

Will the Demographic Crisis Cause More Problems Than the Pandemic?

by Larry Plachno



Both the bus driver and the tour escort can be seen on this European bus tour using a MAN Lions coach. The new numbers are in showing that the lack of drivers is only getting worse. Most of the problem stems from a lack of younger workers. MAN.

Although we covered this topic in the August, 2021 issue of NATIONAL BUS TRADER (a PDF version is available at www.busmag.com, then click on Archived Articles) so much has happened since including the new IRU report, that an update is appropriate. While little is being said of the Demographic Crisis in America, the demographers are pointing to worsening

statistics in Asia and Europe that may lead to a global recession. Several Asian and European countries are taking steps to encourage higher birthrates and more children while the latest surveys are showing increasing shortages of truck and bus drivers globally. The concern is that while the pandemic is easing, the Demographic Crisis has the potential for getting worse. The Demo-

graphic Crisis is the name for reduced birthrates in most developed countries all over the globe. This results in fewer babies, fewer workers, fewer taxpayers and an aging population that is changing the way we live. As society has more senior citizens and retired people but fewer children and workers, it changes numerous things from taxation to education to health care. These

changes bring about three concerns. All of them will impact the bus industry.

1. **Reduced Population** – The most obvious of these is that population has started declining around the globe. Some places will be affected sooner or to a greater degree than others. In some countries the birthrate has declined to a point where they lose a significant percentage of their population with each generation. Some of them could easily be called endangered species. What this means to the bus industry is that sooner or later we will see a decrease in total passengers. However, a decrease in specific types of passengers, particularly the younger ones, may be more immediate.

2. **Demographic Imbalance** – This is of particular concern to the demographers since it means we will have fewer young people and workers but more older people and retirees. In the past our demographics could be diagrammed like a pyramid with lots of babies at the bottom, workers in the center and a small amount of seniors and retired at the top. With the reduction in birthrates but increasing medical technology and longevity, our demographics are now shaped more like a diamond on playing cards. This has few babies at the bottom but an increasing number of seniors and retired folks.

This is starting to create some undesired situations. Because there are fewer babies, the result is fewer workers. An immediate concern is the lack of workers paying in to Social Security to support those retired. There are also concerns that we may not have enough doctors, nurses and tour bus

drivers to support the elderly in the years ahead.

3. **Recession** – There is increasing concern that the demographic imbalance will lead to a global recession. Fewer workers will lead to less production while more of our resources will have to be used to take care of the elderly. On a short-term basis we may see some industry and manufacturing move to other countries with more workers. Eventually this could be a problem.

One has to question why these concerns are not being made more obvious in America? Are the news sources concentrating on the pandemic, inflation and politics? Have Demographic Changes come so slowly that they are not obvious? However, the increasing need for truck drivers, bus drivers, restaurant workers, postal workers, pilots, nurses and others has made it obvious that America has joined Asia and Europe in feeling the results of the Demographic Crisis.

Let me cover some of the more worrisome developments in Asia, Europe and the United States and then take a look at the driver shortage.

Asia

China's birthrate is at its lowest level since 1978. In 1979, China's leader Deng Xiaoping imposed their infamous One-Child policy to avoid overpopulation. What it also did was to eventually eliminate workers. In 2018, China's labor force fell by 4.3 million. Realizing what they had done, China went to a Two-Child policy in 2016 and in 2021 to a Three-Child policy. Some researchers say that this may be too little, too late and the

decline may be unstoppable. Since the global economy has relied on China and its inexpensive work force, for growth, this reduction in workers may have a negative impact on other economies around the world.

Worse yet, the One-Child law prompted many couples to abort baby girls, but keep a boy to better guarantee the financial support of a child in their old age. As a result China today has 34 million more men than women, and hence fewer opportunities for marriage and family, giving them another demographic imbalance problem.

Researchers have said that Japan is aging faster than any country in history. Since 2011, more adult diapers have been sold in Japan than baby diapers. By the year 2040, there will be one Japanese citizen above the age of 100 for every baby born. There is a prediction that in 2050, only 28 percent of Japan's population will be of working age, a situation that may be impossible to deal with. Other Asian countries, including Singapore, Hong Kong and South Korea have put policies in place to support babies and increase the birthrate.

Europe

The lowest birthrates in Europe are in Italy and Spain. The birthrate in Italy in 2012 fell to the lowest level since it became a nation state in 1861 and has been declining every year since then. One headline read: Ciao, Ciao Bambini: Bye, Bye Children. Italy is expecting that there will be 1.4 million fewer students over the next 12 years and more than 10,000 national education jobs will be eliminated. Estimates are that by 2050 the population will decline by five million with only slightly more than half of working age. A meeting called The General State of the Birth Rate was initiated in Italy in 2021. Attendees included Gian Carlo Blangiardo, president of Italy's national statistics institute, Prime Minister Mario Draghi and Pope Francis. A second annual event was held in 2022. The government of Draghi has implemented a law on the family and has even launched universal family allowances.

