## **COMMUITY MALL:**

RECLAIMING THE HEART
OF THE BARANGAY HIPODROMO,
CEBY CITY,
PHILIPPINES

## -MASTER THESIS-

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## Introduction.

This Master thesis is a research-based project rooted in the understanding of the contemporary urban development in the Philippine archipelago. The investigation is carried out in the context of Metro Cebu, the second largest metropolitan area of the Philippines.

The thesis begins by tracing the evolution of the fabric of Cebu City all throughout the Spanish and American colonial days, the destruction of WW2, independence, dictatorship, recovery and the explosive urbanization of the recent decades.

In order to fully grasp the character of the contemporary Philippine city, the thesis focuses on the case study of a particular development: Cebu Bussiness District (CBD), the biggest business hub of the Philippines outside Metro Manila. CBD is conceptualized as 'a city within the city' - a 'work, live, play' space globally connected but completely walled off from its immediate surroundings. This kind of development is typical in the contemporary Philippine city and can be found all throughout the archipelago.

As 'the other side of the coin' of the Philippine urban development, the thesis focuses on the case study of the Barangay Hipodromo, one of the local communities surrounding CBD. This neighborhood was created by the victims of an earthquake colonizing the abandoned horse racing tracks of the city. Throughout the years Hipodromo has developed into a thriving community which can be best conceptualized as 'a village within the city'.

As opposed to the CBD which is a manifestation of the powerful oligarchy of corporations imposing their will into the urban fabric, Barangay Hipodromo is an example of the kind of vitality that can emerge from the grassroots when the most disadvantaged of citizens come together.

However, the Hipodromo community faces its fair share of problems. The heart of the neighboorhood, a large central block containing the school and the municipal building is surrounded by a wall. Given that this central block is the only communal space in this residential neighborhood the wall surrounding it is an obstacle to the public life of the community to fully develop.

This thesis lays out a project for the wall around the hear of Hipodromo to be transformed into a new structure – 'The Community Mall'. This structure is envisaged as an inhabited border, still able to provide the protective enclosure for the school and the park inside while also creating a new environment along the edge where the public life of the community can unfold.

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## The Table of Contents.

Introduction1
Chapter 1: Unfolding of Cebu City11 Sorting Out A City Within the City A Shift in Perspective
Chapter 2: The City Within the City32 Within the City 'Live, Work, Play' Philippine Mega Mall Mania The Paradox
Chapter 3: Global flows and Walls32 Global Context National Context Local Context
Chapter 4: The Village Within the City32
Chapter 5: Community Mall55
Conclusion55
Bibliography55
List of Figures and Drawings55

## **CHAPTER 1**

## CEBY CITY TRANSFORMATION

In this chapter we will present the historical perspective of the development of the City of Cebu, the first capital of the Philippines. The study aims to identify the growth of Cebu City as an urban center by looking at how transportation infrastructure was planned, built, and operated, as well as to discover the features, forces and key persons which had shaped urban planning in Cebu City. Focus of the study will be placed on the American Regime. It ascertains how the policies and actions of American government transformed the city's structural design formed during the Spanish conquest and influenced urban planning.

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Fig.1. The crown jewel of CBD



Fig.2. Ayala Center Cebu, model

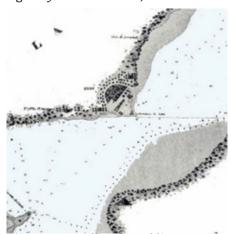


Fig.3. Mega Mall as the public Forum



Fig.4. The Catholic Mass is being held in the central hall of the Mega Mall

## THE SPANISH OCCUPATION 1521-1860.

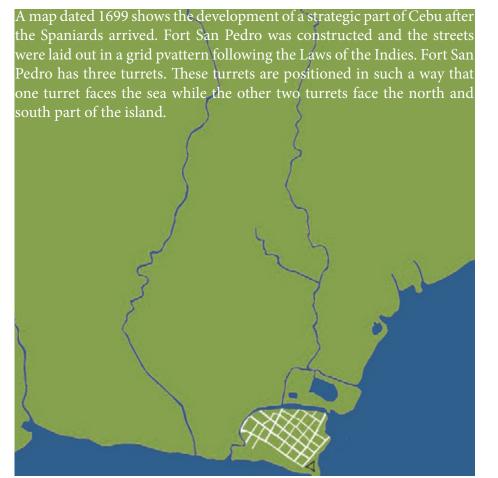
Legazpi proclaimed the establishment of the first permanent Hispanic settlement in Southeast Asia in 1565. For four years since the declaration, Cebu was the base of Spanish operation in the Philippines. The set of Royal Ordinances, known as the Laws of the Indies was enacted in 1573 by Philip III for the Spanish colonies and it was also implemented in the Philippines. It established uniform standards and procedures for planning and administration. Features of the law were: grid-iron street pattern, plaza complex, "de bajo de las compañas - under the bell", ethnic segregation, among others.

Despite the enactment of the law and establishment of several Spanish buildings, no significant change emerged in the urban development and townscape of Cebu for another two centuries. Cebu in 1573 was described by Guido de Lavezaris as "almost deserted and its inhabitants were roaming about in the neighboring islands". Careri (1963) also, recorded "Zebu (in 1696) decayed and came to be a small village". Even in the late 18th century, Guillaume Le Gentil noted that "the City of Cebu – which really should not be called a city- is an assemblage of a few miserable huts, as are all the native dwellings"<sup>2</sup>.

Major reason for the failure of development of Hispanic townscape in Cebu was the transfer of trade center from Cebu to Manila. However, the City of Cebu still served as the provincial capital, oldest city of the country, and a military headquarter of Visayas. These functions helped avoid the fatal devastation of the City.

1 Blair et al, 1909

2 Mojares 1983



## **Spanish Spatial Heritage**

During the Spanish time, huge religious buildings were built by friars in the City that emphasized power of the church in government as opposed to the small nipa hats built by natives. The settlement pattern in Cebu around 1850 was still basically along the seacoast without no expansion towards the mountains.

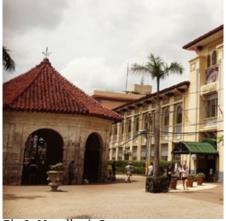


Fig.2. Magellan's Cross





Fig.2. Basilica del Santo Niño

An 1830 map shows the Chinese community in Parian being more organized but not so for the Filipino community in San Nicholas. What is interesting, though is the presence of Colon Street just outside the river that separates the "Spanish District". Since Filipinos are not allowed in this district, they take the Colon Street to trade with the Chinese merchants. This map also shows that the old streets near the fort were removed to give more space for the fort, possible for more protection.



Fig.3. Metropolitan Cathedra





#### **Colon Street**



Colon Street is considered as the first and oldest street in the Philippines. It is located in downtown area of Cebu City, Cebu and has been the witness of so many events that happened during the Spanish settlement. It was named after Cristopher Columbus, a navigator, colonizer, and explorer from Genoa, Italy. Colon, crowded and a bit run-down now, was the site of fashionable shops, offices, and movie houses. It was once the heart of Cebu City's shopping and business activity, but in recent years (specifically during the early 1990s), much of this activity has shifted inland to the more modern, bigger and diverse commercial and business districts now spread in almost all of the urban areas of the city in what was considered residential and leisure settlements.











## **Yap-Sandiego Ancestral House**

The Yap-San Diego Ancestral House in Parian, Cebu City is said to be the first Chinese house built outside of China. It was built during the country's Spanish colonial era where the Chinese were required to live in the Parians of a city. Cebu's Parian was founded in 1590 after the arrival of Chinese traders.

Often referred as "Balay nga Bato ug Kahoy" by the locals, the ancestral house is constructed out of coral stones and wood. It was built sometime between 1675 and 1700 and was originally owned by a Chinese merchant named Don Juan Yap together with his wife, Doña Maria Florido. Presently, it is considered as one of the oldest existing residential structures in the country and a proof the Parian district in Cebu City was a bustling barangay where houses are often designed with a second storey. This abode was eventually handed down to Doña Maria's great great grandson, Val Mancao San Diego in 2008.















#### Casa Gorordo



The Casa Gorordo was originally a house built in the mid-19th century by Alejandro Reynes Y Rosales and bought by Juan Isidro de Gorordo, a Spanish merchant, in 1863. Four generations of the Gorordo family lived in this house, including Juan Gorordo, the first Filipino bishop of Cebu in 1910-1932. Acquired in 1980 by the Ramon Aboitiz Foundation, Inc. the house was restored and later opened as public museum. The Casa Gorordo Museum has been declared a national historical landmark by virtue of national historical institute board resolution no. 4 dated September 24, 1991. The lower floor of the Casa Gorordo Museum traditionally served as storage space. A typical balcony that runs the whole length of the dining room and kitchen is visible from the garden. The dining room is separated from the living room by an arch ornately carved with plants and birds.











### THE FIRST TRANSFORMATION

#### 1860-1898.

The significance in economic development was recognized by the Spaniards, by the second half of 18th century. One of the breakthroughs was the opening of ports in the country to world trade. The first port open to world trade in the country was the port of Manila in 1834, followed by the port of Cebu in 1860. The opening of the Cebu port to world trade produced more economic opportunities for elite Filipinos and Chinese.

Immigrants from the South China increased and they composed 7 percent of total population of Cebu in 1891, which was 14,099 (Mojares, 1983). American, British and European started dwelling and establishing business firms in Cebu. The number of Spaniards in Cebu also increased again after 1860. Representatives of foreign business firms were also observed.

The opening of the Cebu port to world trade accelerated the urbanization level of Cebu City. The population of Cebu City in the 1903 census was 31, 079 and half of them were found in twelve districts of the inner city of Cebu. The population level of Cebu as of 1903 was more than twice that of 1891 at 14,099. The number of foreigners in Cebu city and San Nicolas was 1,115 which composed of more than 5 percent of urban population, including 793 Chinese, 126 Americans and 105 Spanish.<sup>1</sup>

Although the opening of the Cebu port to world trade produced economic development and urban development in Cebu city, transportation infrastructure development in Cebu remained low. It was the Spanish policy to discourage the development of the transportation system because it meant was nothing more than creating additional risk to their position and authority.

