

Thus, the ideas presented in *Why Nations Fail* seem both true and false. The claim that harmful political institutions and corrupt elites can inflict huge economic damage upon a society seems absolutely correct. But while the authors turn a harsh eye toward elite misbehavior across time and space—from ancient Rome to Czarist Russia to rising China—their vision seems to turn rosy-tinted when they consider present-day America, the society in which they themselves live and whose ruling elites lavishly fund the academic institutions with which they are affiliated. Given the American realities of the last dozen years, it is quite remarkable that the scholars who wrote a book entitled *Why Nations Fail* never glanced outside their own office windows.

A similar dangerous reticence may afflict most of our media, which appears much more eager to focus on self-inflicted disasters in foreign countries than on those here at home. Presented below is a companion case-study, “Chinese Melamine and American Vioxx: A Comparison,” in which I point out that while the American media a few years ago joined its Chinese counterparts in devoting enormous coverage to the deaths of a few Chinese children from tainted infant formula, it paid relatively little attention to a somewhat similar domestic public-health disaster that killed many tens or even hundreds of thousands of Americans.

A society’s media and academic organs constitute the sensory apparatus and central nervous system of its body politic, and if the information these

provide is seriously misleading, looming dangers may fester and grow. A media and academy that are highly corrupt or dishonest constitute a deadly national peril. And although the political leadership of undemocratic China might dearly wish to hide all its major mistakes, its crude propaganda machinery often fails at this self-destructive task. But America’s own societal information system is vastly more skilled and experienced in shaping reality to meet the needs of business and government leaders, and this very success does tremendous damage to our country.

Perhaps Americans really do prefer that their broadcasters provide Happy News and that their political campaigns constitute amusing reality shows. Certainly the cheering coliseum crowds of the Roman Empire favored their bread and circuses over the difficult and dangerous tasks that their ancestors had undertaken during Rome’s rise to world greatness. And so long as we can continue to trade bits of printed paper carrying presidential portraits for flat-screen TVs from Chinese factories, perhaps all is well and no one need be too concerned about the apparent course of our national trajectory, least of all our political leadership class.

But if so, then we must admit that Richard Lynn, a prominent British scholar, has been correct in predicting for a decade or longer that the global dominance of the European-derived peoples is rapidly drawing to its end and within the foreseeable future the torch of human progress and world leadership will inevitably pass into Chinese hands. ■

Chinese Melamine and American Vioxx: A Comparison

In contrasting China and America, pundits often cite our free and independent media as one of our greatest strengths, together with the tremendous importance which our society places upon individual American lives. For us, a single wrongful death can sometimes provoke weeks of massive media coverage and galvanize the nation into corrective action, while life remains cheap in China, a far poorer land of over a billion people, ruled by a ruthless Communist Party eager to bury its mistakes. But an examination of two of the greatest public-health scandals of the last few years casts serious doubt on this widespread belief.

First, consider the details of the Chinese infant formula scandal of 2008. Unscrupulous business-

men had discovered they could save money by greatly diluting their milk products, then adding a plastic chemical compound called melamine to raise the apparent protein content back to normal levels. Nearly 300,000 babies throughout China had suffered urinary problems, with many hundreds requiring lengthy hospitalization for kidney stones. Six died. A wave of popular outrage swept past the controlled media roadblocks and initial government excuses, and soon put enormous pressure on Chinese officials to take forceful action against the wrongdoers.

China’s leaders may not be democratically elected, but they pay close attention to strong popular sentiment. Once pressed, they quickly launched a national police investigation which led to a series of

arrests and uncovered evidence that this widespread system of food adulteration had been protected by bribe-taking government officials. Long prison sentences were freely handed out and a couple of the guiltiest culprits were eventually tried and executed for their role, measures that gradually assuaged popular anger. Indeed, the former head of the Chinese FDA had been executed for corruption in late 2007 under similar circumstances.

Throughout these events, American media coverage was extensive, with numerous front-page stories in our leading newspapers. Journalists discovered that similar methods of dangerous chemical adulteration had been used to produce Chinese pet food for export, and many family dogs in America had suffered or died as a result. With heavy coverage on talk radio and cable news shows, phrases such as “Chinese baby formula” or “Chinese pet food” became angry slurs, and there was talk of banning whole categories of imports from a country whose product safety standards were obviously so far below those found in Western societies. The legitimate concerns of ordinary Americans were fanned by local media coverage that sometimes bordered on the hysterical.

However, the American media reaction had been quite different during an earlier health scandal much closer to home.

In September 2004, Merck, one of America’s largest pharmaceutical companies, suddenly announced that it was voluntarily recalling Vioxx, its popular anti-pain medication widely used to treat arthritis-related ailments. This abrupt recall came just days after Merck discovered that a top medical journal was about to publish a massive study by an FDA investigator indicating that the drug in question greatly increased the risk of fatal heart attacks and strokes and had probably been responsible for at least 55,000 American deaths during the five years it had been on the market.

Within weeks of the recall, journalists discovered that Merck had found strong evidence of the potentially fatal side-effects of this drug even before its initial 1999 introduction, but had ignored these worrisome indicators and avoided additional testing, while suppressing the concerns of its own scientists. Boosted by a television advertising budget averaging a hundred million dollars per year, Vioxx soon became one of Merck’s most lucrative products, generating over \$2 billion in yearly revenue. Merck had also secretly ghostwritten dozens of the published research studies emphasizing the beneficial aspects

of the drug and encouraging doctors to widely prescribe it, thus transforming science into marketing support. Twenty-five million Americans were eventually prescribed Vioxx as an aspirin-substitute thought to produce fewer complications.

