

ECONOMICS, LABOR & BUSINESS

The West's Population Bust

"Labor Supply Prospects in 16 Developed Countries, 2000–2050" by Peter McDonald and Rebecca Kippen, in *Population and Development Review* (Mar. 2001), Population Council, One Dag Hammarskjöld Plaza, New York, N.Y. 10017.

Latter-day Malthusians, warning about the dire impact of the global population explosion, have been crusading for decades to depress birthrates around the world. Now it turns out that low fertility also can present a problem: not enough workers in an aging population to sustain economic growth.

In the coming decades, if current demographic and labor force trends continue, the size of the work force in most economically advanced countries will either become stagnant or shrink, predict McDonald and Kippen, demographers at Australian National University. The United States, however, with a relatively high fertility rate near the population "replacement level" of 2.1 births per woman, is likely to fare better than most. Without any changes in the current levels of fertility or immigration, or the proportion of the populace working, they say, the United States "can maintain a fairly brisk growth" in its labor force over the next half-century, from 142 million to 176 million. Further expansion could be achieved by inducing older workers to retire later. Yet with increasing demand for a much more skilled work force, and with the consequent need for education taking people out of the work force, even the United States may face very tight labor markets in the coming decades.

The outlook for many other developed nations is much less sanguine. Of the 16 countries McDonald and Kippen examined, Japan faces the worst situation. "Its labor force participation rates for men are already high, offering little scope for increase," and the nation has

long discouraged immigrants. If net immigration remains close to zero and the fertility rate stays low, the authors project that Japan's labor supply will fall from 67 million to 45 million over the next 50 years. Although increased fertility would help somewhat in the long term, the "most effective" short-term solution, they say, would be to get more women into the work force. But it runs counter to Japanese tradition for mothers to work.

Major cultural changes would be required in some other countries, too. In Italy, for instance, with low fertility, current net immigration of 100,000 per year, and low labor force participation, the labor supply is projected to fall from the present 23 million to 14 million in 2050. Like Greece, Spain, and the Netherlands, Italy will need both more women in the work force and, as a long-term solution, increased fertility—a combination, note McDonald and Kippen, that "would require substantial cultural adjustments, as would the acceptance of much larger numbers of immigrants."

Just maintaining services in the economically advanced countries at their current levels in the coming decades, say the authors, is likely to produce "a demand for immigrant labor on a scale never seen" except in the United States and other nations traditionally receptive to immigrants. For a long-term solution, however, many countries will need to consider "policies capable of arresting or reversing the fall in fertility."

SUVs Save Lives!

"The Truth about Light Trucks" by Douglas Coate and James VanderHoff, in *Regulation* (Spring 2001), Cato Institute, 1000 Massachusetts Ave., N.W., Washington, D.C. 20001.

Critics say that thousands of lives could be saved every year if sport utility vehicles (SUVs) and other light trucks that crowd the nation's roads were replaced by cars. Various studies seem to bear the critics out, note Rutgers

University economists Coate and VanderHoff. But there's something that such studies ignore: the difference between rural and urban driving conditions. When this is taken into account, the reviled SUV appears in a far better light.



"It's a vehicle suitable for both the defensive and the offensive driver."

It's no coincidence, the authors suggest, that as the percentage of light trucks on the road has doubled over the past two decades, traffic accident fatalities per capita have *decreased* by one-third. SUV critics attribute this decline to other factors, such as greater use of seat belts and stiffer penalties for drunk driving. But Coate and VanderHoff believe that the increase in SUVs and other light trucks (pickups and minivans) also helped.

Fatal accidents and light trucks "are both more prevalent" in rural areas than in urban areas, they point out. For every 10,000 drivers in 1997, the 10 least populous states had three motor vehicle fatalities, while the 10 most densely populated states had two. And 52 percent of the rural states' registered vehicles were light trucks, compared with 28 percent in the urban states. But is the higher rural fatality rate

caused by the higher number of light trucks?

Not necessarily, observe Coate and VanderHoff. It could be the other way around. Rural drivers may favor light trucks because rural driving is more dangerous. They travel greater distances, at higher speeds, and on less safe roads than their city cousins. And light trucks' stiffer frames, higher ground clearance, and greater weight provide more protection.

Analyzing the effect of light truck usage on fatality rates in

states between 1994 and 1997, the two economists found that when they controlled for rural factors (e.g., population per square mile), it appeared that light trucks did indeed help to lower the overall fatality rate.

Coate and VanderHoff acknowledge that SUVs and other light trucks may actually boost the number of deadly accidents (including solo crashes and multivehicle collisions). They may also kill more of the people in cars they hit. But the added protection the behemoths give their own occupants, say the authors, offsets those additional deaths. By their calculations, the rising number of light trucks on the road between 1994 and 1997 lowered fatalities per driver by 7.5 percent in one-vehicle crashes, and by two percent in multivehicle ones: in all, a net savings of some 2,000 lives—good news, at least for those not in the "other" cars.

EXCERPT

Out of My Way!

A recent National Highway Traffic Safety Administration study found SUVs two-and-a-half times as likely as other vehicles to kill the occupants of the vehicles they collide with. Many of the larger models are so high off the ground that during collisions they either ram their heavily reinforced bumpers straight into the passenger cabin of the other car or else climb up and over the other car, crushing it and its hapless occupants. The override problem is so acute that automakers are presently installing steel rails beneath SUV bumpers. In theory, such rails will push other cars out of the way, like a train cowcatcher, though this will do nothing for the tens of millions of SUVs already on the roads.

—Paul Roberts, a contributing editor at *Harper's Magazine* (Apr. 2001)