

# Debt, planning, precision, & hubris

It might be said that debt is temporary money.

Wherever there is debt, there is, for the time it takes, matching credit, credit being money on a leash. Like a lead or a lease.

A more obvious way of thinking about it is that debt is obligations, and these lie necessarily in the future. Together with credit, it is a planning tool. Since we cannot live day-by-day and do not relish hand-to-mouth, we provide for contingencies, create projects and make commitments. So some debt is good. The problems arise when we overreach ourselves.

It is like filling up our appointments diary years in advance. Indeed, this is how the level of national debt is represented, namely as a percentage of gross domestic product, which is an annualised figure.

If we overfill our diaries and book commitments years ahead, we are likely to default because, in all probability, circumstances will intervene that prevent us meeting our obligations. Re-scheduling everything becomes too complicated because we no longer have any room for manoeuvre, having booked up nearly every time slot.

So one reason that excessive debt (or indeed its counterpart, excessive credit) is bad is that it creates unmanageable complexity. Complexity is the enemy of transparency, and therefore of good governance.

Excessive debt is, finally, also an instance of spurious precision because precise obligations are created in a magnitude and on a time-scale that have lost touch with human realities. Precision is imagined where none is possible. Precision is conjured up in the realm of speculation. This is hubris.