

Does Made in China, now mean what Made in Japan use to mean!!!

Until recently Zheng Xiaou was head of the State Food and Drugs Administration for China. He was arrested in May, and charged with being responsible for the sale of six different medicines manufactured in China. These same six medicines were fakes. The sales took place during Zheng's six years as the head of the department.

One of the medicines was a gall bladder medication. It contained inappropriate ingredients. It was consequently established that several people (five) died as a result of using the pills. Unlike many other countries, a figure like Zheng Xiaou would be arrested, given a trial that would take five years, and then perhaps spend some time in prison. In China he was executed a couple of weeks ago, less than 2 months after his arrest. Zheng was convicted of taking over \$800,000 in bribes from eight different pharmaceutical companies.

What's Happening Here?

China is finding itself in the same position that Japan was in the 1970's. Back then, Japan was industrializing, and having massive quality control problems. This went on for years. There was a time that "Made in Japan" meant a product that was inexpensive (cheap) with terrible quality. Over a period of 20 years, the Japanese mastered quality control, thanks to the works of Dr. W. Edwards Deming, the man who understood quality processes better than any other American. The Americans didn't listen to him, but the Japanese treated him like a God. The rest they say is history.

Now China finds itself in the same position as Japan in the 1970's but there are differences. Rapid industrialization in China without the proper Deming type systems in place is leading to quality control problems that are now making headlines on a weekly basis. From pet foods to tainted poisonous toothpaste, China has problems across the board. Tires have been manufactured lacking normal safety features. Other problems have included milk powder being faked. Several babies died as a result of its consumption. They even used a cancer-causing dye for the coloring of egg yolks.

Coupled with these product safety issues is an inflexible political system still based on communist ideology? This cannot continue indefinitely. No economic system in history can go through rapid economic growth and at the same time maintain an inflexible political system, not based on the rule of law. It has never happened before, and it is not going to work now.

What's News HERE is not News in China!!!

The problems taking place in China are not news to those living in China. These issues have been going on for quite a while, and run much deeper than the executions of a few top officials. Take China's coalmines as an example. Thousands of Chinese workers die every year in China's mines because of poor safety conditions. There is not a single coalmine in America that would tolerate China's safety standards. There is an absence of ethical standards, promulgated by an insatiable desire to chase dollars, with no consideration for the lives of workers. For more on this topic, please visit our website.

About the Author

Richard Stoyeck's background includes being a limited partner at Bear Stearns, Senior VP at Lehman Brothers, Kuhn Loeb, Arthur Andersen, and KPMG. Educated at Pace University, NYU, and Harvard University, today he runs Rockefeller Capital Partners and StocksAtBottom.com

[Value Investing at StocksAtBottom.com/](http://www.stocksatbottom.com/)

Source: <http://www.articletrader.com>