support of several prominent citizens to speak in favor of plaza privatization. Anticipating that the engagement would be a biased event favoring the city, the SPCPD elected to present their case this time in a non-traditional manner. The coalition’s message of historical preservation was presented through interpretive dances and poetic compositions of local school children. This novel approach did little to change the minds of the public officials. After lively presentations from both sides, the plaza privatization was no longer publicly addressed by the municipal government.

For the next 18 months, improvements to the central and western sectors of Dagupan’s public plaza continued. Notable was the erection of several historical monuments in the western third of the square. More substantial was the opening of the two story Landmark and Tourism Center (the museum) at the front of the plaza in mid-1998. This structure housed artifacts of local significance, including historical documents and Spanish era antiques. During this same period, important events including the 50th Anniversary of Dagupan’s City Charter, the 1997 fiesta celebration, and the commemoration of the Philippine Centennial were held on the restored sections of the public property.

As municipal and national elections approached in May 1998, support for the SPCPD’s cause began to fade from the local consciousness. Even though the organization’s leadership contended that the city would pass an ordinance finalizing construction of the “atrium mall” soon after election day, they could not mobilize their members to make the plaza a campaign issue. Punctuating this loss of momentum was Benjamin Lim’s successful bid for the congressional seat vacated by House Speaker and
Presidential candidate Joe de Venecia. Given Lim's growing political influence, the privatization of the public plaza's eastern third appeared imminent. What is more, in keeping with their history of converting of public property into private space, the city administration tentatively initiated steps following Lim's election victory to transfer the local municipio and adjunct police station to a less central location north of the Pantal River. This would allow Lim to consolidate his commercial holdings in the immediate vicinity of the plaza complex. If this comes to pass, it would signify the end of Dagupan's traditional architectural core.

Formal Commercial Sector Expansion in Dagupan City (1997)

Besides the issue of the city plaza, Dagupan's formal retail community continued to experience considerable growth in the late 1990s. In fact, by 1997, more than half of the city's residents were relying on the formal sector to meet general consumer needs (i.e. groceries, clothing, and shoes). Based on a survey of 134 geographically and demographically diverse households in Dagupan City conducted over several weeks in September and October of 1997, information about consumer behavior and buying habits of local citizens became apparent.

According to the survey, 115 of the households examined (86 per cent) shop for groceries at one of either Magic or CSI's local supermarket branches. Nineteen (14 per cent) buy groceries from one of several vendor marketplaces in the Dagupan area. Sixty-two of the domestic units surveyed (46 per cent) purchase clothing at either the retail outlets overseen by CSI and Magic Inc. or from one of the other Western-style trade establishments in downtown. The 72 other respondents (54 per cent) rely on local sidewalk and marketplace vendors for clothing. For shoes, 73 of those surveyed (55 per cent) shop at one of several downtown department stores, shoe emporiums, or other
formal sector enterprises. The other 61 (46 per cent) acquire footwear from sources within the local vendor community (see Table 1). When the survey data is considered in terms of the 62 urban and 72 rural households examined, an almost identical distribution pattern to the more general survey findings emerges (see Tables 2 and 3).

In addition to the urban/rural dichotomy, households were also classified as either “low income” or “middle income”. Whether a domestic unit fit into one of these two categories was based upon a number of factors including the occupational status of the household head, type and condition of the occupied domicile, neighborhood location and my own personal observations. Admittedly, a reliance on criterion of this type may miscalculate a household’s socioeconomic status in certain instances. Nevertheless, when taken as a whole, the indicators utilized in this study do provide a reliable framework for establishing the general class status of the survey participants. That being said, 72 (54 per cent) of the 134 households polled can be considered low income while the other 62 (46 per cent) can be regarded as middle income.

Thus, when the collected data is evaluated in terms of low income domestic units, the following breakdown results. Of the 72 households that fall into this category, 56 (78 per cent) get groceries from either Magic or CSI while the remaining 16 (22 per cent) rely on marketplace vendors for equivalent items. For clothing, 27 (38 per cent) of low income households frequent formal sector outlets like CSI and Magic; 45 (63 per cent) buy garments from sidewalk and marketplace sellers. Thirty-one (43 per cent) of the low income domestic units obtain footwear from the mall and other downtown shoe stores; 41 (57 per cent) buy shoes from vendors (see Table 4).

A notably different distribution emerges when the survey data is examined in terms of households with middle incomes. While 59 (95 per cent) of the middle income respondents frequent Western-style supermarkets to meet grocery needs, only three (five
per cent) middle income domestic units patronize informal trade establishments.
Moreover, of the 62 middle income households surveyed, 36 (58 per cent) buy clothing
from department stores, boutiques, and similar outlets while the other 26 (42 per cent)
purchase items of dress from ambulant vendors. Finally, 40 (65 per cent) of middle
income households purchase shoes from formal sector outlets and 22 (36 per cent) rely
on vendors on the sidewalk and within the marketplace (see Table 5).

Thus, eight out of ten of Dagupan’s households relied on the supermarkets of CSI
and Magic Inc. for grocery items as of 1997. This figure is almost evenly divided
between urban residents and those living in rural barangays. Correspondingly,
approximately half of local domestic units frequent the mall, department stores, modern
street stores, and other formal retail enterprises to purchase both articles of clothing and
footwear. Again, this figure features a nearly equal distribution between urbanites and
rural inhabitants. When the data is evaluated in terms of the socioeconomic status of
local residents statistically significant patterns emerge. While most middle and low
income households rely on outlets within the formal sector for groceries, close to one
quarter of the city’s less affluent households continue to obtain essential commodities
from the informal trade sector (chi square = 8.27). Moreover, there is considerable
variation in where they obtain clothing and footwear (chi square = 2.82). Not
surprisingly, middle income households are, by a margin of approximately two to one,
more likely to patronize formal sector enterprises for apparel and shoes than their low
income counterparts. Despite these differences, it is evident that the buying habits of a
large segment of local residents now reflect a reliance on the formal sector for basic
consumer goods and services.
CSI vs. Magic Incorporated

Following the lead of Jollibee and McDonald's, which established additional multi-level branches within the poblacion in 1997, other fast food companies including Kentucky Fried Chicken and Giaccomino’s Pizza opened outlets in the poblacion. Possibly in reaction to these new additions, many retail firms along the main downtown business strips began upgrading their facilities with contemporary decor and consumer friendly amenities. More substantial, however was the expansion of those trade operations owned by the competing firms of Magic Inc. and CSI.

In the summer of 1996, Benjamin Lim opened the newly remodeled second floor of Magic Centerpoint. Similar to the ribbon cutting ceremonies of the CSI Market Square Mall in 1993, the grand opening of the new Magic facility featured a number of special events and was attended by city officials and thousands of local residents. Besides its ground floor supermarket, Magic Centerpoint now featured a coffee shop, video arcade, and food court as well as departments offering shoes, RTW appliances, tapes and CDs, glassware, imported items, school and office supplies on its second level. Besides air conditioning, the new commercial center boasted a modern multi-colored design and was accessible to the Malingas Public Market Phase I by two stairwells. The renovated Magic Centerpoint offered the CSI Market Square Mall its first real competition in the local modern retail sector trade.

With their principal retail outlets separated only by a side street, the two competing firms remained well aware of each other’s commercial operations during the 1990s. In addition to occupying primary locations within Dagupan’s poblacion, each firm maintained a series of market vendor sheds within the immediate vicinity of the CSI mall. Both concerns dominated retail operations in the greater Dagupan area in the post-earthquake period and were among the city’s top tax payers. Despite these
similarities, one major difference has set CSI apart from Magic Inc. Since the earthquake, CSI has consistently been at the forefront of retail developments in and around Dagupan.

Magic Inc.’s commercial developments during the 1990s could best be characterized as reactive. The firm has openly imitated many of the innovations which proved successful for CSI. Besides establishing a state-of-the-art shopping complex adjacent to the mall, Magic Inc. has pursued a privatization strategy in the case of the “atrium mall” not dissimilar to the tactics used by CSI a few years earlier to gain the OPM lease contract. Likewise, Belen Fernandez used her prime standing in the community as a stepping stone for political office in 1995. Benjamin Lim soon followed suit three years later by successfully running for the Congress. Although Fernandez surprisingly lost in her bid for Dagupan’s vice-mayor office in 1998, the move into public service by both entrepreneurs — rare in the local Chinese community — has afforded their particular firms added protection.

By late 1997, both companies had opened warehouse clubs just outside of city’s poblacion. While the smaller Magic Club was located not too far from Perez Boulevard, the more substantial CSI Warehouse Club was situated further out. The new CSI facility was constructed on converted fishponds in barangay Lucao near the Jose de Venecia, Sr. Avenue. The CSI warehouse club was composed of a 1.5 hectare parking area and a 7,000-8,000 sq. m. commercial building.

Besides offering groceries, fashion apparel, cosmetics, footwear, kitchenware, glassware, auto parts, hardware, toys, appliances, and electronics as well as a variety of competitively priced imported goods, both facilities served as wholesale dealers for small scale retailers throughout Pangasinan. Each warehouse club possessed consumer amenities like electronic bar code readers, shopping carts, spacious aisles, ample parking lots and, in the case of CSI, centralized air conditioning and jeepney shuttle service.
Following suit, the local government soon initiated plans to extend established jeepney routes in and around Dagupan to accommodate warehouse patrons.

Due to the efforts of CSI and Magic Inc. in the late 1990s, the trade structure of Dagupan has become more metropolitan character. By constructing large scale warehouse clubs outside of the urban center, CSI and Magic Inc. created new points of commercial development in the greater Dagupan area. This was especially true of the CSI warehouse club. Land along the Lingayen highway and adjacent to the warehouse club was soon occupied by a strip of gas stations, 24 hour convenience stores, and other formal sector ventures. Although establishing trade facilities in the periphery presented a significant risk since consumer flows were already concentrated within the traditional business district, the intense rivalry between the CSI and Magic Inc., compelled the firms to undertake such projects in the 1990s. Considering mall developers from Metro-Manila and elsewhere seemed poised to begin work on multi-billion peso corporate retail complexes in and around the city, these moves demonstrated a high degree of business savvy.

Local Perceptions about Community Life (1990 - 1997)

To better understand how recent changes on the municipal level have affected local perceptions and attitudes about urban life and community cohesion in the years since the earthquake, household survey participants were asked two particular questions - “Is Dagupan City better or worse off since the 1990 earthquake?” and “Are Dagupeños more or less united since the 1990 earthquake?” Consistent with the household survey, responses have been assessed both in general terms and specific categories (urban/rural classification and socioeconomic status).
When the 134 examined households were posed with the first question, 104 respondents (78 per cent) answered that Dagupan was, indeed, “better off” since 1990, while 23 (17 per cent) replied that the city has become “worse off” during the same period of time (see Table 6). Only seven of those surveyed (five per cent) stated that Dagupan has remained the “same” in the years after the earthquake as it was before the disaster. Roughly the same breakdown emerges when the informants responded to the second question (see Table 7). Of the 134 domestic units surveyed, 93 (69 per cent) asserted that they felt Dagupenos were “more united” since 1990, while 18 (13 per cent) opined that municipal citizens were “less united” in the years following the catastrophe. Just 23 households (17 per cent) responded that they consider local residents to be neither “more” or “less united” since the earthquake but the “same”.

When the responses to the two questions are analyzed in terms of urban and rural households very similar distributions pattern emerge. Of the 62 urban households surveyed, 42 (68 per cent) answered that Dagupan was “better off” following the earthquake, 16 (26 per cent) felt the community was “worse off” since 1990 and only four urban domestic units (seven per cent) maintained that conditions were the “same”.

A comparable breakdown appears when question one is posed to rural residents. In this instance, 62 (86 per cent) answered the first question positively, seven (10 per cent) responded negatively and three (five per cent) stated the community had not changed at all.

Not surprisingly, an almost identical distribution appears when responses to question two are analyzed in terms of rural and urban domestic units. From the 62 urban households surveyed, 40 (65 per cent) feel that Dagupenos are “more united” since 1990, nine (15 per cent) believe they are “less united” during the same period, and 13 (21 per cent) maintain conditions regarding community cohesion have remained the “same” in the
seven years following the disaster. While the data tends to be different when the
responses to the second question are from the 72 rural households, the majority of these
domestic units -- 53 rural households (74 per cent) -- also feels that local citizens are
"more united" after the earthquake than before. Finally, nine (13 per cent) asserted that
Dagupanos are "less united" compared to before 1990, and 10 (14 per cent) rural
households maintain that community has remained the "same."

When the economic status of the survey participants is taken into account,
responses from lower income households tend to be slightly less optimistic compared to
those given by their middle income counterparts. Those 72 domestic units considered to
be low income responded to the first question in the following manner: 51 (71 per cent)
claimed Dagupan City is "better off" in the seven years subsequent to 1990, 18 (25 per
cent) believed the community was "worse off," and only three (four per cent) stated that
conditions were the "same" since the earthquake. The 62 middle income households are
somewhat more positive in their outlook. While the majority 53 (86 per cent) maintained
that the city is "better off", five (eight per cent) of the surveyed domestic units felt that
Dagupan is "worse off" since the earthquake. Only four (six per cent) low income
households claimed that local conditions have stayed the "same" during the
corresponding period.

Question Two elicits a distribution pattern that is nearly identical when comparing
the responses of low income domestic units to middle income households. While 48 (67
per cent) of the low income domestic units surveyed asserted that the community was
"more united" since the catastrophe, 10 (14 per cent) maintained that locals were "less
united," and 14 (20 per cent) felt that conditions were the "same". Similarly, 45 (73 per
cent) middle income households believed that Dagupanos were "more united" since the
earthquake, eight (13 per cent) claimed that citizens were “less united,” and nine (15 per cent) classified locals as “the same” in terms of community cohesion after 1990.

In sum, by a margin of nearly three to one survey respondents stated that Dagupan City is “better off” since the 1990 earthquake and that the local population has become “more united” in the years following the disaster. This overall distribution pattern varies only slightly when the collected data is analyzed in terms of “urban/rural” and “low income/middle income” households. These findings are important since they tend to stand in contrast to general assumptions regarding the socioeconomic implications of major natural disasters. Given the scale of devastation incurred from the 1990 earthquake, it would seem that most municipal residents would not view community life in such a positive light in the brief span of seven years. However, since the earthquake precipitated one of Dagupan’s most intense episodes of socioeconomic development, data reflecting an overall sense of optimism by the community at large is more easily understood.

The Coming of the Mega-Malls (1997-1998)

Although in the years after the opening of the CSI Market Square Mall talk had circulated that giant trade facilities similar to those found in Metro-Manila would soon be built in Dagupan, these reports were for a long time not formally confirmed or denied by city officials. Only in January 1997, were these rumors verified with the announcement that six major commercial developers had applied to the municipal government for entrance into the local retail market. These firms were, Shoe Mart (SM), Ever-Gotesco, Robinson’s, Uniwide, the Ayala Group, and the Cebu based Gaisano Group.

With the exception of the Ayala Group which was composed of a consortium of Filipino business concerns that planned to build two high rise office buildings along an
eastern stretch of A.B. Fernandez Avenue, the rest of the developers were retail corporations controlled by Chinese-Filipinos. All maintained branches in the major urban centers of the Philippines and were intent on constructing mega-mall facilities in and around Dagupan City. In fact, by this time Robinson's and Ever-Gotesco had already acquired local properties in the immediate vicinity of the city's poblacion. The former concern had bought a sizable lot in Caranglaan (a barangay about a kilometer south of downtown) while the latter firm had obtained two sites - the defunct Pantranco bus station in the city proper and a 35 hectare parcel of recently converted fishponds just east of downtown. At the time of the announcement, SM, Uniwide, and Gaisano were still scouting the urban periphery for acreage capable of accommodating multi-story shopping complexes.

The prospect of several mega-mall facilities going up in the greater Dagupan area was generally embraced by local residents since it would mean increased job opportunities and consumer amenities. However, such positive feelings were not shared by the city's established trade population. Most merchants feared that their commercial operations would be undermined if these outside retail giants were to commence operations beyond the urban perimeter. Unlike the centrally located CSI Market Square Mall which kept consumers concentrated in the downtown core, the new trade centers would lure shoppers out of the poblacion. Merchant anxieties rose to such a level that within a matter of weeks of the announcement a public hearing was called to discuss what the potential fallout of the mega-malls may be for existing retailers.

In her capacity as a city councilor and head of the Committee of Trade and Industry, Belen Fernandez organized the open assembly. The meeting was convened to explore what precautions the local administration could implement as a way of shielding area businesses from the incoming malls. Although using this elected office to push for
protective measures represented a conflict of interest, given Fernandez’s position as the city’s foremost merchant, she, nevertheless, pressed forward on the issue. While she claimed herself not to be against the mega-malls, it was her conviction that many in the municipal trade sector, herself excluded, would endure considerable losses if these corporate facilities were permitted to be put up in the outlying districts of Dagupan without some kind of regulatory standards. Ironically, just a few years earlier, similar arguments were voiced by those opposing the opening of the CSI Market Square Mall on the former OPM site in downtown Dagupan.

On March 6, 1997, a public assembly of the Committee of Trade and Industry was held in one of the community’s Chinese private schools to review the matter. At the meeting city administrators listened as Belen Fernandez and a consortium of area business and retail groups aired their assessments about the threat the coming malls represented. Merchants voiced worries that the establishment of mega-malls outside of downtown would be detrimental to Dagupan’s existing trade community and local environment. It was their contention that large scale commercial operations in the urban periphery would require the conversion of hundreds of hectares of agricultural and aquacultural land, and put an inordinate amount of stress on an already overburdened infrastructure.

While somewhat sympathetic to the traders’ plight, the city administrators made it known that there were no legal provisions that could be invoked to prohibit the corporate firms from establishing large scale shopping facilities in and around the city. If the retail giants were in compliance with all municipal building and business codes and had secured environmental certificates from the Department of the Environment and Natural Resources, the city had no choice but to issue the necessary permits. What is more, some in the local government felt that more should be done to welcome these types of investments into the greater Dagupan area lest they choose to construct their facilities
elsewhere. The local administration did not want to lose potential tax revenue to the municipal governments of Calasiao, Mangaldan, Urdaneta or other cities and towns in Pangasinan.

At the meeting’s conclusion, the city administrators pointed out that since barring the mega-mall developers outright was not an option available to them, other methods of mitigating their entrance would have to be considered. The city administrators stated that they would not rule out strictly enforcing provisions contained within the local zoning ordinance before authorizing the essential municipal permits. To further study the matter, the officials pledged to organize a task force composed of representatives from the Department of Trade and Industry, the mayor’s office, the city council, and the Filipino-Chinese Chamber of Commerce. This special committee would help advise the city government on what possible mechanisms could be applied to effectively regulate the more devastating effects expected to accompany the arrival of the mega-malls.

Wasting little time on the matter, Councilor Fernandez took the unusual step of drafting a resolution concerning the effects of giant trade facilities on small and medium scale retailers which was presented at the next regular session of the Dagupan City Council on March 11, 1997. Addressed to the members of the Philippine Senate, Fernandez’s proposal formally requested that a bill still being considered for approval by the nation’s highest legislative body entitled “An Act Liberalizing the Retail Trade, Business, Repealing for the Purpose Republic Act No. 1180, as Amended for Other Purposes,” be rejected. The pending Senate bill was known as retail trade liberalization and was commonly perceived as a move by the Philippine government to open up the domestic retail market to firms with up to 100 per cent foreign ownership. If ratified, the new provision would expose Filipino merchants to a heightened level of competition represented by multinational corporations through the dismantling of barriers against
foreign participation in trade established almost four decades earlier by the Retail Trade Nationalization Law of 1954.

Originally implemented as a measure to wrest control of the Philippines’ retail sector away from the hegemony of ethnic Chinese traders including, ironically, Fernandez’s immediate ancestors, a move to overturn this protectionist policy had recently gained ground amongst the country’s legislators. This new orientation towards retail trade liberalization was driven by pressure from international aid agencies like the World Bank and international lending institutions such as the International Monetary Fund, the U.S. government, and numerous multinational corporations wanting to commence operations in the Philippines. Fernandez’s municipal resolution stated that, given that the national economy was still in a transitional phase, most small and medium scale business concerns across the country remained unprepared to contend with outside commercial firms. It, furthermore, stated that the Senate should consider abandoning the current package of legislation since it failed to provide any type of regulatory controls to protect local retail workers from foreign competition. Despite the fact that the more immediate threat to Dagupan’s established trade sector came from the six domestic mega-mall developers, the resolution was passed unanimously by the city council and a copy was forwarded to the President of the Senate in Metro-Manila.

The citywide hearing on the issue and Belen Fernandez’s resolution to the Senate did not allay the fears of local merchants for long. When only one week later, March 18, 1997, groundbreaking ceremonies took place at the site of the new Ever-Gotesco mega-mall just east of the poblacion. Given that it was not well publicized, the occasion was sparsely attended by local residents. Nonetheless, several important municipal and national political figures, including current House Speaker and Presidential hopeful Jose de Venecia and Dagupan City Mayor Al Fernandez, were present at the event. In fact,
both assisted Ever-Gotesco CEO Jose Go in the symbolic act of lowering a time capsule into the cornerstone of the planned shopping center. The facility, once operational, would overtake all of CSI's and Magic Inc.'s commercial branches as the largest modern trade facility in the northern Philippines. The new P1.2 billion ($400 million) mega-mall structure was designed to house 12 cinemas, a variety of specialty shops, modern restaurants, recreation, amusement centers, and boast a parking area for approximately 2,000 vehicles.

While the groundbreaking event for the Ever-Gotesco complex was generally down played in the local media, a few business establishments and real estate proprietors in the immediate area prepared to reap the benefits of being adjacent to the coming mega-mall. Given the scale of this commercial undertaking, land values began to soar along this stretch of A.B. Fernandez Avenue. Many of those who possessed land began to sell their lots at inflated prices to outside investors as preparatory work at the site got under way in March 1997. Some property owners started to make structural changes to their holdings in anticipation of the consumer spill over generated by the Ever-Gotesco venture. Besides the filling in of several nearby fishponds for future retail development, operators of a local fast food outlet, two hotels, and other neighboring trade operations began upgrading their commercial holdings.

Although the Ever-Gotesco mall was scheduled to be opened to the public sometime in the Fall of 1998, over the next 18 months work on the mega-mall project was delayed by several unforeseen developments. To begin with, during the months just subsequent to the groundbreaking ceremony, rumors began to circulate that some officials in the city administration were purposefully stalling the issuance of certain permits which were essential for major work on the complex to commence. By this time, only minimal groundwork at the site had been completed. A much more compelling
reason for the postponement of the mall’s erection was the dramatic downturn that hit the
economic markets of most countries of Southeast Asia, including the Philippines,
beginning in July 1997. Since most commercial developers in the country no longer had
the ability to put up large scale facilities with the financial crisis, nearly all of the major
retail projects slated for opening in the very near future had to be significantly
reevaluated.

