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COMMENTARY

The 'Latino Factor' Will Save America's Economy

Baby boomers are aging out of the workforce—but this demographic is younger and growing.

By Sol Trujillo

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Oscar Gonzalez carries freshly baked bread in his store in Florence, Ky., April 27. PHOTO: GREGORY BULL/ASSOCIATED PRESS

Labor Day is a chance to take a break from our routines and honor the contributions of those who have built America. But as we relax and reflect, we also ought to recognize that our celebrations may be short-lived: The U.S. is running out of workers.

Baby boomers, who built the modern economic engine, are aging out of the American workforce. Ten thousand boomers reach retirement age each day. And while historically the country has relied on new births to replenish the labor force, the numbers today paint a bleak picture. For roughly the past three decades, the fertility rate has been below so-called replacement levels needed to maintain a steady population. Last year, it dropped to less than half of what it was during the baby boom.

While this is a decades-old problem, it requires an immediate solution. Those millions of retiring boomers aren't disappearing. They spent their working years helping build the economy, and they'll rely on Medicare and Social Security as they age out of it.

You don't need a doctorate in economics to understand what these numbers are telling us: If Americans want the economy to keep growing—let alone remain the strongest in the world—we need to change the way we think about labor. We need to reset our expectations about who's doing work, what kind of work they're doing, and what skills they'll need to succeed in a complex, dynamic economy.

The good news is that the solution is right in front of us. Unlike other countries facing a demographic crisis, America has an invaluable—and renewable—resource: a young, educated and entrepreneurial Latino population, 57 million strong as of 2016 and growing every day.

And to determine whether American leaders will capitalize on the opportunity represented by the Latino factor, we ought to proctor a basic IQ test. You pass if you recognize that shooting yourself in the foot is a bad strategy for growth.

Hard-line immigration proposals—like deporting the roughly 11 million undocumented immigrants who live here—would deliver a brutal economic blow, reducing the size of the workforce by 5% and leading to nearly \$8 trillion in lost economic production over 14 years.

If Americans are smart enough not to halt our economic progress, the question becomes: How do we maximize our momentum? Here, the answer is clear, too. In the past five years, Latinos have generated 29% of America's income growth, more than any other population cohort. By 2020, U.S. Latino purchasing power is projected to top \$1.7 trillion, according to the Selig Center for Economic Growth.

What's more, according to new research by the Latino Donor Collaborative, a nonpartisan organization I co-founded, Latinos are the new face of the U.S. workforce, making up 70% of the recent growth in the labor market, and accounting for a whopping \$2.13 trillion in gross domestic product as of the end of 2015. Today, this single demographic cohort would be the eighth-largest economy in the world—larger than Brazil, Italy or Canada. It's growing faster than the U.S. economy as a whole, and faster than many other national economies.

While the dollars speak for themselves, the demographics speak even louder. U.S. Latinos are significantly younger than non-Latino Americans, with a median age of 28 as of 2014. So as young Latinos replace baby boomers in the workforce, the U.S. Latino GDP is only expected to grow—accounting for nearly a quarter of total U.S. GDP volume growth by 2020.

So, how should we capitalize on the Latino factor to catalyze economic growth? By taking three urgent steps:

First, educate the next generation of American workers, and train them for the digital economy. As Michael Crow, president of Arizona State University, told the National Association of Latino Elected and Appointed Officials' 35th annual conference earlier this summer, the U.S. will require 11.9 million additional Latino degree holders by 2050 to bring the number in line with the national average—and yet our educational infrastructure isn't set up to accommodate this kind of growth. Today, the increase in the college enrollment rate for young Latinos exceeds that of any other ethnic group.

Second, develop a diverse workforce. Despite the tech community's demand for advanced engineers—and the focus on H1-B visas—America doesn't only need coders. We need farmers to feed them, teachers to educate them, factory workers to clothe them, doctors to care for them.

Third, change the way we think—and talk—about Latinos in this country. They are not only our neighbors, colleagues and friends; they are the foundation of what I call America's New Mainstream Economy.

This Labor Day, honor the American workforce. Acknowledge that economic growth will be driven by people across sectors and across geographies. Show gratitude to the workers who built the economy and made America the greatest country in the world.

Then invest in the workers who will do the same for the generations to come.

Mr. Trujillo is chairman of the Trujillo Group LLC and chairman of the Latino Donor Collaborative.

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