

## **Transnational Identity and Regional Integration**

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### **ABSTRACT**

European integration is characterized by the development of a transnational European identity, which is considered an integral part of the process. Northeast Asia has no similar projects to address the common identity issue, although cooperation is highly valued there as well. Identity and cooperation both require interdisciplinary approaches combining social psychology, international relations theory and international economics. This article considers the problems of applying existing studies on cooperation and identity as well as the European experience (with the Baltic Sea example) to the case of Northeast Asia. Transnational identities promote cooperation beyond the limits of rationalistic game theory, if countries of the region can define their identities and interests, commit to common goals, create shared discourses and reach a balance between nationalism and internationalism. In view of proposed negotiations on the free trade area between China, Korea and Japan and ongoing discussions about a possibility of introducing a common currency (ACU) it can be crucial to consider the importance of identity building as early as possible, before regional integration meets a stumbling block of egoistic rationality that is a problem in any model of cooperation.

**Keywords:** Transnational Identity, Cooperation, Regionalism, Integration

## I. Introduction

Economic and political cooperation and integration are distinctive features of the international political and economic scene in the 21st century. Whereas the European Union (EU) is fully integrated, Asia on the other hand still lags behind with regard to economic and political cooperation. Therefore there is a particularly interesting ongoing discussion about possibility of cooperation in Northeast Asia with a core consisting of Korea, Japan and China.

There are different complex factors that influence cooperation processes in Europe and Asia. This paper is an attempt to analyze those processes using two approaches to cooperation: incentive theories, claiming that the most effective cooperation schemes must be rational in nature and based on reciprocity, and normative theories, suggesting promotion of cooperation with a possibility of transformation into regional integration through development of common identity and trust between cooperation nations.

Conventional economic theories suggest that regional economic integration can only succeed after certain economic preconditions have been met, including intense trade relations, complementarities of specialization and common rules of trade. Northeast Asia meets at least two out of the three of these conditions, and widely discussed free trade agreements can ensure that Asian nations will also develop and implement common rules of trade in the not so distant future. Free trade agreements are considered the first stage of region integration, which is a step up from cooperation. The present model of pragmatic approaches to cooperation might not work as well once the integration process develops. It is important to consider transnational identity, or simply put, the sense of community in Northeast Asia, which is another indispensable condition for integration in this region.

The present research offers a perspective on international cooperation in Northeast Asia from the point of view of normative theories of cooperation. First, it introduces some theoretical ground from social disciplines other than economics, namely, sociology and social psychology, and also international relations theory, in order to understand the meaning of transnational identity for region-building. Then the example of cooperation and integration in Baltic Sea Rim (as a representative of European type of integration) is analyzed. Finally, the problems of regional

integration and transnational identity formation in Northeast Asia are considered.

## II. Cooperation: incentive and normative theories

Traditionally cooperation of any kind is viewed through incentive theories, which are based on rational choice and game theory.

Game theory begins with a set of actors, each of whom has a set of choices. When the players each make their choice, there is an outcome that is jointly determined by the choices of the players. The outcome determines the payoffs to the players. Traditionally, game theory has calculated what players will do by assuming the players are rational, that they know the other players are rational, and that everyone has the ability to do unlimited calculation. Clearly, the assumption of rationality is very strong.

In an iterated game, a player can use strategy that relies on the information available so far to decide at each move which choice to make. Since the players do not know when the game will end, they both have an incentive and an opportunity to develop cooperation based upon reciprocity. The shadow of the future provides the basis for cooperation, even among egoists. To specify a game, one needs to specify the players, the choices, the outcomes as determined jointly by the choices, and the payoffs to the players associated with the outcomes. One also needs a way of determining how the players will make their choices, or how, in the case of an iterated game, they will select their strategies.

One of the most comprehensive works on incentive theories of cooperation is Robert Axelrod's "The Evolution of Cooperation"(1984). In his book Axelrod poses three theoretical questions about cooperation.

1. Under what conditions can cooperation emerge and be sustained among actors who are egoists?
2. What advice can be offered to a player in a given setting about the best strategy to use?
3. What advice can be offered to reformers who want to alter the very terms of the interaction so as to promote the emergence of cooperation?

The cooperation theory responds to these issues as follows.

An indefinite number of interactions is a condition under which cooperation can emerge. For cooperation to prove stable, the future must have a sufficiently large shadow. This means that the importance of the next encounter between the same two individuals must be great enough to make defection an unprofitable strategy. It requires that players have a large enough chance of meeting again and they do not discount the significance of their next meeting too greatly. In order for cooperation to get started in the first place, one more condition is required. The problem is that in the world of unconditional defection, a single individual that offers cooperation cannot prosper unless some others are around who will reciprocate. On the other hand, cooperation can emerge from small clusters of discriminating individuals as long as these individuals have even a small proportion of their interactions with each other. So there must be some clustering of individuals who use strategies with two properties: the strategy cooperates on the first move, and discriminate between those who respond to the cooperation and those who do not.

