Homogenized classification of developing economies: different countries behind general indices

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Abstract

Countries in the world can be classified into different groups regarding their geographical location, historical background, economic and social environments, and even demographic conditions. It is obvious that decision makers need exact and general indices in order to identify country groups. On the basis of the evaluations by some international organizations (e.g. International Monetary Fund, the World Bank, United Nations) countries in Southeast Asia and in Eastern Europe belong to the same group – to that of developing countries – however they are quite different regarding their fundamental characteristics. The key elements of the comparison of countries are different indicators and indices (GDP, GDP PPS, HDI and HPI) and those used to form groups of nations. But do these indicators have sufficient validity? The main aim of this article is to compare the fundamental characteristics of the Philippines (Southeast Asia) and Hungary (Eastern Europe) to answer this question.

Keywords: developing countries, Eastern Europe, Southeast Asia, economic indices

Introduction

The sole objective by writing this article has been to answer the question: whether the category of developing countries can be regarded as a homogeneous group or certain differentiation within this category is needed with respect to the factors examined by various organizations. Two completely different countries were selected that are categorized by some international organizations – for reasons to be detailed hereunder – as developing countries: the Philippines and Hungary.

There is quite a distance between Hungary and the Philippines not only in view of the nearly 10,000 km in between the two countries, but due to their fundamental geographic, economic, social and cultural characteristics as well. The 93,030 sq km Hungary lies in the middle of continental Europe,

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whereas the 300,000 sq km Philippines, consisting of 7,107 smaller and bigger islands, are situated in Southeast Asia. Even larger differences can be seen between the populations of the two countries: according to the 2007 census, 88.57 million people live in the Philippines, while the population of Hungary is 10.05 million. These differences in population are well characterized by the differences of the respective capitals and major cities. Situated on Luzon Island and consisting of altogether 17 cities, Metro Manila has a population of 11.55 million, making it the 16th largest metropolis of the world; the number of her inhabitants is larger than that of the whole Hungary. On the other hand, Hungary's capital, Budapest has a population of only 1.7 million, i.e. less than the number of inhabitants in Quezon City. According to the figures of the World Bank, the growth rate of the population in the Philippines was 1.9% in 2007, while in Hungary the rate of natural decrease has reached 0.2% (The World Bank, 2009). UN estimates that by 2015 the population of the Philippines will have become 100 million, and by 2050 140 million, whereas the population of Hungary will have dropped under 10 million by 2010, and will have remained under 8.5 million by 2050 (UN, 2008a).

Therefore, it is reasonable to raise the question what characteristics serve as the basis for the comparison between the two countries featuring completely different geographic situations, population and cultural history, and whether there is any rationale to make such a comparison. Naturally the number of differences outweighs that of similarities, yet in some important aspects clear parallelisms can be detected. The Philippines is a full founding member of Association of Southeast Asian Nations (ASEAN) established in Bangkok in 1967 (Sachs, J. 1989), while Hungary has been a member state of the European Union (EU) since 2004, i.e. both counties belong to significant economic (and political) organizations. The political regimes of the two countries also show parallel features: the Philippines got rid of the dictatorship of the Marcos era in 1986 (Schirmer, D.B. and Rosskamm Shalom, S. 1987), while Hungary witnessed the change of the political-economic regime in 1989. Today, both countries can be regarded democratic political regimes, though in the light of the corruption perception by Transparency International a considerable difference exists between the two countries: in 2009, Hungary's Corruption Perceptions Index (CPI) was 5.1, and thus ranked 46th of the 180 examined countries, while the Philippines was only the 139th with 2.4. It is to be noted, however, that Hungary is lagging behind most European states, meaning that, in its own surroundings the country is among the lowest ranking countries with respect to corruption.

In spite of the foregoing, in Hungary the Philippines is a frequently referred example of developing countries or newly industrialized countries, and one should find the basis of this view in the differences of social characteristics (e.g. rate of population growth, level of schooling) and economic indices (e.g. per capita GDP, role of agriculture) (Probáld, F. and Horváth, G. 1998). Our article has its points of reference in the analyses of International Monetary Fund (IMF) and Grant Thornton International Ltd., because both these organizations have categorized Hungary and the Philippines as developing countries (IMF, 2009; Grant Thorton, 2008). In this respect, no difference between the two countries can be observed in international judgement, meaning that the use of the term "developing country" seems to be just a matter of perspective.

