

MUNICH, 25 July 1966 (Communist Area Analysis Department: USSR - cz)

A significant slippage in the industrial output of the Soviet economy was registered during the first half of the B&K Five Year Plan, according to data in the mid-year economic report of the Central Statistical Administration.¹ A similar drop in output occurred in 1964 following the disastrous harvest of the previous year, so the primary reason for the comparative poor performance may be attributed to the poor harvest of 1965.

The deceleration of the Soviet industrial growth in the first half of this year stands in contrast to the performance of the Khrushchev Seven Year Plan:

| <u>1st Half Year</u> | <u>Percent Growth Industrial Output</u> ² |
|----------------------|--|
| 1959 | + 12 % |
| 1960 | + 10 % |
| 1961 | + 8.4 % |
| 1962 | "nearly 10 % |
| 1963 | + 8.5 % |
| 1964 | + 7.5 % |
| 1965 | + 9.3 % |
| 1966 | + 8.0 % |

The sizable dip in growth this year occurred twice before during the last seven years; in each case the decline followed a poor harvest of the previous year. The level of current industrial decline, however, was exceeded in 1964.

A more complete analysis of the mid-year economic report will appear shortly.

1) RM, 23 July 1966.

2) All comparisons are with the first 6 months of the previous years.