

# Tolerance, Heterogeneity, Creativity, and Economic Growth

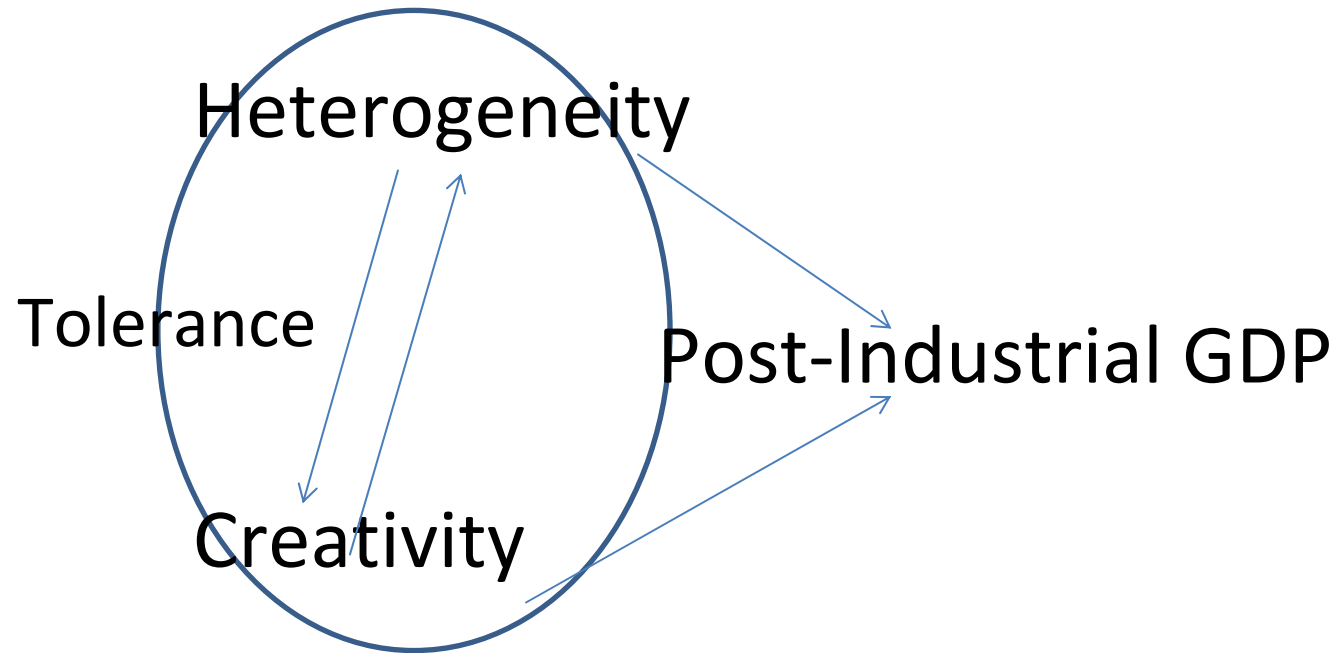
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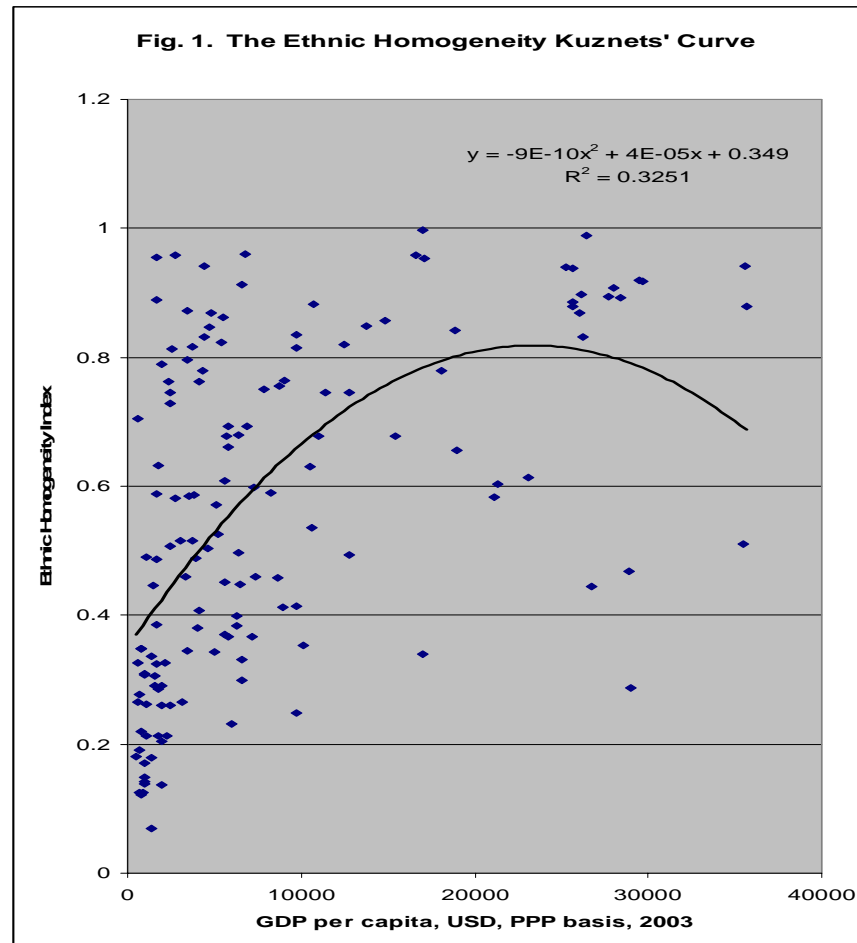
# Citations

- “A Global Tolerance Index,” with Jayoti Das and Cassandra DiRienzo. *The Competitiveness Review*, 18:3, 2008. 192-205.
- “A Note on an Ethnic Homogeneity Kuznets Curve,” with Jayoti Das and Cassandra DiRienzo, *Challenge*, 49:2. March/April 2006. 112-120.

# A Model



# GDP and Heterogeneity



# Food as an Example

- In post-industrial and most industrial countries we have met our physiological and safety needs for food.
- Today, when we cook or go to a restaurant, we want self-actualization:
  - What's new?
    - "...clubs in Budapest have to evolve constantly..."
  - What's local ?
    - "I'll walk through a market and see something, and an idea will occur to me."
  - What can be combined?
    - "Recipes tell you nothing."

# Creativity and Self-Actualization

- We can afford “the best” of goods we have consumed in the past
- We no longer want only the perfectly executed classic French meal, we also want to be surprised
- As we demand “different and new,” we demand constant creativity

# Creativity and Tolerance

- Richard Florida [2002] reminds us that creativity means new ways and that tolerance of new ways is a catalyst for creativity
- Das, DiRienzo and Tiemann [2008] have shown that greater tolerance leads to more research, higher net immigration, and higher scores on Sachs' and McArthur's Global Competitiveness Index

# Tolerance and Growth

- Florida [2002] found that more tolerant U.S. cities grew faster
- Das, DiRienzo and Tiemann [2008] found that greater tolerance is correlated with higher GDP per capita

# Measuring Creativity?

- Can we really measure the creativity of a country?
- I've been involved in projects to measure tolerance and ethnic heterogeneity—a step or two away from creativity.
- We could move a step closer to actual creativity by heterogeneity of an economy or the prevalence of smaller firms