

FINANCIAL SYSTEMS IN NORTHERN THAI VILLAGES*

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Field research attempted to measure the risky environments, the information structures, the institutions, and the risk-response mechanisms of ten villages in northern Thailand. Various key features are then modeled in an abstract but realistic way, either with a full-information risk-sharing model or an information-constrained version of the same model. Observations from some of the villages seem consistent with one or the other of these models, but in many of the villages one is left with risk-response variations across households which suggest that Pareto improvements are possible.