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By	Mr. Frank Tyler Oneal
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วิทยานิพนธ์ฉบับนี้ต้องการศึกษาการเมืองของการมีส่วนร่วมทางการเงินในประเทศไทย ตั้งแต่ ค.ศ. 2001 จนถึงปัจจุบัน โดยวิเคราะห์นวัตกรรมและกฎหมายที่เกี่ยวข้องกับการเงิน ผ่านกรอบคิดของการพึ่งพากันอย่างซับซ้อนของเศรษฐศาสตร์ทางการเมือง โดยใช้วิธีการสัมภาษณ์ เก็บข้อมูลภาคสนาม และหลักฐานชั้นรอง ผลการศึกษาพบว่า กรอบคิดเสรีนิยมที่อยู่ในนโยบายการขยายตัวของการบริการทางการเงินก่อให้เกิดกระบวนการทางการเงิน (financialization) ในชีวิตประจำวัน ในนามของการมีส่วนร่วมทางการเงิน และรวมถึงการศึกษาพัฒนาการทางการเงินที่เกี่ยวพันอยู่กับการปรับเปลี่ยนแนวนโยบายทางการเงินของทักษิณ ชินวัตร ที่ผลักให้ผู้คนห่างออกไปจากรัฐมากขึ้น รวมถึงภาพลักษณ์ทางการเมืองของทักษิณด้วย ดังนั้น การกระทำใด ๆ ที่เป็นการต่อต้านภาพลักษณ์ของทักษิณ หรือการพยายามเลียนแบบนโยบายของทักษิณ จึงเป็นการพยายามพาเอาผู้คนให้กลับเข้ามาเกี่ยวข้องกับรัฐอีกครั้งหนึ่ง

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This thesis is a critical observation of the politics of financial inclusion in Thailand from 2001 until the present time. The systemic approach embedded in the Political Economy of Complex Interdependence encourages us to focus on the coevolution of financial innovation and regulation. With data collected through interviews, field observations, and doctrinal analysis, I argue that neoliberal axioms embedded in the first policies to expand financial services evolved to engender the financialization of everyday life under auspices of financial inclusion. Furthermore, how the interdependence of financial development and Thaksin's transformative policies recoupled subjects away from the state, and to the Shinawatra brand of politics. Subsequently, each action against the Shinawatra brand or imitation of his policies is an attempt at recoupling subjects back to the state.

Field of Study:	International Development Studies	Student's Signature ....
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Plant Conservation to justice.

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Abbreviations

AFI	-	Alliance for Financial Inclusion
BAAC	-	Bank of Agriculture and Agricultural Cooperatives
BOT	-	Bank of Thailand
BWMS	-	Bretton Woods Monetary System
EOI	-	Export Orientated Industrialization
FDI	-	Foreign Direct Investment
FinTech	-	Financial Technology
FSMP	-	Financial Sector Master Plan
GFC	-	Great Financial Crisis
IMF	-	International Monetary Fund
IPE	-	International Political Economy
ISI	-	Import Substitution Industrialization
NBFI	-	Non-Bank Financial Institution
NGO	-	Nongovernmental Organization
NPL	-	Non-Performing Loan
NSO	-	National Statistics Office
OTP	-	One Tambon One Product
PIER	-	Puey Ungphakorn Institute for Economic Research
PECI	-	Political Economy of Complex Interdependence
SME	-	Small and Medium Enterprises
TSP	-	Three Thaksin Shinawatra Political Party
TRT	-	Thai Rak Thai
VF	-	Village and Urban Community Fund Project (Village Fund)
WB	-	World Bank

CHAPTER I OUTLINING THE PROBLEM

1.1 Introduction

"The hand that gives is above the hand that receives."

- Napoléon I (1998)

Napoléon is referring to a peculiar situation regarding the financing of conquest, where the hand that provides the capital for sustaining conquest is dominant over the hand occupied in action. For Napoléon, the dominant hand was the Parisian banks financing conquest, while his hand embodied the subservient position. Despite being the most powerful individual in Europe during the nineteenth century, Napoléon remained dependent upon Parisian banks. The machinations depicted in this thesis differ only in the style of conquest and the absence of severe brutality. In Thailand, as the essence of conquest is pecuniary gain and social control.

This research project falls within the discipline of Political Economy as it addresses the challenges of economic development with the contestations of politics, equally. The goal is to contest the mainstream discourse that financial inclusion is essential to conduce economic development. More specifically, to critically observe the evolving pathologies of financial services in Thailand as mechanisms for increasing economic prosperity and augmenting political support. The first pathology is the rudimentary Village and Urban Community Fund Project as a financial institution to push capital into the rural voids of Thailand. From there, an analysis of the coevolution of financial innovation and regulation, with an emphasis on the emerging political and economic properties. The outcomes perhaps reveal a darker truth in the abstract notions of financial inclusion in Thailand and across the developing world. The truth being that financial inclusion is and always will be a dual policy of mimicking a progressive development paradigm and appeasing the financial sector. However, what exactly is financial inclusion?

Financial inclusion is a broad framework that goes beyond microfinance by incorporating a range of financial services such as banking accounts, access to credit, insurance, and financial literacy. Furthermore, it is a "key enabler to reducing poverty and boosting prosperity" (World Bank, 2018). The foundation for promoting access to financial services is the empirical correlation between economic growth and financial sector development. However, improving access to financial services is not an original or revolutionary idea for improving the well-being of poor and excluded peoples. However, the structure of financial inclusion as it is today, emerges from the 2009 Pittsburgh Group of 20 Summit where,

> Leaders recognized the mutually reinforcing policy objectives of financial stability, financial inclusion, and consumer protection. Leaders committed to improving access to financial services for the poor by supporting the safe and sound expansion of new modes of financial services and formed the Financial Inclusion Experts Group (FIEG) to achieve this aim. (AFI, 2019b)

Fast forward to 2019, and financial inclusion is a universally accepted notion for reducing poverty and promoting prosperity, it is also incorporated into at least three Sustainable Development Goals. The movement is a multi-layered network of countries, central banks, international and nongovernmental organizations, and multinational corporations. Perhaps not a coincidence, the Bank of Thailand (BOT) was a founding member of a leading organization within the movement—the Alliance for Financial Inclusion (AFI).[1] The AFI is an organization that received support from actors and institutions like the Group of 20, the Bill and Melinda Gates Foundation, and MasterCard (Soederberg, 2013).

The promotion of financial inclusion as a development project emerges during a peculiar time, a time when the global economy was in the midst of a financial meltdown—the 2007/2008 Great Financial Crisis (GFC). Rather than avoid the mechanisms, agents, and institutions that caused the crises, the international

[1] Interview with BOT officials Chitkasem Pornprapunt, Sawisa Ariyapruchya, and Tawun Puanggard on 5/27/2019.

development community looked to their expertise even more. Instead of throwing the baby out with the bathwater, the development community coddled around the same economists who missed to see the GFC coming, because they were too busy proclaiming a Great Moderation or the end to macroeconomic theory roughly a decade before.

However, heterodox scholars associate a different concept with the Great Moderation, a particularly pernicious concept called financialization. Financialization is "the increasing role of financial motives, financial markets, financial actors and financial institutions in the operations of the domestic and international economics" (Epstein, 2005, p. 3). A concept used to describe the tensions "between the 'financial' and "real" sector; these changes give greater weight than before to financial actors or motives" (Stockhammer, 2013, p. 513). An emergent concept produced during the coevolution of financial innovation and financial regulation. A concept embedded in the episodic turn towards neoliberalism and the powerful forces of globalization, where tremendous economic progress overshadows acute human and environmental consequences. At face value, financial inclusion appears to be an integral component of financialization. However, why, and how is it suitable to analyze the events promoting access to financial services in Thailand between 2001 and 2019, and juxtapose them to financialization?

Thailand is particularly interesting because the country has over a decade of experience in cultivating an inclusive financial system following the severe financial crisis. An upper-middle-income country since 2011, as classified by the World Bank (WB), Thailand is a modernizing country that is close to eliminating extreme poverty. A spectacular achievement considering how prevalent poverty was less than forty years ago. However, poverty reduction appears to be slowing or perhaps reversing while extreme variants of inequality emerge. Whereas that financial sector is recording strong and robust growth since the post-crisis reforms.

The catalyst to those reforms was the 1997 financial crisis that collapsed the economy and set in motion a series of consequential events still impacting the country. Before the crisis, low-income and rural people had no access to formal financial services. In the aftermath, the Thai government, led by the Democratic Party, began modernizing the financial sector with the idea of preventing another while restarting growth. Public perception discerned the ordeal as rewarding the speculation and profligacy of the culprits with a bailout. As the government rescued the financial system and some of the banks that engendered the crisis, they left the poor and vulnerable to fend for themselves. In one instance, the government actively sought to make them worse off. For the Democrats, modernizing the financial system consisted of revamping the BOT and designing a new mandate to safeguard the country's monolithic commercial banks through stricter regulatory oversight.

Another significant transformation started in 2001 with the election of billionaire businessman Thaksin Shinawatra to the Premiership. Disregarding authenticity, Thaksin viewed poverty as a disease cured best by injecting credit into the financial excluded to revive their entrepreneurial spirits. With that as his ideational foundation, Thaksin started the country on a path towards achieving universal financial inclusion before it was a goal professed by the writers of mainstream development discourse in 2007.

By 2016, the *Financial Access Survey* reported that 97.3% of Thai households have access to financial services, with 86.3% of respondents stating they use either money transfers, own a savings account, or used a credit product (BOT, 2016). However, this progress does not reflect the grotesque political and economic conditions plaguing the country. Political conditions characterized by military coups, severe democratic repression, and blatant corruption. Economic conditions of destabilizing levels of private indebtedness and extreme wealth inequality. Extreme in the sense that Thailand is perhaps the single most unequal country in terms of wealth in the world (Post Reporters, 2018). Other extreme variants of inequality consist of rural-urban development gaps and opportunity. Each variant is interrelated and emerge from the country's economic development legacy stretching all the way back to Ayutthaya period.

Relating to wealth inequality and for the last six years, the private debt to GDP ratio continues to fluctuate around 78%. Data published by BOT researchers indicate borrowers becoming indebted at a younger age and for extended periods. Presently one in five adults the age of twenty-nine are dealing with a non-performing loan (NPL); household debt remains concentrated amongst the same segment of borrows and four in five cases of debt expansion occurs with individuals or households already in debt (Chantarat, Lamsam, Samphantharak, & Tangsawasdirat, 2018). Despite the debt primarily being of the home mortgage variety, the private debt problem is not unique to Bangkok. Village households across the Northeast face the same problem, only with less economic opportunity. The top issue recognized as the causing of rising debt burdens is the lack of financial literacy and recurring populist policies by past governments.[2]

As a critical observation, the thesis is not primarily concerned with finding the 'right' kind of financial inclusion insofar as the attempts to engender financial inclusion receive a thorough critique. In that context, we test the positive notions of financial inclusion against Thailand's economic malaise, as well as the legacies of domination and subjugation. Determining whether financial inclusion is a key enabler for boosting prosperity or continues to reproduce an environment of subjects who are "well-adjusted to injustice" (West, 2009, p. 15). What is meant by reproducing an environment of subjects who are well-adjusted to injustice, is the continuation of the current environment of popular consumerism, political and economic nihilism, and mass disenfranchisement. More specifically, is financial inclusion a policy to ensure the continuity of consuming popular culture by finance means. Furthermore, whether financial inclusion is a guise for financial conquest or a long process the eventually

[2] Interview with BOT officials Chitkasem Pornprapunt, Sawisa Ariyapruchya, and Tawun Puanggard on 5/27/2019.

leads to economic security. Those are the standards applied in the adjudication of financial inclusion.

The analysis within this paper begins in the ashes of the 1997 Asian Financial Crisis and ends with the scares and memories of that event primarily forgotten. The conclusions reached suggest two findings concerning the politics of financial inclusion and political transformations. First, political expediency, together with the coevolution of financial innovation and regulation, contributed to a coupling of economically excluded subjectivities to the Thaksin Shinawatra political brand. This novel coupling necessitates a decoupling of subject loyalty and submissiveness to the pre-1997 state. Second, the coevolution of financial innovation and regulation within the development of the financial system engenders a variance of emergent properties characteristic of the financialization of everyday life.

1.2 Thesis structure

To discern the truth about financial inclusion in Thailand, the structure of the thesis is as follows. The first section of chapter two discusses the research questions and objectives, followed by an overview of the methodology and research methods utilized in gathering data and conducting research.

Chapter three comprises four sections. The first section contains the theoretical foundations utilized in analyzing Thai political economy. The following two section construct the conceptual framework to understand emergent properties in the process of financial evolution. The two concepts contributing to that effort are neoliberalism and financialization. The last section in chapter three reviews the shaky foundations of financial inclusion to better identifying the signal in the noise of development rhetoric.

Chapter four details the evolution of the Thai economy and breaks down into three main sections and emphasizes a state-subject coupling narrative. The first section briefly discusses the origins of control in the pre-modern economy and the emergence of capitalism. The second section focuses on the post-1932 environment controlled by the bureaucratic polity and their facilitation of territorialization and economic development. The next section truncates the post-1973 narrative on democratization and liberalization of the economy through to the 1997 financial crisis. The chapter concludes with a reiteration of the key points.

Chapter five contains three subsections and several sub-sub sections of analysis. This chapter routinely emphasizes how the coevolution of financial innovation and regulation engenders an environment ripe for both political and economic change. The first period covers from 1997 until just before the 2006 coup, focusing on the rise of Thaksin Shinawatra and his transformative policies (Village and Urban Community Fund Project). The next section starts with the 2006 coup and the episodic political changes leading up to the election of Yingluck Shinawatra. This section closes with alternative analysis of the 2014 coup. The final section in this chapter reviews the most recent developments in financial inclusion. The focus here is critiquing the private and public sectors' efforts. First, more of the same microfinance, but this time the government is the licenses' guarantor for private finance. Second, regulatory changes implemented by the BOT that promote market competitiveness, efficiency, and opportunity. This section ends with a novel critique of a social enterprise FinTech emerging as the financial system evolves. The thesis concludes with a summary of the analysis and main points.

CHAPTER II RESEARCH DESIGN

This chapter breaks down into three sections. First, introducing the research question and objectives. Second, elucidation of methodology and various methods incorporated during the research process. Lastly, the categorization of qualitative data and the appropriate sources.

2.1 Research questions

This thesis answers one primary research question and one secondary research question. Answering both questions involved applying the core concepts of financialization and neoliberalism through the theoretical perspective to understand the politics of financial inclusion.[3]

Primary research question

To what extent are Thai people experiencing the financialization of everyday life under the auspices of financial inclusion?

Secondary research question

How has access to financial services evolved in Thailand since 2001?

2.2 Objectives

The objective correlated to the primary question is to determine the presence of financialization at the individual level throughout Thailand. However, emphasizing previous and currently financially excluded subjectivities. The second objective is to

[3] In other words, how has finance financial development transmuted Thai subjectivities and what are the political outcomes of the transmutations?

analyze the evolution of the phenomenon using the theoretical foundations described in section one of chapter three.

The secondary question is somewhat implicit in the primary question. However, as the reader will find out, the evolution of financial services is crucial for strengthening the argument. The first objective for the secondary question is to identify the reasons for expanding access to financial services and how they change. Second, juxtapose financial regulation and the evolution of financial services to elucidate changes and consequences.

2.3 Methodology

The nature of this thesis is qualitative. Where methods are the tools and techniques within and supportive of a specific methodology and contribute to the elucidation of the research questions delineated in section 2.1. Olsen and Morgan (2005) characterize methodology as,

> [A] combination of techniques, the practices we conform to when we apply them, and our interpretation of what are doing when we do so. Methodologies often have embedded in them assumptions about the nature of reality and underlying or implicit axioms about human behaviour. The distinction between method and methodology is important precisely because it sheds light both on the nature of the sceptical argument and the possibilities of the positive argument. (Olsen & Morgan, 2005, p. 257)

Objective natural reality exists independent of human knowledge, and therefore, the goal of a methodology is to minimize the approximation between the researcher's conclusion and true experience. Therefore, to convey and clarify events of true experience (the conclusions) becomes an implicit goal of methodology. Here, the preferred methodology of conveyance and clarification is qualitative, the medium in which the researcher communicates results. Here, linguistics is the vehicle in which thought and communication deliver results (Gouinlock, 1994).

A qualitative approach is about how the researcher approaches the natural world (Flick, 2018). In this case, relying more on theory and analytical thinking during the data collection process while critically observing past and present experiences. Furthermore, always juxtaposing the theoretical foundations and concepts in a dialectical and abstractionist process—evolutionary.[4] In particular, visualizing temporality and the continuity of events, and locating and dissecting notions about experiences to discover new connections. For John Dewey, "The distinction is one between what is experienced as the result of a minimum of incidental reflection and what is experienced in consequence of continued and regulated reflective inquiry (Gouinlock, 1994).

The first method gathered the experience of twelve key informants through semi-structured interviews and narrative discussions occurring over four-months. Guidelines adhered to during the interview process reflect protocols outlined in the graduate program's research methods course. Interviewing as a research method serves the purpose of inquiring into the experiences of agents concerning the topic and research question. Later, analyzing the acquired information and returning to it when necessary. The second method incorporated is a non-participatory field observation in the Northeast Province of Nong Khai. Although the trip was insightful, data gathered in Nong Khai did not make it into the final thesis draft. The third and most common method utilized in this thesis is documentary analysis.

