Invest to grow

a spending review to get Britain moving

by Joe Cox, June 2013

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This briefing outlines an alternative spending review – A Four Point Plan for Growth that would get the economy moving again.

Summary:
The logic the Coalition Government's 'Plan A' is now being seriously questioned in mainstream economic circles and amongst the wider public as austerity fails even on its own terms to bring down the deficit. This is the hugely contested backdrop to the Government's 2013 Spending Review which will set departmental budgets for 2015-2016. It is understandable that the Conservative Party (and to some extent the Liberal Democrats) will set out spending plans that continue austerity beyond 2015; to change course now would involve admitting they were wrong all along. But for the Labour Party to stray into similar territory would be not just illogical but politically and economically disastrous.

This briefing outlines an alternative spending review – **A Four Point Plan for Growth** that would get the economy moving again through:

1. Investment of up to £55bn in green and social infrastructure spending. This could generate up to one million jobs, add £187bn of additional GDP and almost £75bn in terms additional taxation. This could be financed through Quantitative Easing, going more directly to production, or a short-term increase in deficit spending.

But for the Labour Party to stray into similar territory would be not just illogical but politically and economically disastrous.

2. Setting tough new fiscal rules with independent democratic oversight of government spending. Earning the trust to borrow and spend money wisely in the future is paramount for any progressive party or coalition, including the Labour Party who have a particular problem in that many voters think it was not careful enough with the public finances when in Government.

3. Eliminating the structural deficit (once recovery is assured) through a series of progressive tax rises and by making cuts in wasteful public spending in areas such as Trident nuclear weapons and Private Finance Initiatives. It would also include adopting a zero budgeting approach to spending which reviews all spending to ensure the public's money is achieving maximum wellbeing, sustainability and reductions in inequality.

4. The state and public services need to be restructured and reformed to ensure sustained efficiency, responsiveness and innovation. This cannot be via the failed method of externally imposed changes from above. It requires a shift to the 'coproduction' and localisation of public services that utilises the expertise, commitment and energy of the people who provide services and users of the services. This shift 'upstream' to deal more productively with the causes of personal and social problems could save the taxpayer billions of pounds and result in more responsive services.

Why should those who had nothing to do with the crash and the most vulnerable in our community pay the price for the mistakes of the rich and influential?

Introduction:

The logic the Coalition Government's 'Plan A' is now being seriously questioned in mainstream economic circles and amongst the wider public as austerity fails even on its own terms; the deficit remains stubborn and our debt to GDP ratio continues to rise. Ever since the inception of the 'sovereign debt crisis' in early 2010 there has always been a powerful strand of economic, trade union and civil society opinion that was opposed to austerity on both economic and moral terms. They warned it wouldn't work and could make the deficit higher and asked 'why should those who had nothing to do with the crash and the most vulnerable in our community pay the price for the mistakes of the rich and influential?

[1] They have now been joined by many other voices: even institutions like the International Monetary Fund and many economists, such as Roger Bootle, Danny Quah and David Newbery who strongly supported austerity are either trying to caveat their position or make the case for increased public investment.[2]

This is the hugely contested backdrop to the Government's 2013 Spending Review which will set departmental budgets for 2015-2016. It is understandable that the Conservative Party (and to some extent the Liberal Democrats) will set out spending plans that continue austerity beyond 2015; to change course now would involve admitting they were wrong all along. But for the Labour Party to stray into similar territory would be not just illogical but politically and economically disastrous.

The Shadow Chancellor, Ed Balls, recently suggested that he and his party might be more open to the dogma of austerity than had previously been thought. In the speech he gave at Canary Wharf on June 3, he said that he would "expect in 2015-16 that we will inherit the current spending plans that the Chancellor sets out [and]… work within them." [3] Ed Balls still seems insistent that an incoming Labour government will engage in deficit-driven spending in such areas as housing and infrastructure but there is no doubt that Labour's position has shifted towards that of the government, and may do so again. Having got the analysis right since his Bloomberg speech in the Summer of 2010 when he correctly warned about the danger of 'cutting too far, too fast' it would be a tragedy for Labour and the country if the right analysis, held for so long is then followed by the wrong prescription.[4]

It is understandable that the Conservative Party (and to some extent the Liberal Democrats) will set out spending plans that continue austerity beyond 2015; to change course now would involve admitting they were wrong all along.