The answer for the question about the best strategy is reciprocity. Four properties make a strategy successful: avoidance of unnecessary conflict by cooperating as long as the other player does, provocability in the face of an uncalled-for defection by the other, forgiveness after responding to a provocation, and clarity of behavior so that the other player can recognize and adapt to your pattern of action.

According to Axelrod(1984), the actual process of evolution of cooperation can be influenced by four factors: labels, reputation, regulation, and territoriality. A label is a fixed characteristic of a player, which can be observed by the other player. It can give rise to stable forms of stereotyping and status hierarchies. The reputation of a player is malleable and comes into being when another player has information about the strategy that the first one has employed with other players. Regulation is a relationship between a government and the governed. Governments cannot rule only through deterrence, but must instead achieve the voluntary compliance of the majority of the governed. Finally, territoriality occurs when players interact with their neighbors rather than with just anyone. Hence their success depends in large part on how well they do in their interactions with their neighbors. However, neighbors can also provide a role model. If the neighbor is doing well, the behavior of the neighbor can be imitated. In this way successful

strategies can spread from neighbor to neighbor.

To promote the emergence of cooperation, Axelrod also suggests (1) making the future more important relative to the present; (2) changing the payoffs to the players; and (3) teaching the players values, facts, and skills that will promote cooperation.

Raub and Weesie(2000) consider a different way to promote cooperation. Instead of iterating the game, they analyze the possibility that a player (called the trustee) can voluntarily provide a hostage. The hostage is intended to convince the other player (called the trustor) that the trustee will in fact cooperate.

In sum, rational choice theorists view collective action as a social dilemma in which individual interests are at least partly in conflict with collective interests. Individuals cooperate and build trust when they have individual incentives that make cooperation in their interests. Formal or informal incentives that reward individuals for cooperative behavior, independent of collective rewards provide a basis for collective action. Interdependent actors who interact over time also have incentives to act reciprocally, even in the absence of direct incentives. In other words, interdependence over time creates its own incentives, encouraging group cooperation through individual acts of cooperation and the threat of withholding future cooperation. Strategic interaction among interdependent actors is a mechanism by which individuals build trust and cooperate.

Axelrod models interaction of players that have no option but to act as rational interest-maximizing egoists, for his players are computer programs. They do not trust anyone, and do not learn to cooperate. Axelrod's research suggests that as long as actors understand that the game is iterated, and that cooperation pays in the long run, then actors will cooperate. There seems to be little need to invoke notions of a norm of reciprocity or trust among players.

On the other hand, in *normative theories*, scholars Durkheim to Parsons, to contemporary theorists of social movements and small group behavior, explain that individuals cooperate because they share a common set of beliefs and values. These shared values emerge when individuals are interdependent, and comprise a collective or group identity. The strength of commitment to this group identity creates the basis for trust and cooperation.

Durkheim(1982) and Parsons(1975) both theorized that participation in common institutions creates recognition of common values that forms the basis for

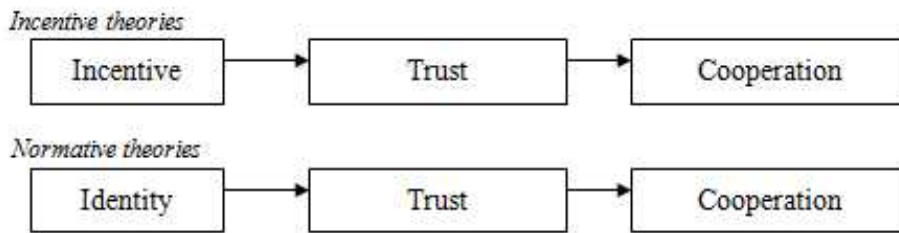
cooperation and trust. Social psychologists who investigate small group behavior explain that cooperative behavior among group members depends on the salience of group identity to members (Tajfel and Turner 1986). Experimental research has found that groups with a strong sense of identity have higher levels of cooperation than groups in which identity is not salient. Interdependence and experiencing a “common fate” are shown to increase the level of cooperation within the group by making group identity salient to individual members.

Amartya Sen (1987) argues that the key to resolve the prisoner’s dilemma is to think “in terms of social strategy” (Sen 1987), instead of trying to derive these social aspects from individualistic interplay: “Behaviour is ultimately a social matter as well, and thinking in terms of what ‘we’ should do, or what should be ‘our’ strategy, may reflect a sense of identity involving recognition of other people’s goals and the mutual interdependencies involved. [...] The language of game theory - and indeed of economic theory - makes it hard to discuss behaviour patterns of this kind, since it is very tempting to think that whatever a person may appear to be maximizing, on a simple interpretation, must be that person’s goal” (Sen 1987). Therefore Sen suggests starting from the social notion of the “identity” of a community, instead of trying to reduce these social aspects to the individual interaction of self-goal pursuing agents: “The rejection of self-goal choice reflects a type of commitment that is not able to be captured by the broadening of the goals to be pursued. It calls for behavior norms that depart from the pursuit of goals in certain systematic ways. Such norms can be analyzed in terms of a sense of “identity” generated in a community (without leading to a congruence of goals), and it has close links with the case for rule-based conduct, discussed by Adam Smith. [...] It is an alternative program to the recent attempts at ‘resolving’ the [prisoner’s] dilemma through the relaxation of the assumption of mutual knowledge in finitely repeated games” (Sen 2002).