Although the Vioxx scandal certainly did generate several days of newspaper headlines and intermittently returned to the front pages as the resulting lawsuits gradually moved through our judicial system, the coverage still seemed scanty relative to the number of estimated fatalities, which matched America’s total losses in the Vietnam War. In fact, the media coverage often seemed considerably less than that later accorded to the Chinese infant food scandal, which had caused just a handful of deaths on the other side of the world.

The circumstances of this case were exceptionally egregious, with many tens of thousands of American deaths due to the sale of a highly lucrative but sometimes fatal drug, whose harmful effects had long been known to its manufacturer. But there is no sign that criminal charges were ever considered.

A massive class-action lawsuit dragged its way through the courts for years, eventually being settled for \$4.85 billion in 2007, with almost half the money going to the trial lawyers. Merck shareholders also paid large sums to settle various other lawsuits and government penalties and cover the heavy legal costs of fighting all of these cases. But the loss of continuing Vioxx sales represented the greatest financial penalty of all, which provides a disturbing insight into the cost-benefit calculations behind the company’s original cover-up. When the scandal broke, Merck’s stock price collapsed, and there was a widespread belief that the company could not possibly survive, especially after evidence of a deliberate corporate conspiracy surfaced. Instead, Merck’s stock price eventually reached new heights in 2008 and today is just 15 percent below where it stood just before the disaster.

Furthermore, individuals make decisions rather than corporate entities, and none of the individuals behind Merck’s deadly decisions apparently suffered any serious consequences. The year after the scandal unfolded, Merck’s long-time CEO resigned and was replaced by one of his top lieutenants, but he retained the \$50 million in financial compensation he had received over the previous five years, compensation greatly boosted by lucrative Vioxx sales. Senior FDA officials apologized for their lack of effective oversight and promised to do better in the future.

American media conglomerates quietly mourned their loss of heavy Vioxx advertising, but continued selling the same airtime to Merck and its rivals for the marketing of other, replacement drugs, while their investigative arms soon focused on the horrors of tainted Chinese infant food and the endemic corruption of Chinese society.

This story of serious corporate malfeasance largely forgiven and forgotten by government and media is depressing enough, but it leaves out a crucial factual detail that seems to have almost totally escaped public notice. The year after Vioxx had been pulled from the market, the *New York Times* and other major media outlets published a minor news item, generally buried near the bottom of their back pages, which noted that American death rates had suddenly undergone a striking and completely unexpected decline.

The headline of the short article that ran in the April 19, 2005 edition of *USA Today* was typical: “USA Records Largest Drop in Annual Deaths in at Least 60 Years.” During that one year, American deaths had fallen by 50,000 despite the growth in both the size and the age of the nation’s population. Government health experts were quoted as being greatly “surprised” and “scratching [their] heads” over this strange anomaly, which was led by a sharp drop in fatal heart attacks.

On April 24, 2005, the *New York Times* ran another of its long stories about the continuing Vioxx controversy, disclosing that Merck officials had knowingly concealed evidence that their drug greatly increased the risk of heart-related fatalities. But the *Times* journalist made no mention of the seemingly inexplicable drop in national mortality rates that had occurred once the drug was taken off the market, although the news had been reported in his own paper just a few days earlier.

A cursory examination of the most recent 15 years worth of national mortality data provided on the Centers for Disease Control and Prevention website offers some intriguing clues to this mystery. We find the largest rise in American mortality rates occurred in 1999, the year Vioxx was introduced, while the largest drop occurred in 2004, the year it was withdrawn. Vioxx was almost entirely marketed to the elderly, and these substantial changes in national death-rate were completely concentrated within the 65-plus population. The FDA studies had proven that use of Vioxx led to deaths from cardiovascular diseases such as heart attacks and strokes, and these were exactly the factors driving the changes in national mortality rates.

The impact of these shifts was not small. After a decade of remaining roughly constant, the overall American death rate began a substantial decline in 2004, soon falling by approximately 5 percent, despite the continued aging of the population. This drop corresponds to roughly 100,000 fewer deaths per year. The age-adjusted decline in death rates was considerably greater.

Patterns of cause and effect cannot easily be proven. But if we hypothesize a direct connection between the recall of a class of very popular drugs proven to cause fatal heart attacks and other deadly illnesses with an immediate drop in the national rate of fatal heart attacks and other deadly illnesses, then the statistical implications are quite serious. Perhaps 500,000 or more premature American deaths may have resulted from Vioxx, a figure substantially larger than the 3,468 deaths of named individuals acknowledged by Merck during the settlement of its lawsuit. And almost no one among our political or media elites seems to know or care about this possibility. A recent *Wall Street Journal* column even called for relaxing FDA restrictions aimed at avoiding “rare adverse events,” which had been imposed after the discovery of “unanticipated side effects of high-profile drugs like Vioxx.”

There are obvious mitigating differences between these two national responses. The Chinese victims were children, and their sufferings from kidney stones and other ailments were directly linked to the harmful compounds that they had ingested. By contrast, the American victims were almost all elderly, and there was no means of determining whether a particular heart attack had been caused by Vioxx or other factors; the evidence implicating the drug was purely statistical, across millions of patients. Furthermore, since most of the victims were anyway nearing the end of their lives, the result was more an acceleration of the inevitable rather than cutting short an entire young life, and sudden fatal heart attacks are hardly the most unpleasant forms of death.

But against these important factors we must consider the raw numbers involved. American journalists seemed to focus more attention on a half-dozen fatalities in China than they did on the premature deaths of as many as 500,000 of their fellow American citizens.

The inescapable conclusion is that in today’s world and in the opinion of our own media, American lives are quite cheap, unlike those in China.

—Ron Unz