This wrong prescription has a number of dangers:

It would hand a 'get out of jail free card' to George Osborne at a time when his approach has demonstrably failed and previous high level supporters are abandoning support for austerity. Labour would be saying "sorry George, you were right after all'. Any caveats about where and how we would cut differently would be lost in the howls from the Coalition and its supporters over a spectacular U-turn. Polling shows that sticking to Tory spending plans would lose Labour support and polling since Labour's shift in policy shows its ratings on economic competence have fallen.[5 6] **Labour would be on the wrong side of the emerging new orthodoxy.**

It would be socially damaging, accepting further cuts to public services while restricting the tool of redistribution of wealth through taxation. Merely moving money around within the tight Coalition-inspired spending totals would result in even deeper cuts in areas like local government and social care spending. This would further impact women in particular and more generally those least able to deal with a crisis created by some of the richest people in society.

It would be economically damaging, locking a future Government into accepting low growth and austerity while making more economic turbulence likely.

Finally, it would send a message to the electorate that there is no real distinction to be made between the major political parties at the next General Election, adding to the shared feeling amongst voters that politics cannot fundamentally change their lives for the better and adding to the momentum for maverick 'anti-politics' parties such as Ukip.

None of this is to suggest that Labour does not need clear plans for public finances and a means of addressing the party's association with profligacy and waste. If the Labour Party was to commit to increasing public spending beyond 2015 it would still need to outline a more comprehensive plan to eliminate the structural deficit over the medium term. They should do this by arguing for a much higher proportion of tax rises to spending cuts as per the plan on page 8 of this briefing. Labour can only win back faith in its ability to handle the economy if it:

1. Argues for a short-term economic stimulus and medium term economic restructuring, such a plan is the best way to pay down the deficit.

2. Adopts a zero based budgeting approach that reviews all current spending to ensure public spending is well targeted to achieve maximum wellbeing, sustainability and reductions in inequality.

3. Sets clear medium term fiscal rules backed by clear and democratic fiscal oversight to demonstrate to the public that they will spend tax money efficiently. It is important that Labour continues to make a clear distinction between 'good' and 'bad' borrowing and spending and convinces the public that the Labour Party would only borrow and spend for a purpose.

4. Advocates a radical review of the state and public services in which areas of self-evident waste would be cut. This might include cutting such items as we've outlined on page 8 such as Trident renewal and the billions wasted on the Private Finance Initiative. It would also require a drive to devolve and decentralise many government functions to ensure meaningful localism and much greater efficiency and responsiveness of services. The centralised, lever-pulling basis of the British state is no longer viable as the dominant governance model in terms of democracy, accountability and efficiency.

This **Four Point Plan for Economic Growth** would give Labour a balanced ticket approach that would get the economy moving whilst providing reassurance that it has a clear path to reduce the deficit.

1. Investing to grow - how to cut the deficit successfully

It is becoming clearer every day that austerity is failing, even in its narrow aim of cutting the deficit:

Much of the public sector borrowing at present is as a result of the government's failed 'Plan A'- the misguided attempt to close the structural deficit in just five years at a time of economic depression. In the fiscal year 2012/13 alone, the Government borrowed £65bn more than it anticipated at the time of the June 2010 Emergency Budget as a result of its failed austerity programme. [7]

The Government is now planning to borrow £245bn more than it planned up to 2015. [8]

In June 2010, the plan was that the structural deficit would be closed by 2015; by March 2013, this had been pushed back to 2018 – still five years away. [9]

GDP could well be £160bn lower than forecast in 2015, meaning tax receipts will be around £64bn lower than originally anticipated.[10]

Tax receipts over this whole parliament are now set to be £274 billion lower than forecast in 2010.[11]