How does such cooperation emerge in the first place according to normative theories? One way is through trust, which has been identified as an attitude most critical to the formation of cooperation within groups and organizations. Normative theories identify two critical conditions necessary for trust in the group: group identification and psychological attachment to the group. By identification, they mean the extent to which individuals define themselves in terms of their membership in a particular group. Drawing on the literature on attachment styles,

they introduce the concept of group attachment style, an attribute that reflects a person's propensity to seek and feel secure in group situations. Group attachment styles are proposed to influence both the propensity to become identified with a group and the relationship between group identification and the individual's trust in the group.

The above debate on cooperation can be summarized in two schemes(<Figure 1>).



<Figure 1> Comparison of incentive and normative theories

However, there are several weak points in the present argument on identity. First, the concept of identity is unclear. Another question is, whether identity could be constructed. Finally, it is important to know what influences transnational identity.

### III. Identity Definition and Construction: social psychology

The major theories of social psychology can be divided into three groups in respect to concepts of identity: behaviorism (reinforcement theory, social exchange theory, rational choice theory - J. B. Watson, E. C. Tolman, E. C. Thorndike), social learning theory (J. Rotter, A. Bandura), and cognitive theories (role theory, symbolic interactionism, psychoanalysis - S. Freud, C. Jung). This division is important for showing that, as well as in economics or cooperation theories, identity is not readily recognized in all schools of sociology and psychology. Behaviorism and social learning are on the side of rational choice, and cognitive theories actually recognize identity as an important factor of defining human

behavior.

Identity, human identity in particular, is a universal phenomenon that is often treated as self-evident and non-problematic. As a concept it is linked to state identity, national identity, transnational identity, ethnic identity, tribal identity, social identity, individual or personal identity, etc. The term has become increasingly important through the work of Erik Erikson(1975). He has used the term to designate a sense of self that develops in the course of a man's life and that both relates him to and sets him apart from his social milieu. The terms "identity crisis" and "identity confusion," introduced by Erikson, have gained a wide usage.

According to Erikson, identity is "a subjective sense as well as an observable quality of personal sameness and continuity, paired with some belief in the sameness and continuity of some shared world image"(Erikson 1975).

Despite the vastly increased and broad-ranging interest in "identity," the concept itself remains something of an enigma. As Phillip Gleason(1983) wrote it almost 30 years ago: "The meaning of "identity" as we currently use it is not well captured by dictionary definitions, which reject older senses of the word. Our present idea of "identity" is a fairly recent social construct, and a rather complicated one at that. Even though everyone knows how to use the word properly in everyday discourse, it proves quite difficult to give a short and adequate summary statement that captures the range of its present meanings".

The problem of identity definition arises because people have multiple identities. Psychologists divide all identities into three groups: personal, social and collective identities. Personal identity explains how the actor percepts itself. Social identity defines actor's role in relation to others. Collective identity means a sense of belonging to a group.

Summarizing various definitions, it is possible to come down to a single common idea behind them. Identity consists of the answer to the question: Who am I (are we) and with what do I (we) identify? It refers to the "I/we" feeling of individuals/collectivities emanating from the mutual recognition of the interaction of like and unlike units. In international relations the answer usually refers to identification with a nation that may or may not be associated with an existing state. Identity can, however, also have a transnational or subnational focus, such as ethnic, religious or gender identification.



In order to maintain order in identities actors need to create a hierarchy, but quite often those identities come into conflict with each other. This is called “identity crisis”(Erikson 1975). Most often the conflict occurs between personal and collective identities. There can be two possible outcomes. If personal identity accepts collective identity it is called identity convergence (bridging). If not, identity construction is needed, namely amplification (change in hierarchy), consolidation (blend of identities), extension (adopting new identity for a specific project), or transformation (dramatic change of identity).

Thus, we move on to the second important question: can identity be constructed? This issue has been addressed from the point of three contrasting perspectives: primordialism(A. D. Smith 1998), social structuralism(E. Durkheim 1982), and social constructionism(P. L. Berger and T. Luckmann 1966).

From the primordialist point of view, the defining characteristic of identity is typically an ascriptive attribute, such as race, gender, or sexual orientation, or sometimes a deep, underlying psychological or personality disposition. From a structuralist perspective, the critical characteristic is typically a kind of master social category implying structural commonality, such as social class, ethnicity, or nationality; a set of relational ties or networks suggesting structural connectedness; or a mixture of both. Individuals who are similarly situated structurally, such that they are incumbents of similar roles, work in similar enterprises, are linked to the same social networks, or members of the same social class, religion, or ethnic group, are presumed to have a shared collective identity or at least be candidates for such.

The constructionist perspective, in general, rejects both the primordialist and structuralist variants. Instead, attention is shifted to the construction and maintenance of collective identities. Collective identities are seen as invented, created, reconstituted, or cobbled together rather than being biologically preordained or structurally or culturally determined.

