

NOSTALGIA IN DIASPORA ECONOMICS:  
Evaluating the Economic Impact of the Nostalgia Trade in the Chinese Diaspora  
of Canada

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## ABSTRACT

With current debates on diversity, migration, and identity, the role of migrants—and particularly Chinese migrants—has become a persistently sensitive topic in international discourse. Although the migration, nostalgia, and economic growth literatures have been present in a more separate regard, this study sought to discern their interconnection. More specifically, this study aimed to understand if the nostalgia trade makes a significant contribution to the Chinese diaspora's impact on economic growth in Canada, and the channels through which this occurs. Content analysis was performed in the space of the nostalgia trade, while data analysis was performed to understand the economic growth effects of diasporas and subsequently, the nostalgia trade. Both were performed, given that little quantitative data exists for the nostalgia trade. The findings of this study was that the nostalgia trade can play a notable role in diasporas and their advancement of economic growth, which can then be linked to the Chinese diaspora in Canada, and that the Chinese diaspora has generated long-run economic growth in the host country of Canada through cross-section regressions executed via R and Jupyter Notebook. Such growth is transmitted primarily by means of increased investment rates and trade openness which includes greater imports from China, ultimately leading to enhanced economic growth in both countries.

*Keywords:* nostalgia trade, Chinese diaspora, economic growth, reflective nostalgia, collective nostalgia

## INTRODUCTION

In the 21st century, substantial proportions of the global population experience spatial and temporal dislocation, away from the homeland, as a result of natural disasters, corrupt governments, and notably—the diasporas that exist around the world consisting of generations that identify with the same country through birth or ancestry. Through this dislocation, nostalgia for the homeland occurs, either for what once was or for what has never been. One channel through which such nostalgia is expressed is the nostalgia trade, a relatively new area of study in the literature of migration and diaspora economics. In Canada—a country composed of various diasporas—the Chinese diaspora has significant social and economic influence because of its considerable size. This prompts the question: How does nostalgia within the Chinese diaspora in Canada impact economic growth? And further, does the nostalgia trade, itself, increase economic growth in both the home and host countries? Therefore, this study aims to answer these questions.

## NOSTALGIA IN DIASPORAS

While the concept of diaspora has long existed, its meaning has been broadened and its relevance heightened in the 21st century to indicate a population scattered across regions separate from its place of origin (Fang & Wells, 2022). The Chinese diaspora, in particular, has become one of the most significant diasporas in regards to population size, socioeconomic engagement, and dispersion across countries—the most frequent including countries such as Canada, Australia, New Zealand, and the United States (Poston Jr. & Wong, 2016).

It has been established in previous literature that nostalgia is particularly prevalent in migrant communities, seeing that they often contain a sense of longing for aspects of the

homeland. Boym (2007) iterates that immigrants best illustrate nostalgia through a “diasporic intimacy” that is constituted by displacement—a form of nostalgia that includes the pleasures of being away from the homeland, thus inhibiting the presence of restorative nostalgia. Reflective nostalgia can then be seen as a key actor in diasporas. Illustrated through the example of Vitasoy in Hong Kong, Chan (2015) explains that reflective nostalgia helps those struggling with their national identity, or lack thereof. While Vitasoy exploited reflective nostalgia to advertise and disseminate their product across the singular yet socially fragmented place of Hong Kong, this idea can also be echoed in diasporas such that reflective nostalgia is used by immigrants who find their identity straddled between multiple places and thus struggle to cope. Furthermore, Wildschut, et. al (2014) builds on the ideas of Boym (2007) to say that not only do immigrants best illustrate nostalgia, immigrants are especially likely to be nostalgic because of an unfamiliar host country which then leads to a collective social identity. Wildschut, et. al (2014) goes further to propose that nostalgia may influence tangible decisions to support the collective. In diasporas, this collective nostalgia is emulated as migrants often act in ways that uphold their ethnic community.

## DIASPORAS AND ECONOMIC ENGAGEMENT

One significant facet of migration is the linkages that migrants establish between their host and home countries. Notably, migrants build economic linkages, typically in the form of remittances, entrepreneurship, investment, and transfer of knowledge (Orozco & Yansura, 2019; Fang & Wells; 2022). In Canada, Newland and Taylor (2010) found that the presence of a migrant population led to increased trade flows between countries.

*The Nostalgia Trade.* When settling in another country, the premise that migrants do not abruptly amputate their connection to the homeland can be accepted based on the prevailing sense of transnational identity within immigrant communities (Laguerre, 2015). This then allows for the concept of the nostalgia trade to exist as an economic linkage that migrants build which contributes to an increasingly globalized economy. The nostalgia trade can be defined as a phenomenon such that migrants experience nostalgia for the homeland and thus both import and purchase products from their country of origin, an idea pioneered by Manuel Orozco of the Inter-American Dialogue (Orozco, 2003; Orozco & Yansura, 2019). More specifically, Orozco and Yansura (2019) demonstrate that migrant households regularly and heavily consume nostalgia products derived from the home country, and that these trade flows result in significantly increased revenue for the country of origin. Nostalgia goods range from films and music to dishware, textiles, jewelry, and primarily—food (Orozco & Yansura, 2019; Newland & Taylor, 2010). A vehicle for collective nostalgia, the nostalgia trade depicts how migrants support their diaspora and thus stabilize their transnational identity.

