Title of the paper: second title

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| AbstractLorem ipsum dolor sit amet, consetetur sadipscing elitr, sed diam nonumy eirmod tempor invidunt ut labore et dolore magna aliquyam erat, sed diam voluptua. At vero eos et accusam et justo duo dolores et ea rebum. Stet clita kasd gubergren, no sea takimata sanctus est Lorem ipsum dolor sit amet. Lorem ipsum dolor sit amet, consetetur sadipscing elitr, sed diam nonumy eirmod tempor invidunt ut labore et dolore magna aliquyam erat, sed diam voluptua. At vero eos et accusam et justo duo dolores et ea rebum. Stet clita kasd gubergren, no sea takimata sanctus est Lorem ipsum dolor sit amet. Lorem ipsum dolor sit amet, consetetur sadipscing elitr, sed diam nonumy eirmod tempor invidunt ut labore et dolore magna aliquyam. |

# Headline1

One of the primary functions of the welfare state is to insure against risk (Moene and Wallerstein, 2001). It redistributes income from those who generate income on the market to those who are less able to do so. Thereby, the welfare state stabilizes individuals’ income over time and shelters against the loss of market income, for example caused by unemployment or old age (Jensen, 2012).

Political economists expect that people are well-aware of the insuring function of welfare, and that they finely condition their support of the welfare state according to their current risk exposure. Guided by the usual self-interest assumption, it can be expected that those who experience more risk should demand more welfare because the probability is higher that they will become beneficiaries of welfare policies. Research primarily focused on exposure to labor market risks, above all regarding the probability of unemployment (Bornschier *et al.* 2021).

## Headline2

This study introduces a refined theoretical framework on the implications of labor market risk for welfare preferences that addresses the strong rationality assumptions underpinning common risk-focused theories. I argue that workers are boundedly rational, suggesting that they are not necessarily aware of the objective labor market risks they are exposed to. Furthermore, even when they are aware of their risk exposure, they do not necessarily consider this information in the formation of their welfare preferences. While workers principally follow their material self-interest, labor bounded rationality theory therefore expects null relationships with policy preferences. Bounded rationality theory therefore expects null relationships with policy preferences. Bounded rationality theory therefore expects null relationships with policy preferences. Market risks only shape welfare preferences when the risks are readily observable and when workers are primed to consider their future material wellbeing.[[1]](#footnote-2) Here is more text. Bounded rationality theory therefore expects null relationships with policy preferences. Bounded rationality theory therefore expects null relationships with policy preferences.



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### Headline3.

In same line! The empirical expectations of the bounded rationality framework are that especially the realized risk unemployment and to a lesser extent individual risks such as temporary employment should be influential in preference formation. These risks can be easily observed, and concerns about the future are especially salient in the case of unemployment. Occupational risks, in contrast, are difficult to observe and exposure to them does not prime workers to consider their future welfare. Bounded rationality theory therefore expects null relationships with policy preferences.

The theoretical expectations are largely confirmed with quantitative analyses of two survey datasets. Both datasets are longitudinal, which allows for more credible effect identification compared to the usual cross-sectional approach. I first use individual-level panel data from the Swiss Household Panel (SHP). The empirical analysis evaluates whether different objective risk factors are related to perceived risks, and whether different risks (both perceived and objective) are related to welfare preferences. The results show that occupational risks such as occupational unemployment are only inconsistently and weakly related to perceived economic risk, while workers exposed to individual risks such as fixed-term contracts consistently feel threatened. Furthermore, only the realized risk unemployment consistently increases demand for welfare. The risks the currently employed are exposed to (occupational risks, individual risks, and even perceived risks) leave welfare preferences unchanged.

### Headline3.

This study suggests that risk can be important in the formation of welfare preferences, but this is not always the case. Only realized unemployment and the national exposure of employed workers, especially on the occupational level, may

1. Footnote text. [↑](#footnote-ref-2)