Triangulating qualitative data

Data triangulation is the process of collecting data using different methods across multiple sources. Later, dichotomizing the data into two monolithic categories:

[4] For an introduction on dialectics beyond thesis, antithesis, synthesis, see Ollman (2003).

qualitative and quantitative. The case here, data triangulation is amalgamating data from interviewing key informants, conducting field observations, and analyzing documents, strictly falls into the qualitative category. Qualitative data is,

> [T]he selection and production of linguistic (or visual) material for analyzing and understanding phenomena, social fields, subjective and collective experiences and the related meaning-making processes. (Flick, 2018)

An additional element to complete the triangulation process requires viewing the data across time and how the data changes. This element is implicit in the evolutionary notions embedded in the theoretical foundations.

Primary sourced data triangulation

Primary source data is the firsthand collection of new information related to the analysis. This thesis derives data from three primary sources. The first source of primary data emerges from twelve different semi-structured interviews with Bank of Thailand officials, including former ministers of finance, leading Thai academics, and members the Thai civil society. Specific experiences the interview questions seek to reveal are the ideas and objectives behind policies as well as understanding and perspective related to various situations. The second source of primary data was the non-participatory field observation conducted in the Northeast province of Nong Khai. In Nong Kai, observational measurements to determine the dichotomy of financial inclusion and exclusion as well as the type of financial services offered. While in Nong Khai, the researcher visited the recently demarcated (2014) special economic zone (SEZ) to contrast the urban-rural financial access dichotomy further, as well as observe the progress of investment at the SEZ. The last primary source of data was documentary and audiovisual materials. Here, data is in the form of written and recorded speeches by the Governor of the Bank of Thailand and a co-founder of the agricultural Fintech firm Ricult.

Secondary Sourced Data Triangulation

The definition of secondary sourced data is data already in existence (e.g., scholarly articles and journals). Secondary sources fill in the information gaps created by limited access to primary sources and time constraints. Doctrinal sources consist of relevant laws and regulations related to financial development and financial inclusion. English print Thai newspapers reveal proposed policies related to the research topic, insights to their effectiveness, and reports on emerging economic and political concerns. Non-governmental sources included commercial banks research articles and a start-up financial technology social enterprise called Ricult. International organizations included the World Bank Group, The Asian Development Bank, and the Alliance for Financial Inclusion. Lastly, and providing a significant portion of the secondary source material are scholarly publications across a broad spectrum of disciplines.

CHAPTER III THEORETICAL AND CONCEPTUAL FOUNDATIONS

This chapter brings together the researcher's thoughts on novel theories in political economy as well as the necessary concepts for critically observing the evolution of access to financial services. First, discussing the theoretical underpinnings utilized in this research project. Those underpinnings transcend the scientific theories of complex systems and evolution. For the sake of simplicity, Oatley's (2019) article, *Toward a political economy of complex interdependence* is used to conflate and organize the incorprated ideas and notions.[5] Second, a breakdown of the concepts used to elucidate the Thai context under review. Beginning with the historical notions of finance capital, through to financailization and regimes of accumulation and ascendency of shareholder value. Next, reification of neoliberalism, the financialization of everyday life, and how the two constitute one another. Thirdly, constructing the notion of financial inclusion and subsequent critical observations. By the end of this chapter, the reader will understand how complex systems and evolutionary logic apply to the study political economy, andhow the concepts elucidate the context-specific processes and dynamics in finance and capitalist economic development.

3.1 Political economy of complex interdependence

Social science has a particularly troubling first step regarding the pursuit of truth. Ontologically, is knowledge or truth a natural phenomenon, or do knowledge and truth not exist, and is truth only the result of social outcomes such as struggle? Despite the dominance of discursive transformations in an epoch characterized by scientific retreat or Global Trumpism (Blyth, 2016), a natural world exists independent

[5] Oatley is not first to combine these perspectives into a framework, he is however, at this time, the most useful source to reference conflating the above concepts.

of human knowledge, evident of the fallibility scholars persistently advance as knowledge, truth, or fact (Sayer, 2000). If we strive to avoid continuing down a path of fallibility, we must accept the natural world as is and avoid simplifying assumptions based on even the most agreed upon rationales. Ontologically, the world is a complex and evolutionary system. Therefore, discerning truth and knowledge about the natural world should incorporate theories on complexity and evolution.

What follows is the reification of concepts reflective of a natural environment inhabited by humans and nonhumans that fulfills the necessary criteria North (1994) put forward as a challenge to economist over two decades ago,

> "A theory of economic dynamics is also crucial for the field of economic development. There is no mystery why the field of development has failed to develop during the five decades since the end of World War II. Neoclassical theory is simply an inappropriate tool to analyze and prescribe policies that will induce development. It is concerned with the operation of markets, not with how markets develop. How can one prescribe policies when one doesn't understand how economies develop?" (p. 359)

Douglas North, among others, understood the limitations of neoclassical economic axioms applied to an international economy. Ultimately, North concluded the necessity for strong institutions to guide and safeguard gains in economic development—preventing small boats from capsizing or washing out to sea. However, in today's globalized economies, even North Falls short. Recall the Queen of England's visit to the London School of Economics in the aftermath of the GFC, asking why no one saw it coming. The economists' reply was simple, 'no one could have seen it coming' (Keen, 2011). The unexplained deflationary return to normal and populist backlashes prove that IPE theory requires a deeper understanding of complex and highly interconnected systems that evolve (Blyth & Matthijs, 2017). The remainder of this section delineates a perspective Political Econnomy of Complex Interdependence (PECI).

The framework involves notions from social, evolutionary, and complexity sciences to elucidate dynamic change in political or economic development. Again, Oatley (2019) is the starting point for developing this perspective. Complex interdependence, originally juxtaposed by Keohane and Nye (1977) as an alternative to the realist perspective in international relations, posited that international system of political economy displayed high levels of connectivity and interdependence between variables. Despite the internationanl system exhibiting extreme levels of connectivity, the authors' perspective falls short in keeping with the science of complex systems. However, what is a system and what makes it complex? A system is any structure that exhibits order and pattern (Boulding, 1987). A complex system, according to M. Mitchell (2009), is "a system in which large networks of components with no central control and simple rules of operation give rise to complex collective behavior, sophisticated information processing, and adaptation via learning or evolution" (p. 13)(p. 13)(p. 13)(p. 13)(p. 13)(p. 13). In laymen's terms, a complex system is a thing that works until it does not.

Capital or financial markets being prime examples of complex systems that work until they do not, where highly specialized individuals are clueless to their failings and never predict imminent collapse.[6] Global financial markets exhibit features of a black-box, where knowing how the internal transformations occur is unnecessary so long as the transformations are continuous (MacKenzie, 2010). Complexity exists outside of global financial markets, as well. In the Keynesian tradition, domestic capitalist economies produce complex financial commitments and structuring over time to generate endogenous instability (Minsky, 2016). So, what are the technical characteristics of complex systems?

A fundamental difference in viewing the political economy as a complex system is a rejection of entailing laws, under which outcomes are deterministic and predictable products of the internal conditions of predefined phase space (Koppl,

[6] I arrived at this simplification point with the help of Paul Gambles and the Boom Finance and Economics blog.

Kauffman, Felin, & Longo, 2015). The presence of entailing laws allows for Newtonian physics or mechanics to govern the system. Bounded rationality, computational utility, and the efficient market hypothesis all rely on entailing laws to contrive a phase space in which all possible outcomes are knowable, and consequently, predictable. Without entailing laws, the system at hand is non-ergodic. In an ergodic system all of the possible points are knowable and attainable through mathematical calculations (Kauffman, 2017). Consequently, not all of the points are knowable or attainable in a non-ergodic system. How variation and adaptive selection occur in the evolution of future traits, because not all of the future trait possibilities are knowable. Alternatively, "the distribution of outcomes in the global political economy changes over time as a consequence of the adaptive interaction among the agents who jointly constitute the system" (Oatley, 2019, p. 7). The more connectivity, the more interations amongest agents, and the more possible unknowable outcomes since the system cannot be bounded. When agents or institutions confuse an ergodic system with one that is non-ergodic, computational results or presuppositions about the trajectory of the system are perhaps fatally wrong. Weather and climate are examples of non-ergodic systems, which the FinTech discussed in section 5.3.2 fails to recognize in de-risking smallholder farmers.

In a non-ergodic system, all disturbances are endogenous because the system is unbounded. Without entailing laws, there can be no endogenous-exogenous dichotomy (Blyth, 2010). Therefore, in IPE, what is the purpose of designating shocks as exogenous in a globalized and financially interconnected world? Designating exogenous shocks as the causes of disequilibrium supports the continuity in assuming the world is in general equilibrium and relatively static. Thus, permitting Newtonian mechanics to govern the system. However, to what extent are the aggregate experieces of people across the world in equilibrium? Even in the Western industrialized world it is difficult to argue aggragate daily life experiences maintain a semblence of equalibrium (Taleb & Blyth, 2011).

To understand how complex systems, develop and change, it is helpful to incorporate evolutionary concepts without all the 'survival of the fittest' jingoism. For the social sciences, "evolution is a function of environmental constraints, interactions between entities, and a code carried by their replicators" (Blyth, Hodgson, Lewis, & Steinmo, 2011, p. 302). Interactions between agents and the structures in their respective environments produce change—they coevolve with the material circumstances of their environments (Veblen, 1906). Therefore, change is constant, and systems are more often than not, out of equilibrium. The continuity of specific changes depends the upon usefulness each change represented. As an example, a driver of financial sector development is financial innovation, which functions as a mechanism to enhance liquidity and profits—both occasioning a belief about the future as well (Minsky, 2016). Therefore, financial innovation is the expansion and improvement of existing services or the creation of entirely novel ones to enhance liquidity and profits. The agents responsible for novel financial instructments necessarily have inherent expectations about the future with historical legacies acting as constraints. The best innovations (instruments) are codes carried by agents or institutions responsible for their replicatation. International financial institutions generate an evolutionary convergence towards norms embedded in agreements like the Basel III Banking Accords or best practices espoused by the WB or IMF. Chapter five is an evolutionary analysis that emphasizes the coevolution of financial innovation and regulations that engender emerging properties.

Emergent properties are "those properties that are entirely unexpected and include emergent phenomena in materials and emergent behaviour in living creatures" (Hodgson, 2004, p. 405). Emergence in complex systems negates the idea that an object is the sum of its parts or that the redistribution is attributable to the sum's parts. Emergence presupposes the existence of novelty constructed from aspects of the previous object but never discernable through the analysis of the existing objects. In the varying degrees of emergence, radical being the most extreme, the fewer replicated parts or characteristics in a novel object determines the degree. Eluded to in the previous paragraph, emergent properties are the result of social and environmental intercourse. More specifically, "a pattern of relationships between private and public agents that extend within national economies as well as across national borders and the associated institutions, regulations, and organizations within this environment" (Oatley, 2019, p. 5). Kaltenbrunner (2015) provides an example of evolving cross-border patterns. She theorizes the construction of currency hierarchies that produce international creditor-debtor relations, where structurally advantageous currencies inhibit domestic credit markets. Furthermore, policy ambiguity in the financial inclusion movement allows countries to implement the overarhcing framework with variance, and thus producing novel outcomes (Dafe, 2019).

Such interactions produce possibilities no person or algorithm is capable of predicting because their non-ergodicity of the system. Again, rather than extrapolating micro-foundations, evolutionary and complex system perspectives recognize the mutual constitution between the system and agents (Hodgson, 2004; Oatley, 2019). For example, broadband and social media's infiltration into society as an explicit human right and the subsequent rise of social media 'influencers' as independent careers for marketing and branding. When the internet or mobile data became available, no one could have predicted being an influencer as a lucrative career path.[7] Moreover, the diffusion of mobile devices constitutes a significant component of expanding access to financial services. Without this diffusion, certain aspects of financial inclusion would not be conceivable—namely, mobile banking and remittances. Thus, the creative dynamics of today, enable new futures of tomorrow but do not necessarily cause them as their 'enablement' is interdependent (non-linear) (Koppl et al., 2015).

The adoption of a framework of this nature aligns with the critical realist perspective alluded to in the opening paragraph of section 3.1 on how an observable

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[7] Influencers are online celebrities. Their fame and fortune strictly limited to social media and their capacity to generate likes and followers through online exchanges.

world with innate truths exist outside the public sphere of contested knowledge. Furthermore, starting from the PECI perspective elucidates and minimizes the distance between truth and fallibility because it accepts the world without rationalizing assumptions. To summarize this section, we draw from Oatley (2019) and his reification of a PECI,

> Which encourages us to focus on the mechanisms that changed the financial system over time and the consequences of this change for system performance. It stresses the impact of innovation, positive feedback, diffusion, and performativity within the financial system itself, as well as the coevolution of financial innovation and financial regulation. It stresses the non-ergodic nature of the financial system by exploring how these processes altered the financial system's possibility space and the associated probability distribution. It encourages us to recognize that as actors change the system, they often unintentionally destroy information and thus operate in an environment of rising entropy in which their understanding of how the system works becomes increasingly inaccurate. Often, this cycle unfolds in a world of uncertainty in which actors cannot know that they have changed the system. Finally, the operation of this information-entropy cycle over time can generate large discontinuities in system performance. (p. 15)

At this point, it is important to emphasize how the framework sketched in this section will link with the concept of financialization and elucidate the analysis of financial inclusion discussed in chapter five.

In closing, PECI is the foundational battlefield where post-structuralist techniques dual to discover hidden truths in evolving atomistic individualisms. It requires letting go of rationalizing assumptions about an irrational world. Upon accepting irrationality and conquering new illuminating concepts, understanding and explaining worldly complexities becomes less of a daunting task.

3.2 Conceptualizing financialization

This section delineates the historical contexts and emergent properties of financialization. Since financialization appears to be an outcome of financial development, the dynamics take an evolutionary trajectory. Frist, attending to two core subfields of financialization: finance as a regime of accumulation and the rise of shareholder value. Next, and particularly important, the subsequent section deals with the third subfield of financialization—everyday life. By the end of this section, the reader should know the origins of financialization as finance capital and grasp the pervasiveness of that encompasses financialization.[8]

The contemporary turn to financialization was first recognized by Arrighi (1994) and Phillips (1993), the former gaining recognition for his summation that financialized capitalism is a reoccurring stage of capitalism and the latter receiving recognition for neologizing financialization. However, a rich history exists in Marxian and heterodox analysis of finance in the later stages of capitalism. Across Marx's writings, especially his later publications, distinctions between industrial capital and other forms of capital, such as interest-bearing and fictitious (the latter term popularized by leftist ideologues), received forewarning due to their parasitical features on an economy (Hudson, 2010). Hudson emphasizes the main point in Volume III of *Capital* by individuals inside the traditional productive economy "must see that asset-price inflation fueled by debt leveraging makes them poorer, not richer, and that financialization is the destroyer and exploiter of industrial capital as well as of labour" (2010, p. 443).

In the analysis and critique of finance capitalism, Marx was decades ahead of his time. However, shortly after Marx's passing, equally unique archetype-rebels Rudolf Hilferding (1985 [1912]) and Thorstein Veblen (1965 [1904]) recognized

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[8] Finance being the administration of capital and various assets by entities within the economy (Van der Zwan, 2014).

structural changes in capitalism. Contrasting more so in analysis than in content, Veblen broke from the dialectical tradition to emphasize economic institutions and societal behaviors and habits as mechanisms of changed. Veblen focused on corporate finance, capitalization of debt, and business enpterprise. He indicated that the sale of securities, ostensibly issued for the growth of production and future profits, simultaneously cause the diminution of management "from the ownership of the property" (1965 [1904], p. 85). Hilferding's analysis of capital in the latter half of the ninetieth and early twentieth centuries exhibits striking parallels with contemporary financialization while echoing Marxism with regards to differentiating finance from industrial production. Hilferding observed the growing political and economic power of bankers and industrialists the more control they exerted over monopolistic joint-stock companies (Epstein, 2005, p. 3; Westra, 2015, p. 680). Other economists outside of the conventional wisdom of the late ninetieth and early twentieth centuries with connections to Hilferding and Veblen include Hobson (1965 [1902]) and Schumpeter (1943).

Each contemporary analysis of financialization originates the phenomena to the 1970s with a handful of political and economic transformations in the Anglo-American hemisphere. The linchpin moment is the breakdown of the Bretton Woods Monetary System (BWMS) brought on by the endogenous breakdown of the Keynesian full employment regime and the emergence of a new international financial order (Blyth & Matthijs, 2017). The breakdown of the BWMS practically ended the requirement for capitalist economies to ration credit stringently (W. Mitchell & Fazi, 2017). Unless a currency was pegged, financial systems had more fiscal space for credit creation with only potential financial ruin to prevent them. Contemporaneous, with the collapse of the Golden Age of Capitalism, was labors share of income decoupling from productivity through the diminution of labor militancy (Westra, 2012, 2016). The remained of this chapter covers early contemporary scholars of financialization and various observations of financialization's effects.

Early conceptualization attempts by Epstein (2001, 2005) and Krippner (2005) contrived a diffuse definition by the former and broad spectrum of what constitutes financialization is by the latter. This resulted in a nearly unbounded field of research. Engelen (2008) discusses how divisions amongst financialization scholars emerge over conceptualization issues, particularly the transformational characteristics, and differentiating causes from effects. Conveniently, Van der Zwan (2014) taxonomically organizes existing research into three subfields: finance as a regime of accumulation, the rise of shareholder value, and the financialization of everyday life.[9] All are intricately connected and sometimes overlap in terms—specifically neoliberalism.