#### 1 Mojares, 1983

In an 1873 map, the Filipino community in San Nicholas became more organized. The Chinese district of Parian and the Spanish district also expanded





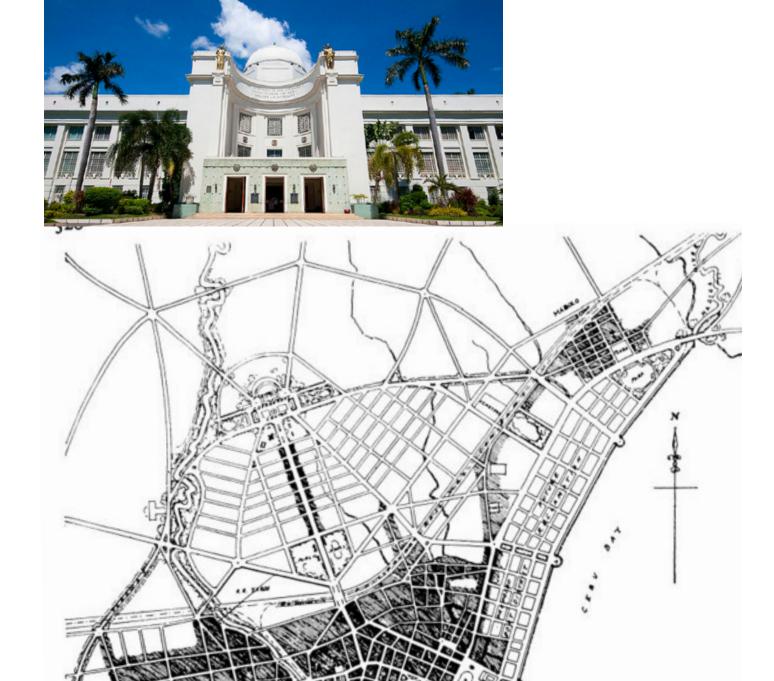






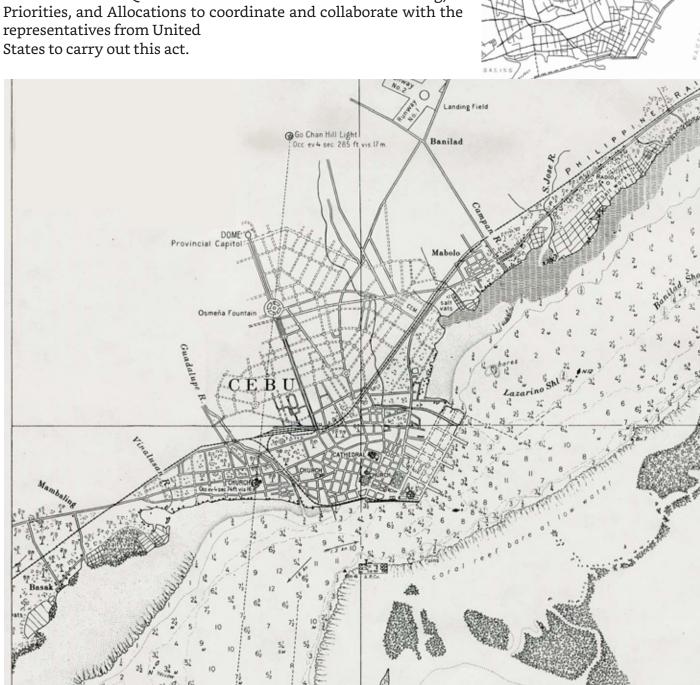
## THE FOUNDATION OF THE CITY 1900-1942.

"the Philippines are ours, not to exploit, but to develop, to civilize, to train in the science of self-government. This is the path of duty which we must follow, or be recreant to be a mighty trust committed to us" this is how president mc Kinley expressed the policies towards the Philippines. One of the foremost concerns was the public improvement of the country, including the development of transportation infrastructure and communication facilities. There were several obstacles for the infrastructure development in the Philippines which had been ruled by the Spaniards for 300 years such as rules and orders, land ownership, and institutional capability. Much attention was paid for the repair and construction of roads and highways.



## DARK TIMES AND RECOVERY 1942-1970.

After the war, the Philippines became an independent country on July 4, 1946. However, it was not actual independence of the country from U.S.A. The Philippine government had no choice but to accept the Bell Trade Act, which set the twenty eight years preferential duties with eight years of duty free since the implementation of the Philippine Rehabilitation Act would be withheld without the ratification of the Bell Trade Act. This means that the Philippines' dependence to the US government still continued after W.W II. Philippine Rehabilitation Act was enacted on 1946 that was the Public Law 370, 79th Congress of the United States. Focus was placed on the rehabilitation, improvement, and construction of public roads and bridges, port, and harbor facilities, public property, public health facilities, etc. President Manuel Quezon created the Commission on Planning, Priorities, and Allocations to coordinate and collaborate with the

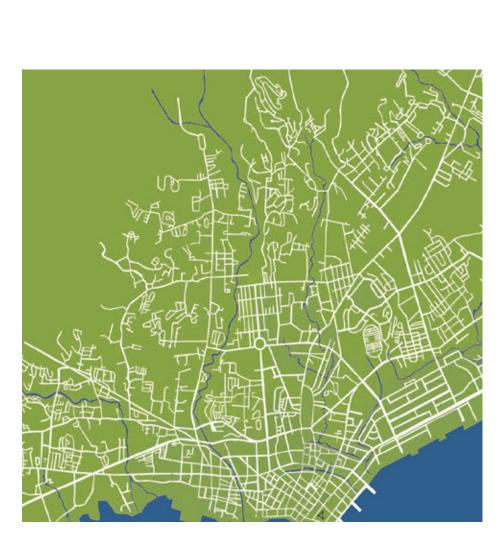


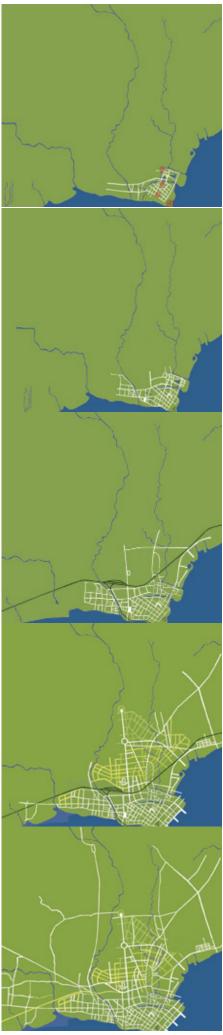
## TOWARDS THE METROPOLITAN CEBU 1970-1990.

With the huge infrastructure projects during the 1960s, the City of Cebu gained economic stability and extended the area of its economic activities beyond the city boundary. It created the concept of Metropolitan Cebu as the physical and socio-economic agglomeration. The term Metro Cebu has been used broadly, but does not have any legal bases nor fixed definition.

Though economically successful, infrastructure development without urban planning in the City could not solve the urban problems such as traffic congestion, lack of urban services, squatters, confliction of land use, paucity of recreational facility, etc. Rather, some of the problems were worsen through the development of infrastructure by enabling goods and people to concentrate in the center. Little by little, the significance of urban planning for the City was recognized and in 1976, framework plan was prepared by the city government. The ultimate goal in this plan was to "give the inhabitants of Cebu City a more healthful, safe and orderly environment". Finally, the challenge to be the authentic "Queen City of the South"

started.





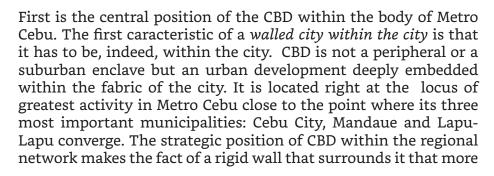
# CHAPTER 2 THE CITY WITHIN THE CITY

In this chapter we will introduce a case study which is the main subject of this thesis -Cebu Business District a main business hub of Metro Cebu the second largest metropolitan area of the Philippine archipelago. CBD is a perfect case study for trying to tackle the issue of a border condition in cities. It is a textbook example of a development completely walled off from its surroundings. So much so that in this work we will conceptualise it as 'a walled city within the city'. In order to grasp the full character of this development in this chapter we will outline it three major characteristics that make it into a walled city

of the 21st century.

## Within the City.

Cebu Business district (CBD) is a major business hub in Metro Cebu , the second largest Metropolitan area in the Philippine archipelago. The piece of land which is now CBD used to be an old golf course, but in the 70s one of the Philippine giant conglomerations Ayala Land had bought it off from the city and transformed it into the first Philippine Business District outside Metro Manila. Development of CBD has been of fundamental importance for Metro Cebu. It was an instrument of the recent economic boom in the area, locally known as 'Ceboom'. However, this development is a textbook example of a piece of the city walled off from it's surroundings. This is why CBD it is the perfect case study to tackle the issue of the border condition in cities - the theme of this thesis. In order to grasp the character of this development we will conceptualize it as 'a walled city within he city'. We will now proceed to outline the three main characteristics of this development that make it into a true walled city within the city of the 21st century.2



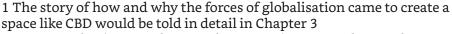






Fig.13. Cebu City, the capitol of Cebu province: CBD is towards the west just above the main regional highway that links all Metro Cebu municipalities (marked in red) Drawing by the author