While the other five mega-mall developers still had the option of postponing or
abandoning their respective commercial ventures in the greater Dagupan area,
Ever-Gotesco had, by this time, committed considerable sums towards establishing the
first giant retail complex in the area. The majority of the project’s financing came from
loans taken out by the Jose Go from various lending institutions, including the Go family
owned Orient Bank. As the regional economic crisis intensified at the beginning of 1998,
Ever-Gotesco found itself in the vulnerable position of having P22 billion ($733 million)
in outstanding loans called in by creditors. Through government intervention the firm
was eventually able to have most of its arrears restructured and maturing debts settled,
but the company no longer possessed the liquidity to effectively press forward on its
commercial project in Dagupan. While not abandoned outright by Ever-Gotesco, the firm
came nowhere near of meeting its goal of beginning mall operations before 1999. By
May 1998, the future of the company’s mega-mall project in Dagupan’s periphery seemed
uncertain.

Whereas the majority of local retailers greeted the apparent delay in the
encroachment of the mega-malls with cautious optimism, the city government’s position
about such developments remained somewhat divided. Most office holders made it
known that they did not oppose the entrance of large scale retail enterprises outside of
Dagupan’s población, but all stopped short of publicly endorsing the commercial
projects. Perhaps, this measured stance on the matter could best be understood by the fact that municipal elections were approaching in May 1998. Clearly, these politicians did not want to risk alienating area business interests by appearing to support the construction of new mall facilities by outside developers. In contrast, a small but vocal contingent within City Hall, including the Mayor and Vice-Mayor, realizing Dagupan could lose these potentially lucrative projects to other communities, made it known that the mega-mall developers were indeed welcome in the city. Belen Fernandez's unsuccessful bid for the Vice-Mayorship to the contrary, the potential effects of massive Western-style malls on local life did not emerge as significant election topic in the campaigns of most high level municipal candidates.

The lack of political and media attention on the issue seemed to indicate that the matter had lost its urgency in the wake of the Asian recession. The recent slowdown in the nation's financial market and subsequent delay of large scale commercial projects in and around the city provided municipal officials room to remain non-committal on the matter. However, given a sufficient level of economic recovery, it may be only a matter of time before this concern reasserts itself on the local agenda.

Summary

At midpoint in the dissertation, a brief assessment of the work's major findings regarding Dagupan and the hypothesis posed in Chapter I is in order. The hypothesis states that an urban LDC community experiencing moderate to significant levels of trade concentration in its downtown core prior to a major natural disaster will experience the following stages in the post-disaster context: (1) an immediate decline in the socioeconomic hegemony of the city center; (2) an extended period of heightened
corporate retail development; (3) a reduction in the cultural and economic significance of the urban core.

Although the 1990 earthquake initially proved devastating for the community, it did help facilitate a substantial expansion of corporate retail development on the municipal level. Prior to this, trade concentration entrance into the local market, though not insignificant, had been limited by the city’s entrenched informal economy and independent street store operations. In the catastrophe’s aftermath, however, select business concerns -- primarily, the ethnic Chinese controlled CSI and Magic Inc. -- were able to take advantage of prevailing socioeconomic conditions -- most notably, a weakened informal retail sector -- to enhance their position within the city. For the most part, this augmentation of the formal trade sector remained concentrated in downtown, although by 1997 it had begun to spill over into Dagupan’s urban periphery.

While the city’s post-disaster trade boom had initially attracted the attention of almost all of the Philippines’ top retail magnates (so much so, in fact, that many properties capable of accommodating large scale shopping facilities both inside and outside of downtown were promptly snatched up), interest in local capital ventures declined sharply in the wake of the Asian economic slowdown. As of 1998, most of the mega-mall projects slated for construction in and around Dagupan City had to be temporarily postponed or suspended indefinitely.

Obviously, given the scale of operations, what transpired within the city’s commercial landscape following the earthquake could not have happened without impacting the community at large. Four tentative assertions about the case of Dagupan City can be made.

First, the opening of the three story CSI Market Square Mall in December 1993 created a fear amongst many local retailers that their businesses could not compete with
an enterprise of this scale. For street stores operating along A.B. Fernandez Avenue and Perez Boulevard, especially those selling products like those offered in the mall, the new competition represented a significant threat. These anxieties proved largely unfounded when it was made apparent months later that, rather than siphon off customers, the mall had functioned as a magnet for drawing consumers to the downtown commercial core. In many instances, shoppers would simply browse the merchandise at the mall before purchasing similar items at lower prices in one of the many retail outlets located nearby.

Second, the expansion of retail trade concentration in the greater Dagupan area has attracted thousands of additional shoppers to downtown in the 1990s. While the increase in consumer flows has been welcomed by the local trade community, it has also contributed to traffic patterns which, at best, could be characterized as problematic. Since the recent transit schemes instituted by the city government have proved ineffective in alleviating the gridlock, it is likely that the problems associated with local traffic conditions, particularly the considerable drive time for residents commuting to and from the poblacion and the air quality in downtown, will continue to worsen.

Third, most local commercial development has been centralized within Dagupan’s urban core rather than in its outlying perimeter. As a result, the city’s poblacion has not met with the process of hollowing out which has typically attended this phenomenon in the urban centers of the industrialized West. However, as the market for downtown properties continues to grow more competitive and the trend towards more substantial trade facilities (i.e. several mega-mall complexes and warehouse clubs) being put up outside of the municipality’s traditional business district persists, it is not inconceivable that a shift in the economic hegemony of downtown could occur in the near future.

Fourth, the amount of community held space on the municipal level has been eroded by the encroachment of corporate trade development over the last decade. In
virtually all cases, the privatization of public property in Dagupan has resulted in an upgrading of operational qualities of those holdings once managed by the government. At the same time, the concerted push by both public and private concerns for a three story “atrium mall” on the eastern third of the municipal plaza would, if implemented, not only alter the city’s historical urban morphology in a profound way, it would also compromise the traditional and utilitarian character commonly associated with public plazas in the Philippines.

Notwithstanding the gravity of these matters, so far only the increase in downtown traffic has actually been demonstrated to be detrimental to local residents in the post-earthquake period. While the other problems associated with corporate trade expansion are still serious, most of their anticipated consequences have proved either unfounded or, as of yet not realized. This being the case, the overall impact of retail trade concentration on Dagupan City’s community life during the 1990s has been, for the most part, rather benign.

Rather than doing only harm, this trend has served to generate an unprecedented level of prosperity within much of the downtown commercial core. Besides expanding service sector employment opportunities for area residents and enhancing the city’s reputation as a primary investment hub, trade concentration has exposed citizens to a degree of consumer amenities heretofore found only in the country’s metropolitan centers. For example, by 1997, more than half of city residents were relying on the formal retail sector to meet general consumer needs (i.e. groceries, clothing, and shoes). What remains to be seen is whether the favorable conditions generated by this process on the municipal level can be sustained beyond the near future.
CHAPTER V
THE DEVELOPMENT OF SAN FERNANDO CITY
1590 - 1990

Introduction

Having examined Dagupan’s experience with trade concentration in the preceding chapters, focus will now shift to San Fernando. Consistent with the analysis of the former city, this chapter will present a short profile of San Fernando, circa 1990, and a historical overview of the community’s rise from a loose collection of indigenous villages to the important regional center that it is today. It will also examine the role played by the city’s ethnic Chinese minority in the community over the past four centuries. In an effort to avoid unnecessarily repeating contextual information already discussed in Chapter II, this account will examine the various sociopolitical conditions which have affected the Chinese over the years only as they pertain to San Fernando.

Subsequent chapters (Chapters VI, VII, VIII, and IX) will describe the effects of the 1990 earthquake on the community and the recent inroads made by corporate retail development into the greater San Fernando area. Chapters will also consider local repercussions stemming from the withdrawal of the American Military from the region. Besides detailing innovations introduced into the city’s commercial structure during the last decade, these chapters will include biographical sketches of those firms and individuals at the forefront of such market advancements. They will also examine the ways San Fernando’s established trade community and more general population have responded to these innovations.
San Fernando: A Community Profile 1990

Considered the gateway to the Ilocos Region of northern Luzon, San Fernando occupies a section of west-central La Union characterized by topographical extremes. The locality's 59 barangays are divided into two major zones differentiated by size, elevation, land use, and population density. Thirty nine of the municipality's more substantial districts, roughly three quarters of the town's total land area of 12,082 hectares, are situated in the western foothills of the Cordillera Mountains. Utilized essentially as a forest reserve (6,892 hectares), the rugged terrain of this interior area also encompasses most of the farm lands in San Fernando (3,504 hectares). While most of the town's agricultural tracts are devoted to the growing of tobacco, considerable acreage is utilized for the raising of rice, palay, indigo, corn, and other crops. Only a small segment of San Fernando's citizenry inhabits the eastern upland region.

Most residents live in one of the 20 small neighborhoods located within the more habitable strip of land along the north-south shoreline. Notwithstanding the fact that settlements in this coastal zone contain the town's highest concentration of urban development, all but nine of these neighborhoods are classified as rural by the Philippine government. The barangays established just beyond the urban perimeter are comprised of unassuming one/two story cinderblock/wooden houses, many of which are set behind gated privacy fences.

Neighborhood life typically revolves around agriculture and coastal fishing. The livelihoods of many suburban dwellers also depend on small scale enterprises like sari-sari stores and cottage industries -- most notably, the manufacture of bamboo furniture, blankets, and handicrafts. A sizable contingent of locals relies on employment opportunities within the service sector of San Fernando's tourist trade. Along the town's more scenic stretches of beach is a string of resorts catering to Japanese,
European, and Australian travelers. Adjacent to these vacation spots, though situated somewhat closer to the poblacion, is the town’s red light district. This center of local night life is home to numerous bars, discos, massage parlors, and karaoke clubs.

Given the constraints set by the natural landscape, it is not surprising that urbanization has been mostly confined to the town’s western edge. The poblacion is found at the coastal plain’s deepest spot and looks out on the South China Sea. Toward the south and partially insulating the urban center’s exposed beach, is a tongue of land jutting out several kilometers into the sea before curving slightly northward, known as Poro Point (233 total hectares). The peninsula acts as the southern enclosure of the arch-shaped San Fernando Bay and helps form a deep water harbor that has been valued by local populations since pre-Hispanic times. Besides serving as one of the primary ports of entry for international maritime traffic in northern Luzon, the site also functions as an industrialized zone for several major energy companies. While these wharf facilities maintain a considerable presence along the cape’s leeward shore, without question, the peninsula’s most notable installation is the Wallace Air Station - a sizable encampment (167 hectares) located at the tip of Poro Point and occupied (up to 1991) by the U.S. armed forces on a more or less permanent basis since the early 1900s.

Within San Fernando proper, there exists a bustling downtown which, like most Philippine communities, is organized around a municipio hall, public plaza, and cathedral. While this institutional core is the principal reference point for community life in the poblacion, San Fernando’s most conspicuous landmark is one of its highest peaks - the Capitol Hill. The Hill is home to La Union’s provincial capitol complex which encompasses a majestic three story legislature building, the governor’s residence, an Ilocano heritage museum, the Chinese Friendship Pagoda, and the Freedom Park. The site also contains several government offices affiliated with Region One. Region One is a
multi-regional growth area made up of Pangasinan and the three provinces comprising Ilocandia (Ilocos Norte, Ilocos Sur, La Union). San Fernando, besides serving as the capitol of La Union, is also the administrative seat for this investment zone.

Although enough buildings in downtown San Fernando reach six to seven stories to give the urban center a decidedly cosmopolitan feel, on the whole, the poblacion’s built environment is composed of blocks of low to mid-rise commercial structures. These buildings contain showrooms, warehouses, or domestic accommodations on the upper tiers, with retail outlets occupying the first floor. At street level, especially during primary business hours, the shopping district pulsates to the sounds of traffic and pop music as streams of pedestrians make their way along downtown sidewalks and inside shops sales staffs await the arrival of customers.

Besides the rows of commercial street stores, the urban area also contains an abattoir, public and private schools, hotels, restaurants, movie theaters, elite residences, and office complexes. Downtown’s most notable structure is the centrally located public marketplace which takes up an entire city block at the heart of business district. The rectangular marketplace is surrounded on all sides by a major thoroughfare and is comprised of a bi-level square building and a partially open center area of stalls. The entire facility is divided into approximately 400 trader spaces with vendors of similar products clustered together. Besides dry goods merchants, the shopping center’s top level accommodates various small scale enterprises like beauty salons, photography studios, repair shops and dress making boutiques. Wet dealers selling fish, meat, fruit, and vegetables are situated in spaces along the more accessible first floor. The commercial complex maintains a total sales area of 4,000 sq. m. and serves as the principal institution for informal trading in San Fernando.
The poblacion contains a grid of primary and secondary streets. The most significant of these is the two lane national highway, known as the Manila North Road, which bisects the commercial core of downtown San Fernando. As its name implies, it is the main artery linking northern Luzon's western coast to Metro-Manila. As the roadway enters the town proper from the south, it temporarily widens into four lanes for the next three city blocks before narrowing again. This broadened section of the highway passes by the municipal plaza complex and many of the town's more prominent retail establishments, and is officially referred to as Quezon Avenue. While tricycles are banned from utilizing Quezon Avenue, it is here where streams of private vehicles, trucks, buses, and jeepneys often slow to a gridlock during the afternoon. Outside the poblacion, to the north and to the south, the North Manila Road follows the coastal plains of Ilocandia.

Given the importance of this transport link to regional seaside communities, the amount of undeveloped real estate paralleling this route has steadily diminished since the 1960s. By 1990, an almost continuous belt of beach resorts, hotels, bus depots, lumber yards, hospitals, schools, housing subdivisions, and small scale commercial enterprises filled up those former agricultural lands lining both sides of the roadway. Construction along the route has reached such a level that the areas between San Fernando's poblacion and the towns of Bauang (to the south) and San Juan (to the north) are, in effect, an extended urban corridor linking the three communities.

San Fernando presents an almost ideal model of urban living in the northern Philippines. City life in San Fernando's poblacion appears less chaotic when compared with the prevailing sense of disorder that besets equivalent municipalities in neighboring provinces. Relatively speaking, most of the problems commonly identified with urban life in other regional communities (i.e. traffic jams, pollution, police graft, squatting, street crime) appear limited in the case of San Fernando.
This sense of public order is maintained, by and large, through the vigilance of the municipal government and police force. The political leadership of San Fernando is able to exact a rather strict compliance from citizens with regards to “quality of life” laws not ordinarily observed in communities nationwide. The consistent enforcement of the municipal code and intense feelings of civic pride as exhibited by many locals, helps San Fernando to cultivate a rather refined image of community organization.

This adherence to municipal ordinances is reflected in the organization of traffic and parking inside the poblacion. Lining both sides of all major thoroughfares in San Fernando are rows of angled spaces and several zones designated for the loading/unloading of commuters and freight. This standardized scheme, allied with the efforts of traffic officers, serves to minimize street congestion and helps reduce noise and air pollution in downtown. Perhaps most indicative of the population’s deference to local regulations is the almost complete lack of ambulant vendors and itinerant hawkers along the town’s sidewalks. Even on bi-weekly market days (Wednesdays and Saturdays) when hundreds of fruit and vegetable dealers from neighboring communities converge on San Fernando’s poblacion, the walkways remain unobstructed to pedestrians. Only during the municipal fiesta (February) are major streets closed off so that vendors can ply their wares downtown. All things considered, urban life within San Fernando appears, by national standards at least, well ordered with an almost Central European ambiance.

**Historical Background**

The history of San Fernando did not begin with the European conquest of the Philippines. Before it was claimed as a part of Pangasinan by the Spanish in the latter half of the 16th century, the site was occupied by three Ilocano villages – Pindangan, Balanac, and Dalangdang (History of San Fernando 1983:23). While Pindangan was
centrally positioned on a tract of land around which the poblacion was eventually built, Balanac was situated along a southern stretch of Poro Point and, nestled in the mountainous terrain of the eastern interior, stood Dalangdang. Given the tropical climate and proximity to the Lingayen Gulf, area inhabitants mainly subsisted on a diet of rice and fish.

During pre-Hispanic times, everyday life in Pindangan, Balanac, and Dalangdang was characterized by the threat of tribal warfare. Villagers frequently clashed with other native groups in the region; most notable of these were bands of Igorots (mountain people) from the western frontiers of the Cordillera Mountains. Punctuating this period of tribal conflict was the occasional pirate raid. The hazards posed by outside attacks was of such intensity that soon after the Spanish had a sufficient foothold in the area in the early 17th century, colonial leaders began to transfer inhabitants from Balanac and Dalangdang into the more easily defendable settlement of Pindangan.

Once relocated, native residents were organized into labor collectives and forced to take on an assortment of infrastructural tasks. These included the demarcation of the new town center, the building of those structures comprising the local plaza complex, and the construction of the coastal highway. Upon completion, this rudimentary roadway connected the northern territories of Ilocandia to Manila 500 km to the south. Despite such efforts, the community remained largely secluded during much of the Spanish colonial period. The natural barriers created by the Cordillera Mountains to the east and the various east-west tributaries of the Amburayan River (to the north) and the Rabon River (to the south) made overland travel to and from the town difficult. While the locality was more accessible via water craft, it, nevertheless, remained far removed from the influence of colonial administrators in Manila well into the latter half of the 19th century.
Spanish attempts at stabilizing the area resulted in a decline in pirate attacks and tribal skirmishes over subsequent decades. An uneasy coexistence between the region’s Igorot population — though never truly subjugated to Spanish rule — and those living near the coastal plains eventually emerged. Despite two native uprisings against Spanish authorities in 1660 and 1762, insular officials implemented a rather extended span of peace and order in the area up to the early 19th century. Perhaps more importantly, their efforts, besides converting indigenous groups to Christianity and organizing them into the nascent Spanish pueblo system, established Pindangan (later San Fernando) as one of the primary municipal centers along the western shore of northern Luzon.

By the early 17th century, Pindangan also evolved into one of the chief outposts in the provincial Philippines for growing tobacco on a large scale. Weather and soil conditions in this region were well suited for raising tobacco. It is within the intense cultivation of this cash crop where the roots of modern La Union and San Fernando City first becomes apparent.

Over succeeding decades, the crop emerged as the area’s main economic export and its control came to symbolize Spanish domination. By the latter half of the 1700s, a lucrative trade link between Pindangan (where raw tobacco was collected and shipped) and Manila (where it was sent abroad) had been established. Notwithstanding the income generated by this activity, it was perceived by some insular administrators at the time that regional tobacco cultivation was not yet meeting its full potential. Thus, in 1782, colonial officials set up a monopoly over the Philippines’ tobacco production which significantly impacted most major communities along northern Luzon’s western seaboard, including Pindangan. Under this arrangement, the Spanish government acted as the privileged buyer of the islands’ entire harvest at a fixed price. Except for the cash crop’s transport, which was typically done on a contract basis, there was almost no opportunity for private
enterprise to participate in this highly profitable market sector beyond growing the crop itself (de Jesus 1980).

Initially, this reform brought in large profits for the government and made the Philippines a world leader in tobacco production (ibid). However, it did so to the adverse effect of provincial cultivators leading to a rise in tobacco smuggling. Since government agents were paying only minimal prices for each bushel harvested, many native farmers found it more profitable to smuggle contraband tobacco to both foreign and domestic buyers -- most prominently the highland Igorots -- in exchange for other valued items (Scott 1975:125).

Because Pindangan (still a part of Pangasinan) fell under the jurisdiction of Lingayen over 100 kilometers to the south, the ability of colonial administrators there to efficiently govern the community was quite limited. This lack of provincial oversight permitted the illegal trafficking of tobacco to thrive during the late 18th and early 19th century (Meimban 1997:22). Given its accessibility to the South China Sea and the Cordillera Mountains, Pindangan served as one of the principal centers for the unlawful transport and selling of this cash crop. This lead to hostilities between the Spanish and those indigenous groups living along the eastern fringe of Ilocandia.

Incidents of tobacco smuggling and fighting between Igorots and lowlanders had become so widespread that by the early 1800s the region’s economic lifeline to Manila and beyond had been placed under severe strain. Slowly, Spanish colonial authorities recognized that a complete reconfiguration of the western seaboard of northern Luzon into several smaller provinces was the best solution for ameliorating this condition.

The first subdivision implemented by the Spanish did not directly involve Pindangan. Ilocandia, whose original boundaries were drawn to include virtually all of the western coast north of Pangasinan, was split into two separate provinces in 1818 --
Ilocos Norte and Ilocos Sur. While this did much to enhance the rule of government in the frontier regions of northern Luzon, problems with contraband tobacco persisted over subsequent decades. Smuggling remained rampant along the border separating the new province of Ilocos Sur and that section of northern Pangasinan encompassing Pindangan. The lack of an efficient administrative system on both sides of the provincial border and failure of each province to realize earning potentials from tobacco production precipitated the creation of yet another province in 1850. Carved out of a swath of land composed of Ilocos Sur’s southernmost frontier, and Pangasinan’s northern hinterland (as well as the western side of Benguet, a province situated in the Cordillera Mountains), this newly established province was named, quite aptly, La Union.

Due to its strategic coastal location, the naturally formed harbor created by Poro Point, and its large population (4,805 inhabitants in 1850), Pindangan was proclaimed the capitol of La Union. Soon thereafter it was renamed San Fernando in honor of the Spanish monarch, King Ferdinand. Apart from the contributions of European colonialists and Chinese settlers (to be discussed later), La Union emerged as a crossroads area where the cultural influences of Pangasinan, Ilocandia, and the Igorot highlands intersect. Not surprisingly, San Fernando, in its capacity as administrative seat and largest urban center, became the principal meeting place for these indigenous influences. Given that Iloccanos represented a notably higher portion of the provincial population, their native tongue was adopted as the official language of the both secular and clerical administrations in La Union.

For the next four decades (1850-1890), San Fernando was organized around a civil and military government. The civilian population remained under the authority of civil and military leaders primarily because that segment of the local Igorot population not yet incorporated into the Spanish pueblo system was perceived as a threat to lowlanders.
Under these uncertain conditions, residents were subject to a rather disciplined existence of a strict municipal code.

Although daily life in mid-19th century San Fernando was more austere compared to what was found in the capitols of more secured provinces, the prospect of external danger did not impede the completion of many important public work projects. Besides lengthening and improving the town’s existing road and bridge system, a rudimentary highway system leading into the rugged terrain of the community’s eastern interior was completed in the mid-1850s. Around the same time, the pier in San Fernando harbor was renovated to accommodate the growing traffic of vessels engaged in the inter-coastal and international maritime trade.