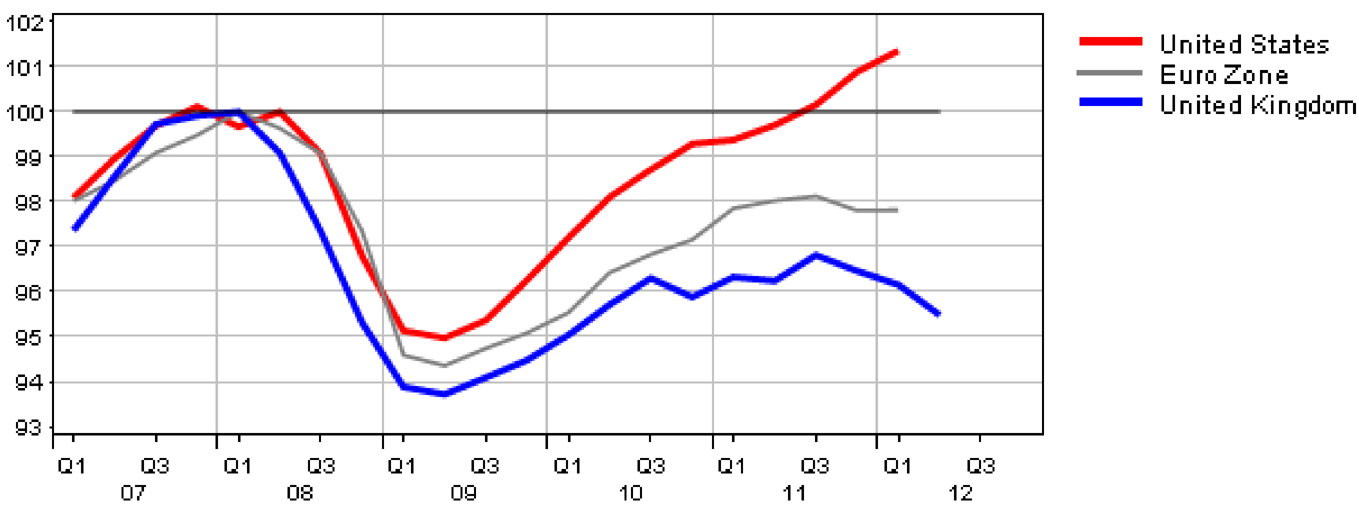
Any upturn, located in the South East, will be the result of the government deliberating stoking the housing market. This will result in the same 'asset bubble' recovery that is socially and regionally divisive and will inevitably burst while failing to address the long term weaknesses of the British economy.

An economic 'Plan B' [12] which increased government borrowing to invest in greater public spending in the short term would create much needed economic demand and subsequently help to close the deficit. Furthermore, polling shows that this would be supported by the electorate.[13] It is people in jobs that repay private debts and the public deficit. Most things grow when they are seeded, watered and tended to, not when they are hacked back.

We should capitalise on the record low level of long term interest rates to undertake capital investment. The Obama Administration, who maintained a stimulus whilst European states were introducing major spending cuts, included infrastructural investments as part of their programme. The United States has, as a consequence, been much more successful in bringing down their budget deficit compared to the UK. The Congressional Budget Office believes the US budget deficit will fall this year to **almost half the UK level and fall below 3% by 2015** - two years ahead of Britain.

GDP since pre-recession peak

Source: Reuters EcoWin



A fiscal stimulus of £55 billion in the UK would not only spur economic activity, jobs and tax receipts it could help restructure and future proof our economy.[14]

In order to tackle the interlinked environmental and economic challenges spending on infrastructure should be prioritised in the following areas:

Flood defences: The risk of flooding could increase by up to ten times due to climate change. A large investment in flood defences is required merely to maintain current defence levels.[15]

Low energy transport: A large shift from private to public transport is needed if we are to make serious carbon reductions. Happily this could also create hundreds of thousands of jobs.

Low energy supply and energy efficiency: With the cost of heating our homes increasing dramatically it makes environmental and economic sense to invest in low energy supply and the retrofitting of buildings.