Fig.9. Island Cebu within the archipelago



Fig.10. Cebu, an island in the Pacific



Fig.11. Metro Cebu has 13 municipali-

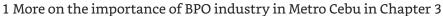


Fig.12. The locus of greatest activity in Metro Cebu, CBD is right at the center

## 'Live, Work, Play'.

Fig.14. Cebu Holdings Centre

The second characteristic that makes CBD into a walled city within the city is that fact that it is a 'Live, Work, Play' space. A walled city within the city has to contain all of the main urban functions within its borders. This is true for CBD, it was masterplaned as an autonomous , mix-use community that contains spaces for work, housing and leisure time. WORK in CBD takes place in numerous office towers. Here young Filipinos work for foreign multinational companies mostly in call centres, costumer service and other back office activities. The industry that they are participating in is Business Process Outsourcing¹, one of the fastest growing industries in the world and the second largest contributor to the Philippine GDP. HOUSING in CBD is in residential condominiums of different levels of affordability. The market for housing opened up due to the rapid





ig.15. Ayala Life Tower



Fig.16. Pioneer house Cebu



Fig.17. Keppel Centre

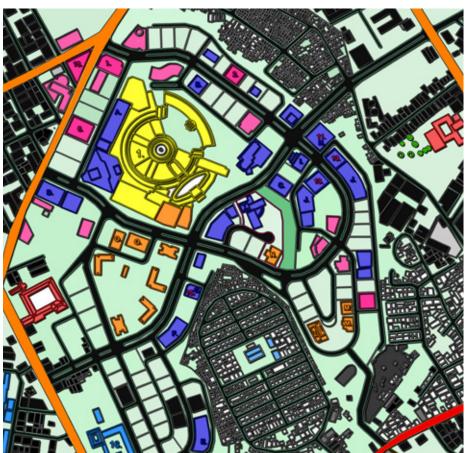


Fig. 20. Cebu Business Distric is a **'live, work, play'** space. BPO office towers are blue, IT towers are pink, residential condominiums are orange and the MegaMall is yellow Drawing by the author



Fig. 18. Innove IT Center



Fig.19. Lexmark Plaza

## Palace, Cathedral, Forum

At the very core of a city within the city that is CBD lies its magnificent crown jewel: it's palace, its cathedral and it's forum the Mega Shopping Mall - Ayala Centre Cebu. It is one of the most magnificent malls in the province, a world in itself, the great attractor that draws people in from all over. On an average day, more than 85,000 people visit Ayala Centre Cebu, increasing to 135,000 on weekends. It is, in and of it self, a city within the city - an overstimulating world of bread and circuses is contained within it's fortress like walls. It was one of the first things to be build in CBD. It almost seems like the rest of the CBD grew out of it. It is a beacon that pumps life into the entire development. Maybe this is why the edge of CBD is dead - it is outside of its reach.

Mega shopping malls are the defining element in the fabric of the Philippine city. In order to understand the nature of the Philippine city of the 21st century it is necessary to stydy the Mega Mall.



Fig.26. The exuberant world of bread and circuses within the walls of the Mega Mall

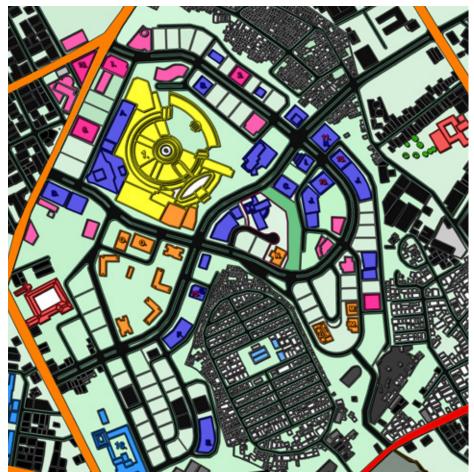


Fig.25. The Palace, the Cathedral and the forum: the Mega Shopping Mall, Ayala Center Cebu is at the core of the CBD (marked in yellow). Drawing by the author



ig.21. The crown jewel of CBD



Fig.22. Ayala Center Cebu, model



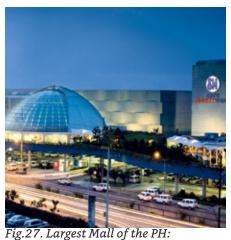
Fig.23. Mega Mall as the public Forum



Fig.24. The Catholic Mass is being held in the central hall of the Mega Mall

## Philippone Mega Mall Mania.

Out of 100 largest Mega Shopping Malls in the World, 22 of them are within the Philippine archipelago. The Philippines have more Mega Malls than any other country in the world! Their colonial mother, and the birthplace of the Shopping Mall - the U.S. is the second on the list with only 12 Mega Malls. America has always had a big influence on the Philippines – but while malls in the US are closing, in the Philippines the shops, air conditioning and light-skinned models of its 'supermalls' are the very essence of urban living1 Shopping malls dominate — both physically and cognitively — the urban landscape in the Philippines. All key public transport systems cluster around major shopping centers, which provide unrivaled comfort, the right temperature (in a humid, tropical country), and breathless access to a wide range of brands that cater to all social classes.2



SM City North EDSA

Fig.28. Second Largest Mall of the PH: SM Megamall Mandaluyong



1 Marshall, 2014

Fig.29. Third Largest Mall of the PH:

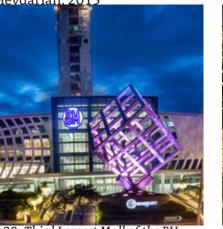




Fig. 30. 1. Ayala Centre Cebu

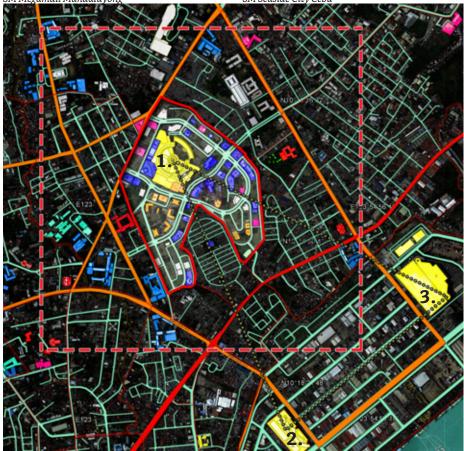


Fig.33.The effect of the Mega Mall Mania in the fabric of Metro Cebu: We have the triad  $\overline{}$  Fig.32. **3.** SM City Cebu of Mega Malls from competing developers in an incredible proximity to each other. Drawing by the author



Fig.31. 2. Robinson's Galleria



Fig. 34.The Two Worlds: Street View Images (bellow) from the marked out streets show the gap between the world of the CBD and the world of the bordering Barangay

Luz. Drawing by the author





## The Paradox

Until now we have established the two main characteristics that make CBD into a walled city within the city. First one is its central position, both physically and economically at the very core of Metro Cebu. The fact that it contains all basic urban functions (live, work, play) within its walls is the second one. Here we come to the main paradox of the place like CBD. and the third characteristic that make it into a walled city within the city. As we have seen CBD is a hyper global environment young urban professional work for foreign multinationals, shop and have fun at the Majestic Mega Mall. However even tough CBD is globally hyper connected, it is completely disconnected from immediate surroundings.

Images bellow display the discord between the worlds of the CBD and one of the communities bordering it.



Fig. 36. P. Cabantan Street: the world of the barangay Luz, a vibrant, multifunctional, public street with strong informal economy.







Fig. 37. Cardinal Rosales Ave: the main boulevard of CBD, lined with towers of foreign multinationals with no public life in sight.

The Paradox of CBD is the fact that it is a globally hyper connected but walled off from it's immediate surroundings. The boundary between CBD and the surrounding neighborhoods is an incoherent mess that provides neighber clarity nor allows for communication. The character of this border is the main subject of inquiry in this thesis. An unarticulated wall like this is particularly damaging given the core position of CBD within the fabric of Metro Cebu, both physically and economically.



Fig. 38. CBD is right at the locus of greatest activity in Metro Cebu. For this reason a dead border that surrounds it is particularly damaging for the future development of the entire region, but it is also a potential that can be transformed into a new environment.

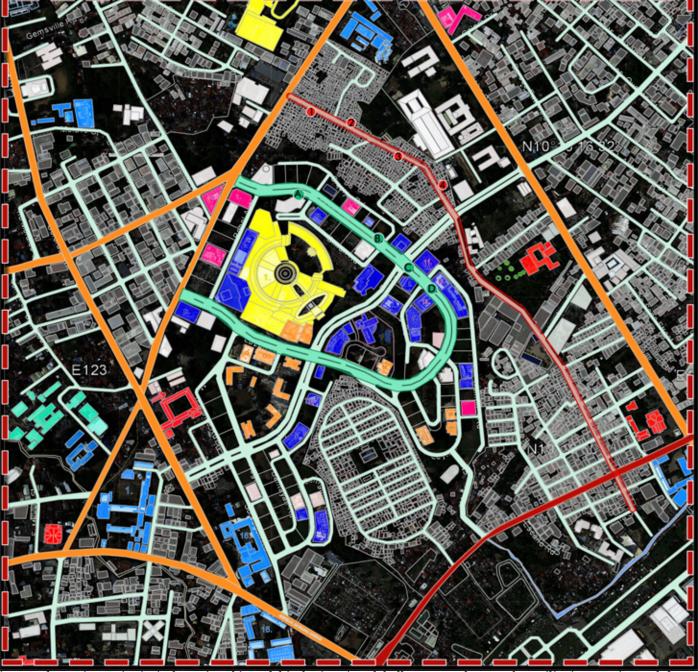


Fig.39. Cebu Business District is the main subject of this thesis. It is a globally connected space where Filippino yuppies work for U.S. multinationals, live in condominiums and have fun at the Mega Mall. However it is walled off from the surrounding neighborhoods. Drawing by the author

## WALLS AND GLOBAL FLOWS

This Chapter is an in depth inquiry into how CBD got to be the way it is - a globally connected environment completely walled off from its surroundings. CBD is ultimately a product of Globalisation - a process that dissolves walls globally but erects them locally. Forces of Globalisation are a powerful shaper in contemporary cities. However, they get filtered through the context of a particular country and a particular city with their particular economic, cultural and political baggage before they can restructure a particular place within it. This is why in this chapter we look at how they manifest at the Global, National (Philippines) and finally local level of Metro Cebu.

## Global Context.

Global flows of goods, services, capital, people and information are a colossal force acting in contemporary cities. The process of dissolving the barriers to these transnational flows is referred to as globalization. In recent decades this process has accelerated massively. Global flows have flooded the globe reshaping it and tying in closer together than ever. This flood of global flows reflects a flood of unprecedented technological innovation. These have made the world a vastly more complicated place. To respond to the new environment of fluctuating global flows of capital, economies of cities all over the globe had to be restructured.