Krippner (2005), empirically conceptualizes financialization by triangulating data on income fashioned from financial activities yielding higher rates of return and growing proportionately while vis-à-vis traditional productive income streams in the 1980s and 1990s. Defining financialization through the recognition of "a pattern of accumulation in which profits accrue primarily through financial channels rather than through trade and commodity production" (Krippner, 2005, p. 174). Epstein and Jayadev (2005) confirm the increase in the share of GDP by financial institutions. Gone are the days when banks typically earned a profit from financing productive investment in manufacturing. Now, "banks have moved toward mediating in open markets to earn fees, commissions and profits from trading; they have also turned toward individuals (and households in general) to obtain profits from lending but also from handling savings and financial assets" (Lapavitsas, 2013, p. 800).

Boyer (2000), acknowledges the rise of financial asset accumulation through the demise of the Fordist regime of accumulation brought on by the downfall of the class accord and Keynesianism. Fordism is commonly referred to as the dominant regime of accumulation during the Golden Age of Capitalism (1946 to 1970 (Sweezy, 1995)) in advanced market economies. A Fordist regime of accumulation is a high capacity production economy, where assembly-lines turnout consumption goods for

[9] An alternative taxonomy of financialization is in Aalbers (2018) where seven subfields make up the subject.

the producing population, and exports are low. The accumulation regime transformation is underpinned by a reconfiguration of investment away from productive purposes to financial speculation, a feature Arrighi (1994) recognized by analyzing geopolitics and the interests of capitalist hegemonies. The emergence of speculative finance ties into the next approach for analyzing the effects of financialization—the rise of shareholder value.

As the official corporate governance for the last few decades, emerging from an association of top executives (Business Roundtable), shareholder value as a corporate strategy places the interests of the stockholders above everything.[10] However, emphasizing the interests of shareholders only elucidates half of the picture. Krippner (2005) states that research on corporate control dates back to the 1930s, where production managers had significant autonomy over business development—coporate and shareholder owners staying out of the way. Boyer's (2005) examination of a novel paradox of an explosion in Chief Executive Officer (CEO) compensation that correlates with sluggish corporate performance. However, Boyer concludes, CEO compensation extended to include stock options, which motivated managers to associate with financiers and financial interests, ultimately resulted in massive stock buyback programs.

The shareholder value ascendency is the misaligning of values between absentee owners, agents associated with production activities, and production as a social good.[11] Firstly, the misalignment relates to multinational corporations using retained profits or capital markets to financie investment rather than relying on the banking sector—insulating enterprise from outside forces (Lapavitsas, 2009). Secondly, Lazonick and O'sullivan (2000) indicate how favoring shareholder interests, among other neoliberal ideas, adds to the diminution of labors' well-being. Here, the

[10] http://www.ralphgomory.com/wp-content/uploads/2018/05/Business-Roundtable-1997.pdf

[11] Given the prevalence of family business as corporate governance, shareholder value is largely incompatible in Thailand. However, the continuity of corporate structure based on family ties is always in question, and recently, a strong push to adopt western styles of corporate management is emerging.

misalignment produces a class of owners who exert pressure over a new managerial class that focuses on improving the company's stock price for substantial dividend payouts. Thirdly, as less capital is allocated to productive purposes, society as a whole loses out on improved products at lower costs. The ascendancy of shareholder value is emerging as a politicized topic as financial speculation, asset price inflation, and profiting off of everyday risk becomes more profound.

In summary. and remembering what constitutes as financialization, it is easiest to use a catchy acronym. Among others, Bezemer and Hudson (2016) apply the acronym FIRE (Finance, Insurance, and Real Estate) when reifying financialization as each component of the acronym is a constituent part of financialization and inextricably linked to the others. Also, under certain conditions, the components spread like fire while leaving a trail of devastation. They note a quantitative and qualitative rise in the importance of the FIRE sector in the functioning of the economy. Quantitatively, the FIRE sectors' proportionate growth as a percentage of GDP and the transformation of accumulation regimes. Qualitatively as the significance of discursive power across the world. The discursive power manifests as the ascendancy of shareholder value and the cult-like following CEOs receive. In the last section of chapter three, we detail the *financialization of everyday life*.

3.3 Conceptualizing the financialization of everyday life

In this sub-section, we originate the financialization of everyday life and unpack specific themes and characteristics that constitute the phenomenon. Rather than focusing on macroeconomic regimes, large state actors, and corporations, the units of analysis in this subfield are human subjectivities, households, and various commodities or services essential to well-being. In the mentioning of human subjectivities and economic well-being, it is necessary to reify neoliberalism and governmentality.[12] Despite their irksomeness, the two concepts are useful in concretizing financialization at the micro level and for identifying emergent properties in the analysis chapter.

As finance usurped traditional workings of the economy, giving rise to the Great Moderation epoch by the early 1990s, the dominance of macro-finance extrapolated to penetrate western livelihoods. The machination was capital, in all of its forms, demolishing labor and redefining economic relations both structurally and personally. The former described in the previous section while the latter in this section. Frank (2001) is perhaps one of the first literary works identifying the phenomenon of market populism and the growing idolatry of finance and magical machinery of the stock market. However, Martin (2002) appears to be the first to positions 'financialization' in front of 'everyday life.' More analytically, Aitken (2006) deploys the concept of performativity to described the assimilation of financially excluded populations to contrive the notion of popular finance,

> A disparate range of attempts to incorporate working-class and 'everyday' populations into private financial spaces and to ask those populations to seek some conception of their own security within those spaces. (p. 79)

Performativity being specific utterances, perspectives, or governmental actions that slowly engineer the environment envisioned (MacKenzie, 2003). The envisioned environment being greater individual freedom and access to financial services. In the interest of being more acute, the two separate evolutions require moving beyond the descriptiveness of seeing popular finance to knowing the synthesis of neoliberalism and financialization.

Knowing the synthesis requires acknowledging certain aspects constituting each concept, and how one presupposes the other. Most scholars tend to agree on certain fundamentals constituting neoliberalism. However, outside of niche academic circles, particularly in far-left political discourse, neoliberalism is notoriously

[12] Governmentality being the art of government a nation and its population.

polysemous (Mirowski, 2018). Broadly, neoliberalism is the amalgamation of small government and economic liberalism, with close similarities to neoclassical economics. Narrowly, neoliberal components take three forms. First, individualized free-market fundamentalism through augmenting the significance of cost-benefit rationality in decision-making where economic logic is traditionally absent—constructing *homo œconomicus* (Foucault, Davidson, & Burchell, 2008; Lazzarato, 2012). Furthermore, the redefining civic virtue as economic rationality, merging democratic and constitutional guarantees with economic well-being, resulting in a hybridization manifesting as "vote your pocketbook" (Wolin, 2016, p. 589). Second, neoliberalism exigencies competition across the economy and predicates economic success on the existence and promotion of competition (Foucault et al., 2008). Third, neoliberalism is the retreat of government intrusion into livelihoods and precise economic and corporate regulations, but that is not to say that the government does not fulfill a critical function by adjudicating the rules of the game (W. Mitchell & Fazi, 2017).

Each of these aspects relate and produce various outcomes one can prescribe as neoliberal. Specifically, the responsibilization of households and individuals when considering education or building self-enterprising capacity to ensure sufficiency as the welfare state retreats (Shamir, 2008). Also, in preventing monopolization of specific sectors of the economy that might limit individual freedom, the government guarantees the rules of the game and promotes competition. The result is an economic system comprised of self-sufficient economic subjects eminently governable, and a government enforcing canons of behavior while minimizing absolute poverty—as opposed to the welcoming of relative poverty.

Contemporaneous with neoliberal transformations was the blending of finance and culture for individual utilization (Van der Zwan, 2014). Furthermore, the transmutation of an individuals "well-being independent of financial affairs" to well-being dependent upon financial affairs (Bayliss, Fine, & Robertson, 2017, p. 363). In other words, the penetration of credit into commonly accepted social activities or the self-identification based on one's association with a financial institution—what is in your wallet? Alternatively expanding individual use, and in some cases, dependency, in the ability to administer capital across time. Fine (2010, 2017) offers a more specific definition of financialization, identifying the appropriation of productive and commercial capital by interest-bearing capital, as a consequence, "economic activity in general has become subject to the logic and imperatives of interest-bearing capital" (p. 99). Interest-bearing capital is "money capital that is advanced in anticipation of a return based on the accumulation of productive capital" (Bayliss et al., 2017, p. 358). The point of a more acute definition of financialization is to trace "the complex and diverse avenues through which it exerts its effects" (Bayliss et al., 2017, p. 358).

Langley (2007, 2008) identifies the boom in everyday borrowing by individualized subjects navigating complex economic landscapes to attain reputable levels of consumption or the idealized middle-class lifestyle. Along with the boom in everyday borrow to finance consumption was the transformation in how household consume essential durable goods. The first example represents the association of cultural with patterns of borrows, while the latter represents the excluded depending more on gaining access to home mortgages. While consumers achieve desired appearances, "the majority of mortgagors, credit card holders, and other borrowers seem unaware that claims on their future repayments, and the risks on their non-payment, are presently packaged and traded in capital markets" (Langley, 2008, p. 3). However, it is important to reiterate that without the continued development of financial institutions as well as the coevolution of financial innovation and regulation, perhaps these financializing outcomes never emerge.

Wray (2008, 2011) and Lavoie (2012) mention a particularly discerning instance where financial innovation depersonalized traditional home mortgages in the lead up to the GFC. Lavoie (2012) and Wray (2011) mention the "originate and distribute" banking model as a crucial component in crashing the U.S. housing market beginning in 2007. By allowing local banks or mortgage brokers to profit from the origination of mortgages and then distribute them to larger financial institutions, they were exchanging risk for liquidity. Without the necessary incentives or regulations to conduct proper underwriting and getting to know thy mortgagor at the most basic level, the financial system is more fraudulent than honest. Ultimately, the weight of fraudulent loans engenders instability, and despite sophisticated securitization and credit default swaps acting as de-risking insurance, the house collapses in on itself. From an economic geography perspective, Aalbers (2008) locates the individuality of financialization within the complexity of the home mortgage market, where complex financial instruments allow the financially excluded to become home buyers. At this point, it should be clear how financial innovation develops and grows the financial sector. Next, is a discussion on how financial innovation contributes to knowing borrowers and constructing detailed credit profiles—construction of financial subjects.

Neoliberalism transmutes traditionally non-economic subjects into rational cost-benefit analyzing economic agents—*homo œconomicus*. However, synthesizing financialization of everyday life and financial innovation with neoliberal logic axioms augments another component within the transmutation. "Technologies such as credit scoring, financial profiling and pension fund reforms prompt consumers to internalise these market logics and become self-governing subjects" (Lai, 2017, p. 916). Participation in daily economic activities, subjects implicitly accept novel technologies of financial profiling. Since accepting those profiling technologies is compulsory for economic subjects to participate in the realms financial consumption, a tendency emerges for subjects to self-identify with their financial profile (Langley, 2007, 2008). That is not to say that financial institutions only identify customers based on their credit score, because new technologies (calculative infrastructures) are capable of processing data to contrive non-traditional credit scores.

Among others, Bernards (2019a, 2019b), Kear (2013), and Lai (2017) help finish the discussion on financial innovation and constructing governable financial subjects. Kear (2013) argues that the process of expanding financial services conditions moving beyond *homo œconomicus* to a *homo subprimicus*, where the "subject must produce itself" (p. 940). However, financial institutions cannot extend credit liberally and assume a profitable return. Bernards (2019a, 2019b) recognizes the incorporation of technology to know more about the borrower with less traditional credit information. Examples being psychometric tests to determine the borrower's likelihood of repayment—testing skills and accountability. Alternatively, new technologies help capture and process subject data, recognizing patterns in customers' consumption and payment habits to determine the credit worthiness of the borrower. This obsession with consumer data suggests what Aitken (2017) recognizes as *All data is credit data* when it concerns seeing and knowing the financially excluded "not as bodies designated for inclusion in any simple way, but as financialized objects in their own right, as sources of financial value that can be measured, 'skimmed,' and instrumentalized." (p. 291)

Subjects need training or moralization to prevent financial hardship and improve the likelihood of meeting financial obligations—financial literacy (Maman & Rosenhek, 2019). Failure to repay debt, at least in Western market economies, results in social and economic exclusion. By training the governed to "promise" (to honor their debt), capitalism exercises "control over the future," since debt obligations allow one to foresee, calculate, measure, and establish equivalences between current and future behavior" (Lazzarato, 2012, pp. 45-46). Lastly, ensuring the continuity of the governmentality by training subjects in strategies to achieve personal financial goals through financial planning and investments that are outside the towers of finance or get rich quick schemes (Lai, 2017).

In summary, the above references in this chapter describe the wide-ranging effects and outcomes of financialization. Beginning with historical origins of finance capital and the emergence of economic change as financial sector power increased. Next, highlighting the two macroeconomic outcomes of financialization: finance as a regime of accumulations and the ascendency of shareholder value. Then, shifting to a more detailed discussion of neoliberalization and the financialization of everyday life, and how the two synergize to help elucidate the relationship between subjects and financial services. These post-structuralist concepts came into exists in a natural and observable world as emergent properties. Therefore, PECI elucidates how we understand their emergence and how (financial) systems and agents interact with the phenomenon.

3.4 Contriving and contesting financial inclusion

This section reviews the theoretical foundations of financial inclusion and critiques the economic orthodoxy correlating finance and economic development. Again, financial inclusion is expanding the use of financial services to allow individuals, households, and enterprises to seize new opportunities in business development, education, retirement, and insurance against a wide variety of risks (Demirgüç-Kunt, Honohan, & Beck, 2008). Furthermore, given the irregularity and uncertainty of incomes among the poor, and specifically, the poor in underdeveloped areas across the world, access to financial services allows them to shift past, present, a future income when balancing the difficulties of life (AFI, 2010). Originally illustrated as straight forward economic empowerment, financial inclusion now encompasses aspects of social empowerment and justice by helping to overcome everyday obstacles financially included individuals take for granted. However, what is the theoretical foundations that allow agenda setters to advocate for expanding the financial sector?

The theoretical underpinnings for financial inclusion emerged from the empirical research regarding a positive association between the development of a country's financial system and economic growth. In contriving the case for financial sector development, King and Levine (1993), and Levine (1997, 2001, 2005), engage mostly with Keynesian economist Joan Robinson (1952) and her famous quote,

> [T]here are many excellent ideas which cannot be implemented because those who have conceived them are unable to back them with finance, *but by and*

> *large, it seems to be the case that where enterprise leads finance follows*." (p. 86 emphasis added).

The Neoclassical school frenzied around Joan's remarks in a way that makes it seem, in over fifty years, not one other economist made critical remarks about the finance sector and productive enterprise.[13]

Along similar lines, King and Levine (1993) present cross-country evidence consistent with a misinterpretation of Joseph Schumpeter in his seminal text, *The Theory of Economic Development ([1911] 2012)* that a financial system can promote economic growth.[14] Again, cherry-picking a belief held by a reputable economist. Towards the end of his expansive career, Schumpeter questioned the continuity of the capitalist system, which necessitates a financial sector, through his notion of creative destruction (Schumpeter, 1943). Mader's (2018) critique of King and Levine (1993) indicates how their research excludes developing countries, the inclusiveness of financial services, most importantly, whether or not economic growth trickles-down to benefit the poor. Despite all of these apparent issues with extrapolating their work, the empirical literature supporting financial inclusion continues to use it as a justification.

In one of the most cited articles supporting the expansion of financial services, Beck, Demirgüç-Kunt, and Levine (2007) conclude,

> Greater financial development induces the incomes of the poor to grow faster than average per capita GDP growth, which lowers income inequality. The results indicate that financial development helps the poorest quintile beyond finance's affect on aggregate growth. (p. 46)[15]

[13] It is not surprising that the motley crew of financial development economists only engage with deceased economists. It is also not surprising they have yet to misrepresent John Kenneth Galbraith.

[14] Misinterpretation; King and Leivne neglect to incorporate Schumpeter's emphasis on the centrality of money and credit in financial mediation – similar to Keynes' quantity theory of money that priced capital and financial assets and Minsky's Financial Instability Hypothesis – which requires accounting for financial contracts and the meeting of future debt obligations through the realization of profits. Instead, the two prefer to operationalize the size of formal financial institutions, number of deposit institutions, and the allocation of credit.

[15] Despite financial developments and innovations, inequalities between financial systems give rise to problems of credit delivery, risk management transactions costs, monitoring, and loan recovery (Demirgüç-Kunt et al., 2008).

Perhaps the 1960 to 2005 correlations are accurate. However, the global economy is fundamentally different since the GFC, i.e., austerity programs, quantitative easing, and climate change. How this article is still the canonical foundation for financial sector development after the second greatest financial crisis in history and global inequality at an all-time high since the days of kings, queens, and robber barons is seriously troubling.

Notwithstanding the logical shortcomings and questionable scholarship in correlating finance to robust economic growth or finance to poverty alleviation, where did the idea to provide financial services to unreliable clients on fairer terms originate? Financial inclusion emerges from the ashes of the microfinance movement made famous by Muhammad Yunus and the Grameen Bank. Yunus' specialized in providing microloans to vulnerable women to start or grow small and medium enterprises in the informal sector of the economy. Microfinance Institutions became hugely popular within the international development community as a semi-market solution to poverty in the age of structural adjustment programs (Bateman & Chang, 2009, 2012; Mader, 2015).

After a series of disastrous microfinance meltdowns in developing countries, characterized by speculative lending and unsustainable debt burdens, proponents began to question the model's ability to deliver. In six randomized control evaluations, Banerjee, Karlan, and Zinman (2015) determine that microfinance does not contribute to transformative poverty alleviation, but does provide higher degrees of self-reliance and freedom in occupational choices. Their conclusion was damaging to the movement. However, it proved to be vital for expanding the paradigm of behavioral economics in development and growing the newer movement of financial inclusion.

Early on, the dominant economic discourse for financial inclusion was economic empowerment and reductions to income inequality through credit services—an ostensibly new version of microfinance. While enthusiasm for microfinance waned, the idea for expanding all types of financial services became the single priority for the Alliance for Financial Inclusion (AIF). With seed money from the Bill & Melinda

Gates Foundation and the German Central Bank, the financial inclusion found a place on the G20's development agenda. Next came the expert working groups, global partnerships, and support from the top inter-governmental international organizations and financial institutions. Research and broad policy recommendations followed, allowing for variations in implementation from country to country (Dafe, 2019).

Financial inclusion constitutes traditional banking services, insurance, financial literacy, and aspects of FinTech. Users range from small and medium enterprises, households, and individuals (migrants). For achieving higher returns to capital, Karlan and Morduch (2010) argue "that the terms of that frame are too stark and that generalizations based on income level alone conceal as much as they reveal. All the poor are not alike" (p. 4715). This necessitates a multiplicity of services to tailor every individual's needs. Allen, Demirguc-Kunt, Klapper, and Peria (2012) determine, "greater ownership and use of accounts is associated with a better enabling environment for accessing financial services such as lower account costs and greater proximity to financial intermediaries" (p. 34)Basically, the larger the market and availability of service providers, the better.

With greater financial inclusion, the benchmarks people need to meet before joining the formal economy become easier. As individuals increase their economic activity, new services arise, such as bill payments or payment processing. Therefore, access to a digital payment system in order to minimize the handling and delivery of cash to accounts improves overall efficiency and convenience of paying and receiving payments for poor people (Demirguc-Kunt, Klapper, & Singer, 2017). If there is an end goal of financial inclusion, it appears to be a cashless society.

Access to credit and secure savings accounts allow individuals to manage unexpected risks, but sometimes credit and savings are not options. Therefore, access to affordable insurance plans fills in the gap. "The empirical evidence documents that individuals indeed adopt higher risk, higher return technology if provided access to formal agricultural insurance" (Demirguc-Kunt et al., 2017, p. 18). However, agricultural insurance to mitigate losses incurred from climate breakdown has some contradictory elements. Farmers that require insurance are likely to be the most at risk during disasters, which makes insurance less affordable. For example, fields in flood plains become less insurable as the frequency and intensity of flooding increase—a result of climate change. After the second or third flood forces payouts, insurance providers will no longer assume the risk or jack up premiums.[16]

The financial inclusion movement is adopting green finance standards and further development of FinTech to help those vulnerable to climate breakdown. By incorporating green finance standards, the financial inclusion movement positions itself within the broader international development agenda, known as inclusive green finance. The AFI network of policymakers and regulators,

> [R]ecognize the dual threats of financial exclusion and climate change as key barriers to financial stability. Policymakers also recognize that financial inclusion is vital in helping the most vulnerable communities build resilience and mitigate losses that are caused by climate change. As such, they collectively acknowledge that financial inclusion plays a key role in enabling environmental objectives of SDG 13. (AFI, 2019c)[17]

Though the Sharm El Sheikh Accord, the financial inclusion movement augments its original purpose of promoting economic prosperity to encompass mitigating climate change (AFI, 2017).

Lastly, an increasingly more important aspect of financial inclusion is FinTech. As an inherently innovative force, FinTech offers an assortment of potential breakthroughs in expanding financial services to the excluded. Therefore, the AFI recognizes the importance of allocating recourses to exploit FinTech innovations to further the inclusion agenda. The 2018 Sochi Accord emphasizes the development of, blockchain, cloud computing and storage, big data analytics, biometric processing,

[16] This is happening in Southwestern Wisconsin. After multiple 100-year historic floods, insurance providers are refusing to insure vulnerable homes near flood plains.

[17] Sustainable Development Goal 13 requires urgent action to combat climate change and its impact.

and proportionate regulatory approaches (Sandbox) for fostering innovation (AFI, 2019a). However, none of these technologies have a particular endpoint as each related to improving profitability and liquidity. Thus, reinforcing financial inclusion as a never-ending development agenda.

3.5 Chapter summary

This chapter contrived the theoretical and conceptual framework to understand the evolution of financial services in Thailand, as well as tools to determine the presence of individual financialization. Finance as an engendering method to promote economic growth and development has a rich and contested history. The first critical observation done by Karl Marx and expanding through Rudolf Hilferding's seminal book, *Finance Capital*. The contemporary scholars of financialization live in the shadows of giants. Moreover, without their critical observations, certain economic axioms would continue as standard orthodoxy and generate social disruptions, while leaving future researchers at a disadvantage. Three subfields emerged following the breakdown of the BWMS. First, the transformation of economic regimes concerning capital accumulation via the globalization of supply chains and newfound capital mobility. Second, the ascendency of shareholder value within the multinational corporate goliaths of today. Third, finances tendency to penetrate the essence of individual livelihoods through a synthesis with popular culture.

The PECI perspective explains the emergence of financialization. Financial connectivity engendered the coevolution of financial innovation and regulation across the financial system producing an environment for the properties of financialization to emerge. By including a conceptualizing of financialization at the human level, a new abstraction of Thailand's neoliberal transformation is possible. Despite Foucault's supreme amoral positions, employing his Biopolitical notions explain phenomena and contribute to understanding the changes of an evolving financial system.

CHAPTER IV THE EVOLUTION OF THE THAI ECONOMY

This chapter outlines the evolution of political and economic relations in three sections from the overthrow of the Absolute Monarchy to the rise of Thaksin Shinawatra following the 1997 Thai financial crisis. The analysis utilizes a theme of changing governmentality to argue a series of coupling and decoupling transformations between rulers and subjects. The first and most apparent coupling-decoupling movement is between the Monarchy and peasantry—occurring before the 1932 Revolution. The second phase is in reverse order and starts after the 1932 Revolution. This phase appears as a coupling between subjects and the emerging Thai nation-state through territorialization and anti-communism. The third phase is another decoupling movement, episodically emerging after 1973. Here, the decoupling mechanisms appear as economic and political liberalization, culminating with the 1997 financial crisis.

4.1 Siamese political economy pre-1932

This section briefly details the socioeconomic relations before the 1932 revolution. Specifically, reviewing dominant mechanisms for maintaining order and subordination between subjects and the ruler. The Kingdom of Ayutthaya, which predated Bangkok, was an epoch of warfare between Southeast Asian Kingdoms. The Sakdina system, which is similar to Europe feudalism, governed social and economic relations decisively until the 1932 Revolution (Phongpaichit & Baker, 2014).[18] The system coupled subjects in a hierarchal order to the Monarch. As the *Raison d'Etat* shifted to encompass greater capital accumulation, the Monarchy had to account for the economic well-being of an emerging Siamese business class. Success was the

[18] Sakdina literally means power over fields. Therefore, those residing in the fields were under the control of the titled overseer

lynchpin for legitimizing the Absolute Monarchy. However, legitimization ended when the Monarchy failed to overcome economic malaise during the first two decades of the twentieth century and committed undemocratic vicissitudes (Phongpaichit & Baker, 2014). A power vacuum formed as the impotent Revolutionaries failed to appease long-standing institutions and conservative traditions.

4.2 Capitalist development and emerging territorialization 1932 – 1973

The focus in this section is the transition from decoupled subjects after the fall of the Absolute Monarchy to a recoupling of subjects to an emerging Thai nation-state. Two principal changes require emphasizing. The first is the emerging bureaucratic polity controlling the state and development. The second is the multilayered clientelism of local, state, and international actors influencing politics and development. Both changes influenced the emerging coupling and proved to be consequential later on, which we discuss in the next Chapter.

By the 1950s, a new unitary polity finally emerged and was an amalgamation of high-ranking bureaucrats dominated by high-ranking military officers (Riggs, 1966). "In any bureaucratic polity where, by definition, appointed officials dominate the state, those who choose to engage in corruption, oppression, and laziness cannot be disciplined" (Riggs, 1997, p. 349). The polity's economic favoritism towards finance and industry, while exploiting agricultural surpluses, reflects the tendencies of the old social order. The Thai bureaucratic polity, in actuality, functioned more as an organization of bureaucratic despots. This despotic order maintained cohesion in macroeconomic policy and social control while allowing the monopolization of supporting industries in the economy and rampant clientelism (Hewison, 1989; Pongsudhirak, 2002). The macroeconomic technocracy included the Board of Investment, the Budget Bureau, and the National Economic Development Board, and all products of the Sarit regimes partnership with the World Bank (Doner & Unger, 1993).

In addition to macroeconomic guidance, the new bureaucratic polity implemented a demarcation strategy to define territorial sovereignty, establish political identities, and lay claim to national resources. The process of territorialization "is about excluding or including people within particular geographic boundaries, and about controlling what people do and their access to natural resources within those boundaries" (Vandergeest & Peluso, 1995, p. 388). It is important to mention that much of the Siam, renamed Thailand in 1939, had no authoritative link to the central government following World War II. The required infrastructure for the modernizing Thai state to exert some control in outer regions outside of Bangkok was non-existent. Therefore, while the bureaucracy's administrative capabilities improved, so too did the realization of territorialization. A process contributing to this realization besides topographical mapping and demarcating areas as protected forest or agricultural was the granting of land rights.

The first significant piece of legislation concerning land reform came in 1954 when the state began to formally grant land titles (Suehiro, 1981). Not only did this process formalize administrative control over territorialized land, but it also contrived a dependency on the state as the issuer of recognized private property rights (Vandergeest & Peluso, 1995). Also, this new administrative duty regulated and identified subjects as either included or excluded in various legalities and processes outside of land rights. Notably, and more damaging in the rural hinterlands, was the territorialization of protected areas and the resources therein. The first piece of legislation following the Revolution that territorialized forest land, was the Protection and Reservation of the Forest Act in 1938, it also reorganized the Royal Forestry Department (Vandergeest, 1996). The Royal Forestry Department would go on to play a crucial role in the suppression of the communist insurgency (Phongpaichit & Baker, 2014). Amalgamating these changes with the emerging construction of national identity, which we discuss next, is the state's attempt at coupling subjects to its authoritative apparatuses.

The second wave of Thai nationalism, in its multiple forms, emerged after the fall of the Absolute Monarchy and grew in the subsequent decades (Winichakul, 2008). By the early 1950s, a dominant nationalism emerged during the growing affinity of American patronage and capitalist economic organization in opposition to communism. This organization of society was vital as it sought to assimilate overseas Chinese into a monolithic Thai society or Thaification (Ake Tangsupvattana, 2005). On the one hand, the state rewarded communities and individuals subservient to state interests with welfare-enhancing development projects. On the other hand, the state repressed those sympathetic to communism or launched counter-insurgency operations against them in the case of actual communist members. Therefore, not only were subjects economically and judiciously dependent upon and coupled to the state, but their ideological affinity also organized them as coupled subjects. Just like the process of territorialization, the bureaucratic polity was engine driving this change.

A third and essential linkage tightening the coupling is in Riggs' bureaucratic polity model. The linkage between rising business agents and bureaucratic leaders. However, the relationship was not entirely mutual. Thai Business enterprise was subordinate and dependent upon bureaucracy rather than equal (Riggs, 1966, pp. 311-329). Later, this relationship emerges as clientelism during the episodic transition towards democracy in 1973. The coupling persisted through Chinese cultural norms and values of *Confucianism and Guanxi*, which constituted fourteen percent of the population, but controlled eighty-one percent of the market capitalization (Ake Tangsupvattana, 2005). The dominant proportion of the Chinese owned capitalization was in commercial banking.

The significant benefactors of development in the post-war years were the Sino-Thai banking families. Their business capital originates from trading commodities during the capital development era post-1855 (Suehiro, 1989). The market for Sino-Thai banks opened during the Japanese occupation, which forced foreign banks to close (Hewison, 1981). The banks set the terms of domestic capital allocation and blocked new competitors through their close relationship with the military and police (frequently holding seats on the executive board) (Phongpaichit & Baker, 1996). The cultural practice of marriage between prominent business families persisted and flourished in the post-war environment, connecting banking with emerging industry.

Through the 1960s, primary commodity export facilitated the Import Substitution Industrialization (ISI) model. Unger (1998) attributes Thailand's rapid growth and ISI success to its minimalist approach to policy interventions. However, Unger misses a crucial point in his attempt to whitewash Keynesianism. Thailand's success is a byproduct of the BWMS, which enabled an environment of limited macroeconomic interventions through cooperative development. Suehiro (1989) notes that the soon to be dominant manufacturing enterprises originate as joint ventures during the 1960s. By the late 1960s, domestic market could no longer absorb the current levels of manufactured output, and as a response, Bangkok Bank began advocating for adjustments to export policies (Hewison, 1989). The other powerful banks with influence included Thai Farmers Bank, Siam Commercial Bank, and the Tejaphaibuls family that owned controlling stakes a few different financial institutions.[19] Thailand's modernization continued through the ISI model until troubling trade deficits necessitated an adjustment in export policy (Hewison, 1988).

To summarize this eventful period, the interregnum following the overthrow of absolute Monarchy ended when the bureaucratic polity assumed control of the state. During this period, a coupling linked governed subjects to the bureaucratic polity through three mechanisms. First, the territorialization of people, land, and resources; second, the construction of the Thai nation-state to counter communism and promote Thainess; third, the dependency of business enterprise on the bureaucratic

[19] Thai Farmers Bank, controlled by the Lamsam family, changed its name to Kasikorn.

polity. As the spread of communism showed no signs of slowing down and liberal ideas increased in popularity amongst the middle classes, the bureaucratic polity lost control. Thanom Kittikachorn's continuation of the previous administrations anti-communist and politically repressive policies, and a deteriorating economic situation, weakened legitimizing support for the ruling polity. Oddly enough, student protesters from the Thammasat University, where bureaucrats received their education, led the subversive movement against the state to help usher in a new democratic age (Phongpaichit & Baker, 2014).

4.3 Instituting economic and political liberalization 1973 – 1997

This section covers some of the crucial moments of economic and political liberalization following the violent crackdown against students protesting for better rights and democracy. This period covers the transition from semi-democracy to parliamentary democracy. Here, it is essential to reference the political takeover of macroeconomic policy and the emerging political networks characterized by patron-client relations. Next, detailing the country's experience with economic liberalization and the high cost of weak institutions. Lastly, outlining the ruler-subject coupling and its diminution.

Economic liberalization came first, but the full transition to an Export Orientated Industrialization (EOI) was episodic. The EOI model retired the ISI model when the institutional forces of globalization took control in the 1970s (Tangsupvattana, 2011). Contemporaneous with the turn to EOI was the liberalization of finance—the free flow of capital. The conservative nature of the dominant commercial banks generated a scarcity of investable capital that engendered a massive growth in finance and securities companies—growing form seventeen in 1971 to 113 in 1979 (D. Robinson, Teja, Byeon, & Tseng, 1991). Incongruent with the Latin American model designed by the Chicago School, Thailand's economic liberalization occurred gradually from the 1970s onwards. Doner and Unger (1993) detail the objectives of financial liberalization as,

> Increasing the efficiency of the financial and fiscal systems through measures to impose a value-added tax, deregulate capital flows, restructure the finance industry through approval of foreign banks operations, liberalize interest rates, and introduce new financial instruments. (p. 116)

In the end, significant reforms mirrored the interests of private enterprise and finance, resulting in the liberalization of capital controls, removal of caps on commercial banks and non-bank deposits and loans.

In 1976, the American military withdrew to a few dozen advisors (Andelman, 1976). As the Americans headed home, large inflows of Foreign Direct Investment (FID) dried up as investor narratives pictured the inevitability of the domino theory reaching Thailand (Phongpaichit & Baker, 2014). Despite a gloomy imagined future, the FDI shortfall never materialized because the emerging class of financial institutions filled in the gaps.

Coinciding with financial liberalization during the 1980s was an expansion of central bank authority to conduct onsite examinations and regulate leading financial institutions (Doner & Unger, 1993). When the first attempt at developing a capital market crashed under the weight of a Ponzi scheme, institutional development and growth followed as a preventative mechanism (Phongpaichit & Baker, 1996). Later, the BOT followed international norms and reconfigured monetary policy to target price stability and inflation.

Regardless of all the progress achieved over the last two decades, frequent instabilities such as the oil crises and third-world debt bubble made stable growth seem unattainable. However, the economy caught a break after world leaders announced the upcoming Plaza Accords to negotiate currency valuations. In 1985, the revaluation of the Yen sent Japanese manufacturing into a profitability crisis. Already on strong economic terms with Thailand, Japanese firms relocated production to become the country the single largest source of FDI (Phongpaichit & Baker, 2014).

The economy was booming by the late 1980s and commentators floated the word miracle to describe Thailand's journey.

As economic rationality swept the globe, politicians became increasingly beholden to corporate interests and policies aligned with neoliberal fundamentals. Thailand was no different in its semi- and parliamentary democratic experiences. Seasoned technocrats saw the diminution of their decision making autonomy as commercial professionals expressed newly found political inclinations (Pongsudhirak, 2002). However, perhaps the changes were necessary. "The rise of rural network politicians was fundamentally a result of the inability of centralized state power to provide basic services to the rural people who form the majority of the Thai electorate" (Sawasdee, 2006, p. 29). Those rural networks exacerbated the problem of patron-client privileges (Tangsupvattana, 2011). Controlling these networks, which have no real functioning ideology, is crucial for achieving a governing coalition in parliament.

However, infighting between bureaucrats and politicians seemed never-ending with neither side capable or willing to let the other facilitate their prevailing *Raison d'Etat*. A coup culture emerged, and after each one, the facilitators promised to remain apolitical forces (Phongpaichit & Baker, 2014). However, the May 1992 political repression by former General Suchinda Kraprayoon was too damaging, and the military brass finally seceded control. As the appointed Prime Minister, Anand Panyarachun, and longtime bureaucratic would oversee the government and prepare for elections. The presence of a previous coup leader, General Suchinda Kraprayoon, standing for elections engendered mass protests and a deadly military crackdown known as Black May. Anand received a second appointment to manage the government and hold new elections. As network politics cemented its hold in the democratic process, the bureaucratic polity continued its demise

Although the next chapter continues the discussion of the 1997 crisis in more detail, a few sentences are necessary now. By the mid-1990s, the economy was overheating, especially, the Bangkok property market. Financial contracts for property developments and mortgages increased by over 1,300 percent from 1987 to 1996, with an estimated 850 billion Baht of debt designated to the property sector (Sheng & Kirinpanu, 2000, p. 16-7). Too much financial liberalization too fast, combined with democratic and bureaucratic despotism, caused one of the worst financial meltdowns since the Great Depression. Financiers were gambling in the property market with foreign currency, while bank executives either participated or turned a blind eye to the cronyism. The BOT's failed defense of the Baht against speculative attacks cost it nearly all its reserves. In the ensuing months, the Baht broke its long-established peg and lost nearly half of its value. The International Monetary Fund (IMF) arrived in time with a bailout and a fresh set of structural adjustments to negotiate with Prime Minister Chuan Leekpai.[20] The structural adjustment program sterilized any remaining institutions that were responsive to the needs of the most vulnerable. However, the complete decoupling between the people and the state would come later.

To summarize this chapter, when authoritative forces step aside and let democracy take its course, weak political guidance and even weaker institutions increase the fragility of the system. A new system episodically emerged with an affinity for neoliberal axioms. Neoliberalism emboldened emerging political personalities to usurp the bureaucrat establishment and institute a new set of rules to facilitate corruption and pecuniary gain. Popular mobilization was at its most active during this period and capable of making substantive gains but rarely any structural changes. Oddly enough, it was the catastrophic 1997 financial crises that facilitated the most representative constitution.

4.4 Chapter summary

In summary, the evolution of the economy represents a series of coupling and decoupling processes between the rulers and subjects. The first coupling was between

[20] Interview with former Minister of Finance Tarrin Nimmanahaeminda 6/7/2019.

the peasants and the Monarchy through the Sakdina system and Corvée labor. After the 1855 Bowring treaty, liberalism and primitive capitalism slowly eroded the coupling by undermining the Sakdina and Corvée systems. Despite changes to the prevailing economic intercourse, the Monarchy facilitated the ruling *Raison d'Etat*, and a migrant class of Chinese rose to the top of Thai society. However, the diminution of Monarchical legitimacy led to the 1932 Revolution and the decoupling of subjects from Royal tradition. Following WWII and years of political infighting, an amalgamation of bureaucrats and military elites seized the polity. The new polity pursued a path of economic modernization and political consolidation, which emphasized active macroeconomic policies, Sino-Thai business cooperation, and communist suppression. The polity territorialized remote areas and people while constructing a national identity to couple and control subjects. The year 1973 marks the beginning of episodic democratic reforms and economic and liberalization. However, democracy was a guise for patron-client relationships, while economic freedom meant domination by the interests of capital. The 1997 crisis signals the beginning of a new political and economic epoch in Thailand.

CHAPTER V ANALYSIS

This chapter continues with the coupling-decoupling narrative by identifying the mechanisms that change the system. The PECI perspective emphasizes an evolutionary and systemic analysis. The first section of this chapter discusses the political transformation following the 1997 Asian financial crises — specifically, the political rise of Thaksin Shinawatra and the support he received for his transformative policies. He recognized that expanding access to credit was a mechanism to reduce poverty and promote prosperity.

The second section reviews the post-2006 coup environment and the continuity of financial system development. Here, the policy-driven coevolution of financial innovation and regulation altered the structure system. Further emphasis on expanding access to credit engendered properties characteristic of the financialization of everyday life. Lastly, an analysis of the events leading up to the 2014 coup against Yingluck Shinawatra.

Section three reviews the post-2014 coup environment and recent developments in public and private financial inclusion initiatives. Despite Thaksin's absences, access to financial services remains a priority. However, promoting that access is mostly left to the private sector with the government functioning as a facilitator. One development is novel only in name rather than function. The other is a technologically advanced emergent FinTech. Both, however, have inherent flaws and contradictions.

5.1 Post-crisis political and economic transformations 1997-2006

This section breaks down into five sub-sections and discusses the political transformation originating in the midst of the 1997 financial crisis. First, rather than discussing the personality of Thaksin, a contributing factor to his electability, no doubt, PECI encourages the use of a systemic approach to recognize the novel outcomes of structure-agent relationships within the system. Here, originating the rise of Thaksin in the grievances of his future political base, the 1997 financial crisis, and his alternative vision. Second, a detailed analysis of the Village and Urban Community Fund Project using the PECI perspective. Here, the coevolution of financial innovation and regulation contrive new possibilities across the political-economic landscape. Third, employing notions within the financialization of everyday life to reifying agent transmutations as a result of expanding access to financial services. Fourth, to understand the breakdown of subject loyalties to the state, we amalgamate the transformations to elucidate the coupling-decoupling changes and what the coup insinuated. Lastly, concluding with an assessment of everyday life financialization during this period and a section summary.

5.1.1 Originating the rise Thaksin Shinawatra and the Summer of discontent

Transformative political change is all too common after a severe economic crisis. However, the crisis was not the single event causing the rise of Thaksin Shinawatra and his three subsequent Political Parties (TSP) that overwhelmingly won all four elections from 2001 to 2011 (Sawasdee, 2019). After the 1997 crisis, the country entered a relative state of destitution. Contemporaneous with the crisis was peak rural and poor peoples' mobilization.[21] The Assembly of the Poor was an amalgamation of rural and poor people organizations that mobilized around three main issues, and on occasion, even marched to the Capital city (Baker, 2000). Mobilization related to discontent regarding the failure of BAAC programs designed to help rural farmers, a group constituting over a majority of the population. Research conducted before the founding of the BAAC indicated that 68% of surveyed farmers

[21] Mobilization to bring attention to issues was nothing a new thing and dates as far back as the early twentieth century (Phongpaichit & Baker, 2014).

were in debt and relied heavily on loan sharks (Onchandra & Ong, 1971). After the BAAC started offering services, it became apparent that the bank was favoring more profitable farms in the central plane and neglecting areas in greater need (Siamwalla et al., 1990). During the territorialization process, forest demarcation and draconian regulations alienated communities from continuing subsistence traditions in newly protected areas (Vandergeest, 1996). Landlessness persisted, and rights remained weak long after the government attempted a few reforms (Suehiro, 1981).[22] Lastly, and relating to the previous grievances, was the relocation of peoples for the construction of development projects such as hydroelectric dams.

After marching down from the Northeast in February 1997, the assembly occupied the Government House in Bangkok for 99 days to negotiate concessions and remedy grievances (Baker, 2000). In November following the Baht's initial collapse, elections shifted political control to the Democrat party under the leadership Chuan Leekpai. In around six months, Chuan eliminated political gains made by the assembly and dismantled concessions already being implemented (Baker, 2000). Chuan's justification for the action was to prevent moral hazard and dependency on government assistance.[23] Chuan's adherence to ideological principles as justification for reneging does little for explaining general bureaucratic and paternalistic contempt for rural and poor peoples.[24] When the Baht continued to weaken and businesses went into insolvency limbo through to the next year, the government turned to the IMF and asked for a bailout. The implementation of the conditional structural adjustments uncoupled the remaining links between subjects and the state.

Established in 1998 and tapping into broad discontent was the Thai Rak Thai (TRT) political party, the first hydra of the TSP. The TRT was a grand coalition of business conglomerates supported by deep rural political networks operating on

[22] Other grievances related to real political and economic disenfranchisement exacerbated by the financial crisis.

[23] Interview with former Minister of Finance Tarrin Nimmanahaeminda 6/7/2019.

[24] Interview with Professor Weerachart Kilenthong of the University of Thai Chamber of Commerce 6/5/2019

patron-client relations (Sawasdee, 2006; Ake Tangsupvattana, 2005). Thaksin and leading party members traversed the country, blaming the 1997 crisis on foreign involvement in the Kingdom while speaking the gospel of rural development.[25] The main policy ideas for the TRT were affordable healthcare, agricultural support, and reversing the economic decay caused by past governments. Thaksin's charisma in communicating his alternative vision, a novel constitution, and the politicization of the crisis led to an overwhelming victory for the TRT (Phongpaichit & Baker, 2004).[26]

As a multibillionaire, Thaksin understood the necessity of accessing credit to start a business. Therefore, and perhaps lacking authenticity, Thaksin believed that providing credit to poor and rural people would allow them to thrust themselves out of poverty and into prosperity. Understandably so, Thaksin was a shill for economist and private property enthusiast, Hernando de Soto (Phongpaichit & Baker, 2004; Thaksin Shinawatra, 2012).[27] Specific utterances justifying the development of a financial institution to kickstart rural development by Thaksin were, "capitalism needs capital, without which there is no capitalism. We need to push capital into the rural areas" (Phongpaichit & Baker, 2004, p. 9). Also, "Capitalism has targets but no ideals, while socialism has ideals but no targets... We need to combine the best of each... I'm applying socialism in the lower economy, and capitalism in the upper economy" (Phongpaichit & Baker, 2004, p. 10).[28] Although no precise data is available that determines the aggregate access to financial services for rural and poor Thais, survey

[25] Interview with former education and finance minister Dr. Suchart Thada-Thamrongvech 5/29/2019. Thaksin showed no affinity to rural issues before 2001 (Phongpaichit & Baker, 2008)

[26] The constitution was a combination electoral system: 100 seats from a party list and 400 seats from a single-member constituency plurality system, see Sawasdee (2006) p. 45-63 for a comprehensive analysis of the 1997 constitution.

[27] The government invited de Soto to Thailand in November 2002. Phansak Vinyaratna, the prime minister's chief adviser, said "Mr de Soto has given us the intellectual and practical groundwork for the direction we are taking" (*TN*, November 11, 2002).

[28] These two quotes do not occur before the implementation of the VF; however, they represent an ideational link and Thaksin continued to promote and justify the VF after its implementation.

data in the Financial Sector Master Plan I (FSMP) and rural discontent regarding the BAAC suggests access was minimal before 2001 (BOT, 2006).

The basis for these changes was to expand economic opportunity. In the social realm, Thaksin's policies reflected the "aspirations and insecurities" of his political base (Phongpaichit & Baker, 2008, p. 73). His primary policy of universal healthcare aimed to lessen the economic burden for those falling ill. A healthcare safety net was a crucial change as many people fell into debt with loan sharks trying to afford lifesaving healthcare. Ultimately, Thaksin's alternative vision for rural development amalgamated government intervention and neoliberal axioms to contrive a novel government institution designed to push capital into rural spaces with a healthcare safety net to minimize absolute poverty.[29] With a dominant legislative coalition, the TRT did quick work implementing their agenda; this agenda became the grassroots economy that persists even today.[30] However, Thaksin's election and implementation of his agenda do not couple subjectivities only to Thaksin, but rather, a recognition of support for the newly elected government.

In summary, Thaksin rabble-roused a broad spectrum of political support to take advantage of a novel constitution that augmented the importance of political parties while portraying the TRT as problem solvers (Ake Tangsupvattana, 2006). He offered an alternative economic and social vision for the excluded, and they responded by voting (economic) rationally—vote your pocketbook. Thaksin's significant policies and rhetorical remarks represent a mixture of socio-economic liberalism and neoclassical economics—neoliberalism. Understanding Thaksin's ideological foundation contributes to knowing how he formulated his policies beyond the widely accepted vote-buying and populist reasoning.

[29] Not to mention the ideological atomistic individualism inherent in Chinese culture that equated self-reliance and hard work with pecuniary gain as well as laziness to being poor (Baker, 2016a).

[30] Implementation proceed in the following order: the debt moratorium, 30-baht healthcare scheme, the Paddy Pledging Policy, and the Village Fund (VF)

5.1.2 PECI and financial sector development

The VF was the fourth primary policy Thaksin implemented and was a catalyst for transforming access to financial services. The financial system was depressed and heavily regulated after the 1997 crisis. The percentage of non-performing loans in the financial system remained above average until the mid-2000s, while commercial banks remained apprehensive about the future (Menkhoff & Suwanaporn, 2007). Consequently, private financial institutions would not be of help in fulfilling the TRT's economic agenda, which required the party lean on the state-owned Specialized Financial Institutions (SFI), and later, the emerging Non-Bank Financial Institution (NBFI) sector. It was not the TRT's intention to grow the government, but rather de-risk and kickstart growth in the underdeveloped areas and let the private sector take over.[31] The major changes included expanding the scope of the SFIs (the BAAC into more of a rural development bank) and starting the Village Fund (VF)—NBFI growth would come after 2005.

The VF represents a unique financial innovation as it constructed a network of community bank financial institution by loaning one million Baht to approximately 77,000 villages. To establish the VF program, the government needed to create an entirely new institution. The institution would coordinate between villages and two of SFIs to allocate the seed capital so the village committees could lend. Committees lent at arbitrary annual interest rates to worthy projects or individuals (Chandoevwit & Ashakul, 2008).[32] Profits generated from interest margins on loan repayments would be reinvested and ensure the continuity of each fund, making the program sustainable. The financially excluded had an ostensibly friendly place to access credit. Ostensibly

[31] Interview with former education and finance minister Dr. Suchart Thada-Thamrongvech 5/29/2019

[32] Committees had great autonomy in deciding where to place the funds with no formal regulatory oversite and could also design their own projects for benefitting the entire village. Most VFs used 6% as a baseline interest rate.

friendly because VF committees had an implicit bias for Thaksin, meaning those not supporting his movement would not receive a loan.

Using the PECI perspective, the VF represents the coevolution of financial regulation and innovation, where novel legislation created a financial architecture of highly decentralized semi-formal financial institutions with a distinct mandate to include the financially excluded. The VF was just one aspect of Thaksin's plan to improve access to financial service. Together with other ongoing changes like improving the capital markets and creating incentives for new NBFI participates, the financial system began to evolve and produce emergent properties. Properties being novel connectivity and relations between agents and institutions as well as novel agent and institution behavior. The concepts neoliberalism and the financialization of everyday life help analyze and understand these changes.

5.1.3 The neoliberalization of Thai subjectivities

The VF parallels aspects of neoliberalization—the diffusion of neoliberal ideas into society and the removal of state intermediation in economic activities (Mirowski, 2018). The VF symbolizes a mechanism to transmute the essences of subjectivities. The program started an intensification of *transmuting* subjectivities by provisioning credit to construct participating members (rural villagers) in the image of *homo œconomicus* (Foucault et al., 2008). The Thaksin government altered the inclusion-exclusion binary for access financial services in an attempt to make access more equitable. In making it more equitable, the VF laid the foundation for new economic relations and novel phenomena. Again, returning to Thaksin's remarks on making capitalism work for everyone, he said, "capitalism needs capital, without which there is no capitalism. We need to push capital into the rural areas" (Phongpaichit & Baker, 2004, p. 9). By emphasizing village entrepreneurialism, Thaksin attempted to uproot traditional rural economic lifestyles. The One Tambon One Product (OTOP) was a separate program to support village entrepreneurialism and premised around product specialization for villages (Natsuda, Igusa, Wiboonpongse, & Thoburn, 2012).[33] OTOP draws parallels with Ricardian trade theory of comparative advantage and specialization, which remains a theoretical foundation for neoliberal trade policy. OTOP is more than a catchy development initiative that gets five-minutes of airtime on the evening news. A competition series emerged out of the program called the OTOP Product Champion, where members compete for a ranking based on a set of criteria with winning products receiving added benefits (Natsuda et al., 2012). However, this does not postulate that rural areas were completely devoid of capital, and rural subjectivities did not already personify aspects of a rational economic agent.

In *The Thai Village Economy in the Past* (1999), Chatthip Nartsupha argued that rural economic canons remained relatively unchanged despite the insinuated damages caused by novel relations of market exchange post-1855 Bowring Treaty (Baker, 2003). Adjustments in modes of economic intercourse post-Bowring Treaty were episodic, primitive, and limited to strategic areas (Hewison, 1989). New rural economic modalities began to emerge in the 1950s, engendered by improvements in transportation infrastructure, arable land, government institutions, and the ability to produce rice surpluses (Baker, 2003). Baker (2003) details three waves of rural modernization with the third wave being relevant and characterized by rising consumerism and access to education. Counter to any market pervasiveness was the community development discourse emerging in the 1970s, emphasizing localism and self-reliance (Rigg, 2019), among other postmodern conceptions of resistance. What little convergence there was towards economic modernity in rural Thailand reversed when the 1997 financial crisis caused mass unemployment and increasing poverty rates. Therefore, it is difficult to argue that financially excluded subjectivities were already resembling the image of *homo œconomicus*.