Housing: We should be building around 250,000 homes a year to meet current and future needs. Public investment is badly needed to help us hit these pressing targets.

As the Women's Budget Group have argued any fiscal stimulus should also recognise the importance of investment in people and not just physical infrastructure. [16] Investing in this 'social infrastructure' of people and families is fundamental to a good society and a strong economy and tend to be jobs that are more recession proof.

Women have borne the brunt of the cuts, so there should be a built in gender audit of any fiscal stimulus to ensure that it is likely to create at least as many jobs in areas of employment that are likely to be taken up by women. Any stimulus should also acknowledge the huge divisions in wealth and business investment across the UK and for that reason investment should focused in the areas that need it most.

The above investments could create up to 1 million jobs directly which could in turn spur hundreds of thousands more in supply chains and as a result of a broader economic recovery. [17]

The table below shows how even with the most pessimistic view taken of the impact of investment spending infrastructure pays for itself through the additional tax it would generate. Using a higher multiplier, like the upper limit estimate from the IMF we see that this investment could generate a whopping £187bn of additional GDP and almost £75bn of additional taxation.

Stimulus impact of infrastructure spending:

Stimulus (£bn)	55	
Tax share of additional GDP	40%	
Estimates	OBR	IMF (upper estimate)
Multiplier (infrastructure)*	1	3.4
Additional GDP arising from stimulus	55	187
Tax arising from additional GDP	22	74.8

***Multiplier estimates taken from Duncan Weldon, "Fiscal Multipliers, the IMF and the OBR", Touchstone blog, http://touchstoneblog.org.uk/2012/10/fiscal-multipliers-the-imf-the-obr**

If the Labour is up front and honest about why it needs public spending in the first place it would receive a much more solid mandate for doing so.

With the economy operating at well under full employment this money could be created through **Quantitative Easing** (QE) without the risk of generating high inflation. [18] Indeed, you could spend £60bn on infrastructure in every year of the next Parliament and still spend less than the £375bn we have already spent on QE in this four year period. It is essential that any use of QE is invested in investment projects and not to provide 'new money' to financial institutions who are then not passing the money on. If and when the economy returns to full employment (or near full employment), QE may be inflationary so we would have to return to a more restrictive monetary policy without QE and use tax rises and spending cuts to close the remaining structural deficit instead. This is why we've outlined potential tax rises and spending cuts on **page 8** of the briefing.

A small flavour of the type of infrastructure investment that this could produce is already underway in some parts of the country:

In October 2012 Birmingham City Council launched its Birmingham Energy Savers programme. The project is expected to reduce energy bills for citizens by up to £300 per year, taking 12,000 households out of fuel poverty by 2015. 350 full time equivalent jobs are expected to be created or safeguarded from improving the energy efficiency in 15,000 domestic dwellings by 2015. 3,000 homes will be improved in the first year, 4,500 in year two, 7,500 in year three. [19]

2. Earning the trust to borrow and spend public money wisely

Earning the trust to spend money wisely in the future is paramount for any progressive party or coalition, including the Labour Party who have a particular problem in that many voters think it was not careful enough with the public finances when in Government. This can be achieved by telling a story about what sort of society and economy we want to build. If the Labour is up front and honest about why it needs public spending in the first place it would receive a much more solid mandate for doing so. This backing for good borrowing and good spending is essential.

Setting new fiscal rules would also help Labour in this regard. At present the 5 year rolling target for clearing the structural deficit imposes no current restraint on Government expenditure. A fiscal rule which insists on reigning back public spending in a boom and allows for greater public spending during a slump could help achieve this. New Labour's 'Golden Rule' that current spending in the public finances should be in balance over the business cycle could be updated and made much tighter if it allowed the OBR to define the business cycle rather than leaving that decision to the Treasury who will be under pressure from politicians to shift the goal posts, especially as an election nears. There also needs to be independent but democratic accountability of spending decisions to make sure that spending and repaying is counter-cyclical.

