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Discussion Paper 120

Control and Ownership of Assets Within Rural Ethiopian Households

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There is renewed interest in the intrahousehold allocation of welfare, particularly among economists studying poor countries where even slight differences can have dramatic consequences on child and female nutrition, morbidity, and mortality. The evidence collected so far tends to demonstrate that the allocation of consumption and leisure among household members varies systematically with their relative contributions to household total income. These results, however, provide no guidance as to which policies affect intrahousehold outcomes. Various efforts have been made to fill this lacuna, focusing on the determinants of intrahousehold resource allocation. Some research has emphasized the influence that outside options are likely to have on spouses' bargaining power and hence on intrahousehold welfare. If this approach is correct, one may hope to affect intrahousehold welfare by improving the "exit options" of disadvantaged groups.

Two main categories of exit options have been proposed by the literature, namely noncooperation within an existing household and separation from the household. Support for both is found in the literature. Control over assets during marriage, including the right to decide how to allocate one's own labor effort, has been shown to affect the individual income of African women. Some research has also demonstrated that the attribution of welfare funds to specific household members affects consumption patterns. Unfortunately, progress has been hampered by the lack of hard evidence on the noncooperative options open to women in developing countries.

Gaps in the Research on Intrahousehold Allocation in Poor Rural Areas

In studies of intrahousehold allocation in poor rural areas of developing countries, economists have re-

lied on anthropological accounts of patrimonial customs, vague generalities about marriage and divorce practices, or legal principles that only affect relationships between households. Rules regarding the disposition of household assets upon divorce or death often pursue multiple objectives, such as the preservation of viable economic units, the protection of underage children, and the protection of groups that traditionally specialize in home goods. Little is known, however, of how customary patrimonial law handles these issues in poor rural areas of developing countries.

How This Study Helps Fill the Research Gap

Using data from the 1997 Ethiopian Rural Household Survey (ERHS), this paper seeks to document how the control, ownership, and disposition of productive assets within households is *de facto* organized in rural Ethiopia. To our knowledge, this is the first effort to document patrimonial customs using a large household survey and rigorous statistical analysis.

Ethiopia is an ideal place for this type of research because of its wide diversity of cultures and patrimonial traditions. Different religions, with

widely divergent views regarding matrimonial issues in general, and the status of women in particular, are well represented and, in fact, tend to dominate different parts of the country.

Anthropological evidence seems to indicate that as one moves from north to south in Ethiopia, women's status, and therefore possibly their bargaining power, declines. While much of this diversity was captured in the ERHS, generalizations should be viewed cautiously, given that the ethnic, cultural, and geographic makeup of the country is extremely varied and fragmented.

"Contrary to what is often assumed in empirical work on intrahousehold issues, the evidence shows that ownership of assets, control within marriage, and disposition upon death or divorce only partially overlap."

Theory predicts that the bargaining power of household members depends on expected utility upon divorce (which is determined by the devolution of assets) and expected utility in a noncooperative marriage (which presumably depends on control over assets within marriage). To identify these factors, researchers have typically used a variety of measures, such as dowry and bride-price, ownership of assets at and during marriage, control during marriage, and legal rules regarding the disposition upon dissolution due to divorce or death. Due to data limitations, these measures have typically been regarded as closely related. Very little empirical evidence, however, is available on the extent to which dowry, bride-price, and assets brought to marriage can be used to predict control during marriage and division of assets upon divorce or death—the two processes thought to influence bargaining power. This paper fills this lacuna using the data from Ethiopia.

Results

Using the household-level data obtained from the ERHS, we examined the distribution of control and ownership of productive assets among husband and wife in rural Ethiopia. Contrary to what is often assumed in empirical work on intrahousehold issues, the evidence shows that ownership of assets, control within marriage, and disposition upon death or divorce only partially overlap. Rules regarding divorce and inheritance vary dramatically between different locations. Disposition upon death or divorce only loosely depends on individual ownership during marriage, while assets brought into

marriage have little impact on disposition upon death, but matter in case of divorce. Control over productive resources tends to be centralized into the hands of the household head, be it a man or a woman, irrespective of ownership at or after marriage. Control over assets is associated with larger claims over these assets upon divorce, a finding consistent with the presence of incentive problems.

Caveats

While making a valuable contribution to our understanding of women's status in rural Ethiopia, the present analysis does not address all the dimensions of women's welfare. Communal norms defining informal entitlements for women might substitute for weak inheritance rights. For instance, the community may choose to house and feed widows and wives of villagers drafted into the army, or free access to communal resources may partly compensate the negative effect of patrimonial laws and customs on women. We chose to ignore entitlements and focus on rights because the latter are more easily identifiable.

Another shortcoming of our approach is that women's rights might be constrained by norms of behavior, such as the implicit obligation for women to remarry lest they be treated as outcast. Again we have chosen to abstract from these phenomena, not because they are unimportant, but because they are harder to measure and analyze statistically.

Keywords: bargaining power, threat points, assets, Ethiopia

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