

# **The Expansion Of Consumption And The Dynamics Of Welfare Of The Brazilian Households: An Analysis Of The Decomposition Of Poverty And Inequality**

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## **Paper Abstract:**

This article gathers analyses that involve dynamic aspects of welfare, inequality and poverty in Brazil in the periods of 2002-2003 and 2008-2009 from the perspective of the per capita consumption. By means of the data of the Brazilian Family Expenditure Survey (POF), from the construction of the consumption aggregates, the evolution of the consumption structures in the period mentioned above are evaluated, according to the location of families in the Major Brazilian Regions and in the urban and rural areas. For this purpose, the study incorporates the value of services related to existing durable goods in the domiciles in each edition of the survey. The study resorts to graphical and dominance analyses as well as to the calculation of functions that allow measuring and separating the effects of growth and redistribution over social welfare. The role of the consumption structure in changes made to the levels of welfare and poverty is evaluated according to static and dynamic decompositions. The main results indicate that the Durable goods strongly contributed for the growth of consumption and social welfare but they were also a limiting factor for the inequality reduction. In relation to poverty, we observed that in all the geographic areas that were studied poverty in 2008-2009 was lower than in 2002-2003 for the different measures and poverty lines that were used in this study.