#### **IV. Identity in International Relations Theory**

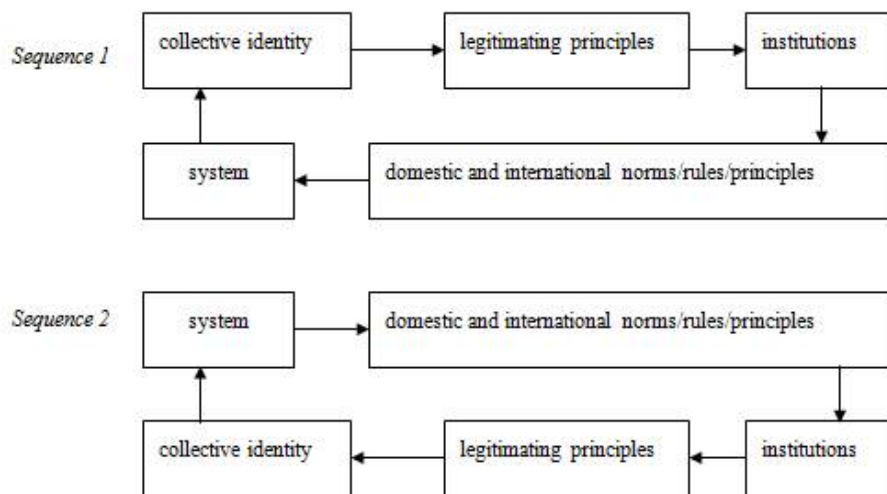
For international cooperation it is important that identity is considered by two

major international relations theories, namely constructivism(A. Wendt 1999) and post-structuralism(J. Derrida 2002; M. Foucault 1981).

Constructivists' basic view, presented in is that human beings are purposeful actors whose actions reproduce and transform society, and that society is made up of social relationships which structure the interaction between human beings. Since the world is pre-organized and pre-structured it shapes and moulds actors, but actors are also international agents who act in this world and who re-create or transform the structures it contains.

Three major conclusions constructivism makes are as follows.

1. International system shapes states' identities, and states' identities shape international system (as shown in <Figure 2>).



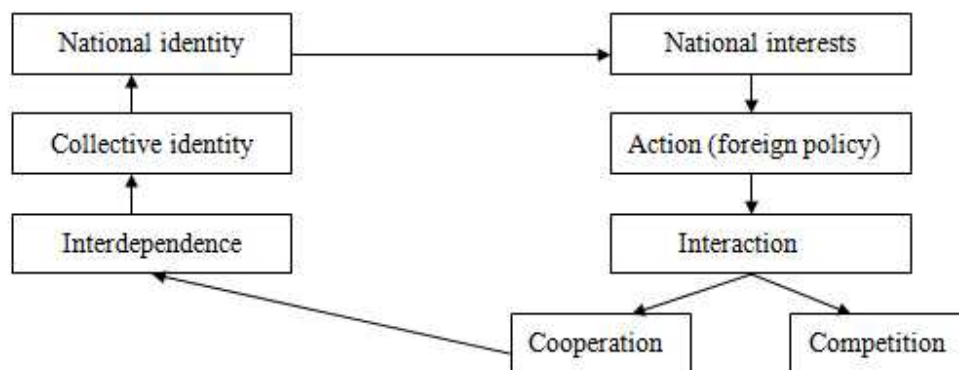
<Figure 2> Cycle construction of collective identity and system

According to Bruce Cronin(1999), the sequencing of this transformational logic, for a given society that is in route to a change in collective identity, depends strongly upon whether that society is experiencing transformations in domestic social relations(irrespective of whether the source of this transformation is exogenous to that society) and whether that society is in a position to make its agency felt throughout international society.

Societies that experience rapid and/or far reaching transformations in domestic

relations, and who are well positioned to exert influence on other societies, tend to follow Sequence 1. They constitute agents of systemic transformation. Societies that are domestically socially conservative or stagnant tend to reproduce their social structure and institutions domestically and—to the extent that they are in a position to exert influence on other societies—to reproduce international systemic structure as well. If these domestically socially conservative societies are poorly positioned to exert influence on other societies, they tend to follow Sequence 2. They become objects of systemic transformation. The agency of those who follow Sequence 1 creates a systemic transformation, whose influential norms and rules the subject society cannot avoid(Cronin 1999).

2. National identity defines national interests, which in turn define foreign policies, possible interdependence and collective identity (as shown in <Figure 3>).