Accompanying these infrastructural improvements were several developments which served to elevate the importance of San Fernando in northern Luzon. In 1852, La Union became the first province in the Philippines to begin deinstitutionalizing the unpopular tobacco monopoly which had dominated area commerce for over 70 years. Besides helping free local growers from rigid production quotas, the move also put an end to the smuggling of contraband plants and other black market activities. As result, relations between the Igorot tribes and Spanish authorities improved. The cash crop’s complete demonopolization in 1880 precipitated San Fernando’s full integration into the world market.

The opening of provincial tobacco production to international and domestic markets helped spark an unprecedented period of economic expansion in San Fernando which was sustained well into the 1890s. Succeeding the colonial government as the main buyer and exporter of tobacco and tobacco products was the privately owned, Spanish company Tabacalera General Compania. The firm dominated tobacco operations in La Union and the rest of Ilocandia through the American colonial period.
In addition to the demand for this cash crop, the surge of commercial growth was driven by the export of rice, palay, *sibucao* (a dye-producing tree) and, to a lesser degree, the Ilocano blankets, textiles, pottery, tanned hides, native wine, and other finished items produced in the region's cottage industries. Notwithstanding the prosperity now enjoyed by some of San Fernando's more successful tradesmen (i.e. the Spanish and Chinese), the transshipment of local products to Manila and beyond was not, in general, reciprocated with an equivalent import of commodities. The general population remained too poor to afford consumer goods from abroad. As a result, the population of San Fernando (10,604 in 1879), like that of many neighboring towns, was until the end of the Spanish colonial period largely self-sufficient when it came to meeting everyday consumption needs (Meimban 1997:75-76).

With the dawn of a new century, the basic character of San Fernando's political economy began to change as a result of events leading up to and arising from the Philippine Revolution of 1896-98 and the American-Filipino Conflict of 1898-1902. Given its role as the gateway to the Ilocos region and as La Union's principal urban center, San Fernando did not remain outside the conflict which characterized this period of Philippine history. The animosity felt by most indigenous inhabitants towards the Spanish colonial establishment came to a head in the summer of 1898 when Filipino revolutionary soldiers overthrew La Union's regional magistrate and established a de facto provincial administration which remained in power for approximately one year.

Cutting short this interval of self-rule was the arrival of U.S. troops to the region in 1899. While the presence of American servicemen on Ilocano soil was not initially contested by the majority of area residents, within a month relations between the de facto provincial administration and the U.S. military leadership turned hostile. What followed was a brief and violent episode of guerrilla warfare pitting the poorly equipped Filipino
insurgents against the technologically superior, though vastly outnumbered, American army. Beleaguered and tactically outmatched, Filipinos fighting for national sovereignty were able to persevere for just over two years before finally surrendering in 1901.

Despite the lives lost and property destroyed in and around San Fernando, the victory of U.S. forces paved the way for an extended period of growth in almost all sectors of the community. The American military command wasted little time in bolstering the locality’s role as a garrison town. U.S. officials, like their Spanish predecessors, recognized the strategic importance provided by San Fernando’s seaside locale and harbor. Because it was accessible to maritime traffic, Poro Point became the region’s primary focus of American investment.

American forces established a small military encampment at the tip of the peninsula in 1903, which later became known as Camp Wallace (subsequently, Wallace Air Station). With the intent of expanding the facility’s grounds to make room for a supply depot, the American colonial government soon implemented a plan of appropriating properties of neighboring barangays. Part of this scheme was a notice to all Poro Point inhabitants to secure deeds of their private lots which they would then be expected to lease to the U.S. insular command for an indefinite period of time beginning in 1914. When the deadline arrived, those households not yet moved were relocated by the Americans to a newly created barangay to the east.

In line with what was happening in towns and cities across the archipelago, the four decades preceding World War II marked a critical episode in San Fernando’s development. In an effort to facilitate the transition to Philippine independence, the U.S. colonial leadership passed a series of democratic measures beginning in the early 1900s. In addition to the move towards a popularly elected civil government, the most discernible effect of these reforms on the municipal level was the implementation of a
public education system. In San Fernando, this action brought about the construction of several primary and secondary schools that were based, for the most part, on the American curriculum model. Educational opportunities were further augmented with the founding of two non-secular universities inside the town proper. The Union Christian College commenced classes in 1910 followed, seven years later, by the more distinguished San Fernando Catholic School (later Christ the King College).

Coinciding with the American colonial presence was the opening of the town’s first hospital, movie theater, banking institution, and family style restaurant. Several public works projects were also completed between 1900 and 1941. These included the electrification of some of downtown’s more affluent neighborhoods, the expansion and upgrade of the existing municipal road and bridge network, the installation of a rudimentary sewage system, and the digging of artesian wells inside the poblacion (Meimban 1997:205-208). While such additions began to change the morphology of San Fernando’s commercial core, the overall architectural character remained modest, with only a few blocks of low-rise clapboard buildings mainly housing family retail ventures.

Perhaps the most important local development during the American period was the extension of the Manila-Dagupan Railroad beyond its northernmost station of Dagupan around the turn-of-the-century. With an ultimate goal of connecting the newly built Baguio City to the central lowlands via the railroad, San Fernando became the transport link’s final destination when the original extension plans proved unfeasible. As rail service began in San Fernando in 1929, the town was at last able to overcome the relative isolation that had characterized much of its history. For almost 50 years, this link expedited the shipment of tobacco and other commodities to market towns all over north central Luzon and facilitated the importation of consumer items previously unaffordable to the majority of local citizens (Cortes 1990:62).
Interrupting this period of development was the invasion and subsequent occupation of the Philippines by Japanese forces. Local life during the occupation was one of intense misery for most area residents. Because consumer supply lines were severed, the local market virtually collapsed. Survival for many residents depended on the petty buy-and-sell of agricultural produce and other basic items such as cooking oil, kerosene, and soap. Outbreaks of malaria, tuberculosis, and other diseases, coupled with food shortages, were common. Conditions had deteriorated to such a point, in fact, that, rather than live under martial rule, much of the populace sought refuge in the Cordillera Mountains. Over time, these interior highlands emerged as the primary staging grounds for guerrilla attacks against local Japanese fortifications.

In the years immediately following the war, San Fernando underwent an intense period of reconstruction. Those residents who had spent the foregoing years in hiding returned to find much of the built environment in ruin. Damage was of such magnitude that until a new provincial capitol compound could be constructed, all departments and offices affiliated with the provincial government had to be transferred to the nearby town of Bacnotan. By the time the municipality was restored as the administrative seat of La Union in the early 1950s, the community had taken great strides towards modifying downtown San Fernando's basic architectural character.

Aside from the development of Capitol Hill as the new site for La Union's provincial government, some of the more important rehabilitation projects took place within the local plaza complex. Restoration included the erection of a new municipio hall and adjacent post office/multi-purpose administrative building and the renovation of the town plaza itself. Additions to the municipal square included the erection of a raised stage, cement bleachers, various playground equipment, two gazebos, and manicured lawns.
Outside of the plaza complex, improvements to the municipal built environment were implemented after the 1950s. The gradual replacement of the wooden commercial buildings that once lined the streets of the poblacion with taller, more permanent structures was encouraged twice following fires in 1959 and 1969. Of particular note was the construction of a new, sprawling concrete public marketplace at the heart of downtown in the early 1970s. In more rural areas, public works schemes included the paving and maintenance of important barrio roads and a rural electrification program.

Aside from these improvements to the local infrastructure in the 1960s and 1970s was an effort by the American military to modernize facilities on Poro Point. Besides the construction of a sizable air strip along the peninsula’s southern shore, a major communications depot for the broadcast of the Voice of America throughout East and Southeast Asia was set up within the Wallace Air Station. As the dockyards were built up to serve a larger number of maritime vessels, international corporations like Shell Oil, Caltex Oil, and the Lepanto Consolidated Mining Company established operations in the area. Over time, San Fernando’s harbor became recognized for its leading role as an industrial and militarized zone and one of the Philippines’ foremost ports of entry north of Manila.

Like the transformation of Poro Point, the community at large underwent a period of rapid growth during the post-war years. The municipal population increased nearly three fold from approximately 29,000 in 1948 to around 85,000 in 1990. By the outset of the 1990s, San Fernando’s rural hinterland had grown to include over half a million inhabitants; up from roughly 240,000 in 1948. Accompanying this demographic surge was the emergence of the community as an important center for higher learning in northern Luzon. In addition to several vocational schools, there were five major colleges (Don Mariano Marcos Memorial State University, St. Louis College, Christ the King,
Union Christian College, and Lorna College for Nursing) operating within the San Fernando region by 1990. The town was also earning praise for the quality of its various health care facilities. Five hospitals, several medical clinics, and numerous rural health stations were established in and around San Fernando in the decades following the war.

Such expansions could not have taken place had the town not become an increasingly important center of trade after World War II. Following the stagnation of the war years, the local market had begun to make the transition from one dependent upon agriculture towards one more economically diversified. Along with the development of a local tourist industry and a service sector related to operations on Poro Point and the Wallace Air Station, community revenues increased substantially with the opening of a large scale cement plant just up the coast in Bacnotan and an electric power facility to the south in the municipality of Bauang.

By the early 1980s, the municipal trade community had come into its own as an important center of regional commerce. The total number of registered businesses operating in San Fernando had substantially increased since the 1950s. Numerous national and multi-national corporations including Coca-Cola, Pepsi-Cola, and Philip Morris had established warehouse and distributions centers in the greater San Fernando area. These facilities were instrumental in keeping local shelves stocked. Moreover, they helped supply products to those retailers within the more remote areas of La Union’s hinterland. In downtown, the first evidence of retail trade concentration had begun to emerge. By the early 1980s, several department stores, modest supermarkets, and small fast food restaurants had opened. Despite their appearance, it was the centrally located, small/medium scale, and family owned street stores which continued to be responsible for most retail activities within San Fernando up through the mid-1990s.
The Ethnic Chinese of San Fernando

Any description of contemporary life in San Fernando would be found lacking without taking into account the contributions of ethnic Chinese. While those with Chinese heritage (roughly 2-3,000 as of 1995) have played an integral role in nearly all stages of the town’s development since the mid-1800s, their most significant impact has been in local trade. From their emergence as merchant middlemen during the Spanish colonial period to their important role in San Fernando’s move towards corporate retail modernization in the 1990s, the local ethnic Chinese community — notwithstanding a short episode of economic reorganization in the wake of 1954’s Retail Trade Naturalization Law — has consistently been at the forefront of the local market.

The presence of overseas Chinese in Ilocandia dates back several centuries before European contact. Like other coastal communities in northern Luzon, the indigenous settlements predating modern San Fernando were visited by ships from the archipelago’s southern islands and from East Asia. While Japanese settlers established a sizable outpost several kilometers south of San Fernando, near the modern day community of Agoo sometime prior to the arrival of the Spanish in the 16th century, it was the influence of Chinese traders which came to define coastal commerce.

The first major influx of immigrants from China into San Fernando took place during the mid-1800s. These settlers were generally unmarried adult males who shipped out of China’s southeastern ports in search of economic opportunities. Since the aim for many was to amass a sizable nest egg and return to their ancestral homeland, most saw their time in the Philippines as temporary. While the more adept of these first generation Chinese found employment in San Fernando as house helpers, carpenters, bakers, shoemakers, metal workers, or masons, the vast majority had to accept low paying day work in construction. Many of the major infrastructural upgrades undertaken by the
Spanish just after the town was chartered as La Union’s capitol in 1850 were accomplished through Chinese coolie labor.

San Fernando’s overseas Chinese population was able to make the transition from a community of unskilled laborers to a small, yet enterprising, circle of minority middlemen in a relatively brief span of time. In fact, by the 1870s, some of this ethnic group’s more entrepreneurially oriented individuals had captured a considerable portion of the local commercial market. By gaining entrance into the profitable trade of consignment shipping, which heretofore had been the exclusive domain of two Spanish merchant families, local Chinese broke the Spanish stranglehold over this sector of coastal commerce (Meimban 1997:78-9). Upon establishing their foothold within the provincial economy, the overseas Chinese were then able to diversify into other regional market sectors. In addition to taking on the assembly and export of sibucao (a dye producing tree), most of the large scale warehouses and palay storage facilities along the water front of San Fernando Bay came to be owned by Chinese traders in the late 19th century. They controlled many of the general stores and dry goods ventures inside the town proper and certain interests within the Chinese community also began to monopolize the public operation of San Fernando’s numerous opium dens (ibid: 110).

By the onset of the American colonial period, San Fernando’s overseas Chinese community operated virtually all of the general bazaars, sari-saris, and money lending ventures within the downtown commercial core. Moreover, they had become a formidable power within the region’s lucrative tobacco trade. Following the lead of the Tabacalera General Compania, which had come to dominate the industry soon after the tobacco monopoly was deinstitutionalized in 1880, Chinese entrepreneurs began to capture an increasingly larger share of this market. Local Chinese first emerged as tobacco field owners, before expanding into the buying and selling of this cash crop.
Although a few went on to establish cigar and cigarette factories, it was in wholesaling of raw tobacco leaves where the Chinese carved out their primary niche. By the 1910s, the Chinese presence in tobacco trading was equaled only by the Tabacalera General Compania. The move by Chinese entrepreneurs into the regional tobacco trade increased crop production so that by the end of World War I, La Union had emerged as the Philippines’ third largest producer of tobacco (Meimban 1997:202-3).

This period of trade expansion was accompanied by an increase in the total number of Chinese residing in San Fernando. The local Chinese population had grown from some 50 households in the mid-19th century to include just under 100 domestic units by the turn of the 20th century. More than anything, this demographic growth was stimulated by the community’s recent economic success. The newfound wealth of many local Chinese allowed them to summon family members to the Philippines.

Despite their increasingly influential position in local commerce, by the 1920s ethnic Chinese had yet to transcend their peripheral position in San Fernando’s sociopolitical life. A more full participation by overseas Chinese in local affairs was prevented by a number of factors, including the mistrust of most Filipinos, Chinese status as immigrants, their insulated educational system, and their distinct cultural character (cf. Limlingan 1994).

Partly in reaction to the vulnerable position they occupied within the pre-war Philippines, local Chinese began taking steps towards protecting their various capital investments in and around San Fernando during the 1920s and 1930s. Analogous to overseas Chinese communities across the country, they chartered several voluntary organizations devoted to furthering Chinese interests on the municipal level. As predecessors of the more influential La Union Chinese Chamber of Commerce organized sometime in the late 1940s, these service groups began ostensibly as sports or religious
oriented clubs. In reality, these civic associations served much more utilitarian purposes. They were used as forums for the settling of intra-community disputes and as instruments for garnering influence with the Filipino political elite. Besides providing aid to community members in need, many of these groups played central roles in the establishment and maintenance of a multi-acre Chinese cemetery just north of the poblacion.

The arrival of the Japanese in December 1941 precipitated a three year period of economic stagnation that brought local Chinese retail activities to a virtual standstill. The few ethnic Chinese firms which remained operative during this time survived primarily through the “buy and sell” of basic non-durable items. While some of the more prominent members of San Fernando’s Chinese community were interred, tortured, or killed by occupying troops, most were able to avoid such fates by taking refuge in the upland wilderness of the Cordillera Mountains. In fact, many of those Chinese who did go into hiding later distinguished themselves in the various guerrilla armies that harassed and raided Japanese military installations in the San Fernando area.

As in Dagupan, the Philippines’ Chinese merchant population provided a convenient scapegoat for Japanese administrators trying to cultivate relations with the Filipino majority. Their attempts at eroding alien control over retailing and opening up key market sectors to previously underrepresented groups (i.e. Filipino traders and Japanese nationals) had serious implications for San Fernando’s ethnic Chinese community. Such politicized efforts were accomplished primarily through the implementation of Japanese sponsored trade associations. Intentionally excluding Chinese merchants, these provincial organizations were granted a privileged status by government authorities when it came to the distribution of basic commodities and agricultural staples. In San Fernando, such concessions helped a few indigenous firms
temporarily increase their participation in trade, especially those related to tobacco. These achievements were quickly undone once San Fernando’s ethnic Chinese merchant population reestablished itself after the war.

Not surprisingly, the post-war period of economic recovery witnessed the rise of the La Union Chinese Chamber of Commerce as a formidable power in area events. Consolidating ethnic Chinese business concerns from across the province into one institution, the Chinese Chamber was much more politically oriented than those voluntary organizations that preceded it in the 1920s and 1930s. Besides campaigning against communist influences on the municipal level, the association served as an important funding source for Filipino politicians seeking public office. Given their disadvantaged position in area politics, such connections were seen as a pragmatic way of protecting local Chinese commercial interests. The Chinese Chamber was also dedicated to the preservation of Chinese lifeways and cultural heritage in La Union. In particular, the organization became instrumental in sponsoring those activities related to the Feast of Our Lady of Caysasay - a Taoist and Catholic religious ceremony held every September involving the transfer of a statue of the Virgin of Caysasay (the patroness saint of Chinese-Filipinos) from its permanent shrine in Taal City, Batangas (south of Manila) to a temporary location in San Fernando, La Union.

Mirroring the experience of other Chinese enclaves in the Philippines, the post-war years in San Fernando witnessed a notable shift in the outlook of many third and fourth generation Chinese towards their host country. For the first time, a large segment of this group began to view the Philippines not as just a foreign market to financially exploit, but also as a homeland. Obviously, the intensity of such sentiments varied throughout the community. What remained indisputable was that with each succeeding decade, San Fernando’s ethnic Chinese minority was able to more fully transcend many of
those cultural barriers which, up until this time, had kept them relegated to a socially and politically peripheral position in local affairs.

Clearly, this growing identification with the Philippines did not develop in a vacuum, but was the product of a distinct set of historical circumstances. The common struggle endured by both Chinese and Filipinos during the Japanese Occupation and the establishment of a revolutionary administration in mainland China in 1949, including the anti-communist rhetoric seemingly favored by the Philippine government throughout the 1950s, caused many within this ethnic group to reevaluate their status as immigrants. With the option of traveling back to their ancestral homeland no longer open to them and without new immigrants coming in, a growing number of ethnic Chinese became resigned to the fact that San Fernando was indeed their home.

Throughout the post-war decades, this new found orientation towards the dominant culture expressed itself in a number of ways. These included the gradual incorporation of non-immigrant locals into Chinese social networks, increased participation by Chinese in the non-Chinese educational system, a reduced identity with mainland China and the Chinese government, and a greater awareness about domestic issues and national political concerns. The overall effect of such factors was to facilitate the integration of San Fernando’s ethnic Chinese population into the mainstream of society.

Yet, this accommodation for Filipino culture was not initially reciprocated by the post-independence national government or, for that matter, the population at large. As early administrations came to realize, the push for delimiting alien participation in the Philippine economy - heavily promoted under the Japanese - retained much political currency with the post-war Filipino majority. This being the case, the Philippine legislature enacted various reforms — the most important being 1954’s Retail Trade
Naturalization Law -- with the intent of diminishing the socioeconomic standing of the country's Chinese population.

Notwithstanding some initial success in the 1960s, the government's efforts at augmenting the presence of Filipinos within the domestic trade sector came nowhere near meeting their outlined objectives. In San Fernando, the trend towards the Filipinization of retailing began undergoing a considerable reversal around the mid-1970s. Although a few sizable commercial ventures owned and operated by Filipinos had been established in the 1960s, the competitive status of the town's Chinese merchant community remained resilient throughout the post-war period. Local Chinese were able to stay at the forefront of urban commerce, in part, by relying on those business tactics which had proven effective in other ethnic enclaves (i.e. straw ownership, pay offs). More significant, was the move to secure Filipino citizenship. The opening up of the naturalization process from the mid-1970s onward provided the ethnic Chinese a legal avenue to reestablish themselves as a power in municipal trade. By the early 1980s, large scale trade operations in San Fernando were controlled, almost without exception by Chinese and Chinese mestizos. Practically all of the tobacco ventures, department stores, general bazaars, electronics shops, and lumber yards, as well as the majority of supermarkets and school and office supply enterprises, were by this time in the hands of Filipino citizens with Chinese ancestry.

San Fernando's ethnic Chinese also made considerable inroads towards establishing a more secure position within local social life. Two of the municipality's more conspicuous landmarks -- the Chinese Friendship Pagoda within the Capitol Hill Complex and the architecturally ornate Ma-Cho ("Holy Mother") Temple -- bear the unmistakable signature of Chinese influence. While the former edifice, built in the late 1960s with funds raised by the La Union Chinese Chamber, affords a sweeping view of
the downtown commercial core, the latter, a multi-leveled brick Taoist shrine, serves as a place of worship for many in the local Chinese community. In fact, since opening in 1978, the well maintained Ma-Choo Temple has functioned as the primary site for those sacred activities related to the Feast of Our Lady of Caysasay. Both structures have become tourist attractions in the area and seem to indicate that the local ethnic Chinese community has become an integral component of San Fernando’s urban life.
CHAPTER VI
SAN FERNANDO CITY
1990 - 1994

Introduction

As in the case of Dagupan City, the present chapter will use the 1990 earthquake as its primary point of departure. After describing the effects of this disaster on the greater San Fernando area, focus will then turn to matters more closely associated with the administration and development of Poro Point. Specifically, it will recount events leading up to and resulting from the departure of the U.S. military from the Philippines. Because the Wallace Air Station played an integral role in the community for almost nine decades, this portion of the dissertation will pay attention as to how the existing merchant community and general population were affected by and reacted to this shift in the organization of local life. Moreover, the chapter will examine recent government efforts to help fill the vacuum created by the withdrawal of American service personnel from the peninsula in 1991.

The 1990 Earthquake

The seismic activity that rocked large sections of central and northern Luzon on July 16, 1990, was felt by many communities in La Union, especially those along the coastal plains bordering Pangasinan. Although San Fernando experienced tremors sufficient enough to jostle merchandise from store shelves, set off car alarms, overturn furniture, and, in some cases, shatter windows, the community was spared the more destructive effects of the earthquake. Unlike Dagupan, Baguio, and other affected communities, the extent of infrastructural damage in San Fernando’s poblacion was
limited. At worst, some of the built properties along the town’s shoreline had to be condemned after cracks in their foundations were discovered. Given that the major north-south fault line that cuts through central Luzon veers eastward at a point some kilometers to the south of San Fernando, most of the temblor’s devastation within La Union was concentrated in and around the municipality of Agoo to the south.

While the earthquake’s destruction was limited primarily to this one area of the province, in terms of economic ramifications the disaster did impact those living beyond Agoo. The agricultural sector in La Union experienced a general dip in the months following the earthquake. This decline was related to harvest failures that came in the wake of the catastrophe. In some areas of San Fernando’s rural hinterland, the quake and subsequent aftershocks unleashed deposits of liquefied sand that rose to the surface and inundated large tracts of croplands. Some cultivators lost their entire yield for the year, and those involved in agribusiness throughout the province incurred significant financial losses in the months that followed.