In spite of the fact that each country has unique characteristics, they can be categorised in view of a number of aspects, as international organizations generally do so. In their book entitled Developing countries: definitions, concepts and comparisons, Sanford, E.J. and Sandhu, A. (2003) take political, economic and social relations as the basis, and highlight principally the per capita incomes of the countries, which can be measured in the simplest manner with respect to purchasing power parity. Similar ideas are suggested in Éprime Eshang's (1983) work entitled Fiscal and monetary policies and problems in developing countries. He opines that economic development is a fairly complex concept that should focus on social, political, technological and cultural changes in addition to economic characteristics. According to John Weiss beside the above-mentioned factors it is the low share of industrial production within the economic structure that describes developing countries (Weiss, J. 1990). The discrepancy between developing and developed countries became pronounced in the second half of the 20th century and in the early 21st century, in parallel with the strengthening processes of globalization. Thomas M. Leonard (2006) thinks that the express differences in the fundamental economic, social, political and cultural factors may lead to the distinction of a country from another even if there are several such countries regarded to be developed that could also be considered to be developing countries due to the poor qualities of some of the above characteristics. A common approach of the sources mentioned in the foregoing is that when highlighting the importance of economic factors all of them attribute some influence to social, cultural and political attitudes as well.

The list of articles and books describing the differences between developing and developed countries seems to have no end, and therefore one has to rely on the relevant definition of UN.

"The designations "developed" and "developing" are intended for statistical convenience and do not necessarily express a judgement about the stage reached by a particular country or area in the development process" (UN: Standard Country or Area Codes for Statistical Use).

"There is no established convention for the designation of "developed" and "developing" countries or areas in the United Nations system. In common practice, Japan in Asia, Canada and the United States in northern America, Australia and New Zealand in Oceania, and Europe are considered “developed” regions or areas. In international trade statistics, the Southern African Customs Union is also treated as a developed region and Israel as a developed country; countries emerging from the former Yugoslavia are treated as developing countries; and countries of Eastern Europe and of the Commonwealth of Independent States (code 172) in Europe are not included under either developed or developing regions” (UN: Composition of macro geographical (continental) regions, geographical sub-regions, and selected economic and other groupings).

According to the classification from IMF before April 2004, the countries of Eastern Europe (including Slovenia which still belongs to "Eastern Europe Group" in the UN institutions) as well as the former member republics of the Soviet Union (U.S.S.R., including those in Asia) and Mongolia, were not included under either developed or developing regions, but rather were referred to as “countries in transition”; however they are now widely regarded (in the international reports) as “developing countries”.

This article studies and compares the fundamental characteristics of Hungary and the Philippines in view of three main aspects:

– demographic characteristics and urbanization,
– economic performance and economic structure,
– social relations, social conditions.

Along this line of thinking, we are in search of an answer to the question whether there actually exist some parallelism between the two countries in the context that IMF applies, and if it is possible at all to categorize countries regarded to be developing, but having different characteristics in the same group. This analysis has been based on the summary reports of national and international organizations, such as Central Intelligence Agency (CIA), FTSE Group, Grant Thornton International Ltd, Hungarian Central Statistical Office, International Monetary Fund (IMF), National Statistics Office (Philippines), PriceWaterHouseCoopers, The World Bank, Transparency International, United Nations (UN) and United Nations Conference on Trade and Development.

Demographic characteristics and urbanization

One of the most characteristic demographic factors of developing countries is the growth rates of these countries over the average rate, i.e. population boom (Ghatak, S. 2003). In comparison with other continents, Europe witnessed her population boom relatively early, between 1800 and 1900, and the process peaked at the beginning of the 20th century (Roupp, H. 1996). In 1900, 25% of the world’s population lived in Europe (408 million people) and 57.5% in Asia (946 million people). In Asia, the most intensive period of the population boom was the 20th century, while by this time the growth of Europe’s population had slowed down considerably (Embree, A.T. and Gluck, C. 1997). According to UN's data, in 1950 the population of Asia was 1,411 million, in 2000 3,705 million, and it is estimated that by 2050 – with respect to the tendency of population growth – it might reach 5,266 million (UN, 2008a). *Table 1* shows that the population of Asia is still on an intensive growth, while the population of Europe will increase only until 2010, and thereafter continuous decrease is forecast.

A similarly dynamic growth rate of the population is characteristic of the Philippines, whose population will have become seven times larger from 1950 to 2050 in contrast with Hungary, where the decrease of the population is foreseen to be 1.1-fold in the same period. This difference is the most clearly reflected in the fact that in 1950 the population of the Philippines was hardly twice as many as that of Hungary, and by 2000 and 2050 the gap is expected to be 7-fold and nearly 17-fold, respectively.

