

Presentation by Joel Rathus, Adelaide University, March 23rd 2010

“Chiang Mai Initiative Multilaterals; the significance for East Asian Regionalism”

Abstract

On the 24 of March this year, the Chiang Mai Initiative (CMI), initially composed of a network of Bilateral Swaps Agreements (BSAs), will go put into effect the multilateralization agreement reached at the ASEAN Plus Three Finance Ministers Meeting (APT-FMM) in December of 2009.

Should it go ahead, this will mark an important turning point in the development of East Asian regionalism. East Asian regionalism has thus far been characterized by networks of bilateral agreements, such as the ‘noodle bowl’ of Free Trade Agreements. When the CMI turns from a network of bilateral agreements into a single unified regional undertaking, it will demonstrate that the ‘Asian’ way of institution building is worthwhile and that Asia can independently solve its own problems.

And yet, from the outset, many doubted that the CMI would ever become a functioning international institution. Indeed even involved participants feared that the CMI would at best be a sort of financial Confidence Building Measure – its success defined by the avoidance of a financial crisis rather its actual use in the event of said crisis.

This presentation is therefore focused on three problems; what is it about the CMI that allows it successfully multilateralize while other, arguably more important, elements of regional integration are ignored? Why is it that many scholars and involved parties doubted that the CMI would progress? And what are the likely implications of multilateralization of the CMI for East Asian regionalism at large.

The presentation adopts a political-economy approach, and will discuss the problem from each of the three major international relations theories (realism, liberalism, social constructivism). It will show that while no one theory captures the dynamics of CMI multilateralisation, three key variables are important in understanding this outcome – variables which also play out in wider East Asian regionalism.

Joel Rathus is a PhD Candidate at Adelaide University, Australia and a Monbukagakusho Scholar based at Meiji University, Tokyo.