Despite this downturn in the region’s agricultural market, the overall impact of the earthquake on San Fernando’s trade scene was negligible. The majority of vendor facilities and street store operations within the downtown commercial core made it through the incident virtually unscathed. This meant that the 1990 earthquake did not present that unique set of opportunities, as it did in Dagupan City, for local entrepreneurs to substantially upgrade their retail facilities and/or streamline business operations. In other words, the type of market conditions conducive for an acceleration of retail trade concentration did not emerge within the town in the period following the disaster. In fact, from the limited perspective of the early 1990s, San Fernando’s long term economic prospects seemed decidedly more promising than those of communities in neighboring...
provinces that had endured substantial infrastructural damage from the earthquake. In the long run, however, this viewpoint turned out not to be true.

The Withdrawal of the U.S. Military from Poro Point and its Consequences

When selecting San Fernando as a comparison to Dagupan, little information was available about recent changes that had taken place in San Fernando other than the limited spread of trade concentration and the muted effect of the 1990 earthquake. While the departure of the U.S. military from Poro Point in 1991 may be perceived as a functional equivalent to the disruption of municipal life experienced by post-earthquake Dagupan, as it turns out the demilitarization of the peninsula proved much less significant compared to what occurred in Dagupan after the earthquake. As a result, San Fernando was retained as a control.

While the effects of the 1990 earthquake on local life had soon receded from the memory of most community residents, it was the departure of the U.S. armed forces from the Wallace Air Station on Poro Point in September 1991 that caused concern for many living and working in the greater San Fernando area. Although the presence of American service personnel on Philippine soil had always been a controversial issue, by the late 1980s, the debate had taken on an added sense of political gravity.

This urgency was related to events surrounding the end of the Cold War. As the Soviet Union became less of a threat to the vital interests of the United States, it was no longer imperative that the U.S. government maintain military installations in various corners of the world, including the Philippines. This fundamental shift in the geopolitical landscape soon gave rise to questions by many Filipinos regarding the future role of the American military in their country. Coincidentally, it was around the same time that the base agreement between the two nations was up for reconsideration. Whereas in
previous years lease negotiations would have easily glided through the congressional ratification process, given the recent changes in the domestic and international political scene, the renewal of the bases contract now seemed to be a much harder sell. As review procedures got under way, the Philippine government appeared to be considering only two courses of action. The more popular view amongst national legislators was to aggressively renegotiate the terms of the lease for the bases so that the U.S. government would have to pay millions more in land use costs. The minority position, though still quite powerful, was to permit the contract to expire.

Besides the Wallace Air Station, American forces inhabited several other small to intermediate installations throughout the archipelago, including Camp John Hay in nearby Baguio City and the Fort Bonifacio Military Camp in Metro-Manila. The U.S. military also occupied the more substantial Clark Air Force Base (Angeles City, Pampanga) and Subic Bay Naval Base (Olongapo City, Zambales). Not only did the American military pay millions of dollars annually for access to these sites, it also infused considerable sums of capital over the years in keeping the bases infrastructure up to date.

Over and above such investment considerations, the U.S. military also served as the Philippines’ largest employer of domestic workers up to the early 1990s. These wage earners held a variety of jobs that ran the gamut from low-level positions in construction, maintenance, and food service to more highly skilled positions in base security, transportation, and electronics. While numbering just under 70,000, they made up only a fraction of those dependent on the U.S. military for maintaining a livelihood. Operating within or near the military installations were thousands of business firms that relied on the patronage of American troops. While many of these enterprises were involved with red light activities, the local economy of nearby towns and cities stood to be financially undermined with the withdrawal of U.S. service personnel. Considering the U.S.
government pumped approximately 200 million dollars a year into the domestic economy (Harper and Fullerton 1993:212-213), the move to terminate an extension of the lease agreement between the two countries met with much resistance from a cross section of Philippine society. In fact, in a 1990 nationwide referendum, the general population voted in overwhelming numbers to keep the installations.

No matter how contentious the lease issue had become, it was not the efforts of base opponents which brought about the ultimate departure of American troops from the Philippines but, rather, a natural disaster of epic proportions. The sudden eruption in June 1991 of Mount Pinatubo (a hitherto dormant volcano located near Angeles City) caused the U.S. government to reevaluate its role in the Philippines. This catastrophe caused major infrastructural damage to large sections of Clark Air Force Base and, to a lesser degree, Subic Bay Naval Base. The repercussions from the disaster were of such a magnitude, in fact, that instead of taking on the massive costs of redeveloping the affected installations -- whose lease status had by 1991 still yet to be determined -- the American military command opted to pull out completely from its center of power in the Asia Pacific.

Other U.S. installations, including Camp John Hay and Fort Bonifacio, were switched over to Philippine control in the months that followed. Wallace Air Station and other adjunct American facilities on Poro Point were transferred over to the Philippine military on September 16, 1991. Subic Naval Base remained under U.S. control until November 1992. Over a year and a half after the eruption of Mount Pinatubo, the U.S. military relinquished rights to its last remaining installation in the Philippines. This event marked the end of over nine decades of America's military presence in the country.

In San Fernando, similar to the experience of other communities affected by the departure of the Americans, the question for many locals was what will now happen to
Wallace Air Station and Poro Point? Following the Philippine government regaining control over the installation, operations at Wallace were downsized considerably and that sector of the local economy dependent upon the patronage of military personnel collapsed within a matter of months. Only a handful of those restaurants, bars, discos, and other entertainment facilities that had previously lined the road to the Wallace Air Station remained open by 1992. Many of the service sector jobs related to the maintenance and upkeep of the station grounds also dried up. While shipping and other industrial operations along the peninsula remained generally unaffected by the withdrawal of American troops, San Fernando’s economic forecast with regards to Poro Point appeared at the time less than optimistic.

The Planned Redevelopment of Poro Point

The departure of U.S. service personnel from their stronghold in Southeast Asia created an unusual predicament for the Philippine government. While inheriting the bases clearly represented a substantial windfall for the country, potential benefits from this acquisition of the sites stood to be diminished if this opportunity was not handled in a timely and effective manner. Much of Clark and Subic were still in disrepair from the Pinatubo eruption and subsequent period of looting. Moreover, all of the installations were showing signs of deterioration following the termination of U.S. support. With base infrastructure starting to depreciate, officials began exploring their options regarding what future uses the bases should be put to. After preliminary deliberations, two alternatives presented themselves. The installations could either be permanently transferred over to the authority of the Philippine military or, more ambitiously, converted and developed into special economic growth zones.
The prospect of shifting administrative control of the bases to the nation's armed forces, at least in any major capacity, seemed improbable considering the Philippine military already operated several large facilities. The former U.S. holdings were, therefore, being considered primarily as future investment hubs. Under such a scheme, the bases -- complete with tax concessions -- would be transformed into a collection of high-tech industrial zones, business parks, commercial centers, recreational attractions, and entertainment facilities open to both foreign and domestic investors.

Although the move to open up the bases to international commercial interests would generate new economic opportunities for the Philippine government, given the magnitude of such an undertaking the base conversion process would obviously not be free from complications. On the positive side, the country would regain access to tracts of valued land for the first time in nearly 100 years. In most instances, these properties encompassed large areas equipped with high quality infrastructure. The installations included several high tech airport and seaport facilities, numerous maintenance and service buildings, various domestic and guest accommodations, an array of recreational facilities like golf courses, swimming pools, parks, and hundreds of kilometers of roads and highways.

On the negative side, due to their size and military orientation, the realignment of base operations away from military purposes would require substantial capital outlays from the Philippine government. Moreover, as was the case of Poro Point, the withdrawal of American forces had deprived thousands of small scale business enterprises located in neighboring communities a substantial portion of their consumer clientele. Any base redevelopment plan would, therefore, have address the needs of those living and working nearby.
To oversee the transformation of the former U.S. bases into freeport economic zones, the government created a special agency in 1992 known as the Base Conversion Development Authority (BCDA). At the time of its inception, projects under the BCDA were run entirely by the Philippine government. Later, as it became apparent that administrative performance and cost-effectiveness would improve with private sector input, the BCDA began to invite Filipino owned companies to bid for the right to privatize and develop some of the smaller military bases like Wallace.

Following the start-up implementation of rehabilitation projects at Subic Naval Base and Clark Air Force Base in early 1993, the BCDA began outlining the conversion of the Wallace Air Station and Poro Point. On July 27, 1993 Presidential Proclamation 216 was issued which laid out the plan for upgrading the peninsula and several nearby barangays into a special investment zone. Known collectively as the Poro Point Special Economic and Freeport Zone (PPSEFZ), the designated area included the former Wallace Air Station, the San Fernando airport and seaport, the Voice of America transmitter, and four local barangays. Comprising some 890 hectares of usable land, the grounds of the PPSEFZ would also incorporate 300 additional hectares of reclaimed San Fernando Bay. In its entirety, the zone would take up approximately 1,200 hectares.

Hoping to dramatically strengthen the local industrial base, the BCDA anticipated attracting various manufacturing concerns, in particular, those firms specializing in the production of chemical fertilizers and electronics. Despite such intentions and the timeliness of the proclamation, attempts at securing a developer for the PPSEFZ did not appear to be a primary concern for the BCDA. Given the complexities and unforeseen setbacks involved with the conversion of Clark and Subic, the redevelopment of the Wallace Air Station did not commence as originally scheduled (Overbeck 1999).
Initial Community Reactions to the Proposed Redevelopment of Poro Point

The official announcement by the BCDA to rehabilitate areas of the peninsula in 1993 was greeted positively by many segments of San Fernando’s population. Both local and provincial administrators embraced the project since it would enhance the position of San Fernando and La Union in Region One and beyond. Not only would the establishment of a special economic and freeport zone on Poro Point stimulate market sectors that declined following the withdrawal of the U.S. military (i.e. the tourist and service sectors), it would also help expand the municipal and provincial tax base and improve many basic services. Likewise, the proposed construction and operation of numerous industrial, commercial, and tourist facilities within the project’s designated area would require substantial input from local labor markets.

Others in the municipality were not as enthusiastic about the BCDA’s plans regarding Poro Point. Many local retailers, despite having made it through the 1990 earthquake and U.S. military departure virtually unharmed, held serious reservations about the initiative to develop barangays along the peninsula. Although the facilities to be constructed would cater primarily to a clientele of foreign tourists and affluent Filipinos, a fear began to spread through San Fernando’s trade sector that the PPSEFZ could over time profoundly alter local patterns of urban commerce. In particular, they felt that the BCDA project was possibly the first stage in a trend of much more substantial commercial developments which could eventually shift the focus of consumer life away from the poblacion.

Although anxieties of this type intensified within San Fernando’s trade community in the latter half of 1993, such sentiments never crystallized into organized opposition. In fact, as 1994 progressed, the likelihood that municipal retailers would actively dispute the redevelopment of Poro Point appeared to be less and less a real possibility. The decision
not to protest had to do with the fact that almost no preliminary site work had been accomplished within the PPSEFZ in the months following the declaration of Presidential Proclamation 216. For many this seemed to suggest that either the government’s promise to rehabilitate the site was an empty political gesture, or that BCDA efforts along the peninsula were significantly behind schedule. Because the agency had yet to secure a private firm to oversee primary rehabilitation work, much of the area surrounding Wallace had fallen into disrepair. Poro Point’s road system was plagued by cracks and pot holes and many of the buildings lining the way into the station grounds were showing signs of poor maintenance.

Complicating matters, the plans for redeveloping the peninsula were nearly derailed in May 1994 when several descendants of those land owners displaced from Poro Point during the American military occupation threatened litigation. This small but assertive group of citizens claimed that their relatives had lost substantial land holdings on Poro Point when the U.S. installation underwent expansion in the 1910s and again after the Second World War. Through their attorneys the group stated that they would initiate legal proceedings against the BCDA should it begin any major rehabilitation work along the peninsula.

At issue was the acreage immediately surrounding the former Wallace Air Station. The claimants contended that past local officials had duped their parents and grandparents into releasing their family land to the care of the Philippine government which, in turn, allowed the American military to occupy and develop the properties. The families had not received financial remuneration from the government for their losses, yet, many of them apparently continued to pay realty taxes for their land up through the 1970s. The claimants insisted they were not seeking to reclaim the former grounds of the U.S. military base for private development use. Rather, they were hoping to secure some type
of cash settlement from the government as compensation for those property and financial losses incurred.

The families did not attach a specific monetary figure to their demands, but the sum was believed to be considerable since the site under dispute comprised roughly 70 per cent of Poro Point’s total land area. By no means a high profile case, the claimants did issue a series of press statements over the next two years attempting to maintain public interest in their charges against the BCDA. Although the agency did attempt to resolve the issue outside of the courts, the threat of a lawsuit continually loomed.

It seemed improbable, however, that the families would actually receive the type of settlement package they were seeking. Because the case dealt with matters going back several decades, it would be difficult, if not impossible, to trace all of the documents and deeds related to property ownership and land entitlement. More importantly, given the magnitude of the PPSEFZ and the anticipated economic benefits the project would generate, it appeared unlikely that the claimants would find a court sympathetic to their plight. Despite the likelihood that the claimants would not succeed with their case, the matter did little to speed up the BCDA’s search for a prime developer for the peninsula.

In spite of pledges from the national government that the former U.S. military installation on Poro Point would be transformed into a mixed use industrial, commercial, and residential area, in the years that followed the project’s announcement in 1993, very little had been accomplished towards turning this objective into a reality. By the mid-1990s, the question of whether or not the BCDA would step up efforts within the PPSEFZ or abandon the project altogether was one that had no answer readily available.
CHAPTER VII
SAN FERNANDO CITY
1994-1998

Introduction

By 1994, conversion efforts on Poro Point had effectively ground to a halt. Although such delays might create the impression that other sectors of the municipal economy also encountered a comparable episode of stagnation -- given the scope of operations to be implemented on the peninsula -- this was not necessarily the case. While that part of San Fernando’s market dependent on the patronage of American troops had yet to recover from the U.S. military withdrawal, other areas of local commerce continued to operate much as they had in previous decades. Downtown’s independent merchant community and entrenched informal economy remained largely unaffected by events on the peninsula despite a brief period of uncertainty in 1993. With local conditions still approximating those of Dagupan just prior the earthquake, the examination of San Fernando still remained a viable control.

This chapter will document the degree to which large corporate trade ventures and Western-style commercial outlets began to permeate the local citiescape in the mid-1990s. In particular, it will illustrate the specific challenges firms encountered in establishing modern retail facilities in San Fernando.

Local Trade Expansion in the 1990s

Local reactions to the delayed conversion of Poro Point had by the mid-1990s become rather ambivalent. For those most concerned, sentiments tended to cluster around two opposing points of view. Sentiments were divided between the project’s
likely beneficiaries and those who stood to be negatively affected by conversion efforts were. Obviously, the postponement had become a major source of frustration for municipal officials and, to a lesser degree, the population at large. Not only was the town government losing millions in development subsidies and potential tax revenues, the employment and consumer opportunities to be generated by the project were not emerging as expected.

Most downtown merchants concerned with the project’s negative effects took such delays in stride. Since many anticipated that it was only a matter of time before work within the PPSEFZ would commence, the time between the project’s unveiling and its implementation presented an opportunity to reevaluate what direction their business operations should take in the near future. Despite the uncertainties involved with the PPSEFZ, the government’s decision to rehabilitate Poro Point had created an atmosphere suggesting that the commercial potential of greater San Fernando had gone largely untapped.

Up until the mid-1990s, several factors were preventing or significantly delaying the substantial entrance of Western-style consumer facilities (commercial malls, shopping centers, warehouse clubs, and large fast food outlets) into San Fernando. For one thing, the municipality’s central business core possessed few unoccupied lots able to accommodate retail complexes of such magnitude. Considering most downtown properties had long since been occupied by low and mid-rise commercial buildings that housed street stores and family enterprises, those parcels of land that remained unoccupied were, by and large, small and marginally located. Furthermore, the community’s mountainous terrain and rugged coastline limited the amount of available real estate. Questions were also still open concerning how San Fernando’s consumer population would respond to large scale commercial developments. While it was almost
guaranteed that area residents would frequent such establishments in large numbers, it remained uncertain whether or not shoppers would have the purchasing power to support such state-of-the-art facilities. Apart from the few department stores, modest supermarkets, small fast food restaurants, and other formal sector outlets that had emerged in the 1980s, locals continued to rely on enterprises within the town's informal trade sector and downtown merchant community to meet most of their consumption needs.

By the mid-1990s, however, many of the market conditions essential for local trade expansion appeared to be in place. Although the community had possessed a large urban population and strategic location along a major transportation route for some time, it was an increase in investment activity -- or the promise thereof -- that seemed to prime San Fernando for major corporate development. Clearly, the benefits to be generated by the PPSEFZ would not remain concentrated along Poro Point but would spill over into other market sectors. Adding to this sense of impending economic growth was the fact that local traders were now reasonably assured that area customers could financially support large scale commercial ventures in San Fernando. This observation was based on the recent experience of the growing number of retail firms that had successfully opened Western-style trade outlets in other towns and cities (i.e. Manila, Baguio, and Dagupan).

With an economic climate approaching optimal conditions, it is not surprising that soon after the PPSEFZ proclamation in 1993, San Fernando began undergoing significant growth in its retail trade sector. For the most part, this expansion took the form of ribbon development on the Manila North Road. By 1994, a number of major commercial projects had either started construction or were in the planning stages along stretches of the national highway. Both in terms of scale and amenities offered, the enterprises differed considerably from their more traditional counterparts in the poblacion. These
ventures -- to be discussed below -- included several fast food outlets, a small warehouse club, a strip shopping center, and a Western-style commercial mall, and were, on the whole, owned and operated by local interests.

It should be noted that not all of these trade developments in San Fernando were concentrated along the Manila North Road. The downtown commercial core witnessed its share of structural improvements to existing trade facilities. Many of the department stores, supermarkets, and family owned street stores that had been operating inside the poblacion for some time began to update their commercial holdings in the mid-1990s. This renovation work involved the addition of various consumer amenities such as tract lighting, glassed store fronts, promotional product display, and automated check-out systems as well as expansions like increased floor space and the opening of additional outlets.

Commercial growth in San Fernando at this time was not limited exclusively to the private sector. The municipal government also implemented several public trade projects during the mid-1990s. Notable was the erection of a new vendor facility in 1994 one city block west of the major bi-level marketplace at the heart of downtown. Dubbed the Auxiliary Wet Market, the commercial complex was composed of seven market sheds connected by covered walkways, and the headquarters of the town’s Market Supervision Office. The new trade structure was built to house vendors selling meat, fish, baked goods, frozen foods, vegetables, fruit, and other consumable items since they could no longer be adequately accommodated on the first floor of the original market.

After 355 traders were relocated to the new Auxiliary Wet Market, the old centralized marketplace became the domain of small scale dry goods dealers. These vendors, previously inhabiting spaces on the facility's less accessible second floor, were permitted to take over those stalls just vacated by the wet traders. Once a thriving center
for informal retail activity, the top level quickly became devoid of major commercial enterprises with the notable exception of a few used clothing outlets and handicraft dealers. The town government’s decision to divide the local vendor community into two primary trading areas not only helped alter the dynamics of municipal commerce, it also precipitated a name change for the original downtown marketplace. In spite of it’s modest construction and sparse amenities, the old public market building was ironically renamed the San Fernando Shopping Mall.

The move by town officials to rename the original downtown marketplace as the San Fernando Shopping Mall illustrates the degree to which Western-style shopping malls had begun to capture the imagination of provincial Philippine communities during the mid-1990s. By 1994, talk had spread in San Fernando about local or outside private investors possibly constructing a commercial complex similar to Dagupan’s CSI Market Square Mall in or near the town’s poblacion. Chief among those parties said to be interested in putting up this type of consumer enterprise was the country’s most successful retail trade firm - Shoe Mart (SM). As indicated previously, this ethnic Chinese owned corporation operated several mega-malls in and around the country’s major urban centers, including the largest shopping mall in the Philippines - the mile long SM Centerpoint located in Metro-Manila. The company had embarked on an ambitious plan in the mid-1990s to penetrate provincial Philippine towns that have 100,000 to 200,000 inhabitants, with a provincial mall to be opened each year to the year 2000 (Tiglao 1994).

It was widely rumored that representatives from SM had visited San Fernando in the early months of 1994 to scout out locations for a multi-tiered retail complex within the downtown business core. Apparently they narrowed their search to one of the only remaining spaces inside the poblacion capable of accommodating a large scale
commercial facility. Adjacent to the San Fernando Shopping Mall and the Auxiliary Wet Market, the vacant site under consideration had been utilized by the local Pepsi-Cola distributor as a parking and storage area for most of the 1990s. It was alleged that, despite being offered considerable sums, negotiations between the land owner and the SM representatives never made it past the preliminary stage because the former party was neither interested in selling or renting the property. Although the events reported in the preceding account have made their way through the local rumor mill, it should be noted that questions regarding the degree to which SM was actually interested in erecting a shopping mall in downtown San Fernando, in general, or on the Pepsi-Cola distribution site, specifically, have yet been fully substantiated.

The KC Mall

In 1994, several private developers began stepping up efforts towards establishing a series of large scale retail outlets in and around San Fernando. The first major commercial project to gain attention on the municipal level was the KC Mall. This multi-story consumer facility was to be located along a southern stretch of the Manila North Road on the site of a former service station near the turnoff leading to Capitol Hill. The KC Mall provides an interesting case study since it illustrates how internal disputes can jeopardize the emergence of modern commercial facilities despite a market approaching optimal conditions.

According to a large billboard that greeted highway travelers entering the town, the KC Mall was to be San Fernando’s most complete one-stop shopping and entertainment venue. Among other things, the complex was to feature two first class cinemas, a supermarket, a video arcade, a book store, a pharmacy, an optical center, a jewelry store, and several clothing boutiques and shoe emporiums. Also, the facility was
to include consumer amenities like a modern architectural design, 24 hour security, escalators, air conditioning, and an ample parking lot.

This ambitious project was the brainchild of the Lee brothers - four second generation mestizo Chinese traders who had amassed their fortunes in construction, building supplies, hardware, and furniture. While the Lee’s had worked together in various combinations over the years, the KC Mall represented the first time they had all participated in one business venture. In chronological order from oldest to youngest the Lee’s were: Maurice, Barry, Andy, and Robin.

Around the time the KC Mall was announced, the four brothers were in their late 50’s and early 60’s. Their father had immigrated to the Philippines from Xiamen (Amoy), China during the 1930s. In the years subsequent to his arrival, he married a local Filipina and, together, they worked in the furniture trade for decades becoming a well respected family in San Fernando’s Chinese trade community. The Lee’s founded one of the town’s first retail stores devoted exclusively to household furnishings -- Trend Furniture -- in the 1950s. At the time of their death in the early 1990s, the Lee parents had created a diversified business empire.

