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U.S. Latinos Create 8th Largest Economy in the World

The 2020 edition of the U.S. Latino GDP Report was released today by the Latino Donor Collaborative, a non-profit organization dedicated to reshaping the perception of Latinos as part of the American social mainstream.

“The report shows that, during 2018, the nearly 60 million Latinos living in the U.S. generated the world’s eighth largest gross domestic product (GDP),” said Matthew Fienup, Executive Director of the Center for Economic Research and Forecasting at California Lutheran University, one of the report’s co-authors. “The GDP is the total value of all goods and services produced by a region in a given year.”

At an estimated \$2.6 trillion, the U.S. Latino GDP would be larger than the GDPs of Italy, Brazil, or South Korea, and just slightly behind India’s GDP. The GDP growth rate summarizes the performance of an economy. By that measure, the U.S. Latino GDP has the third-fastest growth rate of the world’s top ten GDPs, faster than the overall U.S. GDP. From 2010 to 2018, only China and India had faster GDP growth rates.

“Our report shows that, from 2005 to 2018, Latinos have consistently had a higher labor force participation rate than the rest of the work force in the U.S.,” said co-author David E. Hayes-Bautista, Distinguished Professor of Medicine and Director of the Center for the Study of Latino Health and Culture at the David Geffen School of Medicine, UCLA. “In California, this trend of higher labor force participation can be traced from 1940 to 2018.”

“This high labor force participation may also explain some of the higher COVID-19 case and mortality rates among Latinos,” noted Paul Hsu, an epidemiologist in the Fielding School of Public Health at UCLA. “Latinos are overrepresented in many essential industries, and they continued to work outside the home even though this increased their exposure to the virus. It is this remarkable work ethic that will be one of the drivers of the recovery.”

The report notes that just as aging Baby Boomers are leaving the work force, young Latinos are stepping up to fill those vacancies. These young Latino workers are also becoming highly educated. The number of Latinos with a bachelor’s degree or higher is growing about three times as fast as the number of non-Latinos with a bachelor’s or higher degree.

One demographic driver of the Latino GDP is household formation. “The number of Latino households grew 23.2 percent from 2010 to 2018, while the number of non-Latino households grew just 3.8 percent,” said Dan Hamilton, Director of Economics at the Center for Economic Research & Forecasting and the report’s principal investigator. “It is especially astounding that the Latino household growth rate is so much faster than non-Latino, given that the average Latino household size is also much larger.”

“From 2005 to 2018, the Latino GDP has been in a very strong position,” said Hayes-Bautista. “The Great Recession of 2007–2009 was brutal, but the Latino GDP bounced back quickly and even more strongly. Early indicators are that we may see a similar U.S. Latino GDP bounce-back in the coming months. It appears that once again Latinos will be a driver of economic recovery.

Center for Economic Research & Forecasting (CERF)

CERF is a nationally recognized economic forecasting center, which provides county, state and national economic forecasts and custom economic analysis for government, business and nonprofit organizations. CERF economists Matthew Fienup and Dan Hamilton are members of the Wall Street Journal Economic Forecasting Survey, the National Association of Business Economics (NABE) Economic Outlook and Economic Policy surveys and the Zillow Home Price Expectations Survey (formerly Case-Schiller). In 2016, CERF was awarded second prize in the annual NABE Economic Outlook award, for the most accurate quarterly U.S. economic forecast among 80 professional forecasting centers. CERF was the recipient of a 2019 Crystal Ball Award for the Zillow Home Price Expectations Survey. CERF's U.S. home price forecast received multiple top- 5 rankings among the more than 100 forecasts included in the survey. CERF is housed at California Lutheran University, a federally designated Hispanic Serving Institution.

Center for the Study of Latino Health & Culture (CESLAC)

Since 1992, CESLAC has provided cutting-edge research, education and public information about Latinos, their health and their impact on California's economy and society. CESLAC is a resource for community members, business leaders and policy makers who want to gain insightful research and information about Latinos. It offers unparalleled insight into Latino issues through an approach that combines cultural research, demographic trends and historical perspective. In addition, it has helped the University of California meet its public service goal by increasing the effectiveness of their outreach to the Latino community.

The Latino Donor Collaborative

The Latino Donor Collaborative (latinodonorcollaborative.org) was founded in 2010. It is a 501(c)(3) non-profit organization dedicated to reshaping the perception of Latinos as part of the American social mainstream. The LDC is self-funded and independent and created by an accomplished group of Latino national leaders to promote high-level dialogue about the economic opportunities that the Latino community offer. We do this through a nonpartisan agenda that includes outreach to influential people in media, advertising, politics, corporate America, and civil society and confronting stereotypes with data that brings understanding and appreciation of the actual roles being played by Latinos in society, politics, and commerce. The LDC board is passionate about empowering a prosperous, united, and more powerful United States of America.