Another characteristic figure is that in 1950 0.79 of the world's population lived in the Philippines, in 2000 – 1.24%, while in 2050 – 1.53%. In contrast, the corresponding data for Hungary show considerable decrease: in 1950 the country had a share of 0.37%, which dropped to 0.17% by 2000, and is going to remain under 0.1% in 2050. In his book entitled World population: a reference handbook and published in 2006, Geoffrey Gilbert has arrived at the conclusion in the light of the current demographic trends that those regions are considered to be developing where the growth rate of the population is over the average (Africa, Asia and Latin-America), while those countries are claimed developed where this growth rate has become decelerated or stopped

Table 1. Demographical trends in the Philippines and in Hungary between 1950 and 2050

Region, city	1950	1970	1990	2000	2010	2020	2030	2040	2050
	Population (million)								
World	2,535.00	3,698.00	5,295.00	6,124.00	6,906.00	7,667.00	8,318.00	8,823.00	9,191.00
Asia	1,411.00	2,139.00	3,181.00	3,705.00	4,166.00	4,596.00	4,931.00	5,148.00	5,266.00
Philippines	19.99	36.55	61.23	76.21	93.00	108.75	122.39	132.86	140.47
Urban population	5.43	12.05	29.86	44.62	61.73	78.59	93.86	107.01	117.83
Metro Manila	1.54	3.53	7.97	9.96	11.66	13.89	14.81*	–	–
Europe	548.00	657.00	721.00	728.00	730.00	722.00	707.00	687.00	664.00
Hungary	9.34	10.34	10.37	10.21	9.94	9.62	9.26	8.85	8.46
Urban population	4.95	6.21	6.82	6.60	6.79	6.95	7.05	7.04	6.99
Budapest	1.62	1.95	2.01	1.79	1.66	1.66	1.66*	–	–

*2025 *Source:* UN, 2008a

(Europe, Japan, Australia, New Zealand and North America). It is obvious that this approach largely simplifies a fairly complex issue, and therefore fails to offer absolute certitude.

In developing countries, due to the population boom huge demographic pressure is shouldered by the cities, in comparison with the rural population the growth rate of the urban population will be three times larger from 2000 to 2030 (Ruel, M.T. *et al.*, 2008; Bassam, E.N. and Maegaard, P. 2004). In parallel with the growth of the population, the urbanization rate is also on the rise, which is primarily reflected in the increasing number of urban population, while the emergence of urban lifestyles is less pronounced (Gilbert, G. 2006). *Figure 1* shows that the urbanization processes being characteristic of developing countries have left Hungary practically unaffected, unlike the Philippines, where within 80 years the proportion of urban population has nearly tripled. In Europe, urbanization processes accelerated in the 18–19th century, while Hungary witnessed the same tendencies just a century later, in the 19–20th century. In the 1950s, only 50% of the population lived in towns and cities, yet the growth rate in this respect has been rather slow, and therefore even by 2030 the ratio of urban inhabitants will have just exceeded 75% of the total population. In contrast, the Philippines saw the acceleration of urbanization processes in the second half of the 20th century; as a result by 2010 the ratio

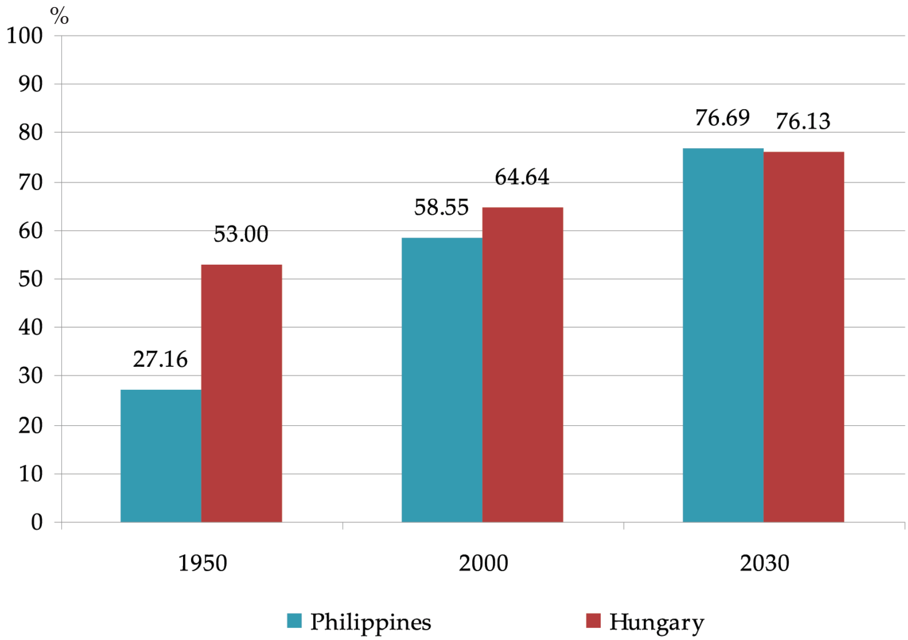

Fig. 1. Change in urban population in the Philippines and in Hungary between 1950 and 2030. *Source:* UN, 2008a

of urban population has become similar to that of Hungary, while by 2030 it will have passed the corresponding Hungarian ratio. Thus, the urbanization rate tends to be rather similar, and reflects little difference.

