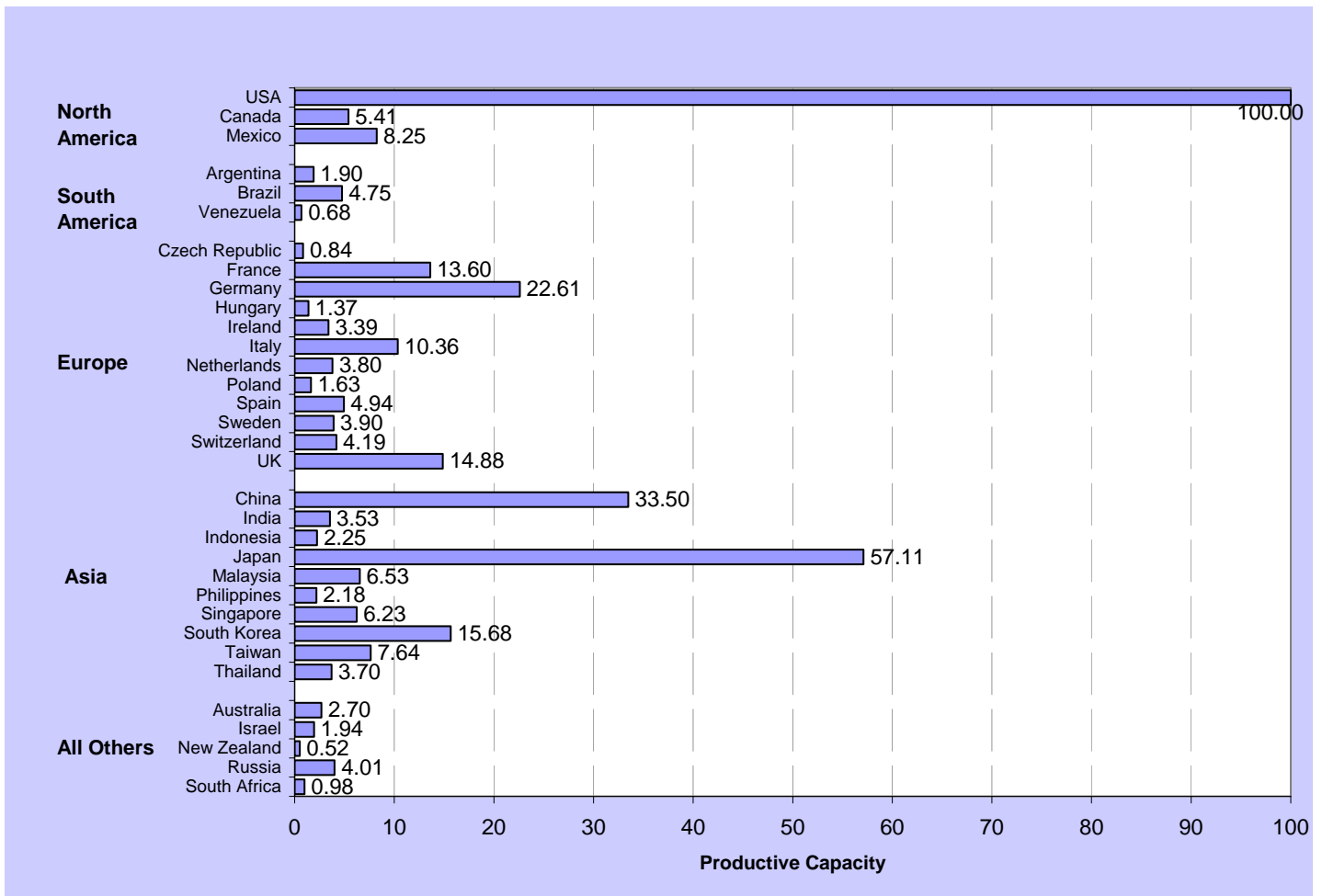


Figure 14: Productive Capacity 2005 Statistics-only – PC-05 (S)



In looking at the Statistics-only formulation of Productive Capacity, indicator scores show significant variation with prominent outliers such as the U.S., Japan, and China. Overall, the low mean (10.8; median of 4.0) and high standard deviation (19.6) suggest that outliers heavily affect these summary statistics. Without the aforementioned outliers, the mean (5.5) and standard deviation (5.2) lower drastically.

As with TI, PC (S) shows much greater variance across countries than does PC (T). Reflecting on their composition, this is not surprising. Three questionnaire items are replaced; one empirical component continues (electronics production), and two are added. Those two – Manufacturing Value Added (MVA) and Services Value Added (SVA) are highly volatile from year to year. [We intend to research this further, exploring smoothing and alternative formulations.] The three empirical components do correlate very highly with each other, serving to reinforce the differences among countries.