Preface

The purpose of this book is to discuss the relationships between rural poverty, risk and development. The focus is primarily conceptual, although numerous references to econometric evidence are provided throughout the book. The reason is that a proper understanding of risk and its relationship with poverty and growth are difficult to achieve given the complexity of the topic when much insurance is provided by informal channels. A special emphasis is put on informal risk coping institutions.

This book is the outcome of more than ten years of personal research on these issues, both on the theory and empirical side. The book is organized as much as possible as a coherent and articulated coverage of the current literature. Although the material presented here aims to be a fair reflection of current thinking, the treatment of the material and the choice of emphasis largely reflect my personal views.

The primary audience for this book is academic researchers and policy makers interested in development issues, principally those interested in social insurance, banking, and credit. The book can also be used as a teaching tool for advanced undergraduates or graduate students in economic development.

There exist other volumes dedicated to risk and development, most notably the early volume by Roumasset (1976), the edited volume by Roumasset et al. (1979), the well documented book by Dasgupta (1993) devoted to destitution and the 2000 World Bank Development Report devoted to poverty (The World Bank 2000). There are also a number of literature reviews published in academic journals (such as Morduch 1995, Townsend 1995a, Dercon 2002). Risk and poverty have also often been discussed in the context of agrarian institutions (e.g. Bardhan 1984, Hoff et al. 1993). This volume differs from previous efforts in that it provides a comprehensive coverage of a wide range of issues and provides modern conceptual tools that help sharpen our understanding of the underlying processes.

As with any research project of this magnitude, I am indebted to many collaborators for their help and input. Working with them over the years has helped shape and refine my views, something that is largely reflected here. Those I am most indebted to are a group of former Stanford students whom I initially advised and subsequently collaborated with – notably Takashi Kurosaki, Susan Lund, John Pender and Yasuyuki Sawada. I have
also enjoyed working with Flore Gubert with whom I began collaborating while she was visiting Oxford University. Much of the research presented here has been written on my own time. But I must acknowledge receiving financial support from the Food and Agricultural Organization to put together an early draft of this book. I also received some funding from WIDER when writing on inequality and risk. I am very grateful to Kostas Stamoulis and Stefan Dercon for their support.