<Figure 3> Co-determination of national identity, national interests and interdependence

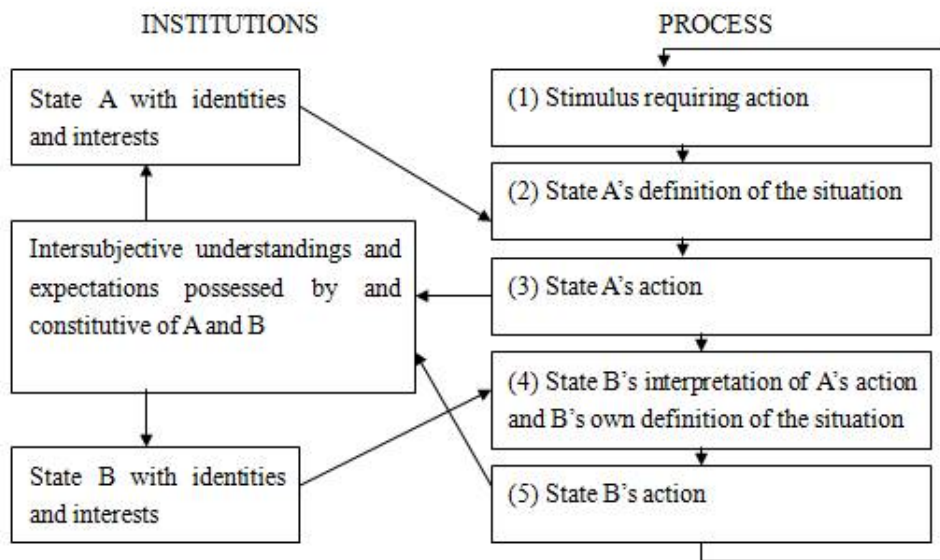
According to Alexander Wendt(1999), actor’s identity implies interest. However, identity does not equate with and cannot be reduced to interest. Identity is combined with interest to construct actor’s action. Without interests identities have no motive and without identities interests have no direction.

Interests are both the aim and basis of state-to-state cooperation. If the participating states are merely concerned about relative interest(whether their gains are more than others) rather than absolute interest(all participants can gain), the state-to-state relations would be based on competition rather than cooperation. Only when participants realize that everyone can achieve absolute interest from

cooperation and thus abandon pursuit for relative interest, pay attention to interest of participants in a region or a larger scope of cooperation and regard regional or global interest as an indispensable step for achieving individual interest, can regional or global awareness be nurtured and positive collective identity be constructed among states. The positive collective identity can not only enhance the feasibility and credibility of cooperation, but also enlarge its scope and increase its stability.

When this process starts from an initiative of a state, then it is with a high degree of probability a society following Sequence 1 in the <Figure 2>. Less internationally active societies become involved into the process of transnational identity construction through the process shown in <Figure 4>.

3. National identity can be transformed into international collective identity through socialization (as shown in <Figure 4>).



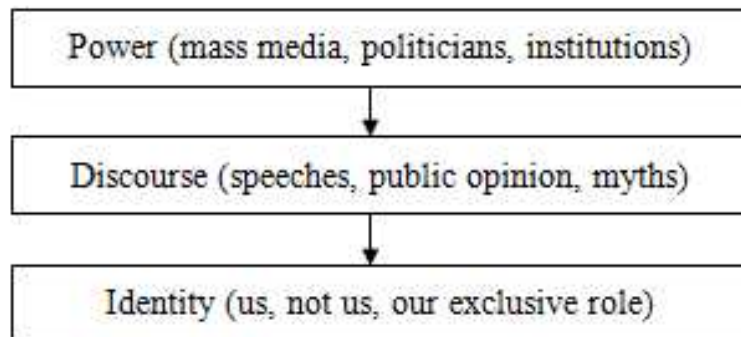
<Figure 4> The codetermination of institutions and processes(Wendt 1999)

Constructivism focuses not on structures or on agents, but on the interrelationship between them on practices and processes and social creation of meaning.

Thus, constructivist theories do not take identities and interests as given. They

focus on how inter-subjective practices between actors result in identities and interests being formed in the processes of interaction rather than being formed prior to the interaction.

On the other hand, post-structuralism offers a different prospective. Identity here is understood as emerging within discourse. Public discourse may be defined as a totality of discursive acts, produced by mass media, politicians and power institutions, which are public, that is, oriented towards and accessible to a large public. All together these discursive acts construct, reconstruct and challenge identity or identities(<Figure 5>).



<Figure 5> Identity construction through discourse

The schemas considered to be the “essence” of identities may involve three main elements: (1) the construction of togetherness, or “we-space”, through reference to some common conception of group property/ies (these properties will be called sources of identity), (2) the construction of the boundaries of the group, which determine who does not belong to a nation, mainly through construction of what is different (“others”), (3) the construction of the role of a given nation (this construction is based on two other main elements, it defines at the same time both “sources” and “others”).

## V. The Baltic Sea Region: transnational identities and regional integration

Regional studies also consider identity. For instance, Gilbert Rozman(2004) finds that regionalism has five dimensions:

1. an accelerated increase in economic relations supported by a common strategy for economic integration (i.e., economic integration);
2. advancement of political relations through summitries and institutions designed to establish common action (i.e., institutional integration);
3. social integration through labor migration and corporate networks or a common agenda concerning various existing problems (i.e., social integration);
4. *shared recognition of a regional identity facilitated by a common culture amidst globalization* (i.e., identity formation); and,
5. an expanding security agenda for reducing tension and ensuring stability (i.e., security integration).