*The Nostalgia Trade in Diasporas.* Orozco and Yansura (2019) have established that nostalgic products refers to products manufactured in the homeland and then imported to the host country. Diasporas are able to access these products through a transnational network of “importers, suppliers, and small businesses.” In the Salvadoran diaspora of the United States, for example, nostalgic products are purchased primarily through Central American branded grocery stores (Orozco & Yansura, 2019). Similarly, Orozco (2015) found that the nostalgia trade was the main source of transnational engagement in the Albanian-American diaspora through Albanian and Balkan grocery stores, particularly as a result of government-facilitated policies such as the value chain approach. Bridging this idea to the Chinese diaspora, nostalgic businesses such as

ethnic grocery stores and franchise stores are similarly prevalent, particularly in ethnic enclaves. Not only do these nostalgic businesses allow first-generation migrants to experience a taste of home, they also provide the opportunity for second and third generation migrants to be connected to their homeland's food, and perhaps more importantly, their culture.

*The Chinese Diaspora and Economic Impact.* For the Chinese diaspora in particular, Preibe and Rudolf (2015) found that the cultural value of familial economic success becomes conducive for economic growth in terms of increased economic efficiency, capital accumulation, and trade openness which then lead to greater economies of scale, availability of low-cost inputs, competition, and transfer of technology. Furthermore, the findings of Preibe and Rudolf (2015) suggest that the overall population of overseas Chinese on a cross-country level does have a statistically significant positive growth effect, going beyond mere investment. If the Chinese diaspora has such a distinct impact on economic growth, it can then be asked if the nostalgia trade plays a role.

## THE CHINESE DIASPORA AND LONG-RUN ECONOMIC GROWTH

There has been extensive debate over what peoples should be included in a diaspora for measurement purposes, with issues arising such as place of birth, claimed identification, and citizenship, according to Poston Jr. and Wong (2016). For the purpose of this study, diaspora will be composed of persons living outside of their home country who claim identification with that country through birth or ancestry. Furthermore, this study constitutes the Chinese diaspora as persons with birth in or ancestry from Hong Kong, Macau, Taiwan, and the People's Republic of China (PRC), given that the makeup of Chinese in Canada has increased in heterogeneity as a byproduct of Canada's changing immigration policies (Guo & Devoretz, 2006).

*Growth Analysis.* Under the assumptions of the endogenous growth theory (Aghion et.al, 1998; Preibe & Rudolf, 2015), a simple Cobb-Douglas production function can be utilized to understand economic output as a vehicle through which the Chinese diaspora may influence growth:

$$Y = f(K, h, L) = AK^{\alpha}(hL)^{1-\alpha} \quad (1)$$

where Y refers to output, K is physical capital, h is human capital per worker, and L is labor. Economic growth can occur through total factor productivity (TFP) growth, which is denoted by A. One of the ways that TFP growth occurs is through importing technology (TI), which is “a positive function of trade openness” as asserted by Preibe and Rudolf (2015), such that trade acts as a form of TI and diasporas have been found to increase international trade.

If it has been established that individual diasporas influence economic growth through international trade, we can then look to the Chinese diaspora in Canada and its impact on long-run economic growth using cross-section regressions over the period 1970-2020. Data was collected from Statistics Canada, CEIC Data, Statista, Trading Economics, and Macrotrends, and combined into data tables. See Tables 3 and 4 below for full data tables made. Data analysis was conducted through R and Jupyter Notebook, by reading and wrangling the data, performing exploratory analysis through summary statistics and plots, tuning a regression model, and making conclusions based on results found. To being understanding the connections between the number of overseas Chinese in the diaspora of Canada, population statistics were collected for the number of overseas Chinese, total population, and share of population in Canada over the period 1970-2020.

Table 1 depicts changes in the overseas Chinese population over the period 1970-2020. A positive growth effect was found for the number and share of overseas Chinese. The number of overseas Chinese in Canada dramatically increased between 1990 and 2000, from about 585,000

Table 1: Number and Share of Overseas Chinese in Canada Over Time

Year	Number of OC	Total Population (Millions)	Share of Population (%)
1970	118,815	21.37	0.55
1980	181,755	24.42	0.74
1990	586,645	27.54	2.13
2000	1,094,700	30.59	3.59
2010	1,487,580	34.15	4.36
2020	1,715,775	37.54	4.57

to over 1,000,000.

Table 2 depicts the regressions performed for the variables of real GDP per capita, trade openness, investment rate, and imports of Chinese origin. The main variables of interest were Chinese imports and RGDP per capita, and more specifically, how RGDP per capita changed



over the period 1990-2000. Both were found to be positive and statistically significant.

