

tant to engage such a project on top of the Columbus and Ariane 5 projects.

The budget of the CNES was increased in 1984, in spite of budgetary austerity, in order to plan the development of Hermes, and Hubert Curien, one of the staunchest advocates of Hermes, the former head of the CNES, was appointed French research minister in August 1984. Thus, it seems that France, at least, is willing to go ahead with this project, and has made it known that it was ready to finance a large share (up to 50%) of the project.

Military reconnaissance

During a Franco-German summit meeting between French President François Mitterrand and West German Chancellor Helmut Kohl on May 28-29, 1984, President Mitterrand had proposed the construction of a military reconnaissance satellite, and Chancellor Kohl had warmly accepted the idea. Neither country has an independent capability in this area, and neither country has access to data collected by U.S. observation satellites. The necessity for these two countries to have such a reconnaissance satellite was underscored recently in Chad, where the U.S. government delivered to Chad and to the press space photographs showing that the Libyans had not withdrawn their troops from northern Chad as claimed.

However, at the latest Franco-German summit in Bad-Kreuznach on Oct. 29 and 30, Chancellor Kohl had a much cooler view on the project. Not that he personally was against the project, but the Security Council of the Federal Republic, which includes the defense, foreign, finance, and economic ministers, stated that it was opposed to the project, essentially for financial reasons. The project is estimated by the French to cost \$640 million, to be shared equally between the two countries, for building three satellites. But West German experts criticized these French estimates, claiming that it would cost two to five times more. The council further stressed that no defense funds have been allocated to such a project or to military satellite development until at least 1996! West German Research Minister Heinz Riesenhuber also opposed the project, for fear that it would take too much from the space budget.

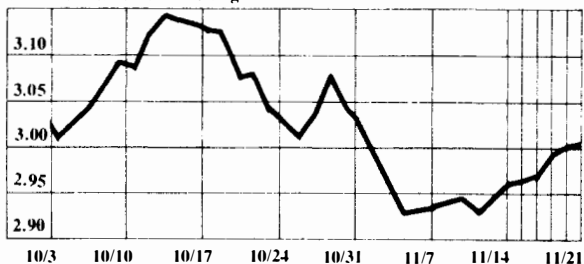
The Security Council also argued that the French project was not really the best possible solution. The French project consisted of a scouting satellite, which can only be used in the daytime and in clear weather; the German Security Council argued that a synthetic aperture radar satellite would be much more appropriate, because despite its lower resolution power, it allows pictures to be made in all weather conditions, night and day. Although the argument has some merit, it would be a poor reason to cancel the project altogether.

This does not mean that the project is canceled, and discussions are continuing; but the instability of the coalition in Bonn, with the Free Democratic Party being very reluctant to accept any increase of military spending and programs, makes a positive solution look quite distant.

Currency Rates

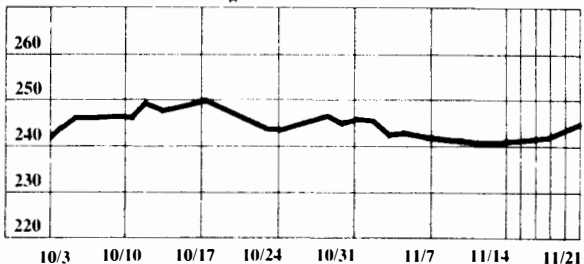
The dollar in deutschemarks

New York late afternoon fixing



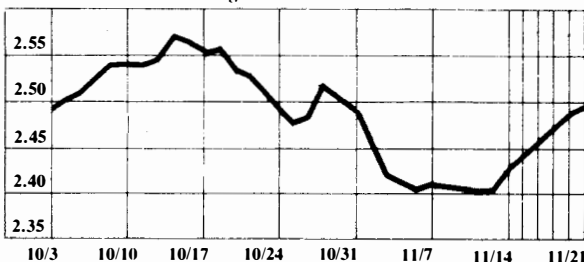
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing

