

Thailand's 'little loan sharks' face thinner pickings

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The Klongtoey slum is home for over 100,000 people, forming a rough triangle between a dead canal, a stretch of Bangkok's river and a motorway. (Photo by Shane Bunnag)

BANGKOK -- Eight years ago, when Thailand was embroiled in an earlier bout of political strife and I was trying to make a documentary in Bangkok's main slum, Klongtoey, an avuncular Catholic priest who worked there told me something I've carried with me since: "Whatever is going to happen in Thailand happens first in the slum. We've got the best and the worst of the country right here."

I do not always agree with Father Joe Maier, the priest, but I admire him. He has dedicated his life to helping the neediest people, and going about it in a no-nonsense style. "I'm a fat, bald priest," he is fond of saying. "If I can't tell the truth, then who are you going to hear it from?" Originally from the U.S. state of

Washington, he has been a resident of Klongtoey for decades. For much of this time, he lived in a hovel built over raw sewage and compacted garbage.



Father Joe, captured by photographer Jim Coyne in 1983, stands outside of his slum home.

The Bangkok slums range from thin strips of lost road to beleaguered hamlets and, in the case of Klongtoey, entire shantytowns. They corrode the mottled veneer of the modern city like traces of a forgotten undercoat. Over 100,000 people live in Klongtoey alone. The slums are more than ghettos for the urban poor; they encapsulate the larger story of the marginalized among Thailand's 66.7 million people, and their floundering ways of life. They are populated by those who cannot survive in dignity like their ancestors -- as farmers, fishermen and day laborers -- and cannot find a place in a transforming society.

The most obvious problem faced by the working poor is debt. Lacking monthly salaries and collateral, their only option in times of need is to turn to lenders who sometimes charge more than 10% interest per day. Borrowers are often forced to take out several loans to service the interest, and these mounting debts exacerbate the cycle of misery.

Thailand has the second-highest household debt in Southeast Asia. At the end of 2013, the country's ratio of household debt to gross domestic product was 82.3%. Thailand also has the fastest-growing household debt in the region: It rose 16.6% in the year to July.

The bulk of this debt is borne by Thailand's low-income workers -- people earning less than \$400 per month.

Debt and happiness

This is why the Thai junta, whose self-proclaimed mission is to "bring back happiness to the people," has made it its business to stamp out predatory lending.

After taking control following a coup in May, the junta launched a fuzzy campaign against loan sharks. More specifically, in August, the state-owned Bank of Agriculture and Agricultural Cooperatives initiated a new credit line to help farmers escape from debt, announcing that 10 billion baht (\$316 million) would be available for loans at 10% interest per year. By comparison, Thai banks charge 15% annual interest on riskier agricultural loans. Applicants would have to prove that they had taken out informal loans that were causing repayment problems.



A motorcyclist approaches down the alleyway of a Bangkok slum. (Photo by Shane Bunnag)

In the same month, the junta introduced new rules aiming to ensure "polite" debt collection, designed to protect borrowers from harassment and physical abuse. The bill sets out a code of conduct, such as establishing collection hours between 9 a.m. and 8 p.m. and prohibiting the use of violence and damage to private property or reputation. For the time being, the rules do not extend to informal loans, but they are seen as a first step in a move against loan sharks.

It is too early to judge whether these measures will work. The junta is busy proving that it can get things done quickly and more efficiently than previous elected governments. It wants to impress the top of society and placate the bottom. Eventually, the military will have to allow elections, and clearly the key to winning is convincing the masses that you can improve their lot. This has

proven to be treacherous in Thailand, a theater of conflict in which the slums occupy a strategic high ground.

Loans out of the living room

I returned to the Klongtoey slums in August 2012 with the idea of making a second film, this time about loan sharks who feed off the poor. The premise was simple: to follow the lives of a borrower and a lender during one of their short fiscal cycles. If debt was truly the law of the slums, how did people cope with the endless stress, how did lenders justify preying on their peers and neighbors? What lives did these people aspire to, and how did their closed-in reality reflect wider Thai society?



Survivor or predator? Yai, a small time lender, gazes into an uncertain future. (Photo by Shane Bunnag)

The film, "Granny Loan Shark," was finished last year. The granny of the title was a formidable matriarch nicknamed "Yai," who headed a dysfunctional but all-too-human collection of people in the old slaughterhouse district of the slums. Granny Yai, her thuggish son, Jack, and morbidly obese daughter, Neung, ran a mini-empire out of their living room. They sold groceries and ran a motorbike taxi service and arcade games while keeping tabs on scores of small loans.

The film captured a close-knit community kept afloat by loans starting at around \$10 and rarely exceeding \$200. Yai seldom loaned larger sums, having been burned too many times in the past. The loans were granted for 20-day periods at interest rates far higher than the commercial banks'. These rates,

between 1% and 5% per day depending on the borrower's track record, were not the worst deals I came across but were still exorbitant within such a poor community.

Ironically, but also unsurprisingly given the larger picture, Yai and her family were increasingly sucked into debt even as they exploited their neighbors. Jack had two motorbikes, one for work and the other for play. He had acquired both on regular credit and was extremely proud of the deal. During filming, Jack and his sister bought brand new cars, using a controversial government auto tax-rebate scheme. The sister was also making down payments on a condominium unit that had yet to be completed. As the children told me about their new "toys" and the holidays they would take to see snow, or go diving, their mother sat by, counting every last coin.

Yai's family were minor sharks, chasing down scraps and struggling to keep clear of larger predators. Lending in this environment was pervasive and incessant. The business ran nonstop, with the daughter available all night, then sleeping in the back while Yai and Jack handled the busier day traffic. They nurtured their own clients and dealt with them differently. Yai preferred the soft approach; a little (verbal) browbeating and suspending credit lines for a few weeks would be enough to keep her ever-needy borrowers in line. Jack had a more aggressive attitude. He did not mind lending larger sums to riskier clients -- and trying to scare people into paying on time.



A shop, a shelter and home to four people. The place shakes as endless trucks rumble on one side, on the other pass freight trains. (Photo by Shane Bunnag)

These characters were fairly average players in a vast black economy that thrives throughout Thailand. Taming this world of shadowy, street-level finance would mean tackling demand, offering easier credit, or a commitment to creating a more equitable society.

A program for eradicating such practices might begin with attainable goals but end up grappling with larger questions. How can people in Thailand transcend the pressures of daily life and bring out the best in themselves? How can they become virtuous citizens in an improved nation?

Cleaning up the country

Thailand's National Council for Peace and Order, the junta's official name, is ahead of the game. It embarked on a program of national catharsis and moral rectitude before establishing a handpicked, military-dominated interim government in late August. This has come with an ambitious "cleanup" campaign. Starting with Pattaya, Thailand's "vice capital by the sea," the junta seems determined to transform the country into a much more wholesome place.

Since the May coup, bars are closing on time, taxis have ceased overcharging and the drug trade is under pressure. Corruption of all sorts is in the firing line. The new prime minister, Gen. Prayuth Chan-ocha, outlined the challenge in one of his national weekly television addresses: "We must instill in our children a disdain for corruption. This may take time but we will manage eventually." The military would be steadfast in reforming the nation, improving minds and ushering in an era of peace and prosperity, he promised. Only the damned, surely, would not applaud, or would recall that many initiatives that yesterday were reviled as "populism" had become praiseworthy, even novel, today.

I asked Father Joe recently about the changes in the slums since the military began its "happiness" push. "They are doing their best, and yes, they have made a difference," he said. "They've closed some big brothels in Pattaya."

What about the loan sharks? "Well you're Thai. You know if you keep quiet and keep your head down everything is okay. You won't be in trouble. They have gone after some big fish, but all the small ones are still there."

What, then, are the prospects for ending corruption? "You know the saying: a broom sweeps clean until it gets dirty."

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