An adequate indicator of the above mentioned demographic and urbanization processes is the difference between the population growth of Metro Manila and Budapest. The only period was the 1950s, when the populations of the two cities were comparable. *Figure 2* clearly shows that by 2030 the population of Budapest will have been in fact identical to the population back in the 1950s, whereas Metro Manila will have experienced a tenfold increase within the same 80 years.

According to Aprodicio A. Laquian (2005), the fundamental problem is that the infrastructure network of the agglomeration is not capable of handling such a large-scale growth of urban population that is witnessed in the developing countries. The underlying reason is that the development of the infrastructure is slower than demographic changes, which impacts life quality in these megacities.

Consequently, in the light of the demographic and urbanization characteristics Hungary and the Philippines cannot belong to the same category. On the basis of the results of demographic analyses, instead of IMF's definition of developing countries it seems to be worth relying on UN's similar categorization stating that Hungary means a transitional stage in between developing and developed countries.

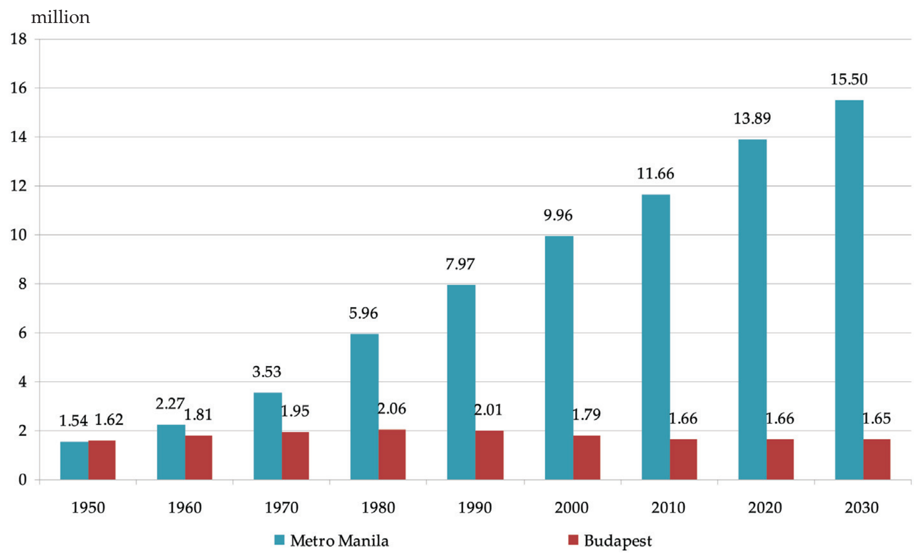

Fig. 2. Change in population number of Budapest and Metro Manila between 1950 and 2030 (estimated). *Source:* UN, 2008a

Economic performance and economic structure

In addition to demographic processes, it is generally the economic performance of countries that serves as the basis of categorization of developed and developing countries. Most of the associated sources take the gross domestic product and per capita gross domestic product of countries – measured nominally or at purchasing power parity – as the basis of comparison (Adams, F. G. 2002; Epstein, G.A. 2005; Eshang, É. 1983; Krugman, P.R. 2000). In this economy-oriented analysis, the various forms of GDP were also regarded to serve as grounds for comparison; one reason for this approach is the fact that it is generally measured in all countries. The present analysis has relied on the figures of three organizations (IMF, The World Bank, CIA), and special significance has been attributed to the IMF analysis. *Table 3* shows that on the basis of the nominal GDP values for 2008 the GDP values of the Philippines and Hungary are nearly identical, yet at purchasing power parity there is almost a 1.5-fold difference in favour of the Philippines. Obviously, GDP data in themselves are not too significant (the GDP of Sweden with a population of 9 million corresponds to the GDP of Indonesia inhabited by 230 million people), and therefore it is more effective to present per capita data. As *Table 2* shows considerable differences can be found in per capita nominal GDP figures. In Hungary, the per capita nominal GDP is USD 15,542, which is 8.3 times larger than in the Philippines, and nearly 1.7 times larger than the global

