Preliminary and Incomplete

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be useful when we discuss issues related to fairness concerns in the design of trade policy in Section 3.[13]

states. To make our point, it is sufficient to focus on ste

in each period is given by $i \quad i$

interested in pursuing. We start by focusing on policies that are in the interest of a new-born cohort of workers. In each period, ^{i} workers attached to sector *i* die and are replaced by new- born workers. These newborns begin life unemployed and thus expect to earn over their lifetime. It follows that the total expect lifetime income for a typical cohort of new-born workers is given by

(9)

while the remainder are inequality averse (as defined by eq. 13). They

agents have quasi-

(16)

Using (10) from above and equation (12) from the paper, this can be written as:

(17)

The interpretation of (17) is like that for (15).

Note that the qualitative policy implications of (15) or (17) are the same as those derived from (12) in the preceding section. Since agents care about employment risk, all else equal they will

workers in economies with more generous welfare states will be less concerned about