In particular, regional transnational identity appears when countries within a region percept each other as friends, and discriminate against countries outside the region. Region could be united by common norms and institutions, common goals, common history and culture and common boundaries.

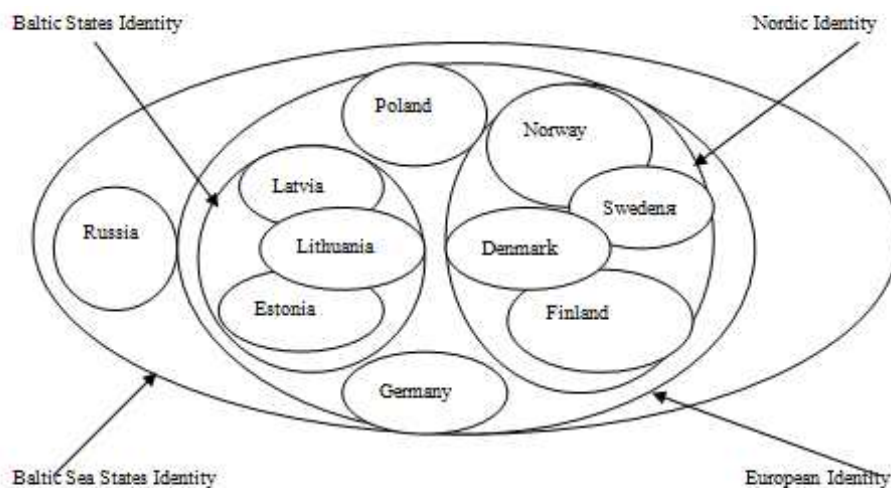
Transnational identity formation requires both material and intersubjective conditions. At a minimum, the necessary material conditions include the following. First, there must be a shared characteristic that can form the material basis for a transnational social group, such as a common ethnicity, region, form of state, political or economic system, or relative level of development. The more salient this characteristic is to a society's self-understanding, the more likely it is to value its transnational attachments with those sharing the attribute.

Second, there must be a shared exclusive relationship to the other states in the system or region. Exclusivity is key to group cohesion and helps to highlight the distinctions between those sharing a common social characteristic and those who do not. In short, exclusive relationships highlight a self-other distinction by creating positive and negative reference groups.

One of the regions with several existing transnational identities is the Baltic Sea Region, which includes Norway, Sweden, Finland, Denmark, Germany, Poland,

Russia, Lithuania, Latvia and Estonia.

With reference to the works of S. Tagil(1995), Marko Lehti and David J. Smith(2003), Lene Hansen and Ole Waever(2002) it is possible to describe several regional identities around the Baltic Sea. Transnational identities in the Baltic Region are comprised of a Baltic States identity, a Nordic identity, a European identity and a Baltic Sea States identity, as shown in <Figure 6>.



<Figure 6> Multilayered transnational identity in the Baltic Sea Region

Nordic identity is spread through the Scandinavian countries, namely Norway, Sweden, Finland, Denmark, and it the oldest one, dating back to the 16th century. The region of three Baltic States (Lithuania, Latvia, and Estonia) formed its transnational identity (Baltic States identity) in 1990s. Since the middle of the 20th century being constructed is European identity, based on the EC/EU agreements. Region in question at present time includes Sweden, Finland, Denmark, Germany, Poland, Latvia, Lithuania and Estonia. Norway is not in the EU, but it has strong political, economic and cultural ties with other Scandinavian countries, which are active members of the Union. Finally, the Baltic Sea States identity involves the whole region and is based on Nordic, Baltic, European identities, and also spreads to the Russian North-West.

Nordic identity is based on shared characteristics, such as natural (pride in cold climate, northern nature, sea as the life source), historical (mythical heroes, Gods,

Vikings), cultural values (Protestantism, love of freedom, Scandinavian welfare states). In turn, Nordic identity serves as a base for various institutions (organizations and agreements) promoting cooperation between Scandinavian countries, for example, Nordic Council (since 1952), Nordic common labor market (1954), Common social security provision(1955), Passport union(1957), Nordic Council of Ministers(1974).

The Baltic States identity had less time to evolve. Among shared characteristics the major one is common fate, since all three countries historically were perceived and dealt with as a united region. However, this region is traditionally perceived more united from outside, than from the inside, because politically, economically and culturally Estonia is pulled to Finland, and Lithuania - to Poland. Examples of Baltic States cooperation include Baltic Assembly(1991), Baltic Council of Ministers(1994), Baltic Free Trade Agreement(1994), which was in force before all three countries joined the EU in one leap.

European identity is based not only on common goals, but also on common symbols (flag, hymn, currency). It is not only perceived, but visibly expressed. It also draws critics and discussions, because in spite of economic and political progress Europe made since 1950s, there is no shared culture, no common language, natural characteristics, myths and heroes. The best solution to this problem was offered by the concept of Europe of Olympic Rings.