It was the death of their parents, in fact, that lead the brothers to contemplate establishing the community’s first modern shopping mall. As stipulated in their will, the Lee parents wanted their estate to be distributed equally among their sons. The most highly valued assets left to the brothers were four parcels of land situated along the Manila North Road to the south of downtown. These properties included an abandoned Shell Service Station, the Trend Furniture warehouse and showroom, the offices of the family construction company, and a sizable lumberyard and storage area known as the Mabuhay Lumberyard. Rather than managing the properties directly, the brothers formed
two corporations -- Construction Commodities Corporation (CCC) and the Atlantic Development Corporation (ADC) -- to oversee the administration of the lots.

As of 1995, the four properties were appraised as follows: the Shell Station site (now known as the ADC property) was assessed at P18 million ($600,000); the Trend Furniture lot was valued at P12 million ($400,000); the parcel on which the family’s construction company was situated (now known as the CCC property) was estimated at P6 million ($200,000); and the Mabuhay lumberyard and adjacent facilities was figured to be worth P12 million ($400,000). While they created the two corporations to manage the family real estate in 1995, the Lee brothers decided to divide the four properties amongst themselves with the intention that each would receive an equal share of the inheritance. The land was partitioned so that Maurice would gain control over most of the ADC site, Robin would receive the Trend Furniture property, Andy would obtain the CCC commercial holdings, and Barry would take possession of the Mabuhay Lumberyard. So that each brother would end up with property worth an even P12 million ($400,000) and work could then begin on the KC Mall, the brothers decided that Maurice would pay Andy P6 million ($200,000) on account of fact that the latter brother was getting the least valued lot.

Even though Maurice, the oldest, was originally given full control over the ADC lot, he was not the only Lee family member to have influence over the property. Soon after the KC Mall billboard was erected in 1994, Maurice permitted his younger brother Barry to rent those portions of the ADC site that bordered the northern edge of the Mabuhay grounds. It was essential for Barry to have access to these tracts of land since they provided the only passage linking the lumberyard to the Manila North Road. The formal agreement between the two brothers entailed a 20 year contract which stipulated
that, while Barry would be renting the property from his older sibling, both brothers
would have access to the leased land.

Although the potential for conflict seemed inherent to this scheme, the four Lee
brothers deemed the agreement necessary since the ADC lot and much of the Mabuhay
Lumberyard would serve as the future home of the KC Mall. In part, the decision to
commercially develop these sites was based on the fact that the combined properties
created a land parcel large enough to accommodate a multi-level shopping center and
adjunct parking facilities. Of equal importance was that the KC Mall locale was roughly
equidistant to all major centers of development in the San Fernando area. Not only was it
adjacent to the downtown commercial core, it was also easily accessible to the strip of
tourist resorts along the Manila North Road and the planned investment zone to be
located on Poro Point.

Despite plans to construct the shopping center on the properties leased and
operated by Barry and Maurice, it was agreed that mall operations would be managed
jointly by all four Lee brothers under the ADC. While the ADC and its sister corporation,
the CCC, were created to consolidate the family’s commercial assets, this organizational
style necessitated participation by all four brothers. This arrangement encountered
problems almost immediately since Maurice was the only Lee brother who resided
permanently in San Fernando. The other three brothers only maintained second
residences in San Fernando. Barry and Robin spent most of the year in Manila, while
Andy traveled back and forth to the Philippines from his home in the United States. As a
result, most business decisions did not receive equal input from all four brothers and
Maurice was forced to take the lead on matters related to the development of the KC
Mall. With this type of arrangement in place, it was not surprising that major
disagreements emerged amongst the Lee’s in the months after the KC Mall project was made public in 1994.

The feud that eventually drove a wedge between the Lee brothers was sparked in 1995 after Maurice failed to compensate Andy the P6 million ($200,000) sum agreed upon in the wake of their parents’ death. The manner of payment emerged as the primary point of discord between the two brothers. Andy did not want his share to be doled out in installments as intended by Maurice, but instead preferred to be paid in one lump sum. After waiting for over a year to collect his money, Andy was beginning to lose patience with his oldest brother. Not only was Andy being deprived of his due inheritance, Maurice’s failure to pay was holding up work on the KC Mall itself. In an effort to get his brother to follow through on his financial obligations, Andy resorted to giving his brother an ultimatum to either pay up or face litigation.

The severity of this demand placed in Maurice in a difficult position. At the time Maurice was relatively cash poor since most of his wealth was tied up in other investments. After disregarding Andy’s caveat through the better part of 1995, in a rather bold move, Maurice tried to exert full control over the development and operation of the KC Mall. Specifically, Maurice sought to mortgage the ADC property through a local financial institution without informing Barry, Robin, or Andy. This attempt to take over the ADC holdings proved ineffective, however, since it required the formal consent of his three younger brothers.

Understandably, Maurice’s actions did not bode well with his siblings. Fearful that his plans to mortgage the ADC property would completely undermine their efforts towards establishing San Fernando’s first Western-style shopping complex, Andy, Robin, and Barry began to view their elder brother in an increasingly negative light. These antagonistic feelings intensified when Maurice filed suit against his siblings in the local
trial court in the first part of 1996. Disavowing any previous agreement that the ADC property was to be jointly developed with his younger brothers, Maurice attempted to force his siblings into transferring their shares in the ADC over to him. The crux of his argument was that because the Lee parents divided their estate into four primary lots and the ADC site had been left solely to him, he should be entitled to all of the ADC holdings, including the prospective KC Mall area.

While his case was ultimately dismissed, it provoked a series of events that placed the future of the KC Mall on very uncertain terms. To begin with, soon after Maurice took his siblings to court, Barry ceased making rental payments to his older brother for those leased portions of the ADC site that bordered his Mabuhay holdings. Even though he no longer paid rent, Barry and his employees continued to utilize the disputed sections of the ADC property. In response, Maurice had the entrance to the Mabuhay Lumberyard blocked by a chain link fence in 1996. Through his attorneys, Barry filed an emergency injunction with the court against Maurice and the premises were ordered reopened.

This incident did little to ameliorate relations amongst the Lee brothers. Despite attempts by the La Union Chinese Chamber of Commerce to quell the dispute, tensions flared up once again in the months that followed when Barry had Maurice and one of his sons, Terry, brought up on criminal charges of grave coercion. The move to arrest Maurice and his son was in response to the actions of Terry who had up until this time continued to do business with Barry at the lumberyard. It was discovered that Terry had paid for large quantities of construction supplies including lumber, concrete, and bricks with checks that eventually bounced. Rather than return the materials, it was alleged by Maurice that Terry had either sold the merchandise or had them destroyed. Barry asserted that Terry was acting under the direction of Maurice in an effort to get even with
Andy, Barry, and Robin. By June 1998, the matter pending against Maurice and Terry had yet to be resolved by the local trial court.

Exacerbating an already tenuous situation was the filing of fraud charges against Andy by Maurice in late 1997. This complaint was submitted after it came to light that some of the contracts of ownership for the ADC property were mysteriously put under Andy’s name. Because the land parcels legally belonged to Maurice, the court sided with Maurice and issued an arrest warrant against Andy who was in the United States at the time. While Maurice’s victory could be viewed as a significant step in his campaign to eject Andy, Robin, and Barry from the ADC site, it seemed doubtful that this success would help him gain complete control over the development and operation of the KC Mall since the corporation’s charter recognized all four brothers as legitimate owners.

By June 1998, the deadlock that came to characterize the Lee brothers attempt at establishing a Western-style shopping mall in San Fernando showed no signs of being resolved. Both sides in the family feud had endured significant setbacks over the previous years. Barry and Robin continued to manage their respective business operations in San Fernando much like they did before the KC Mall project was announced with one minor exception. While they always spent considerable time in Metro-Manila, traveling to San Fernando periodically to check on their trade holdings, by 1998, the two brothers had stayed away from their hometown much longer than usual. The decision not to return was based on the fear that they could no longer be reasonably assured of their safety in San Fernando. Since their feud with Maurice had escalated, both brothers began receiving anonymous death threats.

The plight of Maurice and Andy was somewhat more serious since each brother was confronting the possibility of arrest and incarceration. While Maurice and his son, Terry, were still facing criminal charges related to the latter writing bad checks to the
Mabuhay Lumber company, an arrest warrant against Andy stemming from allegations of fraud had yet to be served. So as to avoid arrest Andy has remained in the United States since 1997, while his legal team has worked on overturning the lower court’s decision. Given that Andy made it clear that he would no longer accept the original amount owed to him by Maurice (P6 million/$200,000), because that figure had depreciated dramatically in the wake of the peso devaluation in the summer of 1997, it appeared that the Lee brothers’ vision of creating the town’s first multi-level shopping mall would not be realized anytime soon.

**Fiesta Supermarket Chain**

Rather than emerging as the crowning achievement of local trade expansion in the mid-1990s, the KC Mall came to be regarded as a symbol of San Fernando’s largely untapped commercial potential. Obviously, the project’s failure owed more to personal differences amongst the four Lee brothers than any adverse conditions in the local market at the time. Nevertheless, their aborted attempt at establishing the town’s first shopping mall -- combined with the delayed work at the PPSEFZ -- was in danger of creating the impression that San Fernando was not as receptive towards large-scale capital investments as some had initially thought. Although many in the community were put off by the in-fighting that ultimately derailed the opening of the KC Mall, such sentiments were soon mitigated with the implementation of several other state-of-the-art trade facilities on the municipal level. Similar to the KC Mall, these new commercial ventures were concentrated along the Manila North Road and, in almost all instances, financed by local interests.

The first trade enterprise to receive as much public attention as the KC Mall was the newly established Fiesta Supermarket. This grocery store chain was one in a series of
commercial ventures owned and operated by Flores-Bolong Ltd., a family-run
corporation whose business interests in greater San Fernando area include a number of
drug stores, automotive repair shops, agricultural supply outlets, pharmacies, banks,
hotels, beach resorts, and vocational schools. An important player in municipal
commerce since its formation in the mid-1980s, the organization stood somewhat apart
from other companies of a similar scale in that it was one of the few major commercial
firms in San Fernando not controlled by ethnic Chinese.

Flores-Bolong Ltd. is headed by one of the region’s most successful Filipino
entrepreneurs - Daniel Bolong Jr. (born 1948). Through shrewd business practices and
useful business connections he developed as a president of the La Union Chamber of
Commerce, Bolong has been able to transform his family’s relatively modest commercial
holdings into a business empire in less than a decade. Born and raised in San Fernando,
he was the third oldest child of Daniel and Rosetta Bolong. In addition to various
commercial properties, his parents maintained a number of trade operations, including a
bank and fertilizer supply store. They spent most of their careers running the town’s only
veterinary practice. Daniel, like his 3 brothers and 2 sisters, received his elementary and
primary education at a local private academy before moving to Manila to attend college.
Upon earning a degree in Commerce/Accounting from La Salle University in 1969,
Bolong took a position with an auditing firm in the Philippines’ main financial center of
Makati. He returned to San Fernando in the mid-1970s and spent the next few years
working as the branch manager of his parent’s bank.

After marrying Luz Ortega, a member of one of La Union’s most powerful
political clans, Bolong began taking a more active role in the family fertilizer business.
By the mid-1980s, he and his cousin from Manila formed Flores-Bolong Ltd. in an
attempt to enter the fertilizer market on the national level. This move was unsuccessful.
however, since at the time the supply of fertilizer in Philippines was dominated by companies owned by cronies of the Marcos regime. This sector of the agricultural market only opened up somewhat after Marcos was removed, which came too late for Bolong’s fertilizer enterprise. The only modest financial gains generated by the company eventually prompted Bolong to scale back operations to the regional level.

The shortcomings of the fertilizer business were soon overshadowed by the firm’s successful entrance into the local retail trade. In 1989, Flores-Bolong Ltd. opened its first branch of Filam Drugs near the intersection of downtown San Fernando’s two busiest streets -- Quezon Avenue (a.k.a. the Manila North Road) and Burgos Avenue. As one of the only upmarket pharmacies in the central business district, Filam Drugs proved profitable after just a few years of operation. So successful was the pharmacy, in fact, that the company promptly opened branches of Filam Drugs in several neighboring communities. The pharmacy enterprise helped Flores-Bolong Ltd. realize a level of financial prosperity sufficient to diversify its commercial holdings once again.

This time retail expansion took the form of a new grocery store chain known as the Fiesta Supermarket. The chain’s flagship store was opened in 1993 at a site adjacent to the original Filam Drugs pharmacy. With a total floor space of 900 sq.m., the Fiesta Supermarket offered a selection of modern amenities heretofore unavailable to local shoppers, including a contemporary decor, air conditioning, snack bar, and an advanced check out system. Since Bolong owned the building in which the store was located, overhead costs were kept relatively low. Not surprisingly, the store captured a significant portion of the town’s consumer population with roughly 4,000 customers passing through the store per day.

In an effort to further consolidate his influence over the grocery trade, two years later Bolong established the Fiesta Warehouse Club. The commercial structure was
situated a few kilometers north of the poblacion in barangay Lingsat. As one of the community’s largest retail facilities, the warehouse club maintained an aggregate sales area of some 2,000 sq.m. Even though its large selection of imported goods attracted a sizable body of retail consumers, the outlet catered primarily to wholesale customers. Over time, the facility developed a clientele of over 200 small groceries and sari-sari stores spread throughout La Union and parts of Ilocos Sur. With this success, Bolong opted to reinvest profits from the warehouse club back into the supermarket chain. Thus, in 1996, a third Fiesta outlet was opened on the bottom floor of a commercial building across from the Auxiliary Wet Market in downtown San Fernando. The new branch possessed virtually the same features as its sister store, though it was smaller with a total floor space of 400 sq.m.

As the 1990s drew to a close, it was apparent that Flores-Bolong Ltd., in general, and Fiesta Supermarket, more specifically, had become one of the most innovative forces shaping the area’s retail trade. Through its various subsidiaries Flores-Bolong Ltd. maintained a work force of approximately 200 employees and was ranked as one of San Fernando’s top tax payers. Even as the municipal grocery trade had grown increasingly more complex by the mid-1990s -- in addition to Fiesta Supermarket four other supermarkets were in operation -- Bolong’s enterprise was able to out-compete rival firms.

Despite this string of successes, Flores-Bolong Limited was not immune to fluctuations in the world market. In response to the economic downturn of 1997, the firm, like other business concerns in San Fernando, was forced to substantially downsize or, in some cases, temporarily suspend future development plans. Affected projects included the prospective expansion of Filam Drugs into southern Ilocos Sur, and the opening of a 2,000 sq.m. warehouse club in Agoo. Perhaps more significantly, company
plans to erect a shopping mall on a 30 hectare lot near Poro Point had to be put on hold. The latter undertaking was viewed by many observers as Bolong's somewhat calculated attempt at carving out a favorable position for Flores-Bolong Ltd. if and when the rehabilitation of the peninsula would commence.

Christ the King College Commercial Center

By far the most unanticipated retail development in the greater San Fernando area during the 1990s was the bi-level strip mall erected at the base of the Capitol Hill near the foot of the Freedom Park. What makes this third case unique was its primary developer was the town's Catholic diocese. The Church was putting up the shopping center under the auspices of its private university: the Christ the King College (CKC).

The circumstances that proceeded the opening of the facility in 1997 were unusual. Like many towns and cities in the Philippines, the community's diocese controlled a large share of area real estate. By and large, the parish properties were utilized for the establishment of chapels, schools, hospitals, cemeteries, and other buildings affiliated with the Catholic Church. Some small tracts of land owned by the local diocese had been rented out for commercial purposes in the past. Renters were vendors selling items such as newspapers, refreshments, or inexpensive religious trinkets in and around the local cathedral complex.

By the mid-1990s, however, the diocese of San Fernando began to change the way it viewed its land holdings. During this time, as local market conditions became subject to the encroachment of retail trade concentration, many of those larger properties once utilized by the church for traditional purposes came to be recognized for their commercial viability. This new way of thinking became apparent when church officials announced in 1993 that one of the church's more sizable parcels of land would be
developed both as the site of the CKC's new branch campus and as the location for a strip shopping center. What made their decision so unprecedented was that the designated area had served as the community's main cemetery for well over a hundred years.

To facilitate conversion efforts at the cemetery, San Fernando's diocese made known its intentions regarding the project in a letter sent to the kin of those individuals buried at the graveyard in the mid-1990s. The announcement stated that relatives would have up to two years to make the necessary arrangements for the disinterment and reburial of their loved ones at a new location. It also made it clear that the diocese would not offer any type of economic assistance to help defray the costs involved with this procedure or financially compensate families for any inconvenience this project represented. The letter made no mention of what would happen to the remains of those individuals whose families would not be located or chose not to cooperate with the diocese.

While the decision by church officials would clearly involve numerous expenses in both time and money for affected family members, remarkably enough, the declaration met with little or no protest from residents. The lack of community opposition to the project was perhaps best explained by the fact that the development of the CKC Campus and Commercial Center was happening under the auspices the local Catholic Church, an institution enjoying enormous power on the local level. Given the central role this institution has played in community life for generations, it seems that most area residents did not hold the diocese to the same standard of criticism they would if it were a private or government concern implementing a similar type of enterprise.

Soon after the conversion project was made public in 1993 those families who could afford it began transferring the remains of their kin to one of several burial grounds
located in the greater San Fernando area. Since the Church did not plan to reestablish the Catholic cemetery elsewhere, the majority of exhumed bodies were moved to a private cemetery situated just north of the town proper along the Manila North Road. This multi-acre site abutted the local Chinese cemetery and had seen considerable growth in the years after the graveyard maintained by the diocese stopped taking new burials in the 1980s. Although the remains of several hundred persons were eventually reburied in this manner, many more were left in their original resting place.

As the two year grace period imposed by church officials approached its conclusion in 1995, hundreds of interred bodies still remained at the cemetery. When the deadline was finally reached in June 1995 the diocese had the unclaimed bodies exhumed by bulldozer and transported to a large tract of undeveloped land in the rural barangay of Lingsat. Once relocated, the remains were collectively reburied.

After the removal of the bodies from the graveyard, the property still required major site renewals before primary construction work could commence. Considering the lot was composed almost entirely of sloped land, efforts at leveling the property required substantial inputs of human labor, heavy machinery, and dynamite.

By January 1996, enough of the property had been leveled for work on the CKC Commercial Center to finally begin. The commercial edifice was to be divided into 26 individual retail spaces. Each of the units shared identical dimensions (total floor space of 50 sq. m) and a basic layout whereby business operations would be housed on the ground level, while office and storage facilities would be located on the upper floor. Because rental rates for each commercial space were intended to go for P10,000 per month ($333.33), the local diocese stood to take in approximately P260,000 ($8,667) each month (P3,120,000/$104,000 annually) in rentals alone.
During construction, church officials met with a variety of area firms and national chains about possibly leasing retail spaces within the CKC Commercial Center. While it would seem they would have little trouble finding renters (as the strip mall was being erected along one of La Union’s most heavily traveled roadways), many downtown traders were initially resistant to opening a branch outlet beyond the poblacion. It was not until the church was able to secure commitments from fast food companies based in Metro-Manila (Mister Donut and Giacominos Pizza) that some local business concerns began negotiations with the diocese.

By the time construction work on the CKC Commercial Center was completed in early 1997, nearly all of the rental agreements for units within the complex had been finalized. Not surprisingly, given its location along the Manila North Road and proximity to many of San Fernando’s universities and secondary schools, most of the commercial establishments in the strip mall catered to students, tourists, and highway travelers. Apart from a cursory excursion, most residents continued to patronize retail establishments within the downtown commercial district. In addition to Mister Donut and Giacominos Pizza, the shopping center included a 24-hour convenience store, a copy center, a computer outlet, a video rental shop, several fashion boutiques, and shoe stores. In addition to its clean facade, the CKC Commercial Center also featured a sizable parking area which was accessible to private vehicles and commuters being dropped off by jeepneys and tricycles.

Given the peculiarity of the local Catholic Church becoming involved in the development of a state-of-the-art strip mall, it was somewhat surprising that the CKC Commercial Center emerged as one of San Fernando’s more successful consumer attractions in the late 1990s. In addition to its prime location along the Manila North Road, the prosperity enjoyed by many of the retail facility’s establishments owed to the
fact that at the time the shopping center was the only enterprise of its kind in the greater San Fernando area.

**Fast Food Market Expansion**

Following the lead of the Fiesta Supermarket chain and CKC Commercial Center, several other Western-style trade facilities began operations along the Manila North Road beginning in the mid-1990s. These ventures were competing for a share of the community’s burgeoning fast food market. Within the span of a few years, three of the country’s most popular restaurant chains established outlets along or near the community’s main business thoroughfare. By 1997, San Fernando’s commercial landscape had come to include branches of McDonald’s, Jollibee, and Chow King (Chinese fast food). On the surface, the three restaurants were not dissimilar in terms of services and amenities offered. In terms of attributes like location, size, operational style, and primary clientele the enterprises demonstrated notable differences.

**Jollibee**

The largest chain restaurant to open in San Fernando during this time was the two story Jollibee situated directly across from the public plaza. Unlike the Chow King and McDonald’s restaurants, the local Jollibee was established not as a franchise enterprise but as a branch outlet owned and operated exclusively by the company. The facility maintained a staff of several dozen employees and featured numerous consumer innovations like an indoor playground, free delivery service, and a menu adapted specifically for the Filipino palate. Due in no small part to amenities like these, as well as a centralized downtown location, Jollibee quickly emerged as the community’s most popular fast food outfit.
So well received was Jollibee on the municipal level, in fact, that in 1997 the organization purchased one of the few remaining commercial lots in the *poblacion* capable of accommodating a large scale trade facility. Located only three blocks north of their flagship outlet at the corner of Burgos Avenue and Quezon Avenue, the site was to be developed primarily as a multi-level fast food complex. Not only would the facility house another Jollibee restaurant, it would also contain a branch of the company owned Greenwich Pizza and a Bingo 24-hour convenience store.

**Chow King**

Not enjoying the same level of success as Jollibee or McDonald’s, though still quite popular with diners, was the local Chow King. The Chinese fast food restaurant was established in early 1997 within a vendor complex known as the Eso-Nice Galleria one city block north of the Jollibee. The chain eatery was a franchise operation managed by Reynaldo and Ives Nisce, two brothers from a prominent Filipino family that has been active in area commerce and politics for several generations. The Nisce family maintained various business enterprises in San Fernando including the Rural Bank of San Fernando, Eso-Nice Transport (a passenger bus line), Eso-Nice Appliance Store, and Eso-Nice Cinema.

Although the Nisce brothers were clearly shrewd entrepreneurs, the circumstances behind how they secured the Chow King franchise probably owes as much to serendipity as it does to keen business sense. In the mid-1990s, Reynaldo was looking for a franchise venture of some kind to occupy the unused sections of the movie theater’s lobby. While he had some experience with enterprises of this type beforehand -- he maintained the franchise for Mr. Quickee (a nationwide key and shoe repair company) in San Fernando since 1994 -- he was not having much luck in obtaining other franchise opportunities.
Things changed in 1996, however, after Reynaldo was put in touch with the Chow King Food Corporation through one of his film distributors.