The force of global flows has decentralized industries that were at the core of urban economies in old capitalist cites. The logic is: if there is an activity that can be outsourced to a different location for a cheaper cost it will be. This means that the particular industry isn't concentrated in one city any more but it spreads around the world in a global chain of production. Manufacturing has moved from the traditional industrial centers in developed countries to developing countries like China and Thailand.¹ In developed countries a new economic shift took place form manufacturing to a service sector. These cities have been reshaped by the emergence and expansion of new sectors like the financial, real estate, tourism and knowledge based sectors. In developing countries the old and new economic shifts are happening at the same time. These are being reshaped by the expansion of manufacturing and heavy industries as well as smaller pockets of service sector innovation.²

1 Hall, 2014 2 Lees at al., 2015



Fig.40. Globalisation Timeline: The Process od Globalisation is a mighty restructuring force in contemporary cities. The beginings of this process can be traced to the 1500 and the voyages of discovery, global borders have been dissolving faster and faster ever since.

A challenge for every great and aspiring city of planet earth became how to plug into the planetary web of capital in the most productive way. Cities came to be thought of as entrepreneurs competing on the global stage. This has meant that cities had to explore different ways to liberalize their economies so that they can grow and stay competitive. In this global pursuit of economic growth the cities have leaned toward the neoliberal philosophies. Neoliberal philosophies have roots in the classical 18th century liberalism and theories of John Locke and Adam Smith. The core of this philosophy is the belief that: our best bet for achieving greater collective good is to allow every individual to pursue their self interest in democratic way. The foundation for the individual pursuit of self-interest is private property and the vehicle is free market exchange. Market knows best. In practice this means lessening of government regulations in an economy in exchange for greater participation by private sector. In developing countries in particular this has meant opening up their economies to foreign capital.3

Restructuring of a city's economy goes hand in hand with restructuring its built environment. But the way in which a city transforms has radically changed in the neoliberal age. The understanding used to be that build environment develops incrementally and that government can guide this development with comprehensive plans. However, in the neoliberal city there is often a need to transform a piece of the city into a 'spatial growth machine'. This has led to the development of the so called 'flagship- projects' all over the globe. A 'flagshipproject' or a 'mega-project' is a large scale transformation in the urban fabric that involves massive investments and that has a potential to transform lives of millions of citizens. The logic behind it is as follows: There is a gap between the current value of a certain piece of the city fabric and a value that it could potentially have for the city if it was put to its best and highest use. Here the opportunity opens for the city to close this gap and get this additional value. The flagship project is an entrepreneurial response to this opportunity.5

Investments that are required to realize a 'mega-project' are way beyond the capacity of the government. This is why the government has to enter into a creative partnership with the private sector. Here government acts as the agent of the market and it goal is to prime the pump for private investment. Government initiates the transformation process by evaluating the area and investing in infrastructure to increase its spatial capital. Once the groundwork has been laid out the government makes a deal with the potential investors and developers to relax a regulation or give some tax incentives. Governments in developing countries have been particularly eager to engage with commercial capital in order to transform pieces of city fabric into growth machines. So much so that the 'mega-project'

<sup>3</sup> Lees at al., 2015

<sup>4</sup> Hall, 2014

<sup>5</sup> Lees at al., 2015

has almost become an Eastern Asian art form nowadays.6 The idea that you can transform a piece of the city into a machine for economic growth has resulted in a piece of policy that has since gone viral all over the world. This is a Special Economic Zone (SEZ) policy. SEZ policy is a tool that can transform a piece of land into a magnet for attracting and capturing capital. It works like this: you identify an area that you want to convert into a capital magnet and you declare it a special zone. Inside the zone the rules of business will be different from those in the rest of the country. This zone becomes a hyper liberal economic environment with less regulations, less bureaucracy, no tariffs and lower taxes. The primary aim of a SEZ is to attract foreign direct investment (FDI) and create jobs for the local population. These intense zones are supposed to be a transitory tool to kick-start economic growth. Instead of liberalizing the entire economy the county can create a patchwork of these hyper-liberal capital magnets that can get the economy growing really fast. The hope is that, over time, the wealth accumulated in these spaces can dissolve into the rest of the city and eventually rest of the country.

China was a pioneer in using this policy. In China SEZ were used as experimental laboratories to try out liberal policies and approaches. They started by creating four of them in the 80s all based in southeastern coastal China.10<sup>8</sup> The rest is history: China has become a world leader in manufacturing through the experimental, gradual and selective opening of its economy - through SEZ. China allowed, and continues to allow, these areas to offer tax incentives to foreign investors and to develop their own infrastructure without approval. The SEZs acted as an economic liberal environment that promoted innovation within China's borders and they still exist with great success.

SEZ have gone viral all over the globe, especially in developing countries. Recent figures estimate a total of 4300 SEZs globally.9 The basic idea behind the zone is the same but the way they turn out is very different in different countries. The first SEZ were focused on manufacturing for export but they evolved into all sorts of kinds of different environments. They cater to different industries, fulfil variegated purposes, and take on various shapes. A SEZ can be an entire city1210, a large-scale industrial park or an individual building. It can be a sweatshop or a high-tech research facility. 1311 But SEZ are not a magic spell for economic growth and there are limits to what they can do. The truth is that a lot of them fail. Just offering fiscal incentives to attract FDI is a short term solution. To be a lasting success SEZ has to be entwined with the domestic economy. Also, the right balance has to be struck between adequate oversight and freedom from regulation. Too much interference from the government will crush experimentation, too little and SEZ becomes a haven for money-laundering. Now we'll look at the way in which this policy was interpreted in the Philippines and



Fig.41. The Four Asian Tigers are the economies of Hong Kong, Singapore, South Korea and Taiwan, which underwent rapid industrialization and maintained exceptionally high growth rates (in excess of 7 percent a year) between the early 1960s (mid-1950s for Hong Kong) and 1990s.



Fig. 42. Shenzhen - the entire city as a SEZ. It was a market town of 30,000 people on the route of the Kowloon–Canton Railway. In 1979 Shenzhen was promoted to city-status and in 1980 designated China's first Special Economic Zone (SEZ).Official statistics based on China 2010 Census put Shenzhen's total population of 10,357,938.

<sup>6</sup> Hall, 2014

<sup>7</sup> World Bank, 2011

<sup>8</sup> Investopedia, 2017

<sup>9</sup> The Economist, 2015

<sup>10</sup> such as the mega-city of Shenzhen in the Pearl River Delta

<sup>11</sup> Bach, 2011

their struggle to plug into the global economy.

## National Context.

The Philippines is one of the 'Tiger cubs' of Asia together with Thailand, Indonesia and Malaysia. In 2017 the Philippine economy is the 10th fastest growing economy in the world. It is expected to advance between 6.5 to 7.5 % this year (2017)¹². Currently the Philippines are the world's 34th largest economy by nominal GDP and 13th largest in Asia. The projections are that by 2050 they will become the 5th largest in Asia and 16th biggest economy in the world.¹³ The Philippines seem to have managed to get on an economic rollercoaster that only goes up. The global flows of capital and information have flooded the planet and have been running the roller-coaster ever since.

But it took some time for the Philippines to get on. If we look back to the late 80s and 90s the Philippines were an utter disappointment. All the neighbors in East Asia seemed to have gotten on a rollercoaster with ease and their export-oriented economies were booming. The Philippines was struggling behind and their real per-capita GDP in 2000 was still on the same level as in 1980. They were known as 'the sick-man of Asia'. 14 Why was it so much easier for the other East Asian countries to industrialize and achieve economic growth while the Philippines were struggling? As the sole Catholic-majority in Asia15, with a distinct combination of Spanish and American colonial past, the Philippines stands as an outlier in its region in more ways than one.16 It seems as if the county had been placed in the wrong corner of the world. It is for sure the most Western-like country in Asia, which is not surprising given that it was carved out of Western colonial machinations and imagination.17 In many ways, Filipinos share more common

- 12 Global Economic Prospects, 2017
- 13 Forbes, 2017
- 14 Balisacan and Hill, 2003
- $15\,\mathrm{until}$  the newly-established East Timor joined the community of nations recently
- 16 Heydarian, 2015
- 17 The very name of the archipelagic country derived from King Philip II of Spain perhaps says it all.



Fig. 43. The Philippine archipelago, Metro Cebu is on the Cebu Island in the Central Visayas region.

characteristics with Latin Americans than their immediate neighbors.

The first thing to understand is that the Philippine state is fundamentally different from the states of the thriving East Asian economies. Countries like Japan and the four Asian Tigers (South Korea, Singapore, Taiwan, and Hong Kong) have strong developmental states and strong technocratic elite that is in charge. In these countries the state was the leader of the industrialization process by strategically intervening in the economy in order to support and discipline domestic industrialists. 18 The Philippines never developed a strong developmental state. This probably has to do with their colonial past. The Philippines was a Spanish colony (1565–1898) and then ruled by the United States until 1946. They most likely inherited their pattern of weak 'anti-developmental' state constantly captured by the interests of upper class elites from the U.S. The US installed educational system and the model of government in the Philippines like the one that they had. This meant weak central authority and a powerful upper class social organization. This is why hard, activist developmental state that could discipline the private sector like in the other East Asian countries was never able to emerge in the Philippines.<sup>19</sup>

Second reason why it took some time for the Philippine economy to go with the global flow is that, in 1986 the country had just gotten out of a dictatorship. The totalitarian regime of the President Ferdinand E. Marcos was finally over and democracy was back. But after the revolution the country was an economic ruin. The strategy of the regime has been to initiate economic growth by massive lending from commercial banks. The Philippine state was severely crippled by the accumulated debt from the Marcos Era's debt-driven development.<sup>20</sup> This made it the "Latin-American in East Asia" as it started to experience the worst recession since the post-war era.