Labour could roll back many of this Government's cuts, £55bn of them in fact and still eliminate the structural deficit of around £45bn in the medium to long term.

Such democratic scrutiny and oversight of spending plans could be achieved by:

Bolstering the role of the Public Accounts Committee (PAC) including resourcing it to monitor the Treasury's debt figures

Appointing a PAC advisory panel which draws from experts across a wide field to increase its ability to scrutinise spending

Equipping the PAC with the budget to audit national accounts with the PAC appointing the auditor and setting the brief

A commitment to vastly improving Government accounting and statistics to improve outside monitoring of economic performance

Creating a Commission on UK Economic Forecasting and Management to improve the independence and accuracy of the Treasury/Office for Budget Responsibility (OBR). The OBR forecasting has consistently been shown to be inaccurate both in terms of over-estimating economic growth and underestimating the multiplier effect of fiscal stimulus.

3. Eliminating the structural deficit

There isn't anything that is intrinsically progressive about the state spending money. Governments should be careful about every penny they spend because it's not 'their' money it's ours. Adopting a zero based budget approach would allow for much greater efficiencies as all public spending would be analysed to ensure it achieves the best possible outcomes in terms of wellbeing, sustainability and reductions in inequality.

That said the coalition government is planning on cutting annual public spending by around £70bn by the next Parliament. On top of the unprecedented cuts, demographic pressures, stagnating wages and high unemployment these cuts will have a dramatic effect on our ability to provide public services. The majority of UK children will be living below the poverty line by 2015 and the gap between the rich and poor will widen still further. [20]

All these trends make mean that it will be necessary for any genuinely progressive Government in 2015 to reverse at least some of the Coalition's spending cuts. Rather than simply sticking to Conservative spending plans beyond 2015 Labour should outline an alternative progressive plan that would virtually eliminate the structural deficit in the medium to long term based on a much higher proportion of tax rises to spending cuts.

Labour could roll back many of this Government's cuts, £55bn of them in fact and still eliminate the structural deficit of around £45bn in the medium to long term.[21]

Even if we assume that the £55bn on infrastructure spending generates no additional GDP growth the structural deficit could still be closed. A much more fundamental restructuring of the tax and benefits system which shifts taxation from income to wealth should be explored if we are to broaden the tax base, reduce inequality and make work pay. Central to this restructuring would be the implementation of a Land Value Tax. [22] An example of how to do this is set out below:

Tax	£ (Billion) Annually	Spending	£ (Billion) Annually
Mansion Tax	1.7	Abandoning PFI contracts and buying out Infrastructure companies	10 (by 2017)
Financial Transactions Tax	20	Cancelling Trident	4
Increasing top rate income tax to 50%	1.1	Cancelling new road building projects	1.2
Clamping down on tax avoidance	32.5		
Restoring Corporation Tax to 28%	7		
Bankers Bonus Tax	3.5		
Empty Property Tax	5		
Scrapping higher rate Pension Tax Relief	7		
Net Wealth Tax	7		
Energy Windfall tax	0.4		
Totals	85.2		15.2

4. Increasing public sector productivity

In addition to the spending cuts outlined above we should look to revolutionise public services to make them more innovative, productive and efficient. There are two aspects to this, first spending should go upstream to deal with the causes of social and economic problems and not be wasted addressing symptoms [23]. It is much more efficient, and humane, to stop people falling in the river in the first place than fish them out and hope to revive them downstream. Secondly, services should be co-produced and localised wherever possible by public servants and citizens to build improvements into everyday activity rather than imposing big structural changes from above [24]. Taken together the efficiencies could be huge and at the same time could produce better outcomes.

Taking Action: It is important that those of us who believe in a genuine progressive alternative to austerity take action to change the debate.

Email Ed Balls the following using our simple tool at:
http://bit.ly/1bW3Ux2

Dear Ed,

You were right all along 'cutting too far too fast' won't work so don't hand George Osborne a get out of jail free card by sticking to the Government's spending plans after 2015.

