

UNITED STATES OF AMERICA.
DEPARTMENT OF STATE

January 13, 4 p.m.

On January 13 I had long talk with Prime Minister about Volta project.

I explained uncertainty of loan from World Bank and the consequent possibility of private branch to meet my needs. Large entity as Volta would require a commitment desirable. I said US Government should be glad to explore possibility of loan to help finance power installation if and when private enterprise wanted to finance and operate smelter. Kaka... as catalyst to determine interest of US companies and possible financing from any source. GOG first cleared up question... by Canadian company.

DOCUMENTS RELATING TO VOLTA
DAM PROJECT.

Vol. 4



Confidential File

Prime Minister said he... but nevertheless was... to his request. He asked... to standing development committee of himself, Jorjic, and Gbedemah, with Jackson and Lewis sitting as advisors, which I did.

At this meeting I repeated and clarified what I had told Prime Minister January 13. By prearrangement I then called in Moffet of ICA who remained for rest of meetings and was most helpful.

It was agreed by all GOG representatives that ICA should be requested to act as catalyst but not until GOG has cleared with ALCAN re its interests. Another meeting January 16 will recommend to Prime Minister the steps that should be taken to clear with ALCAN.

General

(151)

Department of State

INCOMING TELEGRAM

CONFIDENTIAL

CORRECTION ISSUED: 1/17/58 11 a.m. CWD

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Control: 8365
Rec'd: January 15, 1958
5:06 p.m.

FROM: Accra - CORRECTED PAGE 1

TO: Secretary of State

NO: 281, January 15, 4 p.m.

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Duggan

JAN 17 PM 3 17

MESSAGE CENTER
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File

Confidential File

TO THE RM/R CENTRAL FILES 8450:2614/1-1558

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On January 13 I had long talk with Prime Minister about Volta project.

I explained uncertainty of loan fund pending congressional action and the consequent inability of executive branch to make any commitment at this time for such large outlay as Volta would require even if other considerations should make a commitment desirable. I said US Government would be glad to explore possibility of loan to help finance power installation if and when private enterprise wanted to finance and operate smelter. I added that ICA would consider acting as catalyst to determine interest of US companies and possible financing from any source if GOG so desired and providing GOG first clears up question of bauxite concession now held by Canadian company.

Prime Minister said he quite understood noncommittal aspect but nevertheless was "most encouraged" by tone of US reply to his request. He asked me to return January 15 to say same thing to standing development committee of himself, Botsio, and Gbedemah, with Jackson and Lewis sitting as advisors, which I did.

At this meeting I repeated and elaborated what I had told Prime Minister January 13. By prearrangement I then called in Moffat of ICA who remained for rest of meetings and was most helpful.

It was agreed by all GOG representatives that ICA should be requested to act as catalyst but not until GOG has cleared with ALCAN re its interests. Another meeting January 16 will recommend to Prime Minister the steps that should be taken to clear with ALCAN.

General
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Correction made by RM/R

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OUTGOING TELEGRAM

Department of State

152

INDICATE: COLLECT
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Classification

1958 JAN 17 PM 1:30

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SENT TO: Amembassy ACCRA 230

note

H-1558

Origin

Your 281.

Info

While Department gratified Prime Minister's reaction our reply on Volta Project Department hopes enthusiasm will not be permitted to reach stage where any attempt is made to remove ALCAN from picture in any manner other than normal negotiations. Any hint of expropriation would of course be completely self-defeating as no reputable company would then be interested

Embassy should bear in mind fact ICA participation as QUOTE catalyst UNQUOTE is not to be taken as U.S. guarantee of venture either in financing or in participation by private concerns.

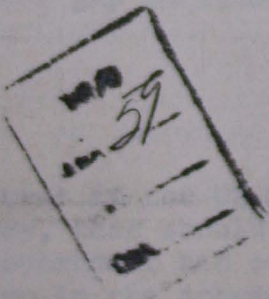
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CONFIDENTIAL FILE

045J.2614/1-1558

Dist. Desired (Offices Only)



Drafted by: AF:AFS:CVF Ferguson, Jr. sdt 1/17/58
Telegraphic transmission and classification approved by: AFS:G Laughan Ferguson, Jr.

Clearance: E - Mr. Havell (in substance)

ICA - Mr. Buller (substance)

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S/S CR

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JAN 17 1958 P.M.