But the greatest challenge to the development of Philippine economy was and still remains their long tradition of 'cronyism'. Philippine 'cronies' are a small number of old elite families with good connections. These elites have persistently been able to dominate economic and political power. They are also dominating the business sector and are expanding their empires through 'rent-seeking'21 This means that these few elite families have patronage from the government and monopolies over resources land, labor, machines, capital— so they can extract more profit than they would get in a competitive market. These 'cronies' are severely distorting the market and crushing genuine competition based on production capabilities and technological innovation. The Economist has developed a crony-index, which measures how much economic activity happens in 'rent-seeking' sectors. According to the latest list the Philippines has the third highest crony-index in the world with 10 % of their GDP coming from the crony sectors.22

18 Kleibert, 2017

19 Bello, 2009

20 Abinales and Amoroso, 2005

21 The Economist defines a list of sectors that are prone to 'rent seeking' Casinos, Defense, Deposit taking and investment banking, Ports, airports Real Estate and construction, utilities and telecom services

22 The Economist defines a list of sectors that are prone to 'rent seeking': Casinos, Defense, Deposit taking and investment banking, Ports,



Fig.44. The Economist has developed a **crony-index**, which measures how much economic activity happens in 'rent-seeking' sectors. According to the latest list the Philippines has the third highest crony-index in the world with 10 % of their GDP coming from the rent seeking sectors - primarily **Real Estate**.





Fig.45.The power in the Philippines is concentrated in the hands of the oligarchy of big conglomerations usually run by old elite PH families. These PH cronies have been accumulating recources since the colonial days. In recent decades they have been massively investing in Real Estate developing Mega Shopping Malls and Business Districts all over the archipelago. These are three of the biggest conglomerates and developers of shopping malls in the Ph: SM, Ayala and Robinsons.

More than ever the world of today resembles an accelerating rollercoaster powered by the restless flows of capital and information. But the Philippine economy is steady now. Since the turn of the millennium the country has managed to grow their economy based on the service sector<sup>23</sup>. This has had a lot to do with the country beginning to tap into the most precious resource that any country has and that is its people. For a 100 million people country like the Philippines this is especially true. The biggest contributor to the Philippine GDP (which was \$304.7 bn in 2016) are the remittances from oversees workers. This is all the money that the Filipinos who work abroad send home. The Philippines receives billions of dollars every year (\$29.9 bn in 2016) from all of the Filipinos working abroad. Only China and India (both countries with more than billion people) receive more remittances than the Philippines. This source of money (which has increased at 3-5 percent annually through all the crises that the global economy has suffered) drives consumer spending and contributes greatly to the economic growth.24

But what about the 100 million Filipinos (around 64 million of whom are in the labor market) who don't work abroad. Every year the country produces more than 450,000 new graduates. Partly because of their colonial history as well as their modern education system these young Filipinos are in tune with the Western culture, particularly that of the U.S. They are fluent in English and speak with an American accent.27<sup>25</sup> The U.S. corporations realized that these young Filipinos would be perfect for jobs in their contact centers and the BPO (Business process outsourcing) industry was born in the Philippines. Multinational companies are outsourcing low-end service activities like customer service and back- office activities (human resources, finance, and accounting) to workers in the Philippines for far lower costs.28<sup>26</sup> BPO is one of the fastest growing industries in the world and the Philippines is one of the main markets.

BPO has emerged from a small industry to a major generator of jobs for urban youths. The number of persons directly employed in the industry has increased from a few thousand in 2000s to 100,000 in 2004 to more than 500, 000 in 2010.27 Today (2017) 1.3 million of new Filipino yuppies are employed in the BPO sectors. The sector generates \$21bn-22bn in annual revenue, 70% stemming from US clients. It is the second biggest contributor to the Philippine GDP (after the remittances from the overseas workers). This means that the new middle class of BPO urban professionals is emerging in the Philippines who. Two thirds of them work in contact centers but higher-value Knowledge Process Outsourcing and IT outsourcing jobs are on the rise.<sup>28</sup>

airports Real Estate and construction, utilities and telecom services 23 2015 GDP composition by sector: agriculture 9.49%, industry:



Fig.46. The term Tiger Cub Economies collectively refers to the economies of the developing countries of Indonesia, Malaysia, the Philippines, Thailand and Vietnam - the five dominant countries in Southeast Asia

<sup>33.48%,</sup> services: 57.03%

<sup>24</sup> Villegas, 2017

<sup>25</sup> Vidaurri, ASEAN briefing, 2016

<sup>26</sup> the hourly wage for a call center agent in the Philippines is around

<sup>\$2.00</sup> while the hourly wage of a call center agent in the US is around

<sup>\$10.50.</sup> Dagooc, 2016

<sup>27</sup> Mitra, 2011

<sup>28</sup> Mitra, 2011: Transcriptions, software development, animation, research

In the last two decades the Philippines has become the BPO capital of the world and the industry is the main growth engine of country's economy. But it really got going only after the country introduced Special Economic Zone (SEZ) policy in 1995. Today, SEZ are thriving all over Philippines despite reports of illegal activities facilitated through their existence. Intotal, 348 SEZs (including 234 information technology parks and centers, 19 tourism economic zones, and two medical tourism parks) operated in the Philippines in July 2016, with an additional 148 under development.<sup>29</sup> The idea behind the SEZ policy is to convert a piece of land into a FDI magnet. The logic is the same everywhere: you identify an area of interest, inside the area you offer tax breaks and relax regulations and wait for the FDI to start flowing. But different countries turn out very different SEZ.

What is different about the SEZ in the Philippines? SEZ started as mono functional zones for export manufacturing at the outskirts of cities. But in the Philippines a new kind of SEZ developed in order to support the BPO industry. These are mixed-use, service based SEZ embedded into the urban fabric.<sup>30</sup> Important SEZ innovation in the Philippines is the decision to reduce the minimal required size for the SEZ so that even individual floors within buildings can become a SEZ. This was a crucial piece that got the BPO industry going. Now not only were the whole IT-BPO Parks a SEZ but individual companies within these parks could a register their building or a floor within it as a SEZ.

Another peculiar thing about the Philippine SEZ is that they are usually run by private developers, not by the government. This is supposed to be a good thing because too much government control can crush experimentation in the SEZ. But who are these Philippine private developers? These the same old, elite, land-owning families with large empires and good connections. The priority of these business families is to protect and expand their empires and they will often try to convert their land into SEZ in order to do so.31 The development of the BPO sector caused demand for new kinds of spaces to be built in the city. This has caused a recent real estate boom in the Philippines.<sup>32</sup> As a result, land owning elite families have gotten into real estate. For multinational companies they build office towers. For new urban professionals they build condominiums and mega malls where they can spend the money that they earned at their BPO jobs. The following figures show how extremely profitable real estate is for three prominent developers: Avala Land Inc. reported a net income of PHP 20.9 billion (an increase of 19%), SM Prime Holdings Inc. reported PHP 23.8 billion (an increase of 14%) and Robinsons Land Corp. reported PHP 6.5 billion (an increase of 8%).33



Fig.47. The Makati Central Business District, also known as the Makati CBD, is the leading financial and central business district in the Philippines located at the heart of Makati in Metro Manila



Fig.48. Bonifacio Global City is the newest and one of the largest central business districts in the Philippines. It is located in Metro Manila and developed by Atala Land, the developer of Cebu Business District.

<sup>29</sup> PEZA, 2016

<sup>30</sup> These kind of SEZ are prime candidates to become walled cites within the city.

<sup>31</sup> Kleibert, 2017

<sup>32</sup> Philippines Statistics Authority: The Philippine real estate industry is showing little signs of slowing down. Despite political and economic uncertainties, it continues to march on unaffected, contributing significantly to the country's 2016 gross domestic product (GDP) of 6.8 percent

<sup>33</sup> Lamudi Philippines, 2017

## Local Context.

Cebu City, the second city of the Philippines, has always relied on the Global flows for survival. Its main resource is its strategic location on an island in the Pacific. Magellan had landed here while trying to make a circle around the earth and died nearby before he could finish it. This is where the Spanish first settled in the Philippines and made it a base for their colony. But after having explored the archipelago a bit more they found places with much better resources. So after only four years they moved their base to Manila and Cebu was relegated to economic backwaters. For the next 200 years Cebu's potential will lie dormant. However, the city will come to life after in 1860 the Spanish finally decided to open its port to foreign trade. <sup>34</sup> Finally, the city could receive vital nourishment from the global flow and it could develop and grow. Cebu City is a market city to the core. Its port was a crucial point in the world trade and even more for interisland trade within the archipelago. But the Philippines were heavily centered in the capital Manila. This pattern of centralizing resources and power in the capital persisted from the old colonial days and the city could never develop its full potential. This reached its culmination during the Marcos dictatorship (1965-1986). Cebu's relatively well educated population was a major threat for the dictatorship and because of this the city was kept politically and economically weak, on purpose. Cebu province was given the lowest expenditure per capita of any province in the country. 35

However, after the dictatorship was over in 1986, Osmenas came to power in Cebu. Osmenas are one of the old, elite Philippine political families. Grandfather Osmena was the president of the Philippines in 1940. In 1986. His grandson, local business magnate Lito Osmena was elected governor of Cebu province. At the same time Lito 's brother became a local senator and his cousin became the mayor of Cebu City. Osemnas were determined to stir the city along with the global current. Which meant that they went all the way neoliberal. Absolute priority was to attract outside investment-which meant radical deregulation of the economy. This was at the time that the current was speeding up dissolving national barriers.

<sup>36</sup> Law, 1997



Fig.49. A walled city within the city, on an Island within the country made out of Islands.

<sup>34</sup> Fajardo, 2013 35 Churchill, 1993

There was no alternative, in order to survive the city needed to plug in.

Still a major obstacle was blocking capital from flowing into Cebu province. As a result of being chronically undernourished from the central government, Cebu's infrastructure was in an abysmal condition. Osmenas were aware of this and made it their top priority. In order to be able to plug into the global flows of capital Cebu desperately needed an infrastructure upgrade. The challenge, of course, was how to finance this. Osmenas turned to the equity market, first by issuing convertible bonds backed by government land and convertible shares of Cebu Property Ventures and Development Corporation.<sup>37</sup> But there was another way to get the money for infrastructure - by selling underutilized government lands. One piece of government land in uptown Cebu City was particularly controversial - an old, 50 hectare golf course. A far as Osmenas were concerned this golf course was just a playground for a couple of rich Filipinos. There was a clear gap between a value that it had for the city as a golf course and the value that it could potentially have if it was developed into something more. So in 1988, Osmenas sold the golf course to Ayala Land Corporation.