<Table 1> Europe of concentric circles/Europe of Olympic rings

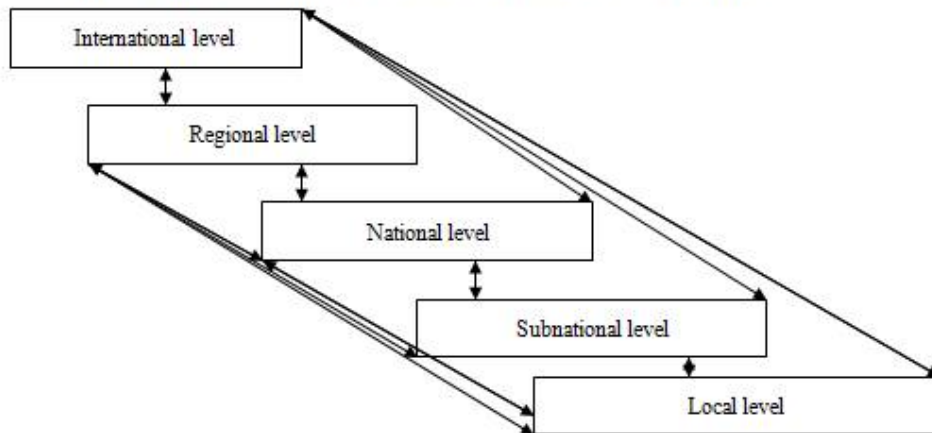
<i>'Concentric rings' Europe</i>	<i>'Olympic rings' Europe</i>
Regions subordinate to Brussels  Vertical integration Distinctive center-periphery divide Regions have a priori different status Reflects the sovereignty-based concept of space	Regional spaces co-exist with each other ('Neo-Medievalization' of Europe)  Horizontal interaction Neither a clear center nor a clear periphery Regions are equal in terms of within single hierarchy their significance and importance Is part of post-sovereignty conceptualizations

Northern Dimension, uniting countries of the Baltic Sea Region, became one of



such “Olympic rings” within united Europe. The initiative of Northern Dimension was proposed by Finland in 1997 in order to become more influencing in making decisions on the EU level, protect northern culture and welfare-states from conservative, capitalist, cartel, catholic Europe (so-called 4K-Europe). In other words, Northern Dimension is a kind of insurance for the Baltic Sea states in the multinational, multidimensional, and often turbulent Europe. Another goal of Northern Dimension is promoting cooperation with Russia, since Russia participates in the Baltic Sea States cooperation framework.

The Baltic Sea identity is being formed within a multilayered network of actors (<Figure 7>).



<Figure 7> Multilayered network of actors in the Baltic Sea region

This multilayered network of actors includes Baltic Seven Islands(1989), Union of the Baltic Cities(1991), Council of the Baltic Sea States(1992), Baltic Sea Forum(1992), Baltic Sea Chambers of Commerce Association(1992), Baltic Sea States Subregional Cooperation(1993), Baltic Development Forum(1998), etc. All those organizations promote in one way or another the Baltic Sea States identity, that is the most inclusive type of transnational identity existing in the region. It has some shared characteristics, such as common historical heritage, common goals, marine lifestyle, as well as discourses of history of international cooperation(Vikings, Hanseatic League, Amber Gates).

## **VI. Northeast Asia: the problems of transnational identity construction**

Finally, it is important to consider the possibility of transnational identity in the Northeast Asia. In the 1990s Asian scholars introduced the concepts of “soft integration” (or “soft regionalism”) in Asia. This approach differs fundamentally from the EU’s “hard integration” based on politically set arrangements. “Open integration” embraces concepts of pragmatic cooperation and loose integration, excluding legally-binding decisions that constrain action in key policy areas.

Whereas the benefits of political integration in Asia are not yet fully acknowledged, economic cooperation is perceived as beneficial when it yields economic benefits for all parties involved. Further Asian integration would not only strengthen economic cooperation, but will become necessary to tackle problems such as poverty, environmental pollution, water shortage and deforestation in Asia. It will also become necessary to secure a sustainable supply of energy in Asia.

Northeast Asia shares common goals (economic prosperity, political stability, reviving depression regions, nuclear safety, and migration control). China, Korea and Japan also share culture (writing, food, clothing, arts, Buddhism and Confucianism). There is much agreement on the sources of pride that are special in NEA and can be traced to the past. All parties recognize their own people’s education orientation, diligence, thrift, and entrepreneurship or industrial management. The three countries also emerged from the Asian financial crisis with new and shared appreciation for their interdependence. They have long agreed that they live in a region with complementary resources. As they recognize common challenges, they are reaching the point of agreement on a need for broader and more institutionalized cooperation.

