

The concepts are
also derived from the



The existing set up favours developed countries and they prefer to perpetuate it. The developing countries, on the other hand, are apprehensive that, under plans of full globalisation (acceptable to the developed countries), international economic relations are likely to be restructured to their disadvantage.

Currently, the world is witnessing a surge of regional economic groupings of various forms and contents, a phenomenon which cannot be ignored.

However, standard theory of international economics is inadequate in dealing with this new reality and the issues and problems which are thrown up by it. For yielding meaningful conclusions and policy prescriptions, it has to be suitably modified and equipped to deal with complexities which are generated by regional economic groupings. Standard theory deals with a framework of non-discriminatory tariff, trade and investment policies. Its concepts are also derived from the same framework. In contrast, the very essence of a regional grouping is the fact that it discriminates against non-member countries to its own economic advantage. It means that each member country of the grouping pursues two sets of policies—one for the member countries and another for the non-member ones, a blatant example of double standards unabashedly adopted and enthusiastically pursued.