Table 2: Long-Run Growth Regressions

	(1)	(2)	(3)	(4)	(5)	(6)
	p-value	coefficient	std. error	t-value	pr(> t )	F (on 1 and 4 DF)
RGDP per Capita	0.003035	0.008598 (0.039868)	0.001340 (0.246904)	6.415 (0.161)	0.00304** (0.87955)	41.15
Trade Openness	0.13	0.4752 (-2.0736)	0.2499 (1.9062)	1.902 (-1.088)	0.130 (0.338)	3.616
Investment Rate	0.05021	-1.9270 (11.3738)	0.6951 (3.5545)	-2.772 (3.200)	0.0502 (0.0329*)	7.686
Chinese Imports	0.03931	4.995e-06 (1.001e+00)	1.656e-06 (2.342e-01)	3.016 (4.274)	0.0393* (0.0129*)	9.097
GDP Growth (1970-2020)	0.001661	2.966e-03 (4.415e+01)	3.936e-04 (7.250e-02)	7.536 (608.959)	0.00166** (4.36e-11***)	56.79
Trade Openness (1970-2020)	0.2034	0.14212 (43.58719)	0.09357 (0.71372)	1.519 (61.071)	0.203 (4.31e-07**)	2.307
Investment Rate (1970-2020)	0.1059	-0.5837 (47.6468)	0.2805 (1.4345)	-2.081 (33.216)	0.106 (4.9e-06***)	4.33
Chinese Imports (1970-2020)	0.008783	1.884e-06 (4.447e+01)	3.942e-07 (5.574e-02)	4.779 (797.675)	0.00878** (1.48e-11***)	22.84

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Long-run economic growth was then calculated using the following equation to find a positive economic growth effect:

$$g_{c,1970-2020} = \alpha y_{c,70} + \beta_1 SC_{c,70} + \beta_2 open_{c,70} + \beta_3 inv_{c,1970-2020} + \beta_4 imp_{c,1970-2020} + u_c$$

## CONCLUSIONS

Nostalgia within the Chinese diaspora in Canada impacts economic growth in various ways, one vehicle being the nostalgia trade that occurs following the presence of reflective and collective nostalgia in the diaspora. Migrants and their generations often find themselves with a sense of a transnational identity; the nostalgia trade which becomes tangibly manifested in

nostalgic businesses such as ethnic restaurants and stores allows them to form connections with their culture and homeland. The nostalgia trade is a subset of international trade which has been previously found to generate economic growth (Frankel & Romer, 1999), and the Chinese diaspora, in particular, has been found to be a prime driver of such growth through the form of TFP as a result of its cultural and familial values.

The findings of the data analysis indicate that the Chinese diaspora has had a statistically and economically significant effect on Canada's long-run economic growth, particularly through trade and as the total number within the diaspora has expanded over time. Variations in the overall upwards trend have occurred in the years 2010 and 2020, most likely due to the 2008 recession and the 2020 COVID-19 pandemic. Based on the content analysis, the findings of Orozco (2003) and Orozco and Yansura (2019) can be extrapolated to understand that the nostalgia trade may play a significant role in the Chinese diaspora's impact on economic growth, as derived from the studies of Salvadoran and Albanian diasporas. Thus, it can be suggested that the nostalgia trade is a primary factor in contributing to this long-run economic growth in Canada, the host country. Furthermore, the nostalgia trade is augmented by government policies that facilitate these trade networks, such as the value-chain approach. However, future research will be needed to further discern the weight of the nostalgia trade in the Chinese diaspora in Canada, such as by disseminating a questionnaire to identify the top nostalgia goods and nostalgia businesses, which was beyond the scope of this study given the time and resource constraints present.

With current debates on diversity, migration, and identity, the role of migrants—and particularly Chinese migrants—has become a persistently sensitive topic in international discourse. Still, and perhaps even more so because of this, host countries such as Canada should

consider the statistically significant positive growth effect that the Chinese have made through the organization of trade. Canada as a host economy should thus develop policies that strengthen the Chinese diaspora and its facilitation of the nostalgia trade, welcoming rather than preventing immigration into the diaspora.

**1939 WORDS**

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## TABLES

Table 3: Number and Share of Overseas Chinese in Canada over 1970-2020

Year	Number_OC	Total_Population	Share_Total_Pop
<dbl>	<dbl>	<dbl>	<dbl>
1970	118815	21.37	0.55
1980	181755	24.42	0.74
1990	586645	27.54	2.13
2000	1094700	30.59	3.59
2010	1487580	34.15	4.36
2020	1715775	37.54	4.57

Table 4: Factors Impacting Economic Growth in the Chinese Diaspora, 1970-2020

Year	RealGDP_Capita	Population_Share	Trade_Openness	Investment_Rate	China_Imports
<dbl>	<dbl>	<dbl>	<dbl>	<dbl>	<dbl>
1970	5527.40	0.55	41.63	29.7	4.070e+08
1980	14979.75	0.74	53.50	28.6	8.120e+08
1990	28760.70	2.13	50.18	25.3	2.100e+09
2000	32546.20	3.59	82.77	22.6	5.300e+09
2010	63778.26	4.36	60.21	26.3	4.254e+10
2020	58006.82	4.57	60.78	24.4	6.882e+10