When the economy started showing signs of recovery and the VF became operational, subjectivities of the financially excluded had an opportunity to participate

[33] One Tambon One Product translates into One Product One Village.

in actions of neoliberal economic rationality. With the support of the Thaksin government, poor and rural Thai people could begin experimenting as rational economic agents by participating in neoliberal modes of self-improvement. In other words, the VF was a mechanism for transmuting economically and financially excluded subjectivities. For measuring the significance of subjectivity transmutations, it is best to examine the growth in Small and Medium Enterprises (SME), various empirical assessments of the VF and OTOP, and household debt data from government surveys.[34]

In 2001, there were 1,639,427 SMEs employing 6,605,300 people (4.02 employees per SME and 79% of the workforce), by 2005, there were 2,239,280 SMEs employing 8,896,164 people (3.97 employees per SME and 75.4% of the workforce), however, the SME share of GDP decreased by 1.5% over the same period (Tambunan, 2008).[35] Additionally, of the 5.9 million total commercial bank loans, more than 2.6 million were loans to SMEs (BOT, 2019). Lastly, there were 13,970 products at the 2006 OTOP competition (Natsuda et al., 2012). Regardless of the number of SMEs in operation before the 1997 crisis, it is difficult to assume the occurrence of that level of growth without the VF and Thaksin's efforts on expanding credit services to poor and rural people.

The centrifugalism of the VF was profound. VF committees kept their own records and did not share them with regulatory officials, so primary data is not available. However, the numerous empirical research projects indicate that desired outcomes of higher investment or increases in production were sparse if none existent.[36] Boonperm, Haughton, and Khandker (2009) and Chandoevwit and Ashakul

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[34] The Office of Small and Medium Enterprise Promotion defines SMEs as companies with no more than 200 employees and 2 million baht in assets, which are a rare case. Most SMEs are informal street vendors.

[35] The data here uses the same definition in footnote 30. However, Thai SMEs of that size are far and few. They never recovered from the 1997 crisis and the ratio of SMEs to SME employment indicates a high number of SMEs are very small.

[36] The VF has been subject to a number of survey studies over the years and largely make the same conclusions.

(2008) indicate that incomes increased either very little or not at all, while expenditures in nondurable goods and non-consumption items (taxes, interest, gambling) increased. Furthermore, the massive Townsend Thai Project that analyzed rural economies beginning just before the 1997 crisis and continuing to this day found the same.[37] Where consumption increased beyond credit, a fall in assets offset rising investment and production; thus, Towsend recommend development assistance as tied government grants (Townsend, 2016). Most damaging, as the VF developed, it became a source for short-term credit to settle existing payment commitments held by either the BAAC or a local moneylender.[38] Rather than embodying self-enterprising or entrepreneurial characteristics, VF participates evolved into subjectivities of self-satisfaction. Where finance offers new means of achieving personal satisfaction through consumption or minimizing harm in the case of preventing immediate loan default. Ultimately, the VF instituted a weak transmutation towards the image of *homo œconomicus*, and perhaps more in the imagine of the globally recognized irrational consumer.

Table 5.1 Average Household Indebtedness THB

Source: NSO	*2000*	*2004*	*2007*
Thailand	*68,279.00*	*104,571.00*	*116,681.00*
The Northeast	*47,549.00*	*83,278.00*	*105,006.00*
Greater Bangkok	*133,660.00*	*155,622.00*	*151,169.00*

[37] Interview with Professor Weerachart Kilenthong of the University of Thai Chamber of Commerce 6/5/2019 and Professor Narapong Srivisaz of Chulalongkorn University 5/30/2019. The conclusion reached by Professor Townsend actually refutes Neoclassical orthodoxy of regimented lending practices by emphasizing a necessity of flexibility for lending, repayments, and insurance. This is ultimately a transformation to overcome the inherent uncertainty in rural livelihoods and economies.

[38] Interview with Kanittha Tambunlertchai of Chulalongkorn University 5/22/2019

Data on average household indebtedness is available from the periodic Socio-Economic Surveys conducted by the National Statistics Office (NSO). Table 5.1 indicates a growth in household indebtedness after the election of Thaksin in 2001, which suggests access was eveningly distributed. In comparison with average monthly incomes (table 5.2), household indebtedness expanded much more rapidly. The lack of granule data makes it difficult to determine the financial institutions contributing the most to debt expansion. However, without Thaksin liberalizing credit regulations, implementing the VF, and the legalization and promotion of Non-Bank Financial Institutions (NBFI),[39] it is likely the increases in indebtedness, particularly in the northeast, do not occur.

Table 5.2 Average Monthly Income in THB

Source: NSO	*2001*	*2004*	*2007*
Thailand	*14,963.00*	*14,963.00*	*18,660.00*
Northeast	*8,281.00*	*10,139.00*	*12,995.00*
Bangkok (greater)	*24,365.00*	*28,135.00*	*35,007.00*

5.1.4 From neglected state subject to citizen Thaksin

The last regime of governmentality depicted a decoupling of subjects from the Thai state through the implementation of economic and political liberalization. This decoupling peaked in the immediate aftermath of the 1997 financial crisis, where structural adjustments cut government spending to a minimum—effectively eliminating any semblance of state-subject cohesion. Also, former PM Chuan Leekpai and the Democrat party reneged on the agreement that compensated the Assembly of the Poor after their long protest and negotiation. Ultimately, eroding the Assembly's

[39] 2006 BOT notification on Personal Loan under Supervision for NBFIs.

faith in their government leadership. Furthermore, PM Chuan attempted to eliminate local budgeting autonomy, claiming resource allocation should be a responsibility of the executive branch (Sawasdee, 2006). Thus, disrupting the rural political networks and the code of patron-client privileges. In the end, the Democrat party did most of the work in Thaksin's election campaign, and his alternative vision, discussed next, was just the nail in the coffin for the previous political epoch.

Episodically emerging from this decoupling was a novel coupling of subjects to Thaksin, and later, the TSP. Thaksin's proposed policies contrived the possibilities of transforming subject loyalties. However, it was not until he implemented those policies did the decoupling of Thai subjects away from state actually occur. Not one single policy is attributable for the complete decoupling. Instead, the policies and variables were interdependent in the transformation process. The VF gave the semblance of new opportunities for subjects long politically and economically disenfranchised by the bureaucracy. The universal healthcare scheme made falling ill no longer a binary decision between indebtedness or death.

The VF committees, especially in the Northeast (Thaksin's stronghold), had an implicit pro-Thaksin bias, and empirical research by Vera-Cossio (2018) confirms that VF lending favored borrowers with ties to village elites (pro-Thaksin agents). Also, the VF was almost entirely disconnected from state institutions with no legislative oversite—the VF office reported directly to Thaksin or his appointee (Lewis, Tambunlertchai, Suesuwan, Adair, & Hickson, 2013). In that sense, not only were Thaksin's policies tailored to benefit individuals in the Northeast, it also paid to be an outspoken support of Thaksin. Thus, the VF also acts as a mechanism for territorializing participating subjectivities to the Thaksin political movement. Lastly, not only did the VF provide credit to the financially excluded, but it also returned some local budgeting autonomy to rural areas. Village committees could use funds at their own discretion for local projects. The remaining three policies from Thaksin's election platform also contributed to the coupling and resembled a convergence towards neoliberal governmentality.

The Thirty Baht Healthcare Scheme, the Paddy Pledging Scheme, and the Debt Moratorium also represent a systemic movement towards neoliberal governmentality. Government social policy under neoliberal logic functions to minimize absolute poverty while accepting widespread relative poverty and avoiding interference with the market and competition. Essentially the argument of equality of opportunity rather than equality of outcome and letting the market decide. Healthcare is the most obvious and effective in terms of state legitimization. The low-cost healthcare kept and prevented many excluded Thais from falling into poverty than any prior government program (Phongpaichit & Baker, 2008).

Moreover, low-cost healthcare ensured the continuity of Thaksin's neoliberalization project as subjects could have a second chance at economic rationality or entrepreneurship if their first attempt failed due to loss of health. What made the program tolerable was how it only pertained to public hospitals, leaving private hospitals and their healthcare market outside of the scheme. Had Thaksin tried to nationalize the healthcare system, the outcome might have been different. The Paddy Pledging scheme and debt moratorium programs also contributed to minimizing absolute poverty and augmented Thaksin's popularity.

Thaksin's popularity and self-enrichment become a polarizing issue as his attempts to consolidate power and usurp the disgruntled political opposition and establishment. Scholars and the media, especially the conservative and reactionary ones, identified Thaksin as a populist from the beginning, while some argue his populist transformation did not occur until later (Hewison, 2017). Debating when Thaksin became a populist is missing the forest for the trees regarding political and economic development in Thailand. Thaksin communicated to his base that specific oppositional coalitions, the same coalitions that neglected them for decades, were attempting to overthrow and revert his progress. The Democrat's slogan was 'Take back Thailand!' and Thaksin identified their PM candidate (Banyat Bantadtan) as a prop of former PM Chuan (Thaksin Shinawatra, 2005, p. 7). Thaksin's policies and rhetoric and the opposition's actions to check his power only reaffirmed the message he was communicating. When Thaksin's authoritarian ambitions and actions went too far, the ensuing coup fulfilled his performative utterances on how the oppositions is against him serving the people. Instead of uncoupling Thaksin from his base, the coup made the coupling tighter, further polarizing the two sides.

5.1.5 The emerging financialization of everyday life and summary

To what extent can we consider the VF an expression of everyday life financialization under the auspices of financial inclusion? A diffusion of financial motives, financial markets, financial actors, and financial institutions in the everyday operations of Thai people (Epstein, 2005)? Recall that access to modern financial service s for rural people before the Village Fund was scant—wellbeing detached of financial affairs (Bayliss et al., 2017, p. 363). Exclusion recurred because servicing that segment of the population, from the perspective of the commercial banks, was highly unprofitable. Therefore, for the first time, excluded people had the privilege of accessing credit outside of the informal sector. However, the financialization literature does designate the simple process of lending as a constituting part of the phenomena. A crucial point differentiating the VF from financialization is the lack of dominant financial actors and institutions involved in the program. The VF was a government program with subsidized capital from the SFIs; the dominant commercial banks did not participate in the program. Furthermore, the program as a financial innovation is too rudimentary and lacked the exploitative presence of interest-bearing capital indicative of the Bayliss et al. (2017) conceptualization. Not until later do formal financial institutions and more sophisticated practices of lending enter the credit markets.

However, designating the VF as a neoliberalizing program is promising and contributes to understanding the politics and economics of Thaksin beyond the populist narrative. Thaksin's policies did more to construct (ir)rational economic subjects and marketize excluded areas than ever before. Previous observations of the VF and Thaksin's cornerstone policies only go as far as designating them populist programs motivated by political exigences with little substantive macroeconomic effects (Boonperm et al., 2009; Chandoevwit & Ashakul, 2008). Unfortunately, Phongpaichit and Baker (2005, 2008) and Hewison (2005); (Hewison, 2008) also commit this analytical shortcoming. They link Thaksin's rise to power as a rejection of traditional politics subverted and his populist vitriol keeping him in power. Their analysis falls short by failing to recognize Thaksin's core policies as a deepening of neoliberalism beyond macroeconomic and governmental changes. Rigg (2019) references a biopolitical change of rural society as socially constructed by political and economic developmental but does not mention the emerging institutional environment.

In summary, the points above offer an alternative analysis of Thaksin's policies beyond the populist identification and source of political polarization. Thailand's most representative constitution naturally made the 2001 election about the aspirations and insecurities of the (rural and poor) majority. Thaksin transformed areas and demographics void of financial services through a massive network of semi-autonomous financial institutions, which accelerated the neoliberalization of Thai subjectivities. The VF was an emergent property in the coevolution of financial innovation and regulation during Thaksin's initiative to expand financial services and make the economy more inclusive.

In the matter of recoupling subjectivities, Thaksin's popularity became interdependent upon his welfare-enhancing policies and the constituent parts of the anti-Thaksin movement. On the one hand, his transformative policies having engendered tangible benefits made him extremely popular amongst the excluded classes. On the other, Thaksin's opposition just happened to be the agents and institutions controlling the state and neglecting his future base during the previous political epoch. Later, the continuity of providing easy access credit becomes apparent not only as an economic benefit but also as a valuable political tool for maintaining the coupling.

5.2 The evolving included-excluded binary

This section focuses on the period following the 2006 coup until the military coup against Yingluck Shinawatra in 2014 (Thaksin's sister), another variant of the TSP (Sawasdee, 2019). First, we briefly detail the political and governmental changes following the 2006 coup. Then, exploring the evolving inclusion-exclusion binary that followed the implementation of the VF—beginning with how financial liberalization and government programs changed the financial sector, modernizing the financial system, and improving access to financial services. Next, and contemporaneous with the reduction in financial exclusion was the change in what constitutes being financial included and convergence towards everyday life financialization. Lastly, and by drawing from the theoretical foundations, detailing how excessive credit growth—ostensibly financial inclusion—and divisive politics exacerbates fragility.

5.2.1 The 2006 de-coup-ling

In 2006, opposition forces initiated a coup and abolished the TRT in an apparent attempt to decouple Thaksin from his political base. The 2006 coup represents a resurfacing of well-defined alliances between the Monarchy, Military, and Royalist support groups that had previously claimed an apolitical stance governing the country since bureaucratic polity's demise (Hewison, 2008). Military and rule by appointment followed for almost a year and a half. Elections returned under a different constitutional arrangement, and a new variant of the TSP emerged while Thaksin remained in exile (Tangsupvattana, 2011). The anti-Thaksin alliance now knew that decoupling Thaksin's influence and popularity would be easier said than done. As soon as the new TSP variant formed a governing coalition, anti-Thaksin protests resumed while royalist politicians and bureaucrats challenged their rule in the courtroom through judicialization (Mérieau, 2016; Pongsudhirak, 2012). Despite entering a state of political de-development characterized by absurd amounts of corruption, a military coup, and severe protests (Tangsupvattana, 2011), economic conditions remained relatively positive until the GFC.

The economy grew from 2001 until 2007 when growth contracted to 1.7% and turned negative the following year (BOT, 2019). The Democrat administration headed by Prime Minister Abhisit took office in December 2008. To prevent the economy from slipping into a recession, the Democrat party formulated a sizeable fiscal stimulus plan. Due to the time lag in infrastructure projects, the Democrats elected to do payment transfer. In a subversion of legality, the Democrats spoke with and cut checks to the country's upcountry loan sharks as well as an income guarantee scheme for those making up 15,000 baht a month.[40] To improve electability, they planned various development projects across that country, which later came under allegations of corruption and abuse of funds (Tangsupvattana, 2011). Ultimately, the Democrat party did little to advance access to financial services, only replicating the TSP on rural development or welfare,[41] and further antagonizing the TSP's base by trying limit Thaksin's influence (protests). During this period, the usage of financial services improved from 84% in 2010 to 88% in 2013 (BOT, 2013).

5.2.2 The emerging synthesis of popular culture and finance

Yingluck and the new variant of the TSP (Pheu Thai) managed to win the 2011 election by an overwhelming majority. After having endured anti-Thaksin protests, military and judicial crackdowns, royalist political interventions, and over two and a half years of Democrat leadership, the TSP's base was democratically invigorated. In terms of policies, Yingluck promised more or less the same as her elder brother. A

[40] Interview with former finance minister Korn Chatikavanij 5/22/2019

[41] Interview with former finance minister Korn Chatikavanij 5/22/2019. The Democrat's idea to expand the scope of Thai Postal Service to offer financial services did not take shape.

revitalization of the price supports for rice farming and greater access to new financial services such as mortgages and automobile loans to those previously excluded. Again, strengthening the existing coupling.

The changes to the financial system initiated during the Thaksin administration begin to emerge here. The first car and home buyer policies standout as the transformative properties of that evolution. The First-Buyer policies aimed to stimulate the economy through added consumption, increase demand for domestically produced cars, increase vehicle and homeownership, and develop the financial sector

The changes to the financial system initiated during the Thaksin administration begin to emerge here. The first car and home buyer policies standout as the transformative properties of that evolution. The First-Buyer policies aimed to stimulate the economy through added consumption, increase demand for domestically produced cars, increase vehicle and home ownerships, and develop the financial sector (Lewis et al., 2013).[42] There was an additional emphasis on expanding microfinance and personal loans, as well. The polices included tax rebates to lessen the burden on borrowers and help incentivize the financial sector to supply the new demand. Although car and home financing are quite rudimentary services, changing protocols to offer those services to low-income borrowers necessitates the coevolution of innovation and regulation.

Table 5.3 Financial Aggregates & Percent of Gross Domestic Product

Source: BOT	*Q1/08*	*Q1/09*	*Q1/10*	*Q1/11*	*Q1/12*	*Q1/13*
Household Debt to GDP	*51.1*	*53.5*	*57.2*	*60.3*	*68.1*	*72.0*
Financial Assets to GDP	*44.4*	*42.4*	*47.4*	*55.3*	*64.9*	*68.6*
Financial Corp Loans to GDP	*52.4*	*57.9*	*59.3*	*66.2*	*71.8*	*76.6*
Total Loans in millions of Baht	*4,736,809*	*5,147,702*	*5,746,022*	*6,648,657*	*7,763,722*	*9,072,603*

[42] For the first home policy, loans could not exceed 30 years and 1 million baht; for the first car policy, vehicles could not exceed 1 million baht and non-transferable for five year. (Lewis et al., 2013).