Having dealt with the company on previous occasions, the film distributor, unbeknownst to Reynaldo, invited agents from Chow King to travel to San Fernando for a preliminary inspection of the theater lobby. The representatives offered Reynaldo a franchise contract almost immediately after they were convinced that the site was spacious enough to accommodate one of their outlets. Because he was placed on such short notice, Reynaldo was having difficulty meeting all of the franchise expenses on his own. As a result, he brought in his brother, Ives, to be the restaurant’s primary financier. With the deal finalized and construction completed by late 1996, the fast food store had its official grand opening in January 1997.

Although the restaurant was relatively small compared to Jollibee and McDonald’s in terms of floor space and number of workers employed, it sported many of the same amenities as its rivals. These included a sleek architectural design, specialized menu, and an efficient service system. In addition, the outlet was one of the few eateries in the poblacion that remained open for 24 hours. The extended hours allowed Chow King to attract a pool of customers not usually served by its fast food competitors. The restaurant’s clientele included tricycle drivers, late night movie patrons, and those disembarking from the nearby bus depot. While these features helped the enterprise turn a profit in its first year of operation, more integral to Chow King’s success was the fact that overhead costs were kept relatively low. Since the Nisce brothers already owned the retail space in which the outlet was located, they did not have to pay a monthly rental fee.
McDonald’s

Competition amongst San Fernando’s various fast food outlets intensified significantly with the opening of a McDonald’s just opposite the CKC Commercial Center in June 1997. Like Chow King, the McDonald’s is operated as a franchise by a local family whose association with municipal commerce went back several generations. The franchise owners are the Tings, an ethnic Chinese family who made a name for themselves managing one of San Fernando’s most powerful and well respected commercial firms - the National Bazaar Corporation. Many of the more substantial trade ventures occupying lots within the downtown commercial core are controlled by this family enterprise.

Besides owning the National Bazaar Supermart which contains a grocery store, pharmacy, and a Kodak film processing facility under one roof, the Tings also operate a three story appliance and electronics store (National Bazaar Electronics and Appliances), an European-style bakery, and one of the community’s premier family restaurant - the Mid-Town Restaurant. What is more, over the years, many family members have served in various capacities on the leadership board of the La Union Chinese Chamber of Commerce.

The events surrounding how the Tings acquired the McDonald’s franchise was determined as much by the family as it was by McDonald’s intention to penetrate the San Fernando market. The family began contemplating tapping into the fast food market in the mid-1990s. With many of the industry’s major players already represented on the municipal level, the Tings decided to approach McDonald’s about establishing an outlet in the San Fernando area. Coincidentally, the multi-national corporation had just recently intensified its campaign of expanding into the urban centers of the provincial Philippines and, through its Chinese held systems franchise company in Manila, was looking to put up a branch in La Union. The family’s application met with enthusiastic support when it was
received by the McDonald's Corporation. Upon successfully meeting all of the company's requirements, the Tings were approved as McDonald's franchise operators in 1996.

San Fernando's McDonald's maintains a staff of approximately 50 employees and like the community's other fast food outlets featured an assortment of consumer amenities such as an indoor playground, a regimented service system and a state-of-the-art design. Over and above these features, the new McDonald's stood apart from its fast food rivals in several important ways. Unlike the downtown branches of Chow King and Jollibee, the new McDonald's did not occupy or lease a space within a previously established trade facility. Instead, the restaurant was put up as a "free-standing outlet" which meant that the McDonald's was erected on a vacant property as an entity unto itself. Under this arrangement, the Ting's were required to take on the majority of construction and maintenance costs. As a result, the local McDonald's entailed a significantly higher start-up investment (approximately P15 million/$500,000) relative to the capital expenditures involved with San Fernando's other chain restaurants.

The new McDonald's also differed in that it was the only major fast food restaurant in San Fernando to be oriented predominately for those not living and working within the downtown commercial core. Since it was located just beyond the periphery of the town proper on the highway to the south, the McDonald's tended to attract a clientele composed largely of college students, tourists, and those traveling along the Manila North Road. Given the option, most urban residents prefer to eat at Jollibee, Chow King, or other fast food restaurants within the poblacion instead of McDonald's.

As a way of compensating for this disadvantage, the Ting's made a special effort to cater to that segment of the population more inclined to make the short trip from
downtown: namely, jeepney passengers and those with private vehicles. This orientation
towards local commuters is reflected in the various consumer amenities installed on the
premises, including a passenger loading/unloading zone in front of the restaurant, a
parking lot capable of accommodating dozens of vehicles, and -- for the first time in this
part of the Philippines -- a drive-thru service window. By doing so, the McDonald’s was
able to turn a respectable profit in its first year of operation. So successful was this fast
food outlet, in fact, that the Ting’s soon initiated plans to build and operate another “free
standing” McDonald’s outlet along the Manila North Road on a site to north of
downtown San Fernando.

Summary

When regarded altogether, the events documented in this chapter tend to support
the idea that the commercial landscape of San Fernando began to undergo a significant
transformation in the years after the rehabilitation of Poro Point was announced in July
1993. Though not of the same intensity as the economic activity that helped revitalize
Dagupan City in the wake of the 1990 earthquake, certain sectors of San Fernando’s
retail structure did begin to change decidedly in the direction of trade concentration
during this time. This new market orientation became most fully realized with the
opening of several Western-style fast food outlets and large scale shopping facilities along
the Manila North Road. While the local ethnic Chinese merchant community played a
leading role in initiating this trend, they were not the only force helping drive strip
development. A number of area Filipino business concerns (including the town’s Catholic
diocease) also made substantial contributions towards building up those stretches of
national highway leading into San Fernando proper from the south.
Differing fundamentally from their downtown counterparts in terms of scale and that they set out to offer consumer experiences heretofore unavailable to municipal residents, these less centrally located commercial enterprises met with success in their first few months of being open. So well received were some of these ventures, that several owners decided to establish additional outlets in and around the central business district. This intensification of market activity, in turn, prompted operators of a few of the poblacion’s more substantial restaurants, groceries, and street stores to either increase their respective floor space and/or upgrade their existing consumer facilities. By the spring of 1998, enough corporate retail development had occurred locally to suggest rather persuasively that the municipal trade community was advancing -- even if at a slower rate as Dagupan’s -- towards a reorganization of its more traditional character.
CHAPTER VIII
SAN FERNANDO CITY
1998

Introduction

This chapter presents an examination of San Fernando’s experience with corporate retail expansion from an analytical point of view and is divided into two sections. The first section analyzes the impact of recent commercial developments on the formal and informal trade sectors in terms of quantitative factors. The data is based on a street survey carried out in January 1998 and government records from the mid-1990s. This section concludes with a comparison of the two economic sectors and some general observations.

The second half of Chapter VIII examines the preliminary effects of retail trade concentration on the community at large. Information presented here is based on a study of 99 geographically and demographically diverse households in the greater San Fernando area. Conducted over several weeks in April 1998, the survey sheds light on the degree to which modern trade ventures have begun to permeate the everyday lives of local citizens. The collected data illustrates the extent to which municipal residents now rely on enterprises within the formal and/or informal trade sectors for basic consumer items like groceries, clothing, and shoes.

Effect on the Informal Trade Sector

Unlike the experience of Dagupan’s small scale merchant community, whose position in the wake of the 1990 earthquake was eroded considerably after a shopping mall was established in the city center, San Fernando’s market vendor population has
remained more or less unaffected by the earthquake and the American military’s
departure from Poro Point. The resulting more modest expansion of formal sector retail
enterprises in and around the central business district has so far done little to upset the
traditional balance between the town’s formal commercial sector and the informal
economy.

The small scale merchant community in San Fernando has undergone its share of
modifications during the past few years. As previously noted, local vending enterprises
have remained concentrated within the two story public marketplace at the heart of
downtown for most of the post-war period. This centrally located structure -- later
renamed the San Fernando Shopping Mall -- contained some 400 commercial spaces and
covered a sales area of 4,000 sq.m. Since the facility had become recently overcrowded,
the local government constructed a secondary vendor complex in an adjacent lot in 1994.
The new trade center, known as the Auxiliary Wet Market, consisted of seven
inter-connected market modules that housed 355 vendor stalls spread over a total sales
area of 1,900 sq.m. After its establishment, San Fernando’s small scale merchant
community encompassed two zones of commerce separated by one city block.

How did the emergence of a second downtown marketplace affect the informal
trade structure in terms of total sales personnel and aggregate floor space? When these
trade zones are considered together — assuming that they are operating at full capacity —
755 vendor spaces are found occupied by 1,510 vendors and their hired personnel (in
average 2 persons per vendor stall) with a cumulative sales area of 5,900 sq.m. Based on
these figures, San Fernando’s informal economic sector, defined exclusively by market
vendors within the poblacion, experienced an unprecedented 48 per cent increase in
available floor space with the opening of the Auxiliary Wet Market.
While such growth suggests a thriving local vendor community, this description is misleading since it fails to take into account the fact that by 1998 only a third of the San Fernando Shopping Mall’s 1,800 sq.m second level sales area remained occupied. The relocation of San Fernando’s wet vendor community from the ground level of the downtown public market building to the new Auxiliary Wet Market in 1994 compelled most dry goods dealers to vacate their second story cubicles for commercial stalls on the more accessible first floor. In the years that followed, the downstairs area has been fully occupied while those retail spaces on the top tier, never replenished with a new group of vendors, have remained largely uninhabited.

When this fact is taken into account in a less robust profile of the town’s informal trade sector is revealed. Dimensions of San Fernando’s informal trade in the poblacion sector break down as follows: 635 vendor spaces comprising a total sales area of 4,700 sq.m. While this translates into a 20 per cent reduction in aggregate sales area from the aforementioned figure of 5,900 sq.m., the poblacion’s informal trade economy still grew by an impressive 28 per cent in terms of sq.m. with the opening of the Auxiliary Wet Market. When such findings are coupled with the fact that no evidence indicates that downtown’s vendor population has suffered any major losses in terms of total number of vendors/sales personnel participating in the informal economy, it can be generalized that San Fernando’s informal trade sector has remained stable.

Effect on Street Stores and the Formal Trade Sector

While the informal economy of San Fernando received a considerable boost with the establishment of the Auxiliary Wet Market in 1994, the most conspicuous changes to the town’s commercial structure took place within its formal counterpart. The opening of major consumer ventures like the Fiesta Supermarket chain, the CKC Commercial
Center, and various Western-style fast food restaurants along the Manila North Road in the mid-1990s did much to augment the presence of formal retail outlets in the municipality.

Shortly before this most recent surge of commercial development, the majority of formal retail establishments remained clustered in San Fernando’s urban core. Figures from the Department of Trade Commerce show that, prior to 1996, the dimensions of this trade sector broke down as follows: approximately 300 street stores situated along downtown’s primary and secondary commercial thoroughfares occupying an aggregate floor space of 14,950 sq.m. (50 sq.m./ store) which was supported by a total service personnel of 1,800 individuals. Measured against its informal equivalent, this retail sector differed chiefly in terms of sales area, though a slight variation also existed with regards to their respective sales forces. Operating within this retail trade structure were 27 commercial outlets (9 per cent of all street stores) that could be considered distinctly modern/formal in both management style and consumer amenities offered (see Chapter IV for formal sector attributes). This specialized sub-sector encompassed a total floor space of 1,600 sq.m. (11 per cent of the aggregate sales area) and had an average size of 59 sq.m. per individual store. In addition, these more advanced enterprises were maintained by a staff of 202 employees (11 per cent of all street store personnel).

By January 1998, as the most recent surge of retail trade concentration appeared to have taken effect, a somewhat different picture of municipal commerce emerges. Inside the span of just a few years, San Fernando’s street store community underwent sustained period of expansion. The opening of major ventures like the CKC Commercial Center, Fiesta Supermarket chain, and various fast food outlets contributed to this reorganization. The number of street stores in San Fernando grew by 10 per cent to 330, and the sales area by a remarkable 23 per cent to 18,400 sq.m since 1996. What is more,
the average size of local retail outlets increased to 56 sq.m., up from 50 sq.m., and the total number of sales personnel operating within this trade sector expanded to 2,012; a 12 per cent increase from the aforementioned period.

More noteworthy is the effect these recent developments had on that sub-sector of the local economy classified as modern/formal. By January 1998, 17 per cent of all street stores (56 outlets) fell into this category, up from 9 per cent. Such ventures accounted for 19 per cent of San Fernando’s total sales area (3,450 sq.m.) with the average size per retail outlet standing at 62 sq.m. Moreover, 21 per cent of all street store personnel, 414 individuals, were employed in these more sophisticated facilities. Certainly, the addition of several major commercial institutions in recent years did much to elevate the importance of the modern retail sector as an integral part of the local trade scene.

Discussion

As the data just presented illustrates, both components of San Fernando’s municipal trade structure made moderate gains in the latter half of the 1990s. Unlike the recent experience of Dagupan where a sharp increase in the influence of the city’s formal retail sector eroded the economic vitality of numerous small scale vendors, urban commerce in San Fernando has been able to operate without the interests of either market sector coming into direct conflict.

The introduction of large scale commercial ventures on the municipal level has done little towards undermining San Fernando’ informal retail community and the growth of downtown market vendor activities during the same period has not proven especially debilitating for local street store operations. Perhaps the lack of friction between these two trade sectors is best explained by the fact that, although each has experienced its
share of growth in the last few years, both have expanded at roughly the same rate. As a consequence, the underlying equilibrium that has traditionally characterized retailing in San Fernando has remained largely unaffected.

What does this say about the town's dual trade structure as it was in 1998? First, it suggests that commercial activities in the greater San Fernando area has remained concentrated within the poblacion. Even though the establishment of new retail enterprises along southern stretches of the Manila North Road and the proposed rehabilitation of the former Wallace Air Station has certainly raised the stakes as far as the economic hegemony of downtown is concerned, the intensification of commercial development beyond the urban core has yet to approach a level whereby large numbers of shoppers are lured away from the main business district.

Second, it emphasizes the important role small scale market traders still play in municipal life. Besides representing an important voting block, San Fernando's vendor community also controls, via the government, two of downtown's largest and most strategically valued commercial properties - the San Fernando Shopping Mall and the Auxiliary Wet Market. As long as this position within the local political economy is maintained, it seems improbable that informal retail operators will suffer a significant devitalization comparable to Dagupan's small scale merchant population any time soon.

Third, it indicates that the local retail climate has become increasingly exposed to the encroachment of trade concentration in the formal sector. Since the mid-1990s, the dimensions of the town's formal economy, especially its modern sub-sector, have undergone a moderate expansion in terms of aggregate floor space and sales personnel. Significantly, such growth has taken place even as the character of urban commerce continues to be defined predominately by small family owned street stores and market vendor operations.
Fourth, and perhaps most importantly, the equilibrium underlying the town’s retail structure has persisted. Despite the departure of the U.S. military from Poro Point and the proposed rehabilitation of the Wallace Air Station, the municipal trade community has yet to confront a situation as extreme as the one that precipitated the transformation of Dagupan’s commercial landscape in the aftermath of the 1990 earthquake. Normal retail activities in San Fernando have been able to carry on for the most part uninterrupted. Short of a major disruption in the organization of local trade, it seems hard to imagine an opportunity arising for either the formal retail sector or its informal equivalent to dramatically augment its influence over municipal commerce at the expense of the other.

**Household Surveys (1998)**

Turning attention as to how the community was affected by recent changes in the local retail scene, the dissertation will now consider the findings collected during a household survey in April 1998. This examination of consumer behavior in the greater San Fernando area compares the buying habits of domestic units within the urban core with those in more outlying barangays and contrasts the shopping tendencies of “low income” households to their “middle class” counterparts. Before examining the specific components of the survey, it is useful to first present data that reflects the consumer habits of the population as a whole.

According to the survey, 87 (88 per cent) of the 99 households examined typically shop for groceries at Fiesta, National Bazaar, or one of San Fernando’s other local supermarket chains. The remaining 12 (12 per cent) depend on the various vendor outlets in and around the city center for meeting their grocery needs. Likewise, 30 (30 per cent) of the domestic units surveyed purchase articles of clothing at one of the many Western-style trade enterprises operating within the downtown commercial core. The 69
other households (70 per cent) acquire items of dress from marketplace dealers. Thirty-one (31 per cent) shop for footwear at one of several department stores, shoe emporiums, or other formal sector establishments within the poblacion. The other 68 (69 per cent) get shoes from sources within the municipal vendor community (see Table 8). A nearly identical breakdown results when the data is considered in terms of the 52 urban and 47 rural households surveyed (see Tables 9 and 10).

In addition to the urban/rural dichotomy, local households were also classified as either low income or middle income. According to the survey, 39 (39 per cent) of the domestic units are low income, while the other 60 (61 per cent) are middle income. Of the 60 households that fall into the low income category, 50 (83 per cent) get groceries from San Fernando’s major supermarket chains while the remaining 10 (17 per cent) rely on marketplace vendors for food and other essential items. For clothing, 12 (20 per cent) of the low income households frequent downtown department stores and boutiques; 48 (80 per cent) buy garments from marketplace sellers. Concerning shoes, 13 (21 per cent) purchase footwear from either downtown shoe stores or department stores; 47 (78 per cent) buy shoes from vendors within the marketplace (see Table 11).

A notably different distribution pattern is revealed when the data is examined in terms of middle income households. While 37 (95 per cent) of the middle income respondents frequent large scale supermarkets to meet grocery needs, only two (5 per cent) patronize informal trade establishments for similar provisions. Of the 39 middle income households, 18 (46 per cent) buy clothing from department stores, boutiques, and equivalent outlets in the poblacion while the other 21 (54 per cent) purchase items of dress from market vendors. Finally, while 23 (59 per cent) of the middle income households purchase shoes from formal sector retail outlets, 16 (41 per cent) rely on dealers within the marketplace for footwear (see Table 12).
Summary

It is evident that the formal retail sector is becoming an increasingly important component of San Fernando’s municipal trade scene. By 1998, almost nine out of every ten local households reported buying groceries from one of the city’s major Western-style supermarket chains. This distribution exists even though major differences appear among the domestic units examined in terms of socioeconomic status, with the well-off households mostly utilizing formal sector outlets (chi square = 2.95).

Despite this reliance on the formal sector for groceries, the majority of area households still turn to the informal economy for clothing and footwear. By a margin of over two to one, municipal inhabitants continue to patronize vendor outlets within the marketplace and elsewhere for shoes and dress apparel. This dependence on less sophisticated commercial ventures for clothing and footwear is found in nearly all of the domestic units examined, though a slightly higher percentage of middle income households rely on the formal sector (chi square = 7.65 [clothing]; 14.22 [shoes]). Notwithstanding the secured position enjoyed by formal sector enterprises over the local grocery trade, the fact remains that merchants operating within the informal economy continue to exert a powerful influence on local commerce at least with respects to the selling of basic consumer wares like clothing and shoes. The primary challenge facing the municipal vendor community, therefore, is whether or not they can preserve their standing within this market sectors over the years to come.
CHAPTER IX
SAN FERNANDO CITY
1998-1999

Introduction

The current chapter is an account of local events following the most recent surge of commercial activity in the mid-1990s. It will document the move towards cityhood and the renewed push by the BCDA to rehabilitate the former U.S. military installations on Poro Point. Moreover, it will explore the potential ramifications of these developments on the local level.

San Fernando’s City Charter (1998)

As San Fernando entered a new period of socioeconomic growth starting in the mid-1990s, local administrators began to revive efforts to have the municipality reclassified as a city. For many residents, this move was long overdue. Even though the community possessed many of the attributes common to provincial cities in the Philippines -- including a population approximating over 100,000 inhabitants and a built environment unmistakably urban in character -- it was still officially recognized as a municipality by the national government. What made this classification even more incompatible with local conditions was the fact that, as home to the various offices of Region One, San Fernando was one of the country’s few regional administrative seats to not be a chartered city.

It should be noted that this was not the first attempt by the town government to implement this type of measure. On two previous occasions during the last 30 years, residents were given the opportunity to vote for enabling legislation for cityhood status.
In both instances, the measures were rejected since their approval would have meant an increase in municipal taxes. Hoping to avoid past defeats, the municipal government elected to employ a new strategy in 1998. Rather than allowing the initiative to be decided in a public referendum, officials opted to let members of the San Fernando municipal council decide whether or not the municipality would, indeed, become a city.

At the heart of their decision was the fact that, given that cities in the Philippines receive considerably more funding from the national government compared to their less populated rural counterparts, San Fernando’s classification as a town barely allowed the local government to meet the needs of the community. As the town became increasingly metropolitan in character, the local government’s ability to fulfill its obligations would be placed under additional strain. As things stood, the municipality possessed a considerably lower tax base and limited access to government funding sources compared to other Philippine urban centers of a comparable size. If San Fernando were to be reclassified as a city, however, officials could then expect a dramatic increase in allotments from the national government.

Although access to this type of funding would theoretically prove beneficial to the community as a whole, the municipal government’s push for reclassification did not receive unanimous support from local residents. As was the case with previous attempts at establishing a city charter, certain segments of the community firmly opposed such a move. This resistance was based on a number of factors, none the least of which, had to do with financial concerns. Not only would departments within the town government have to undergo a profound reorganization, thus placing added stress on an already tight municipal budget, town residents would also be expected to pay more in local taxes.

Complicating matters was the fact that the cityhood initiative emerged during the 1998 elections. Although most local and provincial office holders lauded the measure as
a positive step towards a more progressive San Fernando, those looking to unseat the incumbents seized the increase in municipal taxes as a central campaign issue. Debate surrounding the town’s proposed reclassification intensified as the date for the municipal council to consider the resolution approached in March 1998. While the war of words between candidates had initially been relegated to the local media, it soon spilled over into the center of public life as the población was overrun with banners and signs by those on both sides of the initiative.

Despite strong opposition from various quarters of the community, most notably a sizable contingent of the downtown merchant population, the city charter for San Fernando was approved by the town council on March 20, 1998. While some council members feared that their decision would provoke a backlash by townsfolk put off by the expected increase in municipal taxes, as it turned out, the cityhood initiative became less of a contentious issue when voters went to the polls nearly six weeks later. Whatever negative sentiments the measure had generated amongst certain segments of the population, generally speaking those incumbent office holders who had supported the charter were able to remain in power for another term.

