

OTHER NATIONS

corporate profits and national output both are down. But Guzzardi, a *Fortune* editor, contends that her programs are beginning to work.

Government efforts to slow the growth of the money supply have cut inflation in Britain by nearly half, to 12.5 percent, since 1980. However, some of Thatcher's own advisers think that she has relied on a gauge that overstates expansions of the money supply (e.g., by counting bank loans but not the purchase of certificates of deposit, which loans often finance). As a result, they believe, she has slowed economic growth unnecessarily. In fact, her strategy has been partly thwarted by the Bank of England, which has been increasing the money supply to keep down interest rates and ensure the flow of capital to private industry.

Thatcher's most serious failure has been her inability to reduce the costly burden of government, writes Guzzardi. Britain's deficit last year rose to \$30 billion, prompting the reluctant conservatives to raise individual and corporate taxes. The central government now soaks up more than 45 percent of the country's gross national product (versus 23 percent in the United States). Thanks to a Thatcher campaign pledge, government employees (who comprise 21 percent of the work force) have seen their salaries climb by as much as one-fourth. And \$10 billion went to the 1.5 million people thrown out of work last year, most of them in the private sector.

Yet Britain's private companies have been streamlining their operations "to a degree impossible in better times," observes Guzzardi. They have shut down their least efficient plants. And unions in the private sector have accepted wage hikes more than 50 percent below those won by government workers. Guzzardi expects private industry's "inventory runoff" to end in late 1981 and production to rise. If Thatcher can hold inflation steady, these "toughened up" companies may spark the renewed growth that Britain desperately needs.

Revising China's Past

"In Search of China's Beginnings: New Light on an Old Civilization" by K. C. Chang, in *American Scientist* (Mar.-Apr. 1981), 345 Whitney Ave., New Haven, Conn. 06511.

During the past 30 years, archaeological finds across the People's Republic have forced scholars to revise many cherished ideas about China's remote past.

Until the 1970s, specialists believed that agriculture in China began around 3000 B.C.—late in the world's "prehistory"—reports Chang, a Harvard anthropologist. This indicated that farming spread to China from the Middle East or Southeast Asia, where agriculture began several millennia earlier. China's first farmers—the Yangshao people—lived in the Yellow River basin, grew millet, raised dogs and pigs, lived in earthen houses, and fashioned painted red pottery.

By 2200 B.C., this New Stone Age culture had produced China's first recorded hereditary dynasty, the Xia. They developed China's first

OTHER NATIONS

writing and bronze metallurgy. The Xia were thought to have been supplanted in north central China by the Shang around 1750 B.C. And the Shang in turn were conquered in 1100 B.C. by the Zhou, who ruled until 221 B.C., when the Qin monarch Shihuangdi united the Zhou and neighboring states into a Chinese empire.

But radiocarbon dating has enabled archaeologists to push back the origins of the Yangshao to 5000 B.C. More important, new digs have revealed the existence of another culture that followed that of China's preagricultural Old Stone Age hunters. Millet seeds, stone and bone hunting gear, and wild animal fossils heaped together at several scattered sites now strongly suggest that Chinese "cave men" developed agriculture on their own.

Specialists are now convinced that the Yangshao coexisted with two other cultures, the Dawenkou and the Qingliangang. Similarities in pottery and tool styles indicate that shortly after 5000 B.C., these peoples made up a single cultural entity—"early China." During the third millennium B.C., the Longshan culture emerged. This sophisticated new civilization gave China rigid social classes and organized, sustained warfare between "states." From the Longshan, the author believes, came the Xia, Shang, and Zhou cultures, which simply represented different periods of political supremacy.

These new discoveries are not only filling gaps in our knowledge of ancient China, writes Chang. By expanding the global data about ancient cultures, they will also strengthen or refute current notions about the origins and evolution of civilization around the world.

Guatemala Next?

"Guatemala: The Coming Danger" by Marlise Simons, in *Foreign Policy* (Summer 1981), P.O. Box 984, Farmingdale, N.Y. 11737.

El Salvador has grabbed the headlines, but the real test of President Reagan's policy to check the growth of communist influence in Latin America will come in Guatemala, predicts Simons, a *Washington Post* correspondent. There, military rulers battling a growing leftist rebellion have disdained compromise and mounted a campaign of terror that has claimed thousands of lives since the mid-1970s.

Bordering on four countries (including oil-rich Mexico), Guatemala boasts Central America's largest population (6.9 million). In 1950, Jacobo Arbenz became the nation's first peacefully installed President in more than a century. But when he sought to buy up the U.S.-based United Fruit Company's vast land holdings at the corporation's own book value, the Eisenhower administration branded him a militant communist. In 1954, the Central Intelligence Agency engineered his overthrow. Since then, American arms and military advisers have helped a succession of Guatemalan strongmen fight small bands of guerrillas.

By the late 1960s, the government had crushed the rebels—at a cost