Ayala Land Corporation are a big player on the Philippine business scene. Their vision was to transform the golf course into a major Business hub. There was no business district in the Philippines, outside of Metro Manila at the time so this was a huge opportunity for Cebu. Because of this, the project was heavily supported both by governor and mayor Osnmena and it breezed through all the stages of development. In 1989, only a year after Ayalas bought the golf course, the project was ready for launch. At thit point it hasn't been clear what kind of business would be done at the new business district. In 1989 there was no BPO industry or even Special Economic Zones in the Philippines. However, Ayalas had reasons to be confident, after all they were the developer behind Makati, the main financial district in Metro Manila. And they had a vision to transform Cebu's skyline.

However, in 1989 there was still nothing much there, Ayala's vision hasn't started to turn into a real see it, touch it place yet. But they had the masterplan and the time has come to lay out the framework. First they laid out the streets, two main avenues, to guide the development. One of them loops around enclosing a 23 hectare 'mega block' which will become the core of the development. Another, wavy avenue cuts the mega block into two smaller blocks. Ayala subdivided the space around the core, all along the main avenues, into lots for commercial sale. They offered 100 commercial lots for sale on the market still retaining some lots for their own development.<sup>39</sup> The vision was that soon office towers of various multinational companies will start popping up from these lots. Ayala put up the first building in the park themselves, a nine story high office tower - Cebu Holdings Center. Today this is the smallest tower in the business park.

37 Law. 1997

38 Ortega, 2013: the provincial government of Cebu entered into a joint venture with Ayala Land Corporation in June 1990 by establishing Cebu Property Ventures and Development Corporation (CPVDC) 39 PhilStar, 2011

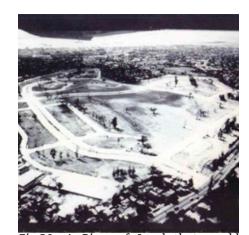


Fig.50. A Piece of Land that would become CBD before it was developed. It used to be an old golf course.

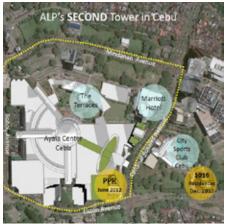


Fig. 51. The Core Megablock of CBD.



Holdings Center, one of the first towers to go up within CBD. Today it is one of the smallest towers in the development.

The skeleton had been laid out and the time has come for the project to be brought to life. Ayalas knew that in order to come alive the project needed a heart and they had reserved the biggest superblock in the project for it, their crown jewel - their first megamall outside Metro manila: Ayala Center Cebu. The mall opened in 1994 and it was an instant success. Ayalas knew what they were doing, they were responding to a growing demand-mega malls were getting extremely popular amongst Filipinos. They also knew that as the economy grows and people have more money to spend the malls will just get bigger and bigger in the Philippines - and so it was. Today out of 100 world's biggest malls, 22 are in the Philippines (U.S.A., the birthplace of the mall and old colonial power is second on the list with only 12 malls). Ayala Center Cebu did what it was supposed to, it worked as a heart pumping vitality into the development. It is one of the most magnificent malls in the province, a world in itself, the great attractor that draws people in from all over. On an average day, more than 85,000 people visit Ayala Center Cebu, increasing to 135,000 on weekends.



Fig. 53. The Introverted Mega Mall

Today the mall is the center of urban life ta CBP: the main plaza, the market, the cathedral and the forum. It is itself a city within the city a cosmopolitan world of its own that seems as if it has grown from the inside out. It became the center out of which the entire development grew. Other buildings soon followed: City Sports Club and a five star Mariott hotel were added across the street from the mall to complete the core of the project. 40 As the 90s went on U.S. companies started outsourcing call center and back office services to the Philippines. CBP was a perfect place for them to build their offices. Soon enough office towers of various multinationals started emerging all around the majestic mall. In 2001, the entire Cebu Business Park was designated as a Special Economic Zone run by Ayala land Corporation. All this boosted the growth of the Business Park.<sup>41</sup> Land prices in CBP grew exponentially. When CBP was launched 22 years ago, land price was valued at P 700 to P 1,500 per square meter. Today, it is worth over P 30,000 per square meter. Cebu Business Park is the most valuable piece of real estate



Fig.54. Ayala Centre Cebu: every several year this Majestic Mega Mall at the core of CBD gets another expansion. The most recent addition are a couple of residential condominiums.

40 PhilStar, 2011

41 Philippine daily inquirer, 2015



Fig. 55. Ayala Centre Cebu: the crown jewel, the Palace, the Cathedral and the Forum of a walled city within the city that is CBD.

Cebu Business Park spearheaded Cebu's investment offensive which resulted in an unprecedented economic boom for the city, known locally as 'Ceboom'. Ultimately, CBP is the result, an instrument and the catalyst of 'Ceboom'. As it stand today it has become a city within the city a world where new urban professionals work for the multinational companies, live in the luxury condominiums and have fun at the glorious mall. It is a piece of the city plugged into the global network but completely walled off from its immediate surroundings, from the rest of the ordinary city. The thriving environment of the CBD stands in sharp contrast with the informal settlement surrounding it on all sides. But CBD was never intended to be connected to the rest of the city. It is a piece of the city successfully transformed into a capital magnet. It grew from the strong center, from the majestic mall, inside out – oblivious of its surroundings.



Fig.56. The development of Cebu Business District has redefined the skyline of Metro Cebu



Fig. 57. Since the turn of the century various foreign multinational companies have set up office towers in CBD in order to outsource some of the back office, service jobs to young Filipinos.

# CHAPTER 4 THE VILLAGE WITHIN THE CITY

In this chapter we will introduce a case study which is the main subject of this thesis -Cebu Business District a main business hub of Metro Cebu the second largest metropolitan area of the Philippine archipelago. CBD is a perfect case study for trying to tackle the issue of a border condition in cities. It is a textbook example of a development completely walled off from its surroundings. So much so that in this work we will conceptualise it as 'a walled city within the city'. In order to grasp the full character of this development in this chapter we will outline it three major characteristics that make it into a walled city of the 21st century.

## Village within the City.

Barangay hipodromo, is one of the urban barangays of Cebu City, under the City's 1st (North) Congressional District. it geographically situated near the boundary between Cebu City and Mandaue City and bounded to its North side by Barangay Mabolo, South Side by Barangay Camputhaw, East side by Barangay Carreta and its West side by barangay Luz.

Historically, Barngay Hipodromo, before its official creation as of the eighty (80) barangays of Cebu City, is part of Barangay Mabolo. Before the war or what they call then as the "peace time" period, there was a place in Barangay Mabolo frequented by Horse Racing aficionados not only in Cebu City, but in the entire Cebu Province. this is a horse track, where horse racing are regularly conducted and people, especially the horse racing aficionados, usually hang around to watch and even bet their money and horse racing competition.

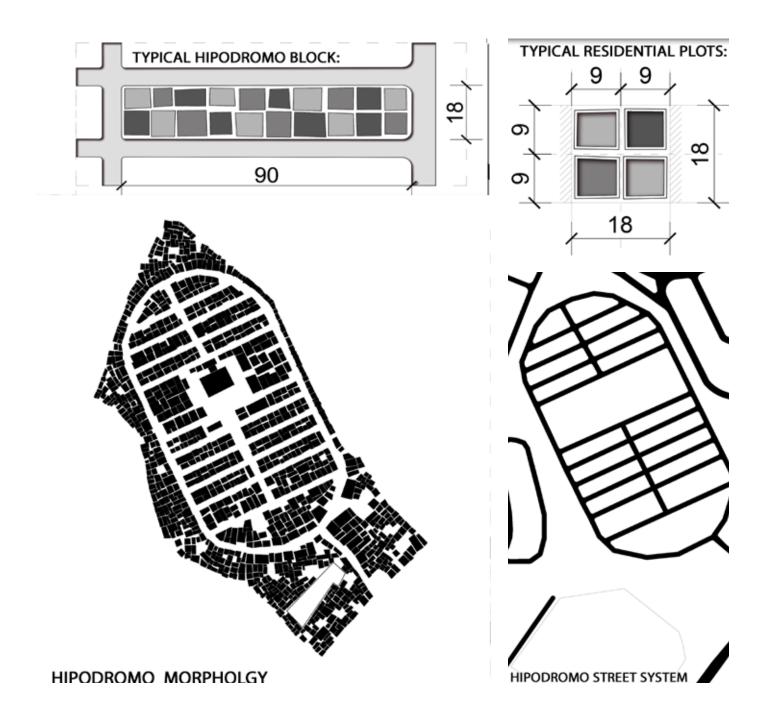






For years the horse racing became part of the lifestyle of the people. but after the war the horse racing conducted at the oval called "hippodrome" was no longer profitable, owning perhaps to the change in the lifestyle and interest of the people. thus, the horse racing business was closed and the horse race track was also closed.

The hippodrome or horse race track was abandoned and laid idle for years. its structures were either destroyed by the elements, stolen by scavengers, or simply had worn out due to the passing of time. In the late 1950's, a huge conflagration gutted down hundred of houses along the thickly populated areas of Cebu City, rendering thousands of families homeless and were left to seek temporary shelter at government schools and even in open public places. then Cebu City Mayor Sergio Osmeña Jr., the reigning City mayor at that time, was confused and having a hard time then where to locate or relocate the fire victims as they could no longer re-build their houses at the burnt area since it was privately owned the owners thereof no longer allow re-occupation to the fire victims.



By stroke of fate, Mayor Serging Osmeña decided to use the old and abandoned horse race track oval or hippodrome as re-location site for the fire victims. thus, started the occupational and the so called "migration" of people on the hippodrome or the horse race track oval.

Starting with the fire victims, other people also "migrated" to the place and built their houses, or even makeshifts to be called their own dwelling places. since, the place is generally confined in the race track oval, people banding, camaraderie, and friendship readily started and easily ignited into one compact and cohesive group of people determined to carve a destiny of their own and provide their own identity.