The 1998 Elections and the Poro Point Special Economic and Freeport Zone

Due to the attention given to San Fernando’s city charter in the months and weeks prior to election day in May 1998, other issues of local significance were largely, ignored by those seeking public office. Absent from the campaigns of nearly all major political candidates was the fate of the PPSEFZ. Only minimal work towards redeveloping the former U.S. military installations on Poro Point into a mixed use commercial, tourist, residential, and industrial zone had been completed in the almost five years since the multi-billion peso project was unveiled in 1993.
This overall lack of emphasis placed on the PPSEFZ by area politicians and their supporters seemed to illustrate just how far local attention to the project had declined by the late 1990s. Many within the community appeared to believe that the government's proposed rehabilitation of Poro Point would be discreetly phased out of consideration. Such sentiments were reinforced as the effects brought on by the 1997 Asian economic slowdown found their way to San Fernando.

In an effort to minimize the more serious effects of the financial crisis, the Philippine government instituted a series of austerity measures in the summer of 1997 that, among other things, entailed an indefinite moratorium on those development projects overseen by the BCDA. The impact of such cost-cutting measures, at least as they pertained to San Fernando, was insignificant considering rehabilitation efforts on the peninsula had never moved beyond the planning phase. Nevertheless, with such policies in place, questions concerning whether or not the PPSEFZ plan could be revived became something of a moot point.

With the future of the PPSEFZ more uncertain than ever, it is not unremarkable that the project played little more than peripheral role in the campaigns of most area candidates. What is surprising, however, is that within less than a year’s time the PPSEFZ had returned to the forefront of municipal concerns in a major way. What accounted for this unexpected turn of events? More than anything, it was the successful campaign of Joseph Estrada, former vice-president of the Philippines, in the country’s 1998 presidential election. His ascension to executive office served to intensify speculation that rehabilitation efforts on the peninsula could soon commence.

The vice-president's bid for chief executive was promoted heavily by key figures of La Union's political elite. Their endorsement advanced the hope that, if and when he attained high office, the new president would be more responsive to the community’s
plight with regards to the PPSEFZ than the previous administration. Local level supporters in La Union were banking on Estrada to repay their loyalty during the election with a package of fast-tracked legislation aimed at restarting the conversion of Poro Point. Their backing, coupled with the overall support of the province’s general electorate, helped the candidate capture a substantial portion of La Union’s vote. Estrada was elected president in May 1998.

Once in office, the Estrada administration wasted little time in reorganizing those government bureaucracies under its authority. This task involved the removal of political appointees made during the tenure of President Ramos and the installation of its own people into the vacated leadership positions. One of the departments to undergo such an administrative change was the BCDA. Taking over as chairman of the government’s base conversion efforts in 1998 was presidential cohort Rogelio Singson. His appointment set in motion a series of changes within the department which ultimately lead to a renewed commitment by the BCDA for the PPSEFZ plan.

Concomitant with this streamlining of BCDA operations was an inflow of funding that the Estrada administration helped make available through fast-tracked legislation. This infusion of capital was allocated primarily to get the BCDA’s search for a private developer of the PPSEFZ up and running. Despite long periods of stagnation punctuated by several false starts, it appeared as if the rehabilitation efforts on Poro Point — much to the satisfaction of local political and business leaders — were by 1999 at last back on track.


It wasn’t until a few months after receiving the government funds before the BCDA began to step up its efforts towards finding a co-developer for Poro Point. Unlike
the conversions of Clark Air Force Base and Subic Bay Naval Base (both completed in the mid-1990s), the government decided not to shoulder all of the expenses with regards to the PPSEFZ. Rather, the BCDA began looking for a private concern to take on the bulk of development costs. Instead of an open bidding where any interested firm could participate, the BCDA opted to solicit proposals for a lease development of the Wallace Air Station and adjacent facilities from only a limited number of Filipino-controlled corporations. Those companies under consideration came from a variety of backgrounds including construction, banking, tourism, and real estate. After winnowing down the field of possible candidates to a select few in the summer of 1999, the BCDA began to make a final review of the top proposals submitted.

Despite a rather drawn out selection process and a slight departure from its original decision to limit to bidding to domestic firms only, the BCDA eventually chose a Filipino-Belgian cooperative in September 1999. This consortium was lead by a private organization with which the BCDA already had an established relationship, the Camp John Hay Development Corporation (CJHDC). The CJHDC had been especially created for the development of Baguio City’s Camp John Hay in 1996 and was led by one of the Philippines’ foremost real estate developers — Fil-Estate Land. For the development of Poro Point, the CJHDC brought in two Belgian firms that specialized in the rehabilitation of seaports — Bulk Handlers Inc. and IPEM. While the two European concerns were to take on the upgrading of San Fernando’s port facilities, the more complex job of converting the peninsula into a mixed-use residential, commercial, tourist, and industrial estate fell to the CJHDC.

The master plan for Poro Point entailed a comprehensive rehabilitation of the site to be instituted in five phases over five years. Based on early projections, the entire project was estimated to cost upwards of several billion pesos. Similar to the conversion
scheme of Camp John Hay, the CJHDC and its Belgian counterparts entered into a build-operate-transfer lease agreement with the BCDA. Under the terms of this contract, the CJHDC would finance and operate a variety of capital investments on Poro Point for a period of 25 years, reaping whatever financial benefits generated by such ventures, before transferring control back to the BCDA. Although this arrangement meant that the CJHDC and its affiliates would bear most of the development costs, the consortium would also have access to additional funding sources. Besides low interest loans granted to the CJHDC by several domestic and foreign development institutions, including the World Bank, the project was also to receive substantial financing from national and municipal sources.

Following the proposed implementation of Phases One through Four by the CJHDC, both the BCDA and local government of San Fernando are slated to make sizable contributions to redevelopment efforts on Poro Point. Under this arrangement, the CJHDC will contribute P3.124 billion ($104 million) or 43 per cent of the total expenses covering the main planning area while the national government, through the auspices of the BCDA, will supply P1.624 billion ($54.1 million) or 23 per cent of the budget for special maintenance costs. Primarily, the BCDA will be responsible for the expansion and repair of the multi-lane access road connecting Poro Point to the Manila North Road. To offset the remaining costs, San Fernando’s municipal government will contribute P2.42 billion ($806 million) or 34 per cent of the budget for the erection and upkeep of a subsidized housing community along the peninsula’s northeastern edge. This residential development will be constructed primarily to accommodate anticipated population increases created by new employment opportunities in the area as well as those nearby families displaced by the conversion of Poro Point.
Major improvements to be instituted on Poro Point by the CJHDC include the redevelopment of the San Fernando Airport to handle international air traffic, the creation of an industrial estate along Poro Point’s southern coast devoted to warehousing and light manufacturing, and the construction of a first class hotel and casino complex, a yacht club and an 18 hole golf course on the former Wallace Air Station. Moreover, the scheme outlines the establishment of several office complexes, residential condominiums, and a boat landing large enough to accommodate luxury cruise ships along the peninsula’s southwestern shore.

Perhaps even more ambitious is the plan to convert shallow stretches of San Fernando Bay into new parcels of usable land. Once converted, the land will be developed as the site of an open air shopping center of Western-style retail enterprises and high end tourist outlets. The proposed venue will take up approximately 25 hectares of reclaimed beach property. It will be divided into four low-rise commercial buildings, bisected by a series of paved walkways, and surrounded by a sizable parking area. Moreover, the open areas linking the four primary structures will be furnished with a variety of built features, including benches, street lamps, water fountains, and flowerbeds. Like many of the other innovations laid out in the CJHDC’s plan, the shopping center is intended to cater to an upscale clientele of foreign tourists and wealthy townsfolk.

**Trade Community Reactions to Poro Point Rehabilitation**

Given its size and array of modern amenities, the PPSEFZ and the proposed open air shopping complex represented a potential threat to the dominance of San Fernando’s downtown trade community. Not unlike the state of affairs a few years previous, area retailers were again confronted with the possibility that developments on the former military installation would challenge the *poblacion* as the primary center of local
commerce. While their anxieties were certainly not without basis, they took on something of a less ominous tone when weighed against the various delays and administrative setbacks that plagued rehabilitation efforts since 1993. The problematic history of the project made it difficult, if not impossible, for local merchants to determine whether the peninsula’s redevelopment posed a substantive risk to their future commercial viability or, due to the inflated hype of the media and BCDA, had become significantly overestimated as a potential threat.

Faced with this climate of uncertainty, it is not surprising that by 1998 San Fernando’s retail community emerged somewhat perplexed over how to effectively negotiate the complexities surrounding the planned shopping center. The lack of a specific timetable for when operations at the PPSEFZ would commence narrowed the options available to local traders down to two basic courses of action. Downtown firms could either ignore the impending increase in competition posed by the PPSEFZ and carry on as usual or take some tentative steps towards preserving their commercial assets.

Falling into the first category was the majority of downtown’s market vendors and family owned street stores. Though very much aware of matters affecting municipal commerce, these small scale ventures tended to operate as if the prospective intensification of local trade activities brought on by the PPSEFZ would never happen. In a sense, this was the only alternative open to establishments of this size since they did not have the resources to compete with outlets in the more exclusive commercial complex. With little or no overlap in their respective clienteles, it seemed improbable that residents relying on the city’s informal trade sector would be lured away in any great numbers to the new and less centrally located shopping center. The relatively secured position of most small scale traders, however, was not immutable. Their standing could be easily
undermined if other commercial developers decide to put up additional large scale retail facilities in the approximate vicinity of the PPSEFZ.

Demonstrating a far deeper concern about the new consumer complex and its potential impact on local commercial patterns were those firms comprising San Fernando's formal retail sector. Most of the city's leading supermarket chains, department stores, electronics dealers, and other substantial trade ventures stood especially vulnerable to the heightened competition represented by the new shopping venue. Unlike the rather casual approach of downtown's smaller commercial ventures, many enterprises of this type were prepared to counter what they saw as the imminent rise of the PPSEFZ. It was not lost on these merchants that the threat posed by the shopping center could be greatly overstated. Yet, with their future business operations possibly at stake, most did not feel in a position to treat the matter lightly. The quandary they faced, then, was how to respond appropriately to the prospective rehabilitation of Poro Point without overextending themselves should the project not be realized.

Several of San Fernando's largest trade firms -- a number of which were operated by local ethnic Chinese -- made special efforts to protect themselves against undue competition from the planned shopping center. Precautionary measures included upgrades to existing consumer facilities and the purchasing of real estate in and around Poro Point for future commercial developments. In certain instances, safeguards also involved the downsizing of current business operations. For example, one of San Fernando's largest department store chains -- the ethnic Chinese owned John-John's -- responded to the prospective escalation in commercial activities on Poro Point by allowing rental leases for some of their less profitable locations to lapse without renewal. More common, however, was for firms to put new expansion plans on hold until the future direction of the PPSEFZ could be more readily ascertained.
As frustrating as the postponements of the past and the anticipation of further delays had become, such setbacks may ultimately play to the advantage of San Fernando's established merchant population. If the extended periods of inactivity which typified BCDA efforts along the peninsula up till now continue under the CJHDC — as they well might considering the Philippine economy had by 2001 yet to recover from the Asian financial crisis of 1997 and President Estrada's ouster from high office (January 2001) — municipal traders will likely have considerable time to anticipate and adjust to the more potent aspects of the PPSEFZ.

Potential Implications of the Poro Point Special Economic and Freeport Zone

Setting aside doubts about the future of the CJHDC's rehabilitation scheme for the moment, it is useful to consider the potential implications posed by the PPSEFZ. On the positive side, the project would lead to economic growth on the municipal level. Not only would the venture bolster the city's manufacturing and tourist sectors, it would also open up local job opportunities and augment the municipal tax base. Such developments would in all likelihood lead to major improvements in the public infrastructure, including an upgraded road and bridge network, an increase in the number of rural health stations, and an expansion of other basic service. More importantly, at least in terms of long range market implications, the revamped Poro Point would help elevate San Fernando's standing as an urban center of national and international repute. This enhanced status would no doubt play a decisive role in attracting outside firms interested in putting up industrial and/or commercial ventures in the greater San Fernando area. Such additions would give locals access to opportunities and amenities heretofore only found in the country's major metropolitan centers.
On the down side, components of the PPSEFZ would pose serious risks to the standard of community life. Of primary concern is the plight of San Fernando’s natural environment. The quality of local air and water, in particular, stand especially vulnerable to the harmful effects normally associated with operations of this scale. The presence of several large industrial plants along the peninsula’s southern shore would likely increase the level of airborne toxins in the area and potentially threaten San Fernando’s coastal fishing trade. Compounding such concerns is the fact that certain components of the PPSEFZ would place additional demands on existing community resources. Most notably, recreational facilities like the 18-hole golf course would likely utilize a disproportionate share of the municipal water supply. Given that the availability of water in greater San Fernando has recently declined following a series of droughts in the late 1990s, the increased consumption of this resource for strictly non-utilitarian purposes does not seem to bode well for the community.

Over and above environmental considerations, important developments within the PPSEFZ figure to disrupt established living patterns in several of the city’s outlying barangays. Partly to make way for the open air shopping complex, the CJHDC’s rehabilitation plan calls for the resettlement of hundreds of households from neighborhoods within or bordering the designated growth zone to a new location a kilometer or so to the east. While the CJHDC would eventually provide these displaced domestic units access to subsidized housing, such efforts may prove inadequate when it comes to the preservation of existing social networks. Without taking appropriate steps, CJHDC efforts threaten to erode the underlying sense of community that has traditionally defined neighborhood life in these suburban enclaves.

Also of consequence is the impact CJHDC’s efforts would have on the attitudes of municipal residents. Of particular interest is how local perceptions about desirable
forms of living would be affected by the globalizing tendencies represented by the PPSEFZ. Would the project cause the community at large to be more or less savvy to the socioeconomic complexities inherent to operations along the peninsula? Seeing as how a significant number of PPSEFZ activities are to be oriented towards international interests -- whether they are multinational corporations, Western-style retail outlets, or tourists from abroad -- and to a lesser extent, the more affluent segments of Philippine society, the likelihood that the project's more exclusive components would accentuate fundamental disparities within the local political economy seems quite probable. It is of interest that just as the project stands to further integrate San Fernando City into the world market, in many ways, it also threatens to widen the gap between the community's elite and their less affluent counterparts.

Finally, the CIHDC's redevelopment scheme runs the risk of shifting the focus of community life away from its traditional focal point in the poblacion. As preparations for the PPSEFZ get under way, downtown San Fernando continues to remain resilient to the more destabilizing effects presented by the special economic zone. Conditions could radically change if, after the establishment of state-of-the-art facilities along the peninsula, capital investors out of Metro-Manila and beyond decide to put up their own large scale outlets in San Fernando's urban periphery in the years to come. This prospective intensification of operations in the PPSEFZ and its immediate vicinity would no doubt absorb many of the economic and cultural activities traditionally taking place inside the commercial core. The fact that these new Western-style ventures would, in most cases, be managed by non-local interests with little or no regard for the disruptive consequences their projects may engender only adds to this impending dilemma.
Discussion

At present, it is safe to assume the city center will not experience any major decline as a result of the CJHDC’s conversion scheme. What about the future? Though it is difficult to accurately predict how the project will turn out given the numerous stops and starts that have hindered redevelopment efforts in the past, San Fernando will likely prove better equipped than most provincial communities of a similar size in confronting the more negative effects commonly associated with corporate retail development.

This assertion is based on several considerations. First, the quality of local life in downtown San Fernando remains largely without equal when compared to conditions prevalent in other Philippine towns and cities. Not only is the community recognized for its strong economic sector and efficient management of public services and resources, the residents have developed a reputation for consistently observing those laws upholding basic living standards often ignored elsewhere. Presumably, such attributes would provide a source of stability should modern retail activities increase substantially beyond the city proper. Second, seeing as how trade concentration has recently affected other localities, the community is not unfamiliar with the negative implications commonly associated with this phenomenon. This type of exposure may help San Fernando guard against those processes which have undermined aspects of municipal life in neighboring areas. Finally, institutions similar in scale, though not identical, to the PPSEFZ have operated alongside the community for much of the last 100 years without significantly exacerbating local conditions. No doubt, various components of urban life were able to flourish in the U.S. military’s decades long occupancy of Poro Point. Given this history, it appears San Fernando is more than prepared to cope with the challenges brought about by having large scale trade facilities operating outside of downtown.
While this predisposition to effectively engage outside commercial forces will conceivably spare San Fernando a significant devitalization in the overall quality of public life, it may also have more far-reaching implications. In the short term, the resilient tendencies of the urban community will likely limit the impact of trade concentration in the city center. In the long run, these same conditions may compel non-local corporate interests to bypass San Fernando for neighboring towns and cities. It is possible that those provincial localities seemingly less resistant to corporate retail development will begin to rival San Fernando as La Union's principal site of urban commerce should they become the focus of intense capital investment. The prospect of modern shopping outlets going up in and around the poblaciones of nearby communities would not only provide their respective merchant populations a comparative edge in matters of regional trade, it would also raise the stakes as far as the socioeconomic hegemony of downtown San Fernando is concerned.

Summary

As the second half of the dissertation draws to a close, a synopsis of the work's major findings with respect to San Fernando City and the hypothesis posed is warranted. Not unlike the case of Dagupan, the commercial morphology of San Fernando underwent its share of changes over the last few years though not as a result of the 1990 earthquake. Though far less radical than the economic growth which altered Dagupan's trade scene in the 1990s, the retail structure of San Fernando did make moderate gains in the direction of increased trade concentration during the same period. The establishment of select enterprises (owned and operated by local Filipino and ethnic Chinese interests alike) such as the CKC Commercial Center, Fiesta Supermarket chain, and numerous Western-style
fast food outlets on sites within or near the población all contributed to a more fully realized formal economic sector.

Despite such advancements, corporate retail development still maintains a rather limited presence in the greater San Fernando area. Municipal commerce continues to be defined by downtown’s entrenched informal economy and independent merchant community much as it has been for previous decades. Firms operating within these traditional sectors have not only kept retail activities centralized within the urban core, they have also prevented trade concentration from entering the local market in any substantial way beyond the already established department stores and supermarkets. While the PPSEFZ seemed poised to strike a major blow to this established order, the project never emerged as a viable threat in the years subsequent to its unveiling in 1993. Even as the BCDA has recently stepped up rehabilitation efforts along the peninsula, the prospect of large scale consumer facilities on Poro Point setting in motion a heightened period of corporate retail development on the municipal level still appears uncertain.

Seeing as the principal goal of this study is to determine if the encroachment of corporate retail development can precipitate a devitalization in the quality of downtown life within the context of an LDC municipality analogous to the experience of affected communities in the developed West, what can be said about the case of San Fernando? Keeping in mind the examination of San Fernando has been utilized as a control to gauge the more conspicuous effects of retail trade concentration in Dagupan, two basic assertions can be made.

First, San Fernando’s merchant community has become increasingly savvy about how large scale consumer facilities can affect local patterns of trade. Even though the move to establish modern commercial enterprises in and around San Fernando has proved more successful in certain cases than others, the overall threat posed by this trend has
been viewed by some area retailers as something quite serious. So serious, in fact, that a few of the city’s more substantial trade firms have taken tentative steps towards safeguarding their business interests against what they perceive as the beginning of an inevitable shift in the local market. In most instances, these protective efforts involve upgrades to existing commercial holdings or a downsizing in the scale of business operations. Considering it may be some time before the retail community as a whole confronts the more transformative effects of trade concentration, however, most merchants continue to employ a wait-and-see approach before responding to the prospective escalation in local commerce.

Second, for the first time in recent history, focus has begun to move away from the poblacion to those areas just beyond the urban perimeter as potential sites for commercial development. Over the last few years, a shift in San Fernando’s traditional retail morphology has emerged as a very real possibility as the market for downtown properties has grown more competitive, the number of firms wanting to put up large scale trade facilities in the region has expanded, and the government announced its intentions of converting portions of nearby Poro Point into a special economic investment zone. Certainly, this newfound interest in real estate outside of the city proper does not mean San Fernando’s central business district will necessarily undergo a decline in terms of socioeconomic significance in the years to come. Rather, what it does suggest is that, whereas up until recently downtown San Fernando went unchallenged as the hub of community life, it now is no longer inconceivable that municipal activities will gravitate away from this traditional core towards a new focal point.

From the examination of community life recounted in the last four chapters, it is apparent that San Fernando has sustained only limited levels of corporate retail in recent years.
CHAPTER X
CONCLUSION

Introduction

With the case studies of Dagupan and San Fernando now complete, a comparison of the two cities within the context of the dissertation's hypothesis will be presented. Included will be a synthesis of the work's major findings and a brief survey detailing the impact of trade concentration in LDC regions of Southeast Asia other than the Philippines. This overview will provide a better understanding about how corporate retail development operates cross-culturally. Before presenting any conclusions, however, it is necessary to restate the hypothesis on which this dissertation is based.

Hypothesis Restated

According to the hypothesis, an urban LDC community experiencing moderate to significant levels of trade concentration in its downtown core prior to a major natural disaster will likely experience the following effects in the post-disaster context: (1) an immediate decline in the socioeconomic hegemony of the city center; (2) an extended period of corporate retail development; (3) a reduction in the cultural and economic significance of the urban core.

This prediction is grounded in two considerations. First, anthropological research on post-disaster social and cultural change has demonstrated that, although major catastrophes initially produce a substantial disruption and decline in an urban community's social and economic life, the long term effect is often a period of sustained expansion (Oliver-Smith 1996b). Such findings tend to confirm the general conclusion that disasters are likely to accelerate changes already under way before the disaster
(Francaviglia 1996). Second, social science work examining the impact of retail trade concentration on local communities has demonstrated that this process generally encourages the spread of modern commercial facilities beyond a community’s central business district (Dannhaeser 1996). Numerous cases from the developed West have shown that the proliferation of large retail institutions in the urban perimeter gives rise to a hollowing out of commercial cores and an overall devitalization of urban life (Gratz 1989; Rawn 1990).

To determine whether or not a natural disaster can accelerate retail trade concentration within provincial LDC localities and, if this type of development does take place, will it precipitate a devitalization of downtown urban cores similar to the experiences of affected communities in the industrialized West, the dissertation examined the recent experience of Dagupan City, using San Fernando as a control measure. The results of this examination are summarized below.

Dagupan City

The dissertation predicted that Dagupan would experience the following effects in the post-earthquake context: (1) an immediate decline in the socioeconomic hegemony of the city center, followed by (2) an extended period of heightened corporate retail development, proceeded by (3) a profound reduction in the cultural and economic significance of the urban core. Thus far, only the first two effects have been demonstrated on the local level. Little evidence emerged during this research to suggest that Dagupan’s poblacion underwent, or is on the verge of, a significant erosion in its cultural and economic relevance.

Events surrounding the 1990 earthquake were instrumental in facilitating the spread of corporate retail development in Dagupan. Although Dagupan had experienced
some trade concentration prior to the earthquake, the formidable buffer generated by the city’s informal economy effectively held this process in check. Following the disaster, however, corporate retail development accelerated sharply due to the temporary collapse of the city’s informal trade sector.

