Abstract

This paper analyzes a model of economic growth which is propagated by matching between technologies and the talents they require. It shows that differences in productivity across countries are amplified by three dimensions of talent utilizations: first, the variety of different talents utilized; second, the density of a specific talent utilized; third, the quality of match in the economy. Assuming set up costs, the equilibrium number of technologies increases with productivity. A larger number of technologies enables a better matching between individuals' talents and requirements of technologies. In addition, the number of technologies affects the incentives individuals face to search for the appropriate technology. Finally, we discuss the link between search and development.