Table 2. Nominal GDP and GDP PPS in Hungary and in the Philippines

Region	IMF (2008)	Rank	The World Bank (2008)	Rank	CIA (2008)	Rank
	Nominal GDP (millions of USD)					
World	60,689,812	–	60,587,016	–	62,250,000	–
Philippines	168,580	47	166,908	47	172,300	46
Hungary	156,284	52	154,668	50	164,300	48
	Purchasing power parity GDP (millions of USD)					
World	68,996,849	–	69,697,646	–	69,490,000	–
Philippines	320,384	36	317,110	36	320,600	37
Hungary	196,074	51	194,023	52	203,900	51
	Nominal GDP per capita (USD)					
World	9,048	–	8,103	–	9,281	–
Philippines	1,866	121	1,848	115	1,755	132
Hungary	15,542	45	15,409	37	13,231	55
	Purchasing power parity GDP per capita (USD)					
World	10,287	–	9,760	–	10,361	–
Philippines	3,546	123	3,510	111	3,300	132
Hungary	19,499	45	19,329	35	19,800	47

Sources: IMF 2009, The World Bank database 2008 (www.worldbank.org), CIA 2008 average. Naturally, GDP values at purchasing power parity do not carry such large differences. Hungary's per capita GDP value at purchasing power parity is twice as large as the global average, but it is only 5.5 times higher than the corresponding value of the Philippines.

With respect to the differences in per capita GDP measured for nominal and purchasing power parities, we opine that the two countries cannot belong to the same category. This view has been reinforced by the report of FTSE Group Global Equity Index Series (Country Classification) monitoring stock markets where Hungary has been classified to be an advanced emerging country, while the Philippines belong to secondary emerging countries. This categorization is rather similar to the UN standard, and not IMF's categorization.

Concerning urbanization, it is worth comparing the data of Metro Manila and Budapest, as well, because in both countries the capitals are the agglomerations with the strongest economic performance. In its 2007 publication entitled Economic Outlook, PriceWaterHouseCoopers analyzes the characteristic GDP figures of 151 metropolises (PWHC, 2008). In the light of GDP data at purchasing power parity, in 2005 Metro Manila contributed to the gross domestic product of the Philippines with 36%, whereas Budapest gave 23% of Hungary's gross domestic product. Consequently, the distribution of the GDP has a more polycentric nature in Hungary, yet in view of the demographic tendencies the Philippines is foreseen to see the concentration of GDP in Metro Manila in the future. *Table 3* shows that Metro Manila enjoys a dynamic GDP growth in contrast to Budapest, which ranked 151st and thus last among the examined cities. In view of the trends anticipated the weight of Metro Manila is going to increase by 2020, and it will grow into one of the leading cities of Southeast Asia, while Budapest will lose a considerable part of her global (and continental) influence. Similar changes can be detected in per capita GDP values of these cities: per capita GDP of Metro Manila at purchasing power parity will have become 1.8 times larger within 15 years to reach USD 18,500, unlike Budapest, which will have only a 1.2-fold growth, and its per capita GDP will not hit USD 30,000. In their publication entitled A Roster

Table 3. Urban agglomerations GDP rankings in 2005 and illustrative projection to 2020 (using UN definitions and population estimates)

City	Estimated GDP (million USD at PPPs)		Ranks		Real GDP growth rate (% 2006–2020)	GDP growth ranking (out of 151)
	2005	2020	2005	2020		
Metro Manila	108,000	257,000	42	30	5.9	36
Budapest	43,000	49,000	92	126	0.9	151

Source: UN, 2008a

of World Cities, Beaverstock, J.V. *et al.* (1999) rely on various calculations to assume that at the present both Metro Manila and Budapest can be regarded gamma world cities, yet the characteristic tendencies promise the increase of Metro Manila's global weight.

In our opinion, the GDP value for economic performance does not lead to any accurate conclusion whether to regard a country to be developing or developed. Per capita GDP (either nominal, or at purchasing power parity) offers a more realistic view on countries, yet on the basis of these values neither Hungary, nor the Philippines can be considered as developed. In fact, the definition of FTSE Group Global Equity Index can be regarded to be acceptable with Hungary classified as an advanced emerging country, while the Philippines as a secondary emerging country. In view of economic growth, the dividing line between the two countries cannot be regarded to be so sharp that one would assume the above-described tendencies to remain permanent.