The catastrophe precipitated a complete withdrawal of local vendors from the centrally located OPM. Rather than rehabilitate the site as a public concern, the abandoned marketplace came under the control of a private firm - CSI. The CSI Market Square Mall was opened on the former OPM site in late 1993 and quickly became the focal point of municipal trade. The success of this venture prompted other firms to capitalize upon Dagupan’s rebounding retail economy with large scale trade operations of their own. The CSI mall set in motion a series of much more radical commercial developments in and around the city over the next few years.

What generated concern for the local merchant community and a general sense of anticipation from the population as a whole were the various shopping mall projects slated for construction by Manila based companies in the Dagupan area during the late 1990s. Since this trade expansion was to occur primarily in peripheral areas, the poblacion faced the possibility of being hollowed out. However, this development never emerged as expected because of the Asian economic crisis of 1997. The financial downturn caused mall developers throughout the Philippines to scale back their projects or, in some cases, suspend them indefinitely. In Dagupan, the market crash temporarily ended the trend towards increased trade concentration that had transformed the local retail community in the years after the earthquake.

Overlooking the recent rise in downtown traffic, the argument can even be made that the general quality of community life in Dagupan saw significant gains since 1990. This period of recovery and rehabilitation gave rise to a trend of sustained economic
growth which over time served to generate an unprecedented level of prosperity within much of the downtown commercial core. Besides expanding service sector employment opportunities for areas residents and exposing citizens to a level of consumer amenities heretofore found only in the country’s more metropolitan centers, trade concentration also did much to enhance the city’s reputation as a primary investment hub. These developments, coupled with the recent market slowdown, make it more unlikely than not that the community will suffer any major devitalization in the foreseeable future as a result of increased corporate retail development in the 1990s.

San Fernando City

According to the hypothesis, it was predicted that San Fernando would not experience a weakening in community life like the one anticipated for Dagupan since it did not undergo a major disruption that encouraged the spread of corporate retail development. The dissertation’s findings support this assertion. Although San Fernando had undergone some level of trade concentration before 1990 (though not to the extent of what occurred in Dagupan during the same period), neither the earthquake nor the departure of the U.S. military from Poro Point did much to accelerate this process on the municipal level. Consequently, the general quality of urban life in San Fernando is not that different from what it was a decade earlier.

Over the last few years the commercial landscape of San Fernando City has undergone moderate changes as a result of increased trade concentration. While not as dramatic as Dagupan’s recent surge of economic growth, key sectors of the local market did begin to move decidedly in the direction of corporate retail development in the 1990s. The establishment of select enterprises such as the CKC Commercial Center, Fiesta
Supermarket chain, and various Western-style fast food outlets on sites within or near the 
población all contributed to a more fully realized formal economic sector.

The modest gains made by the modern retail sector notwithstanding, trade 
concentration has yet to firmly take root in the greater San Fernando area. The 
fundamental character of local commerce continues to be defined by downtown’s 
entrenched informal economy and independent merchant community much as it has been 
for previous decades. Firms operating within these traditional sectors have not only kept 
commercial activities centralized within the urban core, they have also prevented trade 
concentration from entering the local market in any major way. Though the PPSEFZ 
seemed poised to strike a major blow to the established organization of local trade, the 
project never emerged as a viable threat in the years subsequent to its announcement in 
1993. Even as the BCDA has recently stepped up planned rehabilitation efforts along the 
peninsula, the prospect of large scale consumer facilities on Poro Point setting in motion a 
heightened episode of retail trade concentration on the municipal level still appears 
anything but certain. Given the limited inroads made by retail trade concentration into the 
greater San Fernando area during the 1990s, the city’s urban character is not dissimilar to 
the one of Dagupan just prior to the earthquake.

Synthesis

Clearly, local conditions play an important role in how trade concentration is 
ultimately expressed. The 1990 earthquake created a unique set of circumstances in 
Dagupan which were not found in San Fernando. The months subsequent to the disaster 
provided an opportune moment for local interests in Dagupan to dramatically reorganize 
the commercial organization of the población. The municipal government seized the 
initiative by tapping a private firm to take on the redevelopment of the collapsed OPM
site. The success of the CSI Market Square Mall kept consumer flows concentrated within downtown over subsequent years and prompted commercial developers from Metro-Manila to buy up large tracts of land beyond the urban perimeter. Because these properties were to be occupied by mega-malls, the socioeconomic hegemony of downtown Dagupan was placed at significant risk. This threat was severely undermined, however, as the effects of the Asian economic crisis made their way to Dagupan in 1997. Given the uncertain future of retail developments outside the city proper, commercial activities have remained, for the most part, concentrated within Dagupan’s urban core and, as a result, the overall quality of local life has not suffered a significant devitalization.

Having not been significantly affected by the earthquake, urban conditions in San Fernando have changed to a lesser degree since 1990 than in Dagupan. While the departure of the U.S. military from Poro Point in 1991 may have been initially perceived as a functional equivalent to the disruption of municipal life experienced by post-earthquake Dagupan, the two events differ significantly in terms of impact. Unlike events in post-disaster Dagupan, the withdrawal of U.S. service personnel did not adversely affect municipal commerce beyond those market sectors dependent on American patronage (tourism and base support services). With the municipal trade structure only marginally impacted by the U.S. military’s departure, opportunities for corporate retail interests to substantially augment their influence over area trade have been limited. Not surprisingly, the community as a whole did not suffer any major decline as a result of only limited trade concentration in San Fernando. In fact, the general quality of local life was not that different than it was a decade earlier.

With regard to the dissertation’s two central questions, what can be said? First, Dagupan’s post-disaster experience supports the idea that natural disasters do play a facilitative role in accelerating the spread of trade concentration. Corporate retail
development would not have accelerated as fast as it did in Dagupan during the 1990s had it not been for vacuum in municipal commerce created by the earthquake and its aftermath. The fact that San Fernando’s trade structure — serving as a control to Dagupan’s — only changed minimally during the same period tends to uphold this supposition. Second, although retail trade concentration traditionally involves a hollowing out of the urban core and a corresponding decline in the cultural and economic relevance of downtown, such effects have not been demonstrated in the case of Dagupan. This is not to say corporate retail development may take on a more ominous role in the years to come if or when the Philippine economy recovers from the 1997 market downturn. For now, however, urban life remains concentrated within the poblacion much as it has been for previous decades.

In San Fernando, the slower pace of trade concentration has yet to change downtown in a qualitative manner. It is conceivable that corporate retail development may intensify in San Fernando over subsequent years. However, a rapid acceleration of trade concentration seems improbable given the established informal economy and independent street store community. A more likely scenario is that trade concentration will continue to gradually emerge on the local level. This moderate rate of growth will likely minimize the more destabilizing effects of trade concentration for area merchants without denying residents access to new consumer innovations.

**Retail Trade Concentration in Urban Southeast Asia**

Dagupan and San Fernando do not stand alone. Their recent experiences with trade concentration are just but two examples of the increasing number of LDC urban communities confronting the challenges of this transnational process. To underscore this trend, a more general examination of trade concentration’s spread to other LDC regions
of Southeast Asia will be presented. Commercial developments in the urban areas of Indonesia and Thailand will serve as examples.

Indonesia

Like the urban Philippines, manifestations of retail trade concentration have recently proliferated in major towns and cities across Indonesia. The country has sustained a general trend of urban and commercial growth over the past few decades which, despite periods of political and economic instability, has given rise to conditions favoring economies of scale. These conditions, in turn, have facilitated the spread of corporate retail development (Prawiro 1998:311-329). For example, Indonesia's first major supermarket chain, Hero Supermarkets, opened its flagship store in Jakarta in 1971. Following its success, other supermarket companies like Kem Chicks and Gelael became operational. By the 1980s, as these modern supermarkets and their competitors spread beyond Jakarta into more outlying urban centers, grocery needs in urban areas were no longer exclusively met through local marketplaces (pasar), Chinese groceries, or from neighborhood peddlers.

By the 1990s, the built environments of most urban areas in Indonesia were increasingly similar to those found in the developed West. Jakarta and other major metropolitan centers now boast a myriad of modern consumer enterprises in the form of multinational fast food chains, 24-hour convenience stores, shopping centers, hypermarkets, and mega-malls. With the average annual income in Indonesia around $500, these facilities are supported primarily by an urban middle class of some 20 million (Arnold 1999).

Not unlike the Philippines, most modern retail ventures in Indonesia are owned and operated by ethnic Chinese. Comprising only three per cent of Indonesia's total
population of 210 million, this minority group has dominated local retailing for
generations. The mall and department store trade is no exception. While foreign
department store chains such as Metro (Singapore), J.C. Penney (U.S.), Sogo (Japan),
and Marks and Spencer (United Kingdom) have recently opened franchises in Jakarta’s
various shopping malls, the country’s most enduring retail firm up through the 1990s has
been the local ethnic Chinese owned Matahari. The brainchild of Hari Darmawan, a
second generation Chinese, Matahari evolved from a single shop selling children’s
clothing in 1958 to a vast business empire of department stores, shopping centers, and
discount stores spread across the Indonesian archipelago. By 2000, the firm had over 80
stores (58 outside of Jakarta) in 34 cities that covered 650,000 sq.m. of commercial space
and were staffed by almost 30,000 employees.

Matahari operates three retail formats distinguished primarily by targeted
clientele. The first and most profitable is the Matahari Department Store which offers a
wide assortment of merchandise from apparel to housewares. It caters primarily to
Indonesia’s small but affluent upper middle class. The second format is the more
sophisticated Galeria store. Found in Indonesia’s more exclusive shopping districts, the
Galeria carries imported goods and select consumer items for the urban elite. The third
and newest format is the Mega M Hypermarket. Combining aspects of a supermarket,
discount store, and warehouse club, the Mega M Hypermarket has spread from Greater
Jakarta to outlying provincial cities. It is patronized by Indonesia’s burgeoning lower
middle class.

So powerful has been Matahari’s grip on retail trading in Indonesia that the firm
recently helped force American retailers out of the local market after only two years of
Although the stores were efficient and clean, Wal-Mart was unable to lure customers
away from discount outlets of Matahari, "the shabbier shop next door, which reminded shoppers of a street market where they can haggle and buy the freshest fruit and vegetables" (Economist June 19, 1999). Wal-Mart's inability to effectively meet local tastes, coupled with the 1997 financial crisis, lead to its departure, along with J.C. Penney, from Indonesia (Arnold 1999).

By the late 1990s, a new manifestation of trade concentration had emerged in Indonesia's urban centers - the hypermarket. Through franchises and joint partnerships, large wholesale and retail centers like Makro (Holland), The Club Store (Price Cost in the U.S.), Tesco (United Kingdom), and Carrefour (France) were recently established in Greater Jakarta. Carrefour's ambitious expansion in the post-recession Indonesia warrants particular consideration.

Carrefour's planned entry into the Indonesian market dates back to the mid-1990s following their successful move into Taiwan, Malaysia, China, and Singapore (Economist August 15, 1998). Because Indonesian law prohibited direct foreign investment in retailing, Carrefour teamed up with Tigaraksa Satria, an ethnic Chinese owned distribution company. The financial crisis and subsequent political turmoil that engulfed Indonesia in 1997-98 temporarily delayed Carrefour's expansion plans. In August 1999, Carrefour agreed to a $16.6 billion merger with another French chain, Promodes, which created the world's second largest retailer behind Wal-Mart. By November 1999, the two companies -- now under the name of Carrefour -- had opened five superstores in suburban Jakarta and were planning to establish three more: two in Jakarta and another in the Javanese city of Bandung (Arnold 1999).

Carrefour hypermarkets have been likened to "overstocked Wal-Mart(s) with groceries" (ibid). Besides modern amenities like wide aisles, optic check out scanners, and sleek architectural designs, they also provide urban residents a large selection of fresh
meats, vegetables, housewares, and other consumer items for prices equal to or lower than those offered by local market vendors. The quick rise of Carrefour in urban Indonesia has lead to accusations of underselling in order to drive out smaller domestic retailers. Some members of Indonesia's Parliament have even considered passing zoning laws that would keep hypermarkets like Carrefour out of downtown Jakarta. Despite such efforts, it remains unlikely that Carrefour or other hypermarkets will significantly undermine the standing of more traditional retailers in Indonesian cities given the limited purchasing power of most urban residents and the informal trade sector's role as a labor absorbing device. How these facilities affect the vitality of community life urban areas deserves further research.

Thailand

Perhaps no other country embodies the emergence of retail trade concentration in less-developed Southeast Asia more than Thailand. Before the financial crisis of 1997, Thailand experienced an unprecedented surge of economic growth that transformed the country from an agrarian society to one that was increasingly urban in character. Not unlike the Philippines and Indonesia, this growth generated conditions favoring economies of scale on the local level. As a result, large scale trade facilities proliferated in urban areas and then spread to upcountry communities. This market expansion was driven by increased foreign investment and the efforts of immigrant Chinese who make up 10 per cent of Thailand's population of 60 million.

Nowhere in Thailand has trade concentration been so prevalent than in Bangkok. The city underwent substantial changes beginning in the late 1970s so that by the century's end, fast food outlets, supermarkets, convenience stores, mega-malls, and shopping centers were a ubiquitous part of the urban landscape. These modern facilities,
especially Bangkok’s various department stores and shopping malls, have had a substantial impact on local commerce and urban life. In 1985, the department store trade in Bangkok was dominated by two mid-sized chains, Central and Robinson, plus a few Japanese stores. Over the next decade, Central and Robinson each opened new stores at a rate of one or more a year. By 1995, after the emergence of several competing chains, the city had more than 60 department stores. The shopping mall sector also grew substantially so that by 1995 Bangkok was home to two the world’s largest malls (Dannhaeuser 1996:254). The effect of these developments on consumer patterns and retail space is remarkable. In 1985, less than five per cent of household purchases in the city came from large modern outlets. By 1995, the proportion had risen to well over half (Phongpaichit and Baker 1998:161). Moreover, modern retail space has doubled in the city between 1990 and 1994 (Economist August 27, 1994:59).

The supermarket trade in urban Thailand also saw significant growth over the last decade. Thailand’s grocery industry is dominated by Tops which has 120 stores in East and Southeast Asia. Tops supermarkets are operated by CRC Ahold, a joint venture between Central, Robinson, and, the international food retailer, Royal Ahold (Holland). Most of Tops supermarkets in Thailand are located in the Central and Robinson department stores. These department store outlets range in size from 2,000 to 5,000 sq.m. in floor space. There are also free standing supermarkets that range from 800 to 1,500 sq.m. All of the Tops outlets offer a wide selection of groceries, fresh vegetables, and meats. They provide shoppers other amenities like fast food counters, bakeries, photo booths, and laundromats. Not surprisingly, most middle/upper class urban residents now rely on Tops supermarket for grocery needs.

While concentrated primarily in Bangkok, manifestations of trade concentration have already spread to Thailand’s provincial regions. At the forefront of this move are
subsidiaries of the ethnic Chinese company Charoen Pokphand (CP). With origins in local agribusiness, CP had by the 1990s diversified into other commercial sectors including retailing. Through joint ventures with foreign retail firms like Makro (Holland) and 7-Eleven, KFC, and Wal-Mart, CP has launched an expansion into Thailand’s provincial cities (Phongpaichit and Baker 1998:11). For example, CP announced in 1993 an ambitious program to have over 1,000 7-Eleven stores in Thailand by 1997 (Fairclough and Thani 1993). While it has yet to be demonstrated that such expansion has adversely affected more traditional retail outlets in the nation’s informal trade sector, other chains have felt the impact. It has been estimated that by 1993 some 200 shops in Bangkok have remodeled and added air-conditioning to remain competitive with 7-Eleven (ibid).

Studies examining how corporate retail development affects town centers and the quality of community life remain scare. This topic warrants further research.

Summary

Retail trade concentration can no longer be viewed as a phenomenon isolated to the industrialized West. As the preceding cases make evident, this process has become increasingly global. Urban LDC communities now face many of the same challenges that have confronted towns and cities in the developed world for decades. This dissertation has demonstrated that natural disasters and the conditions they precipitate can accelerate this process on the local level. However, it remains uncertain whether or not the more negative ramifications of retail trade concentration (the hollowing out of central business districts and an overall devitalization of community life) will take place in LDC communities. Given sufficient time, however, these more negative conditions may emerge.
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Watson, James (ed.)

Yoshihara, Kunio

APPENDIX A

TABLES

TABLE 1

1997 HOUSEHOLD SURVEY – DAGUPAN CITY (GENERAL)

<table>
<thead>
<tr>
<th>Where Items Are Purchased</th>
<th>Groceries</th>
<th>Clothing</th>
<th>Shoes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal Sector</td>
<td>115</td>
<td>86%</td>
<td>62</td>
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<tr>
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<td>19</td>
<td>14%</td>
<td>72</td>
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TABLE 2

1997 HOUSEHOLD SURVEY – DAGUPAN CITY (URBAN)

<table>
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<th>Groceries</th>
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<th>Shoes</th>
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</thead>
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<tr>
<td>Formal Sector</td>
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<td>29</td>
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<tr>
<td>Informal Sector</td>
<td>7</td>
<td>11%</td>
<td>33</td>
</tr>
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### TABLE 3

1997 HOUSEHOLD SURVEY – DAGUPAN CITY (RURAL)

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<th>Groceries</th>
<th>Clothing</th>
<th>Shoes</th>
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</thead>
<tbody>
<tr>
<td>Formal Sector</td>
<td>61</td>
<td>85%</td>
<td>33</td>
</tr>
<tr>
<td>Informal Sector</td>
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<td>15%</td>
<td>39</td>
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### TABLE 4

1997 HOUSEHOLD SURVEY – DAGUPAN CITY (LOW INCOME)

<table>
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<th>Where Items Are Purchased</th>
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<th>Clothing</th>
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</thead>
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<td>56</td>
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<tr>
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<td>16</td>
<td>22%</td>
<td>45</td>
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### TABLE 5

1997 HOUSEHOLD SURVEY – DAGUPAN CITY (MIDDLE INCOME)

<table>
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<tr>
<th>Where Items Are Purchased</th>
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<th>Clothing</th>
<th>Shoes</th>
</tr>
</thead>
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<tr>
<td>Formal Sector</td>
<td>59</td>
<td>95%</td>
<td>36</td>
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<tr>
<td>Informal Sector</td>
<td>3</td>
<td>5%</td>
<td>26</td>
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### TABLE 6

1997 LOCAL PERCEPTIONS ABOUT COMMUNITY LIFE - A

<table>
<thead>
<tr>
<th>Is Dagupan City better off or worse off since 1990?</th>
<th>Better</th>
<th>Worse</th>
<th>Same</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>104</td>
<td>23</td>
<td>17%</td>
</tr>
<tr>
<td>Urban</td>
<td>42</td>
<td>16</td>
<td>26%</td>
</tr>
<tr>
<td>Rural</td>
<td>62</td>
<td>7</td>
<td>10%</td>
</tr>
<tr>
<td>Low Income</td>
<td>51</td>
<td>18</td>
<td>25%</td>
</tr>
<tr>
<td>Middle Income</td>
<td>53</td>
<td>5</td>
<td>8%</td>
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### TABLE 7

**1997 LOCAL PERCEPTIONS ABOUT COMMUNITY LIFE - B**

<table>
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<tr>
<th>Are Dagupeños more or less united since 1990?</th>
<th>Better</th>
<th>Worse</th>
<th>Same</th>
</tr>
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<tbody>
<tr>
<td>General</td>
<td>93</td>
<td>18</td>
<td>23</td>
</tr>
<tr>
<td>Urban</td>
<td>40</td>
<td>9</td>
<td>13</td>
</tr>
<tr>
<td>Rural</td>
<td>53</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Low Income</td>
<td>48</td>
<td>10</td>
<td>14</td>
</tr>
<tr>
<td>Middle Income</td>
<td>45</td>
<td>8</td>
<td>13</td>
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</table>

### TABLE 8

**1998 HOUSEHOLD SURVEY – SAN FERNANDO CITY (GENERAL)**

<table>
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<th>Where items are purchased</th>
<th>Groceries</th>
<th>Clothing</th>
<th>Shoes</th>
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</thead>
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<td>30</td>
<td>31</td>
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<tr>
<td>Informal Sector</td>
<td>12</td>
<td>69</td>
<td>68</td>
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<td>TABLE 9</td>
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<tr>
<td>---------</td>
<td></td>
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</tr>
<tr>
<td>1998 HOUSEHOLD SURVEY – SAN FERNANDO CITY (URBAN)</td>
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<td></td>
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</tbody>
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<table>
<thead>
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<th>Where items are purchased</th>
<th>Groceries</th>
<th>Clothing</th>
<th>Shoes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal Sector</td>
<td>45</td>
<td>87%</td>
<td>17</td>
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<tr>
<td>Informal Sector</td>
<td>7</td>
<td>14%</td>
<td>35</td>
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<table>
<thead>
<tr>
<th>TABLE 10</th>
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<tbody>
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<td>1998 HOUSEHOLD SURVEY – SAN FERNANDO CITY (RURAL)</td>
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</tbody>
</table>

<table>
<thead>
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<th>Where items are purchased</th>
<th>Groceries</th>
<th>Clothing</th>
<th>Shoes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal Sector</td>
<td>42</td>
<td>89%</td>
<td>13</td>
</tr>
<tr>
<td>Informal Sector</td>
<td>5</td>
<td>11%</td>
<td>34</td>
</tr>
</tbody>
</table>
## TABLE 11

1998 HOUSEHOLD SURVEY – SAN FERNANDO CITY (LOW INCOME)

<table>
<thead>
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<th>Where items are purchased</th>
<th>Groceries</th>
<th>Clothing</th>
<th>Shoes</th>
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</thead>
<tbody>
<tr>
<td>Formal Sector</td>
<td>50</td>
<td>83%</td>
<td>12</td>
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<tr>
<td>Informal Sector</td>
<td>10</td>
<td>17%</td>
<td>48</td>
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## TABLE 12

1998 HOUSEHOLD SURVEY – SAN FERNANDO CITY (MIDDLE INCOME)

<table>
<thead>
<tr>
<th>Where items are purchased</th>
<th>Groceries</th>
<th>Clothing</th>
<th>Shoes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal Sector</td>
<td>37</td>
<td>95%</td>
<td>18</td>
</tr>
<tr>
<td>Informal Sector</td>
<td>2</td>
<td>5%</td>
<td>21</td>
</tr>
</tbody>
</table>
APPENDIX B

Figure 1. Northern Luzon.
Figure 2. Dagupan City 1997.
Figure 3. San Fernando City and Poro Point.
Figure 4. San Fernando City 1997.
VITA

Ty Matejowsky grew up in Brenham, Texas and graduated from Texas A&M University with a B.A. in Anthropology in May 1993. He earned an M.A. in Anthropology from Texas A&M University in August 1995. He can be reached permanently at 909 E. Torn Green, Brenham, Texas, 77833.