Table 5.4 Depository institution loans to the household sector

Source: BOT	*Q1/08*	*Q1/09*	*Q1/10*	*Q1/211*	*Q1/2012*	*Q1/2013*
Total: Deposit-Taking	*4,071,112*	*4,419,636*	*5,008,771*	*5,875,693*	*6,834,577*	*7,844,527*
Commercial Banks	*2,002,362*	*2,176,693*	*2,375,040*	*2,709,738*	*3,116,860*	*3,761,589*
Depository SFI	*1,416,615*	*1,502,620*	*1,801,751*	*2,181,182*	*2,530,665*	*2,723,128*

Table 5.5 Non-bank financial institution loans to the household sector

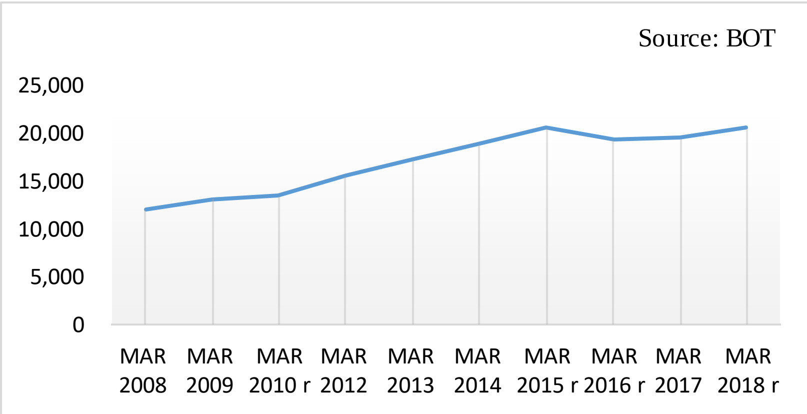
Source: BOT	*Q1/08*	*Q1/2009*	*Q1/10*	*Q1/11*	*Q1/12*	*Q1/13*
Total Financial Corporations	*665,697*	*728,066*	*737,251*	*772,964*	*929,145*	*1,228,076*
Credit Card, Leasing & Personal Loan	*442,227*	*505,978*	*506,470*	*525,810*	*664,272*	*933,448*

The BOT's aggregate data on credit and household debt indicate just how much financial system has developed. Tables 5.3, 5.4, and 5.5 show total loans to the household sector from various categories of financial institutions. Aggregate credit to the household sector in table 5.3 more than doubles in five years and increases 20.9% as a proportion of GDP— particularly excessive in the last three years. Other financial institutions detail remarkable growth, as well. Also significant is the substantial increase in credit by Non-Bank Financial Institutions (NBFI), a relatively new institution to the financial landscape. Granular data concerning the geographical and demographical distribution of lending reveals three significant transformations concerning financial inclusion and guides the discussion for the remainder of this section. First, the urban population has better overall access to financial services and holds the most debt.[43] Second, household indebtedness to the informal sector decreased from 20% in 2007 to less than 10% in 2013 (Chantarat et al., 2018). Third, the number of formal financial institutions grew tremendously from forty in 2006 (BOT,

[43] In 2011, the average municipal debt for the northeast was 257,821 compared to 105,169 for the non-municipal; greater Bangkok had a difference of 18,208 (204,811-186,603) (NSO, 2011).

2006) to eighty by 2014, with NBFI contributing the most to the overall total (Chantarat et al., 2018).[44] These transformations indicate an emergent property illustrating a boom in everyday borrowing and the first real instance of financialization of everyday life (Langley, 2008).

Figure 5.1 Credit Card Accounts '000

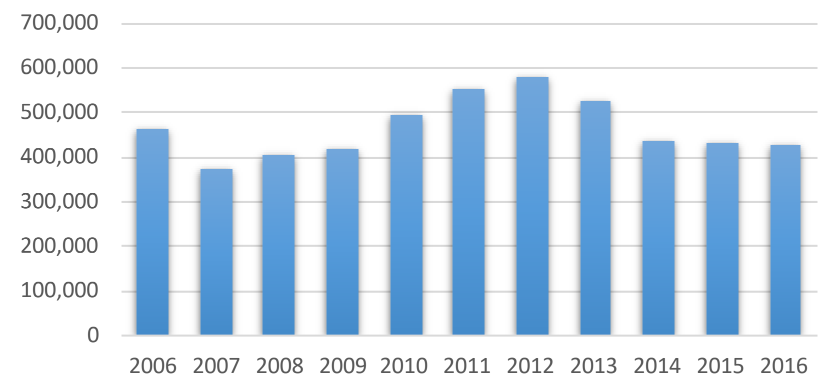


A few features of this emergence deserve attention and contribute to the political and economic analysis during this period. First, Langley (2008) recognizes the financialization of everyday life through increased individuality of financial subjects in financed borrowing—credit card accounts (figure 5.1) and homeownership. The consumption of contemporary popular culture becomes available via finance to subjects for self-express and individualization. The increases in household debt presuppose an increase in included subjects. The geographical participation appears in the increases in registered motorcycles in the Northeast (figure 5.2). Previously, this self-expression was only available to the financially included, who just happened to be the anti-Thaksin affluent.

Figure 5.2 Registered motorcycle (unites) in the Northeast

[44] FSMP I: BOT supervised Financial Institutions went from 83 in 2003 to 40 by 2006. By July of 2016, the total number of financial institutions were as follows, 19 commercial banks (4 foreign branches), 6 SFIs, and 65 NBFIs (credit card, personal loan, insurance, and hire purchase and leasing companies (Chantarat et al., 2018).

Source: BOT



Like before with the VF, the TSP gain recognition as the leaders of this coevolution to expand access to credit cards, automobile loans, and home mortgages. The TSP accomplishes the intermediary role between financially excluded subjects and the financial system. This transformation strengthens the coupling between the TSP and its political base in the same fashion as before. Reactionary groups in opposition, perhaps on the grounds of sound fiscal management, portray themselves as against the excluded becoming included. Historical narratives reinforce the portrayal.

5.2.3 PECI and macroeconomic decoupling

When applying notions from PECI, a second interesting insight emerges concerning expanding access to financial services and political dynamics, which relates to the political turmoil of 2014. New insights emerge by focusing on the mechanisms that changed the financial system as well as the coevolution of financial innovation and regulation. Like before, when the financial system changes, so does the coupling.

The TSP doubled down on its macroeconomic policy target of expanding access to financial services, mainly access to credit. This policy strengthened the coupling between the TSP and its political base. Three mechanisms standout concerning such rapid increases in credit beginning in 2009. The first mechanism involves deregulatory changes to "capital rules for credit risk" (ADB, 2013, p. 1). By 2011, a wide variety of credit products for a broad spectrum of people were diffuse throughout the country, including uncollateralized personal loans, home mortgages, credit cards, and microfinance for agriculture. The second mechanism involves the dominant commercial banks. Commercial banks avoided the lower-income market for borrowers, but shrinking profit margins catering to its traditional customer base pressed them into the market (ADB, 2013). The current low-interest rate environment presses commercial banks to chase quantity rather than the quality of loans to maintain margins. Although the borrowers primarily driving this credit boom were not low-income, the low-income eventually become a targeted market—the GFC is a representation of this. The third mechanism (and already mentioned) was the growth of formal financial institutions—increasing from forty in 2006 to sixty-eight in 2009 (BOT, 2006; Chantarat et al., 2018). For example, the relaxation of credit rules and new institutions ballooned the supply. SFI's were lending additional funds to certain VFs, while commercial banks opened NBFI as subsidiaries (ADB, 2013). Amalgamating these mechanisms contrived an environment of novel regulations with an increased number of lenders connected through balance sheets—an evolving financial system in terms of size and complexity.

Political turmoil slowly emerged following the TSP's impotence in attempting to pass the Amnesty Bill in the late evening of October 31, 2013 (Baker, 2016b). According to Baker (2016b), the early protest did not share any affiliation to the usual anti-Thaksin groups, and it was only until later did Democrat party leaders get involved. The protests escalated when Yingluck dissolved Parliament on December 9, 2013, and then turned (more) violent as the snap election date approached (McCargo, 2015).

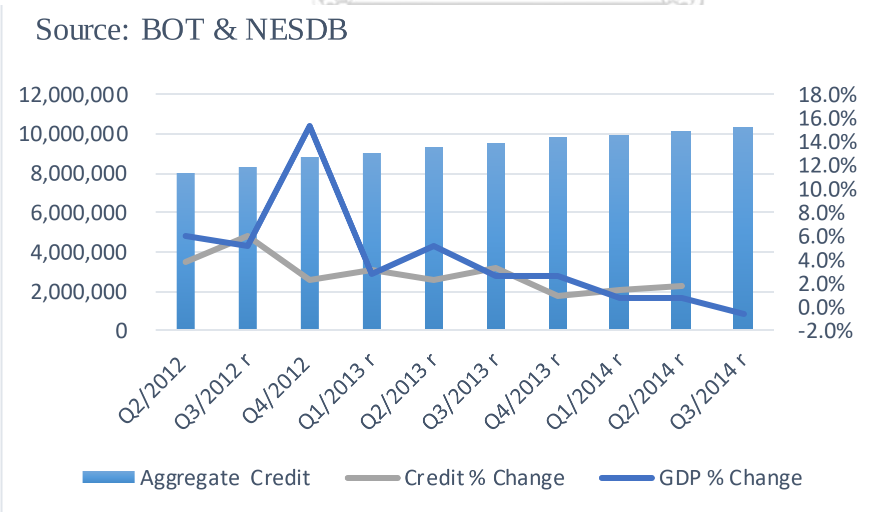
Flashbacks of disruptive protests and obstructions of national infrastructure reverberated throughout the country. Credit to the household sector slowed from 3.27% going into Q4/2013 to just 0.97% in Q1/2014. Just one-year prior, credit growth peaked at 6.07% between Q3/2012 and Q4/2012 (see table: 5.6). Financial institutions cranked the credit valve shut and choked off the household sector around the time political turmoil began. Without access to credit, economic transactions, and participation in popular culture through finance halted. This disproportionately hurts those more reliant on access to credit and are those on the lower end of the income scale, which happens to include the TSP's base. Quarter to quarter credit growth to the household sector rose about two percent at the end of 2014 but primarily hovered close to one percent and never breaking 2.5%.

Table 5.6 Dynamics of credit and GDP

Year	*Aggregate Credit*	*Credit % Change*	*GDP % Change*
Q2/2012	8,053,448	3.84%	6.1%
Q3/2012	8,362,940	6.07%	5.1%
Q4/2012	8,870,253	2.28%	15.30%
Q1/2013	9,072,603	3.18%	2.80%
Q2/2013	9,360,662	2.34%	5.20%
Q3/2013	9,579,477	3.27%	2.70%
Q4/2013	9,892,649	0.97%	2.60%
Q1/2014	9,988,847	1.51%	0.70%
Q2/2014	10,139,408	1.76%	0.80%
Q3/2014	10,317,682		

Political turmoil and the credit contraction are interdependent and relate through the policy choices made by the TSP. The turn towards a credit-driven economy was a policy decision by the TSP. A decision that also created mass support and influenced the continuity of the same policy in an expanded and more developed framework. The TSP's continuation of promoting access to credit transformed the financial system and the economy to one reliant on the creation of credit. Political turmoil created an environment of limited information and uncertainty among agents and institutions navigating the system. The turmoil instilled historical narratives of intractable conflict characterized by massive protests shutting down crucial national infrastructure as well as the possibility of a coup. These narratives clouded agents and institutional expectations about the future. This shock has an endogenous nature because of the commonality between the political institutions and the policy targets (Blyth & Matthijs, 2017).

Figure 5.3 Dynamics of credit and debt



The coup happened six months after the Amnesty Bill failed to pass, which is roughly the same time the economic situation started to deteriorate. As Baker (2016b) notes, anti-Thaksin groups began calling for another coup immediately after Yingluck won the August 2011 election. However, nearly three years went by before the coup happened. Thus, suggesting the worsening of economic conditions contributed to the coup finally happening. To neglect the economic and financial conditions as interdependent with the coup—in favor of the amalgamation of old and new establishments (or the deep state) finally moving against Yingluck—is to neglect the dominant role the monolithic Sino-Thai banks have played over the years. Surely the economic conditions the financial sector became immersed in following the initial protests drove them to support and call for the coup.[45] Financial institutions can achieve great success when the state is facilitating and creating markets, as well as fulfilling the role of lender of last resort (Both US political parties in the case of the GFC). Thaksin and the TSP were good for the financial sector. The coup effectively ended the TSP's credit expansion model, a model where Thai financial institutions are centripetal and enjoyed large growth on the asset side of their balance sheets (new loans). However, since the 2014 coup, credit to the household sector averaged 1.26%, as opposed to a 3.24% and 3.26% average during both Shinawatra administrations. In a sense, the coup was not in the best interest of the financial sector.

As already determined, improving access to credit augments political support in a coupling fashion. However, it is yet determined whether or not credit can reverse existing coupling. The notion of credit as a mechanism to decouple or create a new couple receives further attention in the next section.

In summary, this section discussed another segment of the coevolution of financial innovation and regulation. Here, the coevolution produced an emergent property recognized as the synthesis of finance with popular culture. In other words, the financialization of everyday life. The evolution and development of the financial system to this point is remarkable. In 2001, access to credit was ostensibly a

[45] Alternatively, which still indicates the interdependence between the credit contraction and political turmoil, the leading financial institutions generated the credit contraction in a coordinated effort. Effectively, they weaponization of access to credit.

mechanism for economic empowerment for excluded subjects. In 2011, access to credit materialized to access consumer products, credit cards, vehicles, and housing. This period of financial development is where financialization begins to emerge.

A similar process unfolded regarding the coupling between the TSP and its political base. However, this time, Yingluck Shinawatra was the policy vessel, and the two frameworks were greater access to credit and price subsidies for rice. When a controversial Amnesty Bill failed to pass, historical legacies of mass demonstrations and military interventions emerged. Private financial institutions responded accordingly by chocking off credit to the household sector. The economic situation deteriorated, and a coup ensued roughly six months later.[46]

[46] This is not saying the economic deterioration caused the coup, only that the two are interdependent.

5.3 FinTech and more of the same financial inclusion

The last section of this chapter discusses government and private sector developments since the 2014 coup to advance access to financial services, now globally recognized as financial inclusion. First, an assessment of the government's ostensibly novel financial institutions to improve access and formalize rural credit markets. Second, and briefly, identifying how the Bank of Thailand (BOT) is addressing emergent issues in the financial sector using a regulatory approach and promoting financial inclusion. Third, the analysis of an emergent FinTech helping smallholder farmers with a proprietary calculative infrastructure and Big Data. Moreover, reflect on each development's implications in regard to the evolving coupling and decoupling relationships.

5.3.1 Microfinance empowerment as a chimera

The post-2014 coup environment for improving access to financial services is a job for the (free) market. The two ostensibly novel financial institutions are oddly similar to the microfinance and person loan companies during Thaksin's first administration. Established by the Ministry of Finance, the institutions function to service and formalize the rural and lower-income credit markets,

> [T]he Nano Finance initiative launched in 2015, which aims to provide a maximum of B100,000 in credit for occupational purposes; and (ii) the Pico Finance scheme launched in 2016, which aims to provide B20,000–B50,000 in credit for those in need of emergency cash. Under both initiatives, registered service providers are allowed to charge a higher than usual interest rate of 36% per year (interest and fees). (Tambunlertchai, 2017, p. 280)

While Nano institutions cater strictly to businesses, Pico institutions directly aim to reduce the presence of loan sharks and moneylenders in rural and lower income credit markets.[47] To promote new entrants into the Pico market, regulators continue to make upward revisions on interest rates ceilings (Chantanusornsiri, 2019a). However, both institutions function as favorable alternatives to loan sharks.[48]

Table 5.7 Data on Nano finance institutions

Nano Finance Institutions (millions of Baht)	*JUNE 2016*	*JUNE 2017*	*JUNE 2018*	*JUNE 2019*
Total Loan Amount	*21,972*	*112,571*	*684,446*	*1,514,976*
Outstanding Loan amount (interest only)	*525*	*3,066*	*12,266*	*23,366*
Outstanding Loans Overdue >3 Mo	*2*	*75*	*447*	*1,170*
Number of Nano Finance Providers	*20*	*25*	*28*	*34*

In a sense, the two institutions represent a regression in the coevolution of financial innovation and regulation. The attempt to create a market solution for a problem the market produced is a paradox. Although receiving a license from the MOF requires a moneylender to adjust practices and reflect BOT regulations, these institutions are merely akin to modern-day usury.[49] They are morally justifiable in the same sense that payday loan companies in the West are equal alternatives to community banks. The formation of Nano and Pico institutions is characteristic of the willingness neoliberal policy makers will go to prevent the state from entering the market.

It should be apparent by now that providing credit to individuals or businesses does not guarantee objectively positive outcome. Without structural economic change that creates good paying and stable jobs that engender the development supporting industries or services, Nano and Pico finance institutions simply misallocate capital away from productive use. In their critique of microfinance, Bateman and Chang (2012) recognize the misallocation and wastefulness inherent in large scale

[47] Interview with BOT officials Chitkasem Pornprapunt, Sawisa Ariyapruchya, and Tawun Puanggard on 5/27/2019.

[48] Interview with economist and Thai academic Kanittha Tambunlertchai of Chulalongkorn University 5/22/2019

[49] Total outstanding informal lending is worrisome, the National Economic and Social Development Board estimated it at five trillion Baht in 2014 (Chonlaworn & Pongpirodom, 2015).