Unlike economic performance, economic structures are much differing. A general characteristic of developing countries is that the majority of the added value to the gross domestic product originates from industry, and a smaller proportion comes from agriculture, while the tertiary sector is less developed (Narula, R. 1996). In the case of the Philippines, 14% of the GDP originates from agriculture, and industry and services have contributions of 32% and 54%, respectively; in Hungary, 4% comes from agriculture, 30% from industry and 66% from services (The World Bank: World Development Indicators database, 2009). In our comparison, the point of reference has been Germany belonging to the most developed countries: here the agricultural sector contributes to the GDP only with 1%, while industry and services have shares of 30% and 69%, respectively. When compared to Germany in terms of the structure of economy, Hungary should clearly belong to the group of developed countries, while the evaluation of the situation of the Philippines is rather doubtful. The relatively large proportion of the added value from agriculture is an obvious consequence of the broad-scaling rural population, yet with respect to the given tendencies of urbanization it may become considerably smaller in perspective. With the increasing regional and global significance of the Philippines – especially Metro Manila –, people forced to leave the agricultural sector would primarily flow to the service sector, and to industry to a lesser extent, meaning that the economic structure of the country would become similar to that of the developed countries.

In the light of The World Bank's figures, there is still an important factor to be highlighted: the value of foreign direct investment (FDI). FDI has a crucial role in determining how much foreign investors consider a given country to be worth hosting investments. Obviously, with respect to FDI it is difficult to see any parallelism in between the emerging markets of Southeast Asia and the post-communist countries of Europe, because they are target areas of investments for different types of countries from various geographical locations (Athukorala, P. and Hill, H. 2002; Nicholas, S. and Maitland, E. 2002). In addition to the Philippines and Hungary, the FDI value has also been established for Germany as a country of reference on the basis of the figures of United Nations Conference on Trade and Development (UNCTAD) and CIA. *Figure 3* shows that foreign investors channel the largest investments to Germany featuring the strongest economic performance among the countries mentioned; the corresponding ratios for Hungary and the Philippines in comparison with the overall value for Germany are 16% and 3%, respectively.

In Hungary, the aggregate amount of foreign direct investments was dynamically increasing to become 171 times larger in 2007 than in 1990, while in the case of the Philippines the overall growth was 4.2-fold in the same period. A characteristic figure for Hungary's FDI growth rate is that since 1990 even China's total amount of foreign direct investments has risen only to a 15-fold value. It is also important to mention the other side of FDI that is the sum invested in foreign countries. According to UNCTAD data, in 2006 Hungary's foreign investments totalled up to USD 12,693 million, making her the largest capital investor among the former Communist countries. Obviously, the above-mentioned amount is far smaller than the corresponding values of Western European countries, yet the underlying growth rate is not insignificant. In the period from 1990 to 2006, nearly USD 40 billion foreign investments were associated with Hungary, which meant a 65-fold growth. The Philippines had USD 20 billion foreign investments in 1990–2006, and thus the given growth rate was 14-fold.

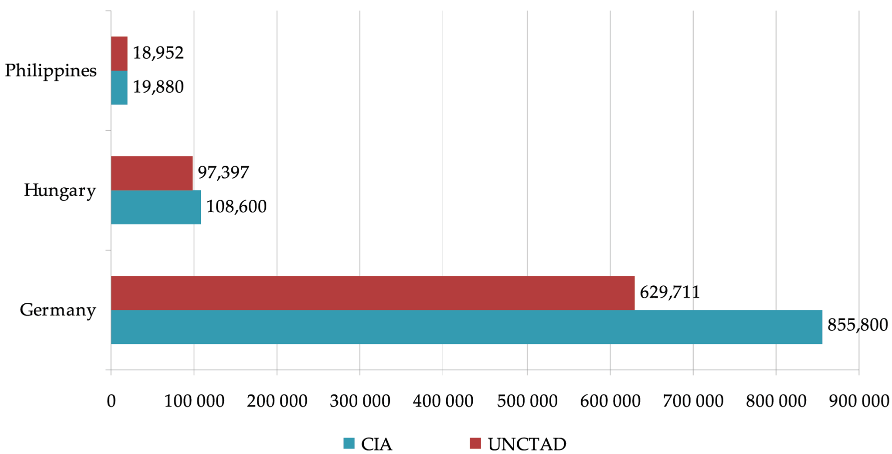

Fig. 3. Foreign direct investment (million USD) arriving in the Philippines, Hungary and Germany between 1990 and 2006. *Source:* UNCTAD, 2008; CIA, 2008

According to UNCTAD's analysis in relation to economic performance, Hungary belongs to the developed European countries, while the Philippines are one of the developing Asian countries. It is to be noted, however, that Hungary has suffered much more from the global economic crisis of 2008–2009 (and expectedly 2010) than the Philippines. IMF claims that in 2008 the GDP of the Philippines increased by 3.8%, and in 2009 the growth rate decelerated to 1% due to the crisis, yet is foreseen to grow again by 3.2% in 2010. In contrast, in 2008 Hungary's GDP had a growth rate of only 0.6%, and is expected to drop by 6.7% in 2009 and stagnation is going to follow into 2010 (-0.9%). Another key factor that makes Hungarian economy more vulnerable is that her USD 126 billion external debt reaches up to 80% of the annual GDP, whereas the external debt of the Philippines totals up to only USD 62 billion, remaining under 21% of the GDP (CIA, 2008). It is to be noted, however, that the external debts of countries regarded to be developed tend to be far larger than that of Hungary or the Philippines. For instance, the corresponding value for Switzerland is 442%, 375% for Great Britain, 160% for Germany and 100% for the United States.