#### TOTAL POPULATION:

10 000

AREA:

13,5 ha

**DENSITY:** 

13,5 m<sup>2</sup> per person **BUILDING HEIGHT:** 

1-3 stories

**BUILDING TYPE:** 

single FAMILY house

STREET WIDTH:

4-6 m

**BLOCK SIZE:** 

90m x 18m

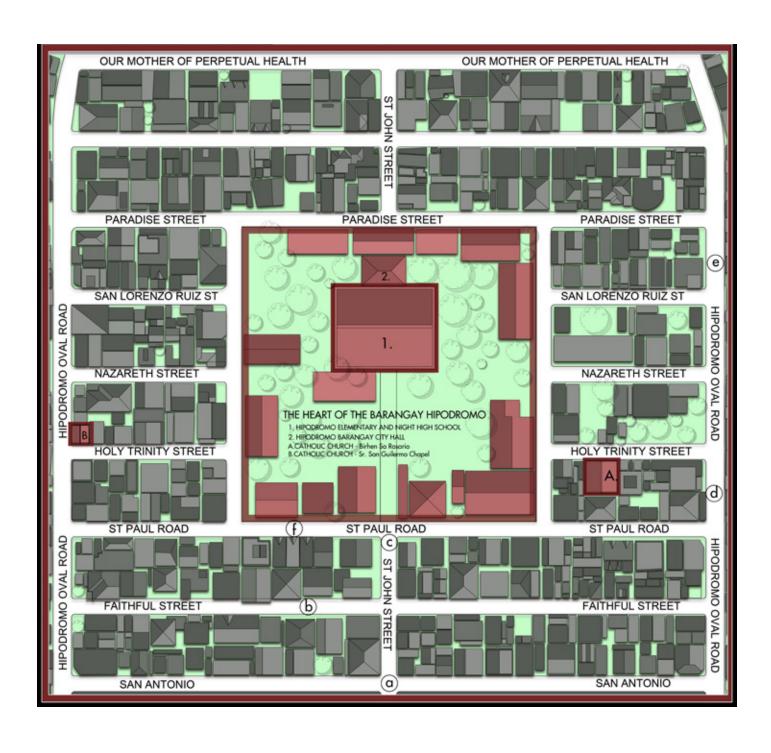
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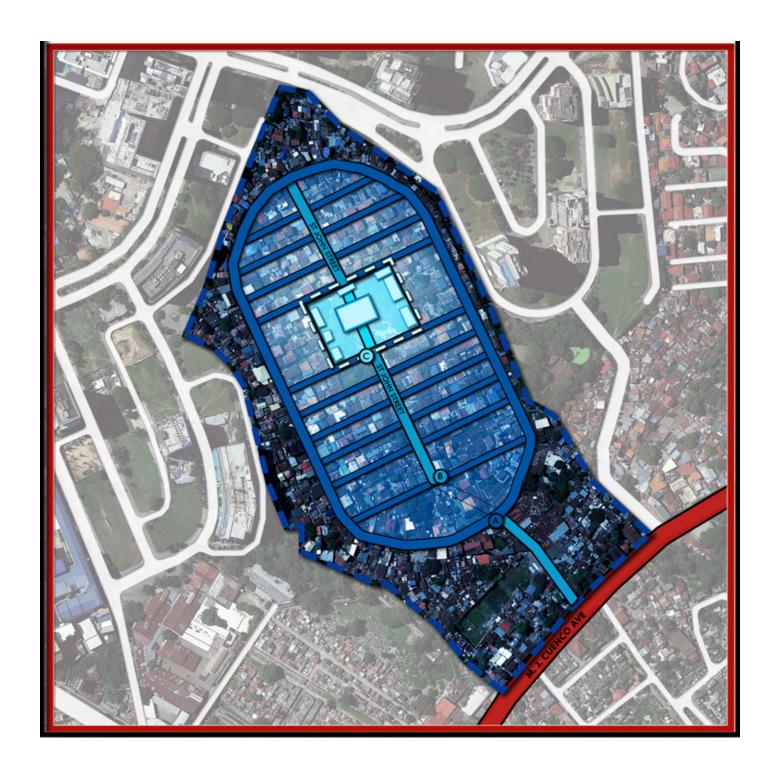
9m x 9m



Thus early leaders in the place, which was one part of Barangay Mabolo and in fact one of the sitiosof the latter, decided to from a movement to secede from Barangay Mabolo and form or created a new Barangay, which was later named HIPODROMO, which was taken from the term, "hippodrome" or horse race track oval, the earlier identity of teh place before they came.

Finally in early 1960's the place received its official recognition in the Charter officialy creating a Barangay Hipodromo as one of the eighty (80) barangays of Cebu City. This happens during the reign of then Cebu City Mayor Serging Osmeña. It can now be said that in the history of Barangay Hipodrmo, its name is coined from the term "hippodrome", which literally means horse race track oval.