However, although above-mentioned factors are good enough to promote and sustain economic cooperation, they cannot guarantee full-scale integration. G. Rozman believes that regional integration “...failed when each of the six countries active in NEA succumbed to nationalism that blocked the way to trust and cooperation, but the responsibility for failure is not equally shared. At the

beginning of the 1990s it was assumed that all actors in NEA were prepared to make at least the minimum sacrifice necessary in return for substantial benefits from economic integration and other regional ties. Japan was thought to have shed much of its nationalism in response to a devastating defeat and to be eager to rally its neighbors to regionalism based on respect rather than control. China and Russia would act because they were dislodging communist-inspired nationalism and awakening to the advantages of an independent world. South Korea would recognize that the long-sought key to reunification comes from close ties across the region. North Korea might be the last to act, but it would be so isolated it would have no alternative. Finally, the United States was now so secure in its power and well being that it would have no problem with others, in Asia as well as Europe, joining in regional ties as long as they raised few security or economic protectionist questions. Looking back, we find these assumptions to have been incorrect. Nationalism was, indeed, the culprit along with unresolved tensions between globalization and regionalism and insufficient local vitality for decentralization to become a positive force for regionalism. The dream of single, economically integrated region dissolved in a caldron of great-power rivalries and divided countries torn by narrow notions of national interest and distrust”(Rozman 2004).

So long as the formulas of integration and community imply that the boundaries of the nation state are to be transcended and a new identity forged, no country faces greater difficulty than Japan. Modernity for Japan has been a process of “datsu-A” (escape from, or denial of Asia), a blend of Japanese uniqueness with Westernization. In the 20th century, however, it became a stumbling block to efforts to establish regional community. For Japan, identity is the fundamental unresolved question of its modern history. Unless Japan becomes determined to reject historical continuity as the source of legitimacy there will be recurrent eruptions of the distrust of Japan on the part of its Asian neighbors. This will constitute a major obstacle to the regional community building in Northeast Asia.

China has a strong sense of its appropriate place in the Asia Pacific and a powerful sense of historical grievance for its “century of shame”. China’s definition of itself as a great power and as an underdeveloped and victimized third world country is part of a “dual identity” that confuses both China and its neighbors. China’s primary interest in the new world order is regaining its

international stature and historical power and influence.

For Korea the search for a viable regional community is simultaneously connected to possible options of re-unification of the nation. Over time, citizens of North and South Korea gradually came to possess a dualistic identity, which involved both a national identity, with loyalty to their respective state, and an ethnic identity, with loyalty to the Korean nation. The deep-rooted influences of the unitary-nation concept resulted in both Koreas competing to justify their national identity by claiming that they were the legitimate heirs of the Korean nation. Thus, in all the countries of Northeast Asia unresolved questions of national identity eventually result in resistance to regional integration.

Quoting Rozman, “domestic priorities privileged goals that stood in the way of regionalism. Each nation was anxious to achieve a “normal” national identity after feeling frustrated by foreign relations. The Japanese eyed an escape from the abnormality of being labeled as a “defeated power”, remaining a dependency of the US without a full set of levers to be used in external relations. The Chinese had been constantly reminded of being humiliated by foreign powers. South Koreans dispensed blame in many directions for their divided country and the resulting dependence on the United States... Whatever the label - defeated, humiliated, divided, or fallen - in each state political forces seized on a psychology of victimization to thwart steps that would have increased trust and smoothed the way to regionalism”(Rozman 2004).

To accept regionalism means to redefine one’s country’s identity in contrast to nationalist attempts to buttress old notions of identity by twisting regionalism to favor one’s own leadership and narrow interests. In all countries signs of such a redefinition can be found, but none has crossed a threshold of acceptance.

## **VII. Conclusion**

Cooperation is possible even without common identity if it continues within the limits of the game theory(incentive theories). In fact, this is what happening in Northeast Asia now, and most of the research on future cooperation possibilities is based on the premises of the egoistic rationality of all the actors in the region.

This situation can continue for decades. However, regional integration is a level up from economic cooperation. It requires transnational identity therefore, European countries work on its construction.

Countries surrounding the Baltic Sea experienced many of the problems that Northeast Asia faces - consequences of the Second World War, the Cold War etc. However, they made a conscious effort to build a regional community which resulted in promotion of cooperation and eventually in a deeper regional integration. From the theoretical point of view, they followed sequence 1 of collective identity and institutions construction cycle shown in <Figure 2>. National interests re-defined under the influence of regional identity caused increased interdependence, following the logic of <Figure 3>. What was not foreseen by theorists but was helpful in the region construction was the multilayered network of actors which forged identities on different levels simultaneously.

In Northeast Asia, on the contrary, nationalistic tendencies caused by different reasons prevent the states from active participation in transnational identity building. Intersubjective understandings and expectations possessed by different countries, as shown in <Figure 4>, call for actions which are rather egoistic and pragmatic in nature. Therefore cooperation in Northeast Asia is better described with incentive theories of cooperation, or the rational choice theory.

The present research has its limitations in both theoretical framework and data available for analysis. The cultural background of the author must also be mentioned. Future research needs a long-term prospective of cooperation and integration processes in both regions and more discussions and inputs from authors with diverse cultural backgrounds.

In conclusion, it must be said that transnational identity is still possible in Northeast Asia, and it can promote cooperation in the region beyond the limits of rationalistic game theory, if countries of the region can define their identities and interests, commit to common goals, create shared discourses and reach a balance between nationalism and internationalism. The Baltic Sea region provides a good example for the countries of Northeast Asia and a certain theoretical framework to study other options and choose the most appropriate conditions for international cooperation and integration.

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