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SOVIET NINE MONTHS ECONOMIC RESULTS

SUMMARY

1. PRAVDA OF 18 OCTOBER PUBLISHED THE SOVIET ECONOMIC RESULTS FOR THE FIRST THREE QUARTERS OF 1986, AND IN MUCH GREATER DETAIL THAN USUAL. ALTHOUGH THE MAIN ECONOMIC INDICATORS CONTINUE TO SHOW RESPECTABLE INCREASES OVER 1985 ALMOST ALL OF THEM HAVE SLIPPED FROM THEIR JUNE 1986 LEVELS. SOVIET ECONOMIC GROWTH HAS GENERALLY CONTINUED TO FLATTEN OUT, BUT BY LESS THAN WAS TO HAVE BEEN EXPECTED. AGRICULTURE SHOWS SIGNS OF PROMISE, WITH HIGH LEVELS OF FOOD PRODUCTION AND SALES, INCREASED LIVESTOCK INVENTORIES AND HINTS OF INCREASED STATE GRAIN PROCUREMENTS. PREDICTABLY, IN THE LIGHT OF THE FALL IN OIL PRICES, THE VOLUME OF SOVIET FOREIGN TRADE DIPPED SHARPLY. CAPITAL CONSTRUCTION AND INVESTMENT, A PERENNIAL SOURCE OF CONCERN AND THE SUBJECT OF RECENT ADMINISTRATIVE STRUCTURAL TINKERING, CONTINUE TO LAG BADLY BEHIND PLAN. THE HIGH GROWTH RATE IN RETAIL TRADE TURNOVER HAS SAGGED SINCE JUNE, BUT THE VOLUME OF CONSUMER SERVICES SHOWS A STEEP RISE.

GLASNOST'

2. THE STATISTICS COVER MUCH MORE GROUND THAN IS USUAL FOR QUARTERLY RESULTS. THEY INCLUDE SOME FIGURES NORMALLY GIVEN ONLY ANNUALLY, AS WELL AS A BREAK-DOWN OF PLAN FULFILMENT BY PRODUCT CATEGORY (NOT PREVIOUSLY PUBLISHED). AS PART OF THE SAME POLICY OF GLASNOST' (OPENNESS), THE TEXT OF THE ACCOMPANYING COMMENTARY IS MUCH MORE CRITICAL THAN BEFORE. AT THE SAME TIME SOME KEY INDICATORS HAVE EVIDENTLY BEEN SWITCHED TO SHOW THE RESULTS IN THE MOST FAVOURABLE LIGHT: NATIONAL INCOME PRODUCED (4.3%) IS SUBSTITUTED FOR THE USUAL INDICATOR OF NATIONAL INCOME USED FOR CONSUMPTION AND ACCUMULATIONS (3.7%) AS IS FREIGHT SHIPMENTS CONSIGNED (5.6%) FOR FREIGHT TURNOVER (5.3%).

3. THE FOLLOWING ARE SOME OF THE CHIEF INDICATORS:

% GROWTH	1986 PLAN	1986	1986
		9 MONTHS	6 MONTHS
NATIONAL INCOME PRODUCED	4.3	-	-

NATIONAL INCOME PRODUCED

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4.3

NATIONAL

(NATIONAL INCOME USED)	3.6	3.7	3.7
INDUSTRIAL PRODUCTION	4.3	5.2	3.6
LABOUR PRODUCTIVITY			
IN INDUSTRY	4.1	4.8	5.2
IN CONSTRUCTION	-	4.5	4.9
IN RAILWAY TRANSPORT	-	8.2	8.9
COMMISSIONING OF FIXED ASSETS	-	12.0	6.1
(FROM STATE CAPITAL INVESTMENT)			
STATE CAPITAL INVESTMENT	8.2	9.0	10.0
FREIGHT SHIPMENTS (CONSIGNMENTS)	-	5.6	6.1
FREIGHT TURNOVER	3.5	5.3	6.9
RETAIL TRADE TURNOVER	3.6	6.6	7.8
VOLUME OF SALES OF CONSUMER			
SERVICES	-	17.0	7.1
TOTAL AREA OF HOUSING			
COMMISSIONED	-	11.0	6.0
FOREIGN TRADE TURNOVER	4.9	-9.0	-4.0

ENERGY

4. OVERALL PLAN FULFILMENT FOR THE SECTOR WAS 102%, WITH GAS AND COAL (RESPECTIVELY 11 BILLION CU MTRS AND 13 MILLION TONNES ABOVE PLAN) MAKING UP FOR THE CONTINUING BUT DECREASING OIL SHORTFALL (CURRENTLY ABOUT 2.75 MILLION TONNES).