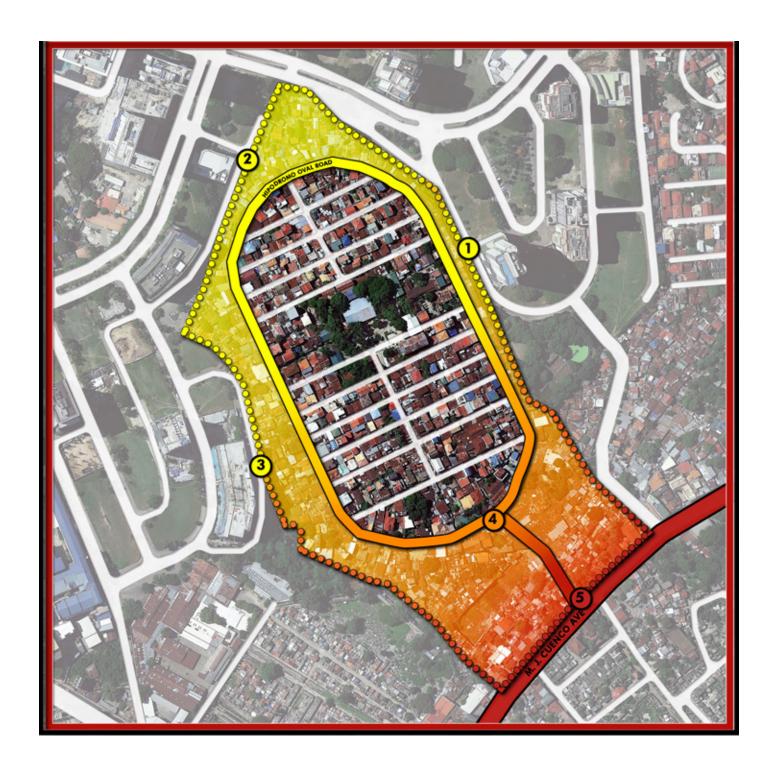










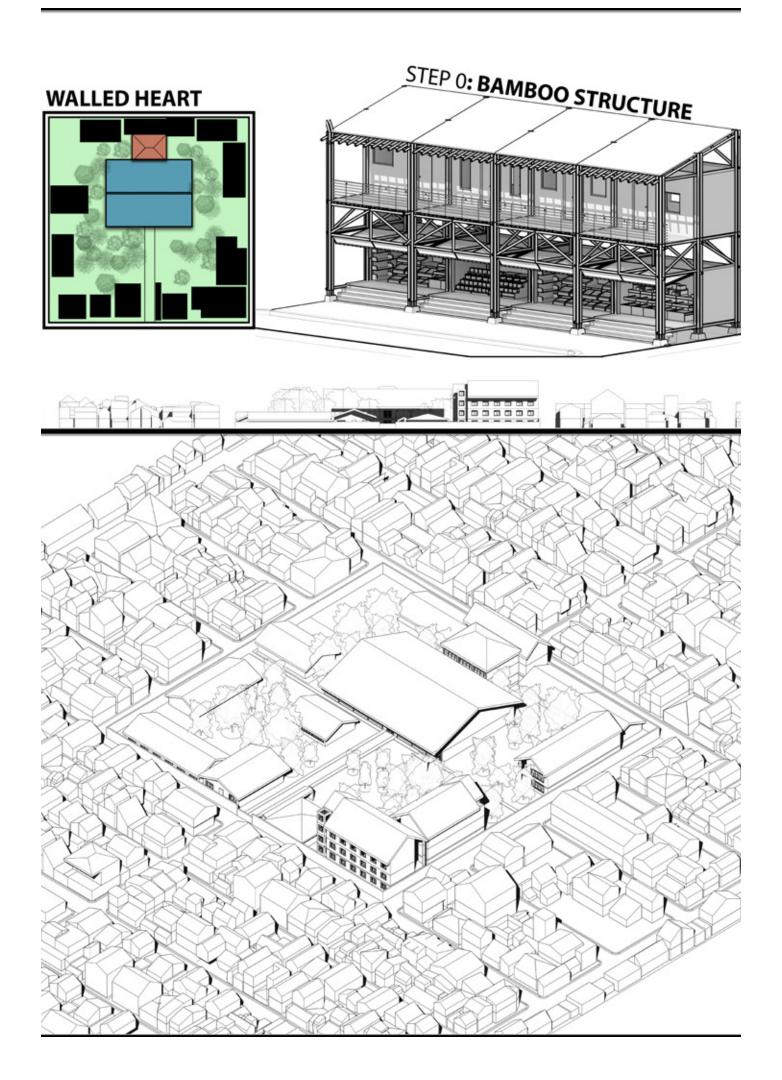


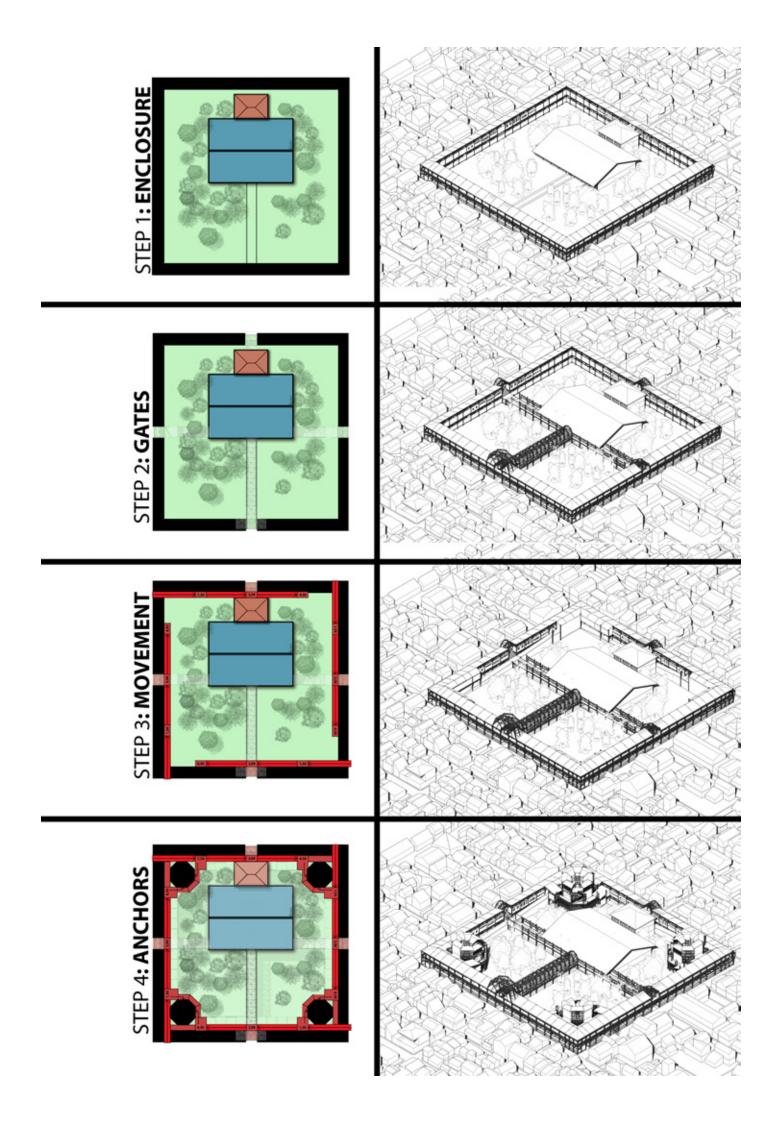


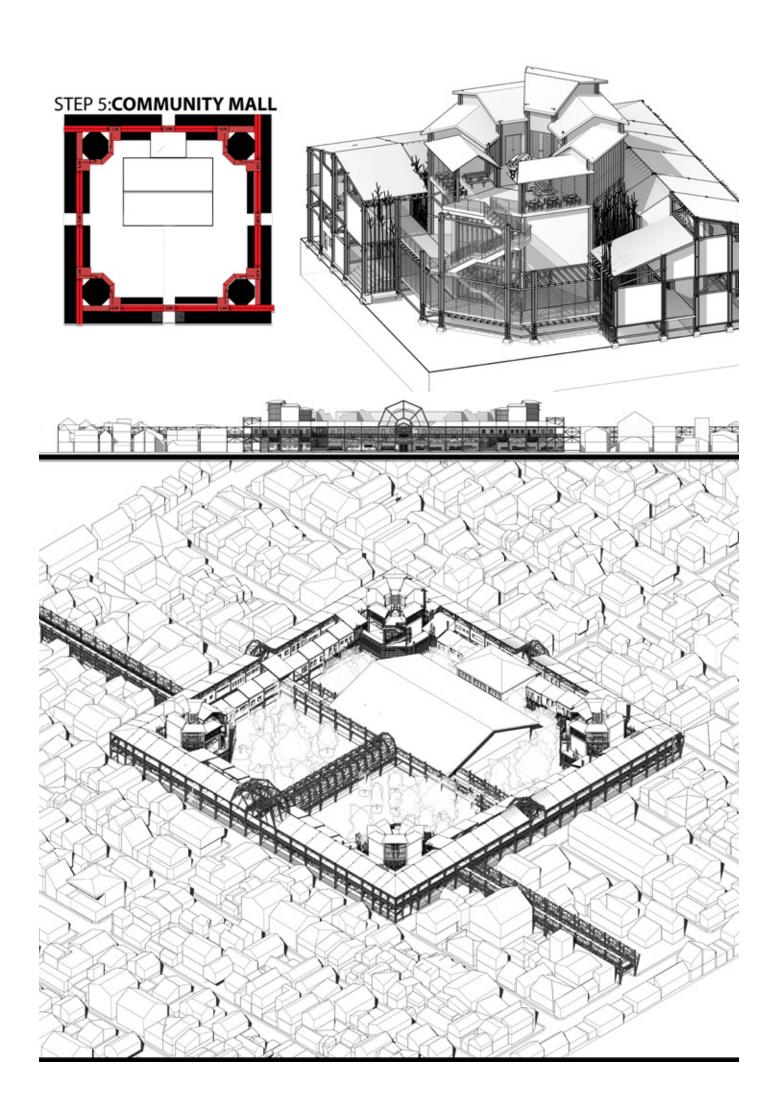


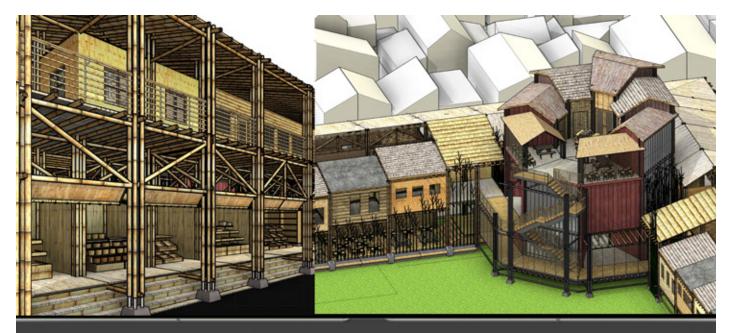


# CHAPTER 5 PROJECT COMMUNITY MALL

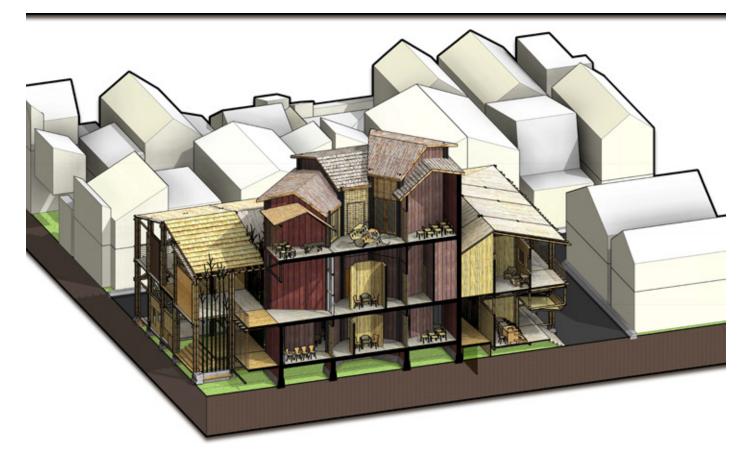




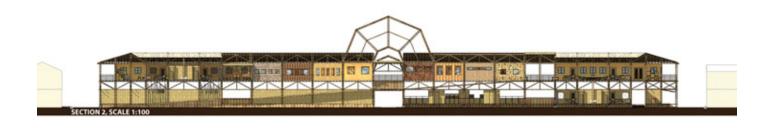








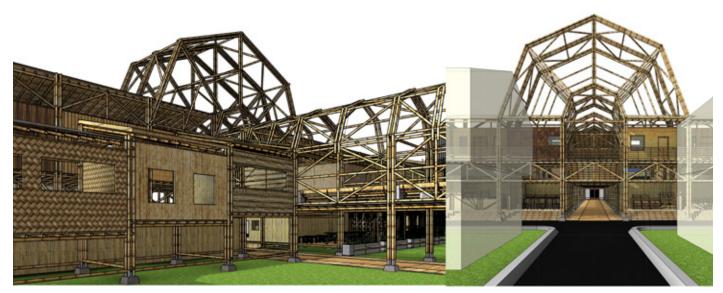


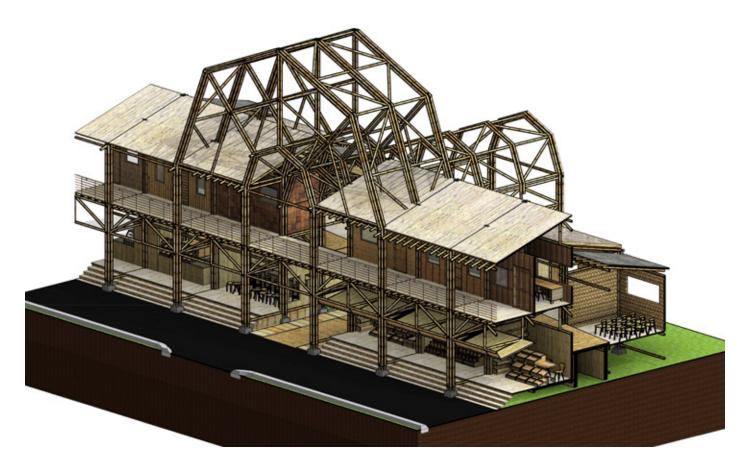












## Conclusion.

If we really want to know what is going on in a society we should pay attention to the shape its cities take. Urban fabric tells the truth. Even what isn't said out loud, the power struggles, discriminations and painful transformations, deeply ingrained patterns and imbalances it all sooner or later becomes a see it, touch it real place. The subject of this thesis is one such real place, a Business Park in a Philippine city. And as with all real places if you pay attention it speaks volumes.

One thing tough, we can say for sure, as the borders are dissolving globally and as the world is becoming more and more complex faster and faster, more walls will be emerging within our great cities of Planet Earth.

We build walls for two main reasons: for clarity and out of fear. Building walls out of fear is grounded in the danger that the stranger will contaminate our place with their strange stuff and ideas. Building walls for clarity means that we are using walls as tools to simplify the infinitely complex world so that we can live in it. Both reasons are valid and deeply grounded in reality. Because of this walls are inevitable, they are our fundamental need and impulse.

In the age of accelerations, borders are evrything and it is worth the effort to stop and think about them and maybe even try to find ways of designing better ones.

This thesis is my modest attempt to do so just that.

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