Social relations, social conditions

The evaluation of social relations and social conditions has been chosen as the last aspect of the comparative analysis, because – in our opinion – this is the area where the sharpest contrasts can be detected between the two countries, and on the other hand that seems to be the most critical point of the analysis. The social conditions, circumstances of life in a given society are largely dependent on the growth rate of the population and the economic conditions, i.e. they are the essence of the factors examined in the foregoing. Naturally, the history, culture and political life of the two countries determine social conditions to a certain degree, but not to an extent that would make comparison impossible.

The colonization of the Philippines by the Spanish started in the 16th century, and then at the turn of the 20th century the years of American influence followed until 1946. In the 1960s and 1970s, the Philippines had the second quickest economic growth in Asia after Japan. In 1960, Ferdinand Marcos was elected, but no democratic changes took place; moreover, in 1972 Marcos declared martial law, and exercised dictatorship until 1986. Announced as a consequence of the People Power Revolution, the general elections of 1986 were won by María Corazón Cojuangco-Aquino, who thus became the first woman president not only in the Philippines, but in whole Asia (Schirmer, D.B. and Rosskamm Shalom, S. 1987). Since 1986, the Philippines have been walking the way of democracy more or less successfully (Lambertson, D.F. 1987).

Until 1918, Hungary was dependent on Austria within the dualist confederation of the Austro–Hungarian Monarchy. As a result of the Peace Treaty of Trianon closing the First World War (1920), as a country defeated in the war Hungary saw the shrinking of her territory from the former 325,000 sq km to 93,000 sq km, and a major loss of population from 20.9 million to 7.6 million inhabitants. Hungary was again among the defeated countries of the Second World War, yet the subsequent change in her territory was not considerable in comparison with the outcomes of the Trianon Peace Treaty. Save for a very short period of democracy from 1945 to 1949, until 1989 Hungary was a part of the sphere of influence of the Soviet Union, and therefore the first democratic elections took place as late as in 1990 (Molnár, M. and Magyar, A. 2001).

With respect to the historical characteristics, it can be claimed that the democratic processes rooted in western traditions arrived in both countries only in the second half of the 1980s, meaning that any comparison between the Philippines and Hungary is realistic only for the period since the 1990s.

Beside per capita gross domestic product examined above, it is Human Development Index (HDI) that is suitable for the description of the social relations and conditions of these countries, also with respect to the available data of international organizations serving as the basis of the analysis (UN, 2007). On the basis of HDI, UN proposes three basic categories of countries: countries with high, medium and low HDI values. In this respect, Hungary is ranking 43rd, and although she belongs to the middling group of countries featuring high HDI values, she has lost some positions in recent years. The Philippines is ranking the 105th, and therefore is in the medium HDI category. *Table 4* shows the various components of HDI in relation to 2006. The largest difference between the two countries is existent between the values of the GDP index, but no significant discrepancies can be found in the life expectancy index and education index. Life expectancy at birth is to be highlighted separately, because in this respect the values for the Philippines and Hungary are nearly identical, while Hungary is at the tail-ends in Europe.

Table 4. Human Development Index by components (2006)

Coutries	HDI value	Life expectancy at birth (years)	Combined gross enrolment ratio in education (%)	GDP per capita (PPP USD)	Life expectancy index	Education index	GDP index	GDP per capita rank minus HDI rank
	2006							
Hungary	0.877	73.1	90.2	18.154	0.802	0.960	0.868	5
Philippines	0.745	71.3	79.6	3.153	0.722	0.887	0.576	20

Source: UN, 2008b.

It is reasonable to compare changes in HDI. For Hungary, the HDI value was 0.811 in 1990, and reached 0.877 by 2006, thus the growth rate came to be 0.066 points. The HDI value of the Philippines was 0.694 in 1990, and then 0.745 in 2006 with an underlying positive change of 0.095 points. The growth rate of HDI can be regarded to be averaging in both countries, but in the period of 2000–2006 the increase of HDI considerably flagged in the Philippines. Similarly, material differences can be detected in the education index of the two countries: Hungary ranks 26th, while the Philippines rank 66th. It has been mentioned above that in the life expectancy index no similar difference can be observed between the two countries, because Hungary is in position 78, while the Philippines rank 100th. Obviously, the underlying reason is not the better ranking of the Philippines, but rather reflects Hungary's poor value.