Microfinance schemes. In a developing country where capital is scarce, budgeting large microfinance initiatives does little to move a country towards developing public goods and assets that benefit a wide spectrum of people. The Thai Credit Guarantee Corporation is a prime example of misallocating capital. The state-owned enterprise is in the process of allocating ten billion Baht for informal workers, specifically so motor cycle taxis can buy new bikes (Chantanusornsiri, 2019b). All peoples deserve access to affordable credit on transparent terms, however, in economic development capital has tendencies to be scarce. Therefore, the maximum benefit to the maximum number of people when considering the allocations of resources.

The manner in which government resources are being allocated raises implications concerning the coupling. On the one hand, a significant portion of Thaksin's base is made up of rural farmers and poor informal workers. The Nano and Pico institutions target those two demographics. As a market facilitator between private finance and the potential borrowers, the Prayut government is taking a page out of the Thaksin's playbook to buy support though access to credit. Without the necessary adjustments to regulations, rural farmers and poor inform workers will continue to be unfeasible markets. On the other hand, establishing these two institutions represents an implicit attack on what the VF. From what is known about these two institutions, the neoliberal contempt towards government subsidized credit, and the VF's relation to Thaksin, the possibility of the VF discontinuation is real.

To summarize this section, the post-2014 coup government had a hands-off approach to financial development and improving access to financial services. However, the a few unique insights emerge regarding what the government has done. Namely, a rehashing of aspects form Thaksin's playbook to engender a semblance of support amongst his base of supporters.

5.3.2 "Hand-ups, not Handouts" – Ricult

In the crusade to improve financial inclusion, the BOT is synthesizing financial literacy and financial technology (FinTech). To engender a synthesizing environment, the BOT is implementing a regulatory sandbox framework. The sandbox concept for financial inclusion emerges from the Consultative Group to Assist the Poor (Bernards, 2019b). The formulators, Jenik and Lauer (2017), describe a regulatory sandbox approach as one which allows small scale testing of innovative financial products without prior regulatory approval, a frank dialogue between innovators and regulators promote inter-operability. However, implementing a regulatory sandbox and achieving positive results requires overcoming the issue of system fragmentation,[50]

[W]hereby financial systems and payment services become fragmented by the use of different core infrastructures or different standards that are controlled by a few dominant players. With different standards and core systems, financial transactions and data flows will face frictions, which will discourage competition, collaboration, and innovation. In the world of Big Tech, strengthening the value of our financial network is critical for a small economy like Thailand, and it needs to be done so that our network remains dynamic and efficient, fostering an ecosystem conducive to innovation and competition. (Santiprabhob, 2019, p. 3).

Fragmentation as a hindrance to financial system development is Orwellian doublespeak for further deregulation. Hence, the BOT's regulatory guillotine program to sever outdated and draconian supervisions to promote digital financial services, competitiveness, and cut BOT costs (ThaiPublica, 2018).[51]

Ostensibly, the BOT's regulatory sandbox is conducive for FinTech development, where new financial services bypass the approval process and head straight to the market. FinTech start-ups attempt to exploit a niche in the market or cause a disruption to existing processes. The disruption is more or less automation of an existing financial process, where technologies like BlockChain or algorithms

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[50] Interview with Thai economist and academic Kanittha Tambunlertchai 5/22/2019

[51] The use of Guillotine is quite ironic in a country with a Monarchy, as the word automatically invokes its use during the French Revolution.

reduce the personnel required or process extreme amounts of data to ameliorate archaic administration. One particular FinTech standing out among the rest is Ricult. A social enterprise start-up founded by the Massachusetts Institute of Technology graduates and peak digital revolution in financial inclusion.

Ricult is for labor-intensive small shareholder farmers trapped in the enigma of low profitability.[52] The service is free in the same sense that a Facebook profile is free. When a farmer signs up for Ricult's program, an independent agricultural support team visits the farm to conduct soil tests, field measurements, satellite imagery, and gather other necessary information to construct a proprietary credit score (Ricult, 2016). The credit score is a composite of the collected data processed through Ricult's calculative infrastructure (algorithm) to forecast crop yields, which elucidates into the farmer's likelihood of repayment (Winn, 2019). Next, Ricult generates a product list for the farmer to purchase on credit from their supplier; credit is a requirement for product purchases (Ricult, 2016).[53] During the farming season, through their calculative infrastructure (algorithm to the mobile application), Ricult directs the farmer when to plant, fertilize, harvest, and any other necessary step, while delivering up to date weather forecasts (Nation, 2019; Ricult, 2016).[54] Ultimately, Ricult is another example in the ongoing digital revolution in financial inclusion (Gabor & Brooks, 2017).

When analyzing Ricult through the PECI perspective, two incongruities emerge that contribute to the critical narrative regarding financial inclusion in Thailand. First, the existence of Ricult is that of radical emergence. No one could have predicted them offering the services they do. Weather forecasting is one of Ricult's selling points.

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[52] Unfortunately, Ricult did not respond to an interview request and could not be reached at their office.

[53] Aukrit Unahalekhaka is a co-founder of Ricult and his family owns an agriculture business (Winn, 2019).

[54] The popularity pushing Ricult ahead of all the other FinTechs is their Total Addressable Market (TAM), which is a concept used to gauge the potential success of start-ups. The larger a start-up's TAM, the more investors get behind, and Ricult's TAM is potentially every smallholder farmer in the world (Uber and Airbnb have enormous TAMs).

Their weather forecasts range from less than six days to six weeks, and even touting a nine-month rainfall forecast (Nation, 2019)! Any institution claiming to be able to produce an accurate nine-month forecast is confusing weather with climate. The former being extremely unpredictable further into the future and the latter communicating past seasonal patterns as a representation for the future. Weather and climate are the most complex systems humans interact with on a daily basis. Since the atmosphere is an infinite-dimensional space—non-ergodic—which means the model cannot know the exact phase space. Thus, forecasts using limited data and extend further into the future become more inaccurate. The unpredictability in long-range weather forecasting is a wildly accepted notion among meteorologists and climate scientists going back to Edward Lorenz's (1972) and his butterfly effect. If Ricult cannot accurately model forecasts, which is their integral part for predicting crop yields, then their proprietary credit score is misleading.

Smallholder farmers in Thailand deal with structural problems besides access to affordable credit, simply providing weather forecasts will not make up for the lack of adequate irrigation access to markets. For instance, if a farmer's field is in a flood plain or a region prone to drought and they do not have adequate levees or irrigation, knowing when and where extreme weather is going to occur does not help them.[55] The nature of financial inclusion is to provide the excluded with the capabilities to shift and manage incomes over time. Therefore, does Ricult offer services to farmers facing severe structural issues? Recalling that a major grievance levied against the BAAC was how the institution favored already well-off farmers in the central plain and north (Onchandra & Ong, 1971).

The second incongruity materializes through the financialization perspective. As a stand-alone social enterprise, Ricult's model is innovative and potentially beneficial. However, examining Ricult's revenue streams reveals a connection to the financial

[55] Another structural issue being land ownership. Offering uncollateralized credit does not help solve the extreme inequality of landownership detailed in Phongpaichit (2016) and Phongpaichit and Baker (2015).

system. Ricult's calculative infrastructure not only projects crop yields, but it also constructs a proprietary credit score from those yields and other data. The score is proprietary because the data to construct it is private and owned by Ricult, and "as a result, are insulated from scrutiny and transparency" (Aitken, 2017, p. 290). Ricult then sells the scores to a financial institution in turn for the right to lend money to the farmer product list purchase. Ostensibly, as their model learns, Ricult will be able to predict with more accuracy future crop yields. The better the accuracy, the more attractive it is for banks to purchase credit scores and lend. Furthermore, recalling how the present low-interest-rate environment drives financial institutions to emphasize quantity over quality.[56] Since Ricult calculative infrastructure attempts to predict outcomes in a non-ergodic environment, the more it learns, the more vulnerable it becomes Black Swan events.

Upon further scrutiny, and deploying the notion subjectivity transmutations, Ricult is potentially disrupting rural agriculture in extreme ways. Once a farmer enrolls in Ricult's program, the interest rate on their loan is a function of how well they follow the directions pushed to them on the mobile application. Therefore, any divergence from the plan culminates in potential future loses, higher interest rates, no access to inputs, or Ricult terminating the contract.[57] On the one hand, Ricult's model transmutes a farmers' subjectivity into a laborer with less or diminutive autonomy in decision making. A usurpation of local knowledge by algorithmic technology—a cog in the Ricult machine.

Thaksin emphasized empowering the entrepreneurial spirits of the excluded with access to credit, the VF as an institution attempted to transmute rural subjectivities into the image of *homo œconomicus*. Ricult, on the other hand, is reversing the

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[56] Kasikorn Bank is aiming for a 4% growth in loans for 2020 as well as 100 billion baht in digital loans (Bangchongduan, 2019; The Thaiger & The Nation, 2019).

[57] The more information or data Ricult appropriates on each member, the more chance it has to fix prices in their favor.

(partially failed) transmutation. The member need not think or poses any entrepreneurial endowments to succeed and the lender need not have any faith in the borrower (Ricult utilization of science predicts the future outcome). If all goes according to plan, success is determined by the member's ability to follow the assigned tasks. Then, in this sense, through an intermediation process, finance is advancing interest-bearing capital "in anticipation of return based on [Ricult's] accumulation of productive capital" (Bayliss et al., 2017, p. 358). Capital is integral to the farming process, the only issue being the varying degree in which each member incorporates capital in the production process. Ricult's potential to appropriate capital is reflective of existing smallholder farmers across the globe.

5.4 Chapter summary

In summary, the topics analyzed in this section were some of the more recent developments in the financial inclusion initiative. After a farcical return to democracy and perhaps a divergence from a credit-driven economy, the Prayut government opted for more of the same type of financial inclusion but with a different style. A style of market formalization, ultimately strengthening the presence of private financial institutions and financial governmentality. Outside of the ostensibly democratically elected positions of the government, the BOT is on a slash and burn mission to unleash the financial system from the draconian supervision guidelines leftover from the 1997 crisis. Perhaps a benefactor of the regulatory sandbox is the tech-savvy social enterprise Ricult. A fundamentally flawed agricultural FinTech, mirroring post-GFC Silicon Valley start-ups that receive massive valuations in the financialized global economy of today. Although not entirely transparent, Ricult could improve the precarious situations of small shareholder farmers or reinstate a neo-Sakdina system through data monitoring and digital tracking

CHAPTER VI CONCLUSION

"Time present and time past, Are both perhaps present in time future, And time future contained in time past." - T.S. Eliot

Throughout recorded history and the historical narratives that interpret events to construct theories of casual movement, the poor and exploited are usually laborers and farmers—Thailand being no different. However, in the Thailand of today, the only difference is the modernizing state, an environment of none state actors, and emerging social enterprises promising the maximum benefit to the maximum number of people. This thesis has utilized a theoretical foundation of complex interdependence to analyze episodic political and economic development in Thailand since 2001. I argue that neoliberal axioms embedded in the first policies to expand financial services evolved to engender the financialization of everyday life under auspices of financial inclusion. Furthermore, how Thaksin's transformative policies recoupled subjects from the state, and to his brand of politics. Outlined below are the two interdependent findings on the politics of financial inclusion in Thailand.

6.1 The role of financial services in the politics of development

The Asian Financial Crisis practically erased Thailand's financial system and economy. Now, the Thai financial system is more than 2.7% of GDP, and financial services are available to over 90% of Thais. Nineteen years ago, access was most likely scant for Thai people outside of Bangkok. The VF was rudimentary in design but bold in vision. The institutional centrifugalism and originating moment kept it disconnected from the parasitism of global finance. The VF was a step in the right direction for improving access to financial services. However, its characteristics do not constitute an instance of everyday life financialization.

In an economy governed by neoliberal logic, where real wages are stagnant in an environment of disinflation—redistribution being a sin—access to credit becomes the only means to achieve a higher standard of living. Thaksin's efforts to redevelop the financial sector started a convergence towards international financial norms. Despite the size and sophistication, the outcomes of redeveloping the financial system mirrored those in the West as the economy slowly transitioned to one heavily reliant on credit creation.

Determining which of Thaksin's transformative policies contributed most to his popularity is fruitless as there is no linear causation in a system with complex social relations, such as Thailand. Despite the VF's shortcomings, its presence, along with Thaksin's other transformative policies, made him the only Prime minister to win reelection in Thai history. The debt moratorium, rice subsidies, and 30-baht healthcare scheme shifted the tectonic plates of Thai politics. Each one of the policies had something to offer, and it just happened that the constituents were willing to get out and vote for them. Thaksin restored the faith of Thai subjects in government institutions. The fact that two different candidates without the last name Shinawatra managed to attain the Premiership infers that it was not just a Thaksin cult. Also, perhaps a voter's affinity for Thaksin was primarily about their disgust for the alternative. Afterall, Chuan Leekpi is still in politics, and the Democrat party had their worst election in the history of the party.

Thaksin was the first anti-establishment populist candidate, and much can be learned from the Thai situation to help understand the time present populist revolt. Two of Thaksin's four significant policies function to this day, so, in some respects, Thaksin was more progressive rather than populist. However, the tight coupling Thaksin was able to generate between himself, and the millions of disenfranchised Thais subject to recurring repression and injustice, has managed to disrupt the status quo more almost fourteen years after his exile. His political legacy will last long after he is gone. The above is why the PECI so useful because it encourages a systemic and evolutionary approach to analysis.

Ten years after the opening of the VF, the number of excluded with no access to financial services whatsoever approached single digits (on paper). Access began to include credit cards, auto loans, and home mortgages. Thaksin's sister, Yingluck, initiated one of Thailand's largest credit booms since the 1997 crisis. The coevolution of financial innovations and regulations engendered an environment ripe for finance to synthesize with popular culture. By contriving access to popular materialist culture, the coupling to the Shinawatra political tightened. Not only did the first buyers' program allow subjects to own a car or home, but it also helped the economy return to growth during and after the floods.

However, the doubling down on promoting access to financial services for political exigencies is a short-sighted economic policy. The TSP evangelized the opposition when they attempted to pass the controversial Amnesty Bill. When protests intensified, the financial system responded by hedging their bets to weather the ensuing political clashes. Financial agents and institutions acted in similar manners by which potentially exacerbated the credit reverberations through the system. An analysis of the political economy of the 2014 coup deserves much more analysis. Questions like, what role did the financial institutions have in promoting the coup? Why, after five years, is credit creation to the household sector still minimal?

The Anti-Thaksin opposition attempted, on multiple occasions, to decouple the TSP link both militarily and judicially. The coup and judicial attack on Yingluck forced her to join her brother in exile. Also, unlike previous coups, the Junta took an extra two and a half to three years to hold elections again. The delay was perhaps an attempt to let the TSP-subject couple weaken as the Junta's social welfare policies kicked in.

Prayut and the Palang Pracharath Party are not a finance people, and the two ostensibly novel institutions emerging out of the MOF is proof. The Nano and Pico finance institutions represent an augmentation of financialization, in the sense that formal finance is penetrating deeper into rural areas. With little different from their informal loan shark counterparts, it is difficult to discern what positive outcome they will bring. Cheap credit emerges to pacify those loyal to Thaksin and satisfy poor and disenfranchised people by enabling them to place a cellular device in their hand or finance a new motorcycle. Again, it is acting like rural development is a priority while maintaining the structure of the system and appeasing the financial elites.

Some useful evidence, however, is the role the BOT and private sector are fulfilling. The BOT is primarily concerned with serving the monolithic commercial banks as they are doing away with regulatory oversites and blaming bad debtors rather than the institutions crediting out the money for the private debt problem. It will be interesting to see how much longer the BOT can maintain the status quo while central banks around the world are finding it difficult to keep operating on outdated software of inflation targeting and asset stability. Meanwhile the BOT, is allowing new financial agents and institutions to build sandcastles in a sandbox without any walls. The coevolution of financial innovation and regulation again appears to be expanding the possibility (phase) space for emergent properties such as Ricult.

For Ricult, the sky is the limit. They could be the Amazon for smallholder farmers or perhaps the next ostentatious We Work, but for weather forecasting. Reifying their potentiality is daunting, and again, it is difficult to see the signal through the noise. However, enough information was available to justify skepticism. Ricult's calculative infrastructure to transform data into potential crop yields, and then model that data into a proprietary credit score is just as impressive as it is worrisome. Here, transparency is key. Insofar as Ricult's calculative infrastructure is private, the public will not know the amount of truth embedded in their rhetoric until the next financial meltdown hits.

Also, particularly worrisome is Ricult's ability to accumulate data, an asset the world still does not know the real value of yet. Privacy in today's world is a rarity, and to believe that the current Thai government does not want more data on farmers in the Northeast, which happens to be a hotbed for Thaksin supports, is to believe a lie. As Hannah Arendt wrote in *The Origins of Totalitarianism (2003 [1973])*, the state's incorporation of wholesale surveillance is not an attempt to root out criminals but rather amalgamate evidence and data on all subject, so when the time comes to criminalize individuals and groups, the work is already done.

It is troubling that such intelligent individuals want to pledge their services to the banks. In the right hands, Ricult's platform is a perfect technology to improve and support the existing farmer cooperatives in Thailand and throughout the world. The app could connect remote farms and contrive an environment of mutual assistance with the ability to pool resources. However, in the wrong hands, it is an instrument of financial conquest and financial governmentality. It is the private sectors' mechanism for pacifying the subaltern. Arguably the most important action to prevent the resurgence of a Thaksin surrogate or someone worse—a person calling for the dismantling of the ruling superstructure. Time future will tell the level of financial pervasiveness Ricult embodies and whether Ricult's motto of "hand-ups, not handouts" is just a guise for "*The hand that gives is above the hand that receives*."

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