Gigi De Palo, president of the Family Associations Forum that organized the birth crisis meeting event in Italy, has been an outspoken advocate for relief of the Italian tax burden on families. Some 2015 statistics show that Italian families with two children have higher rates of poverty than families with one. Some researchers suggest that places with lower taxes and more support for families and marriage have more children. As the declining birthrate becomes more obvious as well as its negative impact on future taxes and production, more and more countries are changing national policies to support marriage and children to help their future economy.

Russia is also fighting declining birthrates. Statistics show that Russia had

This interesting little bus was photographed in China on the Yutong assembly line. China went to a One-Child policy in 1979 that reduced their birth rate and began reducing their work force substantially. As a result, China went to a Two-Child policy in 2016 and to a Three-Child policy in 2021, but their work force is in decline. NBT.



147 million inhabitants in 1989, but it was down to 145.5 million in 2021 which included 2.4 million inhabitants of the Crimean peninsula that was annexed in 2014. Russia is now spending billions of rubles on allowances for the second or third child. While these measures helped slow down the birthrate decline, the war in Ukraine has made things worse. Several European countries are facing problems because of fewer children and workers and some are taking steps to help families and increase the birthrate.

United States

To some extent, the United States has been slow in seeing changes due to the Demographic Crisis because of immigration. However, the statistics show that typically the second generation of immigrants has a similar birthrate as the rest of the country. Moreover, it appears that as a general rule the immigrants are generally not interested in taking the jobs that are experiencing problems because of the Demographic Crisis. In 2030, approximately 20 percent of the population of the United States will be retired.

This will be the first time since the founding of our country that we will have more retired people than children.

Some of the demographers trace the birthrate crisis in the United States back to 1935 and President Roosevelt's creation of Social Security to help during the Great Depression. Prior to that, families had several children so that someone would take care of mom and dad when they got old. At that time Social Security made sense since you had several workers for each retired person. The problem is that after the introduction of Social Security, people started having fewer children and started to depend on Social Security. Many, if not most, expected others to have the children we still needed for workers, to pay into Social Security and to work to keep the economy going. However, the "others" apparently never got the message that they were supposed to make babies. Today, Social Security is in trouble because we have fewer workers to pay into it and fewer workers to keep the economy moving.

The birthrate in the United States has fallen by 20 percent since 2007. We are feeling a shortage of truck drivers, bus drivers, postal workers, restaurant workers, pilots and even nurses. This does not bode well for the future since we need more people paying into Social Security, more people to keep the economy going and more people to take care of our aging senior population.

Truck Drivers and Bus Drivers

Based in Europe, the IRU is the International Road Transport Union. It is the voice of more than 3.5 million companies operating road and multimodal transport services in all global regions. Results on their latest

This photo was taken looking west on the Via della Consolazione in Rome as a tour group prepares to board their little tour bus. Yes, that is St. Peter's in the background. Italy has one of the lowest birthrates in Europe. NBT.



This bus driver patiently sits in his Mercedes-Benz two-door Turismo tour coach waiting for his tour group to return. Italy has been so concerned about its declining birthrate that it started an annual meeting that was attended by the Italian Prime Minister and Pope Francis. Results were a second annual meeting in 2022 and movement towards a law on the family. NBT.

survey on driver shortages in 25 countries were released on June 16, 2022. It suggests that driver shortages are expected to jump to 40 percent in 2022. Unfilled driver positions reached 71,000 in Romania, 80,000 in both Poland and Germany and 100,000 in the UK. The report indicated that driver shortages in Mexico increased by 30 percent to reach 54,000 and by 140 percent in China to reach 1.8 million. In passenger transport, the report stated that seven percent of bus

and coach driver positions were unfilled in 2021 in Europe.

The report provided some interesting information. One is that higher driver wages, especially in Europe and the United States, have not reduced the driver shortage. Statistics on age suggested that the primary problem was a lack of younger drivers to take over for the older drivers who are retiring. The recent report indicated that there

are between two and five times more older drivers over 55 in all regions, except for China and Mexico. Europe has the highest average driver age at 47. With passenger transport in Europe, the difference was even more pronounced with an average driver age of 50. Hence, it is obvious that the shortage is with a lack of younger drivers as a result of the Demographic Crisis.

The Pandemic and the Demographic Crisis

The best place to end is where we started; with the question of whether the Demographic Crisis will cause more problems than the pandemic? As of today, we can say that the pandemic is easing. Bus operations are increasing. The two biggest negatives remaining are getting more passengers on buses and increasing motor coach sales from private companies.

In contrast, the Demographic Crisis will not ease unless birthrates increase. What may be the obvious solution is for government leaders to understand that higher birthrates are necessary in order to have workers for the future to maintain their economy. This will require programs to reward marriage and to encourage larger families. Several countries are already working in this direction, but substantially more effort is required to turn around the declining birthrates. □

While most of the concern over the driver shortage comes from the truck and motor coach operators, other industries are also affected. This includes transit bus drivers, postal workers, restaurant workers, pilots and even nurses. Shown here is a Van Hool transit bus operating for AC Transit in Oakland, California. AC TRANSIT.



Both the numbers from the various countries as well as the IRU numbers from operators in 25 countries show that the driver shortage situation is not getting any better. The reduced birthrates have caused increasing problems in finding drivers as well as workers for other industries. This photo shows your editor test driving a BCA coach in China. NBT.



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