# Birthplace Diversity and Economic Prosperity

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**Abstract**

The diversity of people has economic costs and benefits. Using recent immigration data from 195 countries, we propose an index of population diversity based on people's birthplaces. This new index is decomposed into a size (share of foreign born) and a variety (diversity of immigrants) component, disaggregated by skill level, and is available for 1990 and 2000. We show that birthplace diversity is largely uncorrelated with other dimensions of diversity such as ethnic, linguistic or genetic diversity. Our main result is that the diversity of immigration relates positively to economic development (as measured by income and TFP per capita and by patent intensity), especially for skilled immigration in richer countries, even after controlling for ethno-linguistic and genetic fractionalization, geography, trade, education, institutions, and origin-effects capturing income/productivity levels in the immigrants home countries. We make progress towards addressing endogeneity by specifying a gravity model to predict the share and diversity of immigration based on exogenous bilateral variables. The results are robust across various OLS and 2SLS specifications and suggestive of skill complementarities in innovative activities between immigrants and natives workers.