Britain needs to invest to grow. The deficit will be cut by:

Stimulus spending on green and social infrastructure

A series of progressive tax rises and cuts in wasteful public spending in areas such as Trident nuclear weapons and Private Finance Initiatives

Co-producing and localising public services that utilise the expertise, commitment and energy of the people who provide services and users of the services

Setting tough new fiscal rules with independent democratic oversight of government spending

You yourself have said 'cutting to far too fast' won't work. It's crucial that you stick to this analysis and not sign up to Tory spending limits after 2015. Otherwise it will be a disaster for Labour and the future of Britain.

Best wishes,

Visit http://action.compassonline.org.uk/spendingreview to use our handy tools to tweet this picture to Ed_balls.

Conclusion

Austerity has plainly failed and for this reason it would be economically, socially and political wrong for any progressive party to accept the Government's spending framework beyond 2015. Yet for any party to commit to increasing public spending beyond 2015 it would need to outline a plan like the one in this briefing that could eliminate the structural deficit over the medium term. This mix of credibility and change is the right balance for progressive politics and the country.

Acknowledgements

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About

This is the latest in a series of publications that begins to outline an alternative political economy in a post-crash world. In the June 2010 'Emergency Budget' the Chancellor of the Exchequer, George Osborne, set out the Coalition Government's Plan A – an attempt to eliminate the "structural deficit" of £110 billion (over 7 per cent of GDP) in the UK's public finances in five years – with 77 per cent of the fiscal gap to be closed through spending cuts rather than tax rises. Compass's initial verdict was that this "£100 billion gamble" risked undermining the nascent recovery from the worst recession since the 1930s which had begun in the last 18 months of Gordon Brown's Labour Government. A year later, as the evidence of the Coalition's economic problems was beginning to mount, Compass published a response to Osborne's insistence, during that Emergency Budget statement, that there was "no plan b".

Plan B criticised the Coalition Government's "economic sado-masochism" and argued that "in short, it looks increasingly likely that a severe economic slowdown – in the worst case, a double-dip recession – is going to be upon us in 2012,wrecking the prospects for Plan A. Indeed, Plan A is making a double-dip considerably more likely than would otherwise be the case." We take no pleasure in noting that the double-dip recession came to pass. As the evidence mounts that George Osborne's strategy isn't restoring the economy to health, but is inflicting unnecessary and long lasting damage to our social and economic fabric, pressure builds for an alternative approach. Plan B: A good economy for a good society outlined a starting point for "a new economic paradigm… that will prioritise fairness over greed, the needs of productive capital over finance capital, the long term over the short, and the needs of the people and the planet over the excessive and undeserved profits of the few".

All these publications are available to download at **www.compassonline.org.uk/library**

Appendix and further details

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[2] Exclusive: Osborne's supporters turn on him, New Statesman, 15 August 2012 **http://www.newstatesman.com/blogs/politics/2012/08/exclusive-osbornes-supporters-turn-him** and George Osborne told by IMF chief: rethink your austerity plan, The Guardian, April 18th 2013, **http://www.guardian.co.uk/politics/2013/apr/18/george-osborne-imf-austerity**

[3] Ed Balls, Striking the right balance for the British economy - Ed Balls speech at Thomson Reuters, 3 June 2013 **http://www.labour.org.uk/striking-the-right-balance-for-the-british-economy**

[4] There is an alternative' – Ed Balls' speech at Bloomberg, **http://www.edballs.co.uk/blog/?p=907**

[5] Ukip support falls back but main parties remain weak on economy, The Guardian, 11 June 2013, **http://www.guardian.co.uk/politics/2013/jun/11/ukip-support-falls-main-parties-weak**

[6] Poll shows little enthusiasm for Labour backing Tory spending plans (except from Labour supporters…), Labourlist, June 4, **http://labourlist.org/2013/06/poll-shows-little-enthusiasm-for-labour-backing-tory-spending-plans-except-from-labour-supporters/**

[7] BBC News, Budget 2013, Budget 2013, **http://www.bbc.co.uk/news/business-21854895**

