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Microeconomic instability and social welfare in Brazil
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MICROECONOMIC INSTABILITY AND SOCIAL WELFARE IN BRAZIL

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ABSTRACT

This work evaluates the social effects of economic instability using a rotating panels. It is divided in three parts: the first note qualifies the assessment of inequality in a context of changing income volatility measured at an individual level. The practical lesson extracted from this exercise is that most of the fall of inequality observed after the 1994 Brazilian stabilization corresponds to a type of measurement error. The second note assesses the intensity of movements into and out of poverty and the extent of income and occupational mobility during a series of booms and recessions. This episodic analysis attempts to unveil macro-micro linkages. It will allows us to identify the main winners and losers of different macroeconomic environments according to permanent earnings, school attainment, sector of activity, working class and regional location. The third note attempts to measure the long-run consequences of idiosyncratic shocks. In particular, we estimate the impacts of *changes* in occupational and income circumstances of adults on *changes* in child education related decisions (i.e., school drop-out and grade repetition).

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