Finally, a new indicator has been introduced for the purpose of comparison. In addition to HDI, UN examines countries with respect to their Human Poverty Index (HPI) values (UN, 2009b). It is an indicator that indeed echoes the differences in the social conditions of countries, distinguishes developed and developing countries on the basis of their social conditions. Countries regarded to be developed have not been included in the group of countries studied in UN's HPI survey, and therefore altogether only 135 countries have formed the relevant sample. From among the 135 countries, Hungary has become third in ranking (2% of the population lives under USD 1.25 a day, and another 2% under USD 2 a day), while the Philippines ranks 54th (22.6% of the population lives under USD 1.25 a day, and another 45% under USD 2 a day).

There are a number of other indices to express social conditions (Subjective Well-being Index, Quality of Human Conditions Index), and they look at the countries from various perspectives. On the basis of HDI and HPI, it has become apparent that quite a wide gap is open within the group of countries regarded to be developing.

Conclusion

The above-listed indicators (GDP, GDP, PPS) and indexes (HDI, HPI) consider only the current social-economic conditions of the countries with no reference to the future. According to the analyses and databases of various international organizations, the post-communist European states (e.g. Hungary) and the Southeast Asian emerging countries (e.g. the Philippines) can be grouped in the same category in spite of their apparently differing attitudes: they are all developing countries. In fact, the historic past determines today's circumstances and conditions in countries that are situated in different continents, and therefore such categorization has a rationale only within broad bounds.

We opine that the category of "developing countries" means an excessively homogeneous group where it is hard to fit countries when they are examined from various perspectives. Our initial objective has been to compare the Philippines and Hungary with respect to the fact that IMF deems both states to be developing countries. We have drawn the conclusion that these two countries can be classified in no single global group, while it is obvious – even in the light of the analyses of international organizations – that Hungary is a developing country in Europe similarly to the situation of the Philippines in Southeast Asia (at least when compared with Germany or Japan).

What is to be foreseen for the future?

We have no reason to think that the futures of countries are fixed and determined. Although today the differences between Hungary and the Philippines are fairly large, we should rely on the opinion of the well-known American scholar of political science, Samuel P. Huntington. In his presumably most famous book, The Clash of Civilizations and Remaking of the World Order published in 1996, he called the attention to the decline of the Western Civilization headed by the USA and Europe, and the strengthening economies of Eastern Asia. It will wake the self-conscience of the Eastern Asian countries, as their civilization will be founded on strong economies.

According to Huntington, by just after the middle of the 21st century the balance of powers between Asia and the Western world will have changed substantially, and even as early as today we can witness the signs of the process. Møller, J.Ø. (2007) thinks that the focus of global economy is gradually being shifted towards Southeast Asia, while Kerr, D. (2004) points out that nowadays the Southeast Asian economic competition between China and Japan (also affecting the Philippines) is just as determinant as the former economic rivalry between Japan and the USA.

A new economic global regime is being shaped where the future of developed and developing, European and Asian countries seems to be a still open question (Fox, J., 2009).

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Károly Kocsis (ed.): South Eastern Europe in Maps

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Geographical Research Institute Hungarian Academy of Sciences. Budapest, 2007. 136 p.

Over the past fifteen years the explosion of the "Balkan powder-barrel" shocking the European continent deeply i.e. the fanning of ethnic-religious tensions (suppressed for several decades) into regional conflicts and warfare renewed traditional interests of the Hungarian public towards the countries of South Eastern Europe (the former member republics of Yugoslavia, Albania, Bulgaria and Romania).

There has emerged a necessity to publish an atlas in the form of a book or a book combined with an atlas in which a large number of attractive thematic (political, ethnic, religious, economic) maps, charts, tables completed by concise textual analyses provide explanation for the up-to-date societal and economic issues of South Eastern Europe and the most characteristic segments of the region's development in the 20th century. The present publication produced in the Geographical Research Institute of the Hungarian Academy of Sciences serves as a brief account for public and scientific audiences and political decision makers on the region which largely belongs to the Balkans, with some countries as the primary targets of the enlargement of the European Union. The chapters are entitled by the main topics figuring in the book: the concept of South Eastern Europe and the Balkans; territorial distribution by states; ethnic and religious patterns; urbanisation and town network; the standard of economic development; spatial disparities; industry; transport; and tourism.