been taken by Bakhtiar over the last week to overhaul Iranian foreign policy as it was determined by the Shah. Bakhtiar announced Iran will withdraw from the British-established Central Treaty Organization (CENTO), a non-functional military alliance with Pakistan and Turkey. He has dramatically trimmed Iran's $12 billion military budget and announced a full takeover of Iran's mammoth oil industry from the British Petroleum-dominated consortium of oil companies. He also announced that the hated secret police SAVAK has been dismantled.

Such moves are hints of the policies a democratic republican government analogous to that of the former Premier Mossadegh will enact if there is a peaceful compromise worked out between Bakhtiar and Medhi Bazargan, Ayatollah Khomeini's chief negotiator and newly named premier for the Ayatollah's Islamic Republic. Well-informed Iranian sources report that Bazargan and Bakhtiar are lifelong friends who are working closely with moderate religious leaders and military leaders to reach a peaceful solution and, probably, form a new government. The key figure in such a strategy is the powerful General Djam, who could command the respect of the restive Iranian military.

If Djam accepts a role in a new compromise government based on the 1906 constitution, the chance of its surviving is good, and the economically troubled Iran could then begin pumping its oil into the world markets. But if these delicate negotiations fail, and the radical elements around Khomeini gain the upper hand, chaos will ensue. The current situation is to a great extent being shaped by two contending factions of French intelligence. Bakhtiar and Bazargan are working closely with the traditional prodetente Gaullist faction, and Khomeini's "maoist" radicals such as Abdul Bani Sadr and Ibrahim Yasdi are working with a French intelligence network controlled by British intelligence and traditionally linked to terrorist controller Jean Paul Sartre.

The coming days should reveal which of the two wins out, and what is the future course for Iran.

— Judith Wyer

Wall St. Journal feeds dollar panic

The Wall Street Journal, self-proclaimed champion of truth, justice, and the American business way, this week emerged from its telephone booth showing its true colors: the shocking pink of the London Financial Times. In its Feb. 6 lead article, "Skeptics Abroad: Dollar Defense Moves Fail to Allay Doubts of Some Foreign Aides," the Journal fights bravely — to create a panic run on the U.S. dollar, based on its claim that America's foreign allies are all ready to sell the dollar down the river.

Trouble is that in a tour of a dozen foreign finance ministries, the Journal's staff was unable, despite insistent questioning, to solicit exclamations against the dollar. "Generally, their answers were carefully phrased to avoid shaking the market confidence" in the U.S. currency, the unsigned article complains, confidence "that unexpectedly developed during much of last month. But even so, their replies were perceptibly heavier on hopes than on predictions," the Journal staff says wistfully.

For example, the best the staff could elicit, after intense harassment from West German Finance Minister Hans Matthöfer was an irate "I never say anything detrimental about the dollar." The Journal was forced to print this, and call it defensive; they were quick, however, to totally delete Matthöfer's recent hour-long speech to the New York Council on Foreign Relations which we reported last week. Before a stunned cross section of New York's banking elite, Matthöfer staunchly supported a global version of the European Monetary System for the Eurodollar market, to make the dollar, which he repeatedly referred to as "undervalued," **the currency of international development.**

The interviewers left no stone unturned — ignoring statements by the Swiss central bank and the office of West German Chancellor Helmut Schmidt that the U.S. "fully recognizes its obligation" to defend the dollar, but they did find a dollar detractor in Saudi Arabia: Morven Hay, at the Saudi National Commercial Bank. The Journal editors pointed out, however, that he was a British national.

Undaunted, the Journal interviewers went to the extreme of dragging into print the one actual government official whom they could find willing to go on record against the U.S. currency: M.G.R. Sandberg, Chairman of the Hong Kong & Shanghai Banking Corp, central bank for the import of drugs into the U.S. on behalf of the British Crown Colony of Hong Kong. Sandberg, who has not permitted his quotation in the press in 30 years, was staunch: the dollar's recent strength is only a product of "self-feeding optimism," he warned.