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Still lacking technology and talent, Canada's tolerance offers creative edge

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Canada ranks fourth in the world in [a new ranking](#) of the world's most creative and economically competitive countries. The survey, put together by my research team at the University of Toronto's [Martin Prosperity Institute](#), places Canada behind only first-place Australia, the United States and New Zealand. This is the third version of these rankings we've done, and Canada is up from its seventh-place finish in [2011](#).

The rankings assess 139 countries across the world on our overall Global Creativity Index (GCI), which is based on six key indicators of how countries stack up in three dimensions of creative competitiveness: technology, talent and tolerance.

Performance on the GCI is closely associated with a country's overall levels of productivity, economic growth, competitiveness and entrepreneurship, according to our study.

Canada's high GCI ranking is due in large measure to its incredible status as a diverse, open-minded and tolerant country. It ranks first in tolerance of any country in the world, which we measure based on Gallup polls of how good a place a country is for racial and ethnic minorities

and gay and lesbian people. Tolerance acts on economic development by helping to establish the broad context for both technological innovation and talent attraction. Places that are open to different kinds of people gain an edge in attracting talent from across the spectrum and mobilizing new ideas.

But Canada ranks considerably lower on the two other dimensions of global creativity: talent and technology.

Talent in the form of the skilled knowledge workers, professionals and members of the creative class is a key factor in growth of cities and countries. Canada is 14th on the Global Talent Index behind such countries as Iceland, Slovenia, Belarus and Lithuania.

For many, technology is perhaps the fundamental driver in innovation and the growth of the knowledge economy.

Canada ranks 13th worldwide on our Global Technology Index behind not just tech powerhouses like the United States, Japan, Germany, South Korea and Israel, but also New Zealand, Singapore, Denmark and Finland, among others. And while it ranks eighth in innovation or patents per capita, it places just 18th in research and development effort (devoting 1.8 per cent of GDP to R&D).

In the new knowledge economy, creativity is closely linked with economic and social progress. Canada and similar countries that rank high on our index of global creativity are much more likely to have higher levels of economic output, greater economic competitiveness, higher rates of entrepreneurship and higher levels of overall human development.

What is even more interesting is the relationship between the creativity of countries and their levels of inequality. On balance, we find that countries with higher levels of creativity have lower levels of inequality. Countries that invest in creativity have more equal societies and, conversely, more equal societies tend to invest more in creativity. Harnessing creativity can help to mitigate the increasing global inequality that many countries currently experience.

That said, there appear to be two distinctive paths countries follow when it comes to balancing creative economic growth and inequality. On the one hand, there is the high-road path of the Scandinavian countries, which combines high levels of creative competitiveness with relatively low levels of inequality. On the other is the low-road path taken by the United States and Britain, which combines high levels of creative competitiveness with much higher levels of inequality. Canada defines a mid-road path between these paths.

Ultimately then, there is no necessary relationship between creativity and inequality. Countries can choose which path toward creativity they want to take: one that carries along all members of society, or one that leaves many behind. A high-road path to prosperity, where the fruits of economic progress are more broadly shared, is not only possible, it can be better for a nation's overall economic performance. Given Canada's rapidly growing inequality, it's time for this country to shift from the mid-road path to the high road.

Canadians should certainly be encouraged by their extraordinary showing in the Global Creativity Index and by their world leadership on tolerance. But before we break out the champagne, it's important to face up to our lagging position on talent and technology. It's critical that Canada bolster its efforts to produce, attract and harness talent, invest in research and generate new innovations and high-tech startups going forward.