# Debt: the good, the bad and the….

This is much talk about Treasurer Morrison’s attempt at a new dialogue about good and bad debt.

Readers might compare the idea with classics such as Animal Farm; all spending is equal but infrastructure spending is more equal? Or Hamlet; debt is neither good nor bad but thinking makes it so? Possibly ‘good debt’ will be just what Humpty Dumpty chooses it to mean.

That aside, and without nagging about ‘the ends justifies the means’ assumption made by most disciples, the beagle asked to make a few points.

Discoverers of ‘good debt’, largely proponents of infrastructure spending that benefits the big end of town, talk about how the Commonwealth’s ‘balance sheet’ should be used. No doubt they will back this up by regaling us about the $22bn debt run up in recent years by excessive road building.

Those pushing other barrows towards the public money pile point to different, potentially more productive, uses of Commonwealth funds derived from debt. Unfortunately, the powers that be tell us such uses, even good ones, make debt bad. Except for tertiary education; surely the Government would not ask students to take on increased debt unless it knows it is good?

But where in the ‘debate’ is there consideration of the legitimacy of Commonwealth spending supported by debt? For example spending on matters where the Commonwealth or its Government lack Constitutional authority. Like school chaplains. Or many roads and other ‘nation building infrastructure projects’.

Suppose the Government finds cheap money in debt markets, in superannuation accounts or even on the street; does this authorise otherwise illegal Commonwealth outlays?

Are the legal problems avoided by the Commonwealth creating corporations to borrow and spend, to own debt or equity in projects outside its Constitutional remit?

It would be interesting to see this contested. A proposition that a Commonwealth corporation has more power than the Government or Parliament? Good luck with the argument.

No doubt it would be far better for the Commonwealth to take an interest in its infrastructure ‘investments’ by becoming a creditor or owner than to continue the current lazy little-care and less-responsibility practice of gift giving.

Is this the argument that the Commonwealth should own and (therefore) fund anything it likes?

Good debt despite the rule of law?

Even this does not get full marks for chutzpah. No, full marks require reference to ‘the dismissal’; triggered by a Minister trying to borrow for undoubtedly legitimate Commonwealth purposes. Called ‘reprehensible’ circumstances.

Debt: the good, the bad and the reprehensible?

In any case escalating; silently, needlessly, pointlessly, with runaway road spending.

Just like you thought.

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