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Foreword

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The Great Recession of 2008 has accelerated the shift of economic power from advanced to emerging economies. This is particularly indicated by continued growth of emerging economies both large (India, China, Brazil, Russia) and small (Vietnam, Turkey, South Africa and Peru). It has resulted in expanding the G-8 to G-20 and IMF coordinating its monetary and development policy from multilateral perspectives.

As predicted in my book, *Chindia Rising* (2008), we are witnessing currency wars, race for natural, agricultural and especially human resources as well as global industry consolidation where emerging multinationals are making acquisitions or investments in other emerging markets. For example, ESSAR, a large Indian multinational has invested in the Caribbean to access raw materials for its steel mills. Similarly, the Tata Group is expanding across the board in Africa and China to ensure resource security.

The currency wars, especially between China and the United States, will be prolonged and will resemble similar currency wars between Japan and the United States in the eighties. As currencies of emerging markets appreciate, it will be even more attractive for them to shift from exports to foreign direct investment (FDI) and to domestic consumption. On the other



hand, advanced nations whose currencies are declining in value such as the dollar will shift from domestic demand to exports. This includes Germany and Scandinavia, and more recently the United Kingdom and the United States.

The only exception is Japan which is massively investing abroad for three reasons. The Japanese Yen is at a record high which makes Japan non competitive in value added export markets. Second, it has no natural resources to gain a competitive advantage through value added exports. Finally, its rapidly aging and declining population will strongly encourage Japan to invest in other nations especially emerging markets to generate economic growth of its multinationals. This is very similar to what Japan had to do in the eighties. Of course, other advanced nations who are direct competitors to Japan, such as South Korea, will have to fast follow to equalize Japan's currency based competitive advantage.

The world continues to experience the aftershock of globalization of trade and collapse of communism as forecasted in *Tectonic Shift* (Sheth and Sisodia, 2004). It will resettle with the rise of a new Triad Power (China, India and America) replacing the old triad power (Japan, Europe and America). It is the emergence of the new trilateral relationship with respect to trade, monetary policy, fiscal policy, as well as geopolitical and military alignment which will shape the future of global economy and politics.

In essence, the formation of India, China and America (ICA) Institute and all of its publications and conferences will become mainstream in the coming decade. Whether the trilateral relationship emerges as harmonious or acrimonious will decide the growth of global economy, delinking old alliances and emergence of new alliances even among strange bedfellows.

Finally, out of nowhere, Singapore will emerge as the most strategic city state in the world. This is similar to the rise of Vienna during the Cold War and Helsinki post communism. However, in my view, Singapore will play a far greater role than Vienna as an honest broker and neutral mediator for resolving conflicts between China, India and America.

I am very pleased with the progress we have made with *Journal of Emerging Knowledge for Emerging Markets* (JEKEM). This would not have been possible without the excellent leadership of Dr. Ashok Roy at Kennesaw State University, as Editor-in-Chief and Roxanne Russell at Georgia State University, as the Managing Editor. I also want to personally thank Prashant Das, also at Georgia State University and co-Editor of ICA Institute's weekly newsletter, for his extraordinary support. JEKEM is now linked to the Digital Commons, a Berkeley Electronic Press platform, to encourage more scholars to submit

nontraditional thoughts and insightful empirical research relevant to the rise of emerging markets.

I want to personally encourage conceptual and policy papers on implications of the rise of the new Triad Power.

Jagdish N. Sheth, Founder

ICA Institute