AGRICULTURE

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5. THE AGRICULTURAL RESULTS SHOWED PROMISE: PRODUCTION AND SALES OF EGGS, MEAT AND MILK INCREASED. POULTRY INVENTORIES FELL SLIGHTLY, BUT THOSE FOR OTHER LIVESTOCK ROSE. FODDER RESERVES ARE HIGHER THAN FOR LAST WINTER.

INDUSTRY

6. ALL INDUSTRIAL MINISTRIES EXCEPT THAT OF THE RADIO INDUSTRY ACHIEVED PLAN TARGETS, THOUGH PRODUCTION SHORTFALLS WERE REGISTERED FOR TURBINES, ELECTRIC MOTORS, FORGE AND PRESS MACHINES, CHEMICAL EQUIPMENT, CAUSTIC SODA, MINERAL FERTILISER, SYNTHETIC RESINS AND PLASTICS, CHINA AND EARTHENWARE, GLASSWARE AND TELEVISIONS SETS. THE COMMENTARY CRITICISES THE CONTINUING PRACTICE OF LAST MINUTE 'STORMING' TO MEET DEADLINES, AND COMPLAINS OF THE POOR QUALITY, UNRELIABILITY AND LOW TECHNOLOGICAL LEVEL OF SOVIET GOODS. CAPITAL INVESTMENT IN THE HIGH-PRIORITY ENGINEERING SECTOR ROSE BY 17% FROM 1965 LEVELS, WITH CORRESPONDINGLY HIGH OUTPUT OF HIGH TECHNOLOGY GOODS: COMPUTERS, NUMERICALLY-CONTROLLED MACHINES TOOLS AND INDUSTRIAL ROBOTS. HEAVY INDUSTRY DID LESS WELL.

CONSTRUCTION

7. CAPITAL CONSTRUCTION STILL LAGS BADLY BEHIND. ONLY 49% OF PLANNED FIXED ASSETS WERE COMMISSIONED (AND ONLY 83% OF PRIORITY STATE INVESTMENTS). THE SECTORAL BREAK DOWN OF INVESTMENT USE SHOWS THE AGRO-INDUSTRIAL SECTOR MAKING RELATIVELY GOOD USE OF RESOURCES, BUT THE POWER AND ELECTRIFICATION MINISTRY FALLING WELL BEHIND. THE COMMENTARY'S LIST OF SHORTCOMINGS AND FAILURES TESTIFIES TO THE SERIOUS INADEQUACY OF THE CONSTRUCTION SECTOR.

LIVING STANDARDS AND CONSUMER GOODS

8. WORKERS' SAVINGS GREW BY MORE THAN 11 BILLION ROUBLES, IN LARGE PART BECAUSE OF THE LACK OF GOODS TO BUY. ALCOHOL SALES FELL BY 38% BUT FRUIT JUICE SALES ROSE BY 48%. FEWER CARS, CAMERAS, RADIOS AND WATCHES WERE AVAILABLE THAN IN 1965 BUT SALES OF SOME OTHER PRODUCTS INCREASED. HARSH CRITICISMS WERE LEVIED AT POOR QUALITY AND DESIGN.

GENERAL

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9. SEPTEMBER WAS NOT A PARTICULARLY SUCCESSFUL MONTH. INDUSTRIAL MARKETING TARGETS WERE NOT MET, BUT AGRICULTURE'S RELATIVELY STRONG PERFORMANCE HAS BUOYED UP THE FIGURES AND HELPED TO HALT THE 6 MONTH LONG DOWNWARD SLIDE. THE NEW INFORMATION POLICY OF PROVIDING MORE DETAIL AND OPEN CRITICISM MAKES THE COMMENTARY LOOK WORSE THAN THE FIGURES. THE WEAK CONSTRUCTION SECTOR AND INDUSTRIAL BAD HABITS CONTINUE TO CAUSE CONCERN, BUT THE PLAN NOW LOOKS EASIER TO ACHIEVE THAN IT DID LAST MONTH.

CARTLEDGE

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FCO PSE PASS SAVING ADDRESSEES

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