

Gasoline Prices and Road Fatalities: International Evidence

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Abstract

This study utilizes data for 144 countries from 1991-2010 to present the first international estimates of the gasoline price elasticity of road fatalities. We instrument each country's gasoline price with that country's oil reserves and the yearly international crude oil price to address potential endogeneity concerns. Our findings suggest that the average reduction in road fatalities resulting from a 10% increase in the gasoline pump price is in the order of 3-6%. Around 35,000 deaths per year could be avoided by the removal of global fuel subsidies.

Keywords: gasoline price; road safety; road fatalities; fuel subsidies

JEL classification: R41, H23, O18, Q43