# Decades of economy doing well led to fall

"Five years since the collapse of Lehman Brothers, we still lack a true understanding of what caused the financial crisis and the Great Recession," Robert Samuelson wrote in Saturday's Daily News.

"Liberals blame a naïve faith in free markets, deregulation and Wall Street greed. Conservatives slam government: lax monetary policy and ruinous home-lending by Fannie and Freddie," Samuelson continued. "These selective narratives are self-serving, intended to advance political agendas and not illuminate the messier reality. We were victims of success."

Samuelson goes on to explain how the fairly continuous economic prosperity we experienced over the quarter century leading up to 2007 laid the foundation for our eventual undoing. His argument makes perfect sense.

As I read Samuelson's insightful analysis of what caused the Great Recession, I was reminded of a recent book by Jim Collins, "How the Mighty Fall." Many readers are no doubt familiar with his previous bestseller "Good to Great." Like Samuelson, Collins is able to make complicated ideas understandable to people like me.

In "How the Mighty Fall," Collins explains the somewhat predictable stages most companies go through on their way from the top to the bottom. These include: hubris born of success, the undisciplined pursuit of more, denial of risk and peril, grasping for salvation and capitulation to irrelevance or death.

Although Collins was writing about the business world, it is obvious his model is as applicable to individuals and nations as it is to corporations. It is the arc of tragedy – and it almost always has its genesis in success.

The parallels to what happened in our country are unmistakable.

The truth is the economy did fairly well between 1982 and 2007, suffering only two relatively minor downturns. This gave us a false sense of optimism and invulnerability, setting the stage for our inevitable fall.

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