[8] Ed Balls, ibid

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[10] H Reed, Plan B + 1, 2013, **www.compassonline.org.uk/library**

[11] Ed Balls, ibid

[12] H Reed Plan B, 20 **www.compassonline.org.uk/library**

[13] Poll shows support for more borrowing to fuel growth and jobs, Labourlist, 4th June, 2013, http://labourlist.org/2013/06/poll-shows-support-for-more-borrowing-to-fuel-growth-and-jobs/

[14] The 'output gap' is the gap between actual and potential GDP. It is currently calculated by the Office of Budget Responsibility to be 3.6% in 2013. A fiscal stimulus of around £55 billion could plug this output gap.

[15] Flood defences hit by government cuts 'mismatch', say MPs, The Guardian, 31 January 2013, **http://bit.ly/11dVEXh**

[16] Women's Budget Group Pre- Budget Briefing, March 2012, **http://wbg.org.uk/pdfs/WBG-pre-budget-FINAL.pdf**

[17] One Million Climate Jobs, Campaign Against Climate Change, 2010, **http://www.climate-change-jobs.org/sites/default/files/1MillionClimateJobs_2010.PDF**

[18] Centre for Banking, Finance and Sustainable Development, MP & Banking Expert Call For Change to BoE Policy, 8 February 2012, http://bit.ly/134HCWq

[19] For full case study see pg 17 of H Reed, Plan B + 1, 2013, www.compassonline.org.uk/library

[20] TUC, Majority of UK children will be living below the breadline by 2015, 13 March 2013, http://www.tuc.org.uk/economy/tuc-22001-f0.cfm

[21] According to the OBR cyclically adjusted net borrowing is forecast to be around 2.7% of GDP in 2015/2016 which is approximately £45bn if we use Treasury figures that predict Nominal GDP will be £1.7 Trillion for 2015/2016.

[22] See H Reed and R Murphy, Financing the Social State, for more on this - http://bit.ly/157uUMe

[23] A Coote, The Wisdom of Prevention, 2012, http://www.neweconomics.org/publications/entry/the-wisdom-of-prevention

[24] Z Gannon and N Lawson, Co-production, www.compassonline.org.uk/library

Further details on the Eliminating the Structural Deficit table:

Tax Increases

Property Tax: TUC, a Budget for jobs and green growth, 2009, http://bit.ly/15N1DU1

FTT: Compass, Why Labour should back an FTT, 2012 50p Income Tax: Treasury figures suggest just £1.1bn was raised due to widespread evasion, see, BBC News, Budget 2012: Farewell, 50p tax rate, http://www.bbc.co.uk/news/business-17465733

Tax Evasion: This is based on official HMRC figures of the tax gap. While it can be argued that the tax gap will never be fully closed one could also argue convincingly that the real gap is much higher.

Corporation Tax: HM Treasury figures estimate £915m revenue for every percentage point increase

Pension Tax Relief: Figures from Centre Forum, Taxing decisions: the debate between tax credits and personal tax allowances, 2012, http://www.centreforum.org/index.php/mainpublications/325-taxing-decisions

Wealth Tax: IPPR, Property and Wealth Taxes in the UK, 2013, http://www.ippr.org/images/media/files/publication/2013/03/wealth-taxes-context_Mar2013_10503.pdf

Energy Windful Tax: £4.7bn was raised in 1997. A conservative estimate would suggest at least double this would be raised now. Annutised to 4% (based on pre 2008 interest rate on government debt).

Spending Cuts

Road Building: £30bn in one off savings annutised to 4% of the savings per year (based on pre 2008 interest rate on government debt). Figures from Roads to Nowhere, Campaign for Better Transport, October 2012, http://bit.ly/10N5lJb

PFI: The Guardian, PFI will ultimately cost £300bn, 5 July 2012, http://bit.ly/11hRYQj - savings annutised to 4% of the savings per year (based on pre 2008 interest rate on government debt)

Trident: Yearly savings of £3bn plus £25bn in one off savings annutised to 4% of the savings per year (based on pre 2008 interest rate on government debt). Figures from CND.