Classification

045J.2614/1-1558

INCOMING TELEGRAM

Department of State

153

CONFIDENTIAL

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Control: 10599
Rec'd: January 18, 1958
3:18 p.m.

FROM: Accra
TO: Secretary of State
NO: 290, January 18, Noon

Department telegram 230

GOG today gave me copy its minutes of January 15 meetings.
Following are two excerpts:

QUOTE

Mr. Flake said that for the United States Government to participate financially in the Volta River project, it would be necessary that a group of operating companies should show that they believed the project to be commercially feasible, and should be willing to put money into it. If such a group of companies were willing to pay for and to construct the mine and smelter, taking power from a hydroelectric plant provided by the Ghana Government, and if the Ghana Government were willing to go ahead on this basis, and to examine its resources to ascertain how much money it could provide itself the US Government would then be willing to consider helping with a loan to fill in a gap in financing the power project.

UNQUOTE

QUOTE

Mr. Flake emphasized that if the US Government were to act as catalyst in this way, that should not be taken to imply that the (United States) Government had committed itself to financial participation in the scheme.

UNQUOTE

Foregoing from long secret minutes which will be sent by pouch leaving Accra January 24. Meanwhile Department may be assured I made quite clear that no US company or US Government

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-2- 290, January 18, Noon from Accra

Government would touch project unless GOG first reaches amicable settlement with ALCAN, that our present interest does not guarantee fulfillment any aspect of venture.

FLAKE

VH:OES/10

CONFIDENTIAL

INCOMING TELEGRAM

Department of State

154
[Handwritten initials]

CONFIDENTIAL

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Control: 10596
Rec'd: January 18, 1958
3:09 p.m.

THIS DOCUMENT MUST BE RETURNED
TO THE ROOM / GENERAL FILES

FROM: Accra
TO: Secretary of State
NO: 291, January 18, 1 p.m.

1958 JAN 20 AM 14

AF
MESSAGE CENTER

[Handwritten signature]

Embassy telegram 281

I have received letter of January 17 from Prime Minister as follows:

QUOTE

My Dear Ambassador, I am writing to express our appreciation of the clear and comprehensive report which you gave to me and to my colleagues the Ministers of State and Finance, at the meeting which was held in my office on Wednesday 15 January, 1958.

The Government of Ghana would be very grateful if your government Assist us, in due course, in taking action to secure the capital, both for the public and private sectors, which would be necessary to get the scheme started.

We feel that the first step should be to inform the other interests who have previously participated in the project of these recent developments. We understand that you would have no objection to our telling the Governments of the UK and Canada about these developments, and we should also wish to review the situation with Aluminum, Limited. (The British aluminum company could be brought into the picture at a later stage.)

Confidential File

We believe that these initial steps should be taken by the Government of Ghana and we attach special importance to the general review of the project, in the light of current developments, with Aluminum, Limited.

We shall initiate action to inform the British and Canadian Governments of recent developments in about a week's time.

PERMANENT

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We shall

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845J.2614/1-1358

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-2- 291, January 18, 1 p.m. from Accra

11
We shall need to make careful preparations for the review with Aluminum, Limited, and we shall keep you informed of developments. It may well be that there would be advantage in having a meeting in Montreal. If that takes place it would be probably useful for the representatives of Ghana to proceed to Washington subsequently so that they could inform the US Government officials concerned of the results of that meeting.

?
We will be very glad to take advantage of Mr. Moffat's presence in Ghana and we note that it would be agreeable to you if we use him as the normal channel for further communication on this subject.

UNQUOTE

FLAKE

VH:WDW

INCOMING TELEGRAM

Department of State

ACTION COPY

U.N.J.
AFS-CVF 155

SECRET

PRESIDENTIAL HANDLING

Control: 7139
Rec'd: November 13, 1957
3:39 p.m.

FROM: Accra
TO: Secretary of State
NO: 201, November 13, 4 p.m.

PRIORITY

Prime Minister today gave me 1500 word secret and personal letter he has written to US President and asked me to transmit it to ensure prompt delivery and proper attention which Prime Minister fears would not be ensured by transmission through Ghana Embassy Washington in it present state of organization.

First sentence says "after careful consideration I am writing to you about a matter which must affect profoundly the future political and economic development of my country".

Letter then requests help to get VOLTA project started. Essence is that if US Government could offer moderate help in form of loan, it would probably start chain reaction bringing in government loans and private capital from Canada and/or UK and possibly private investment from US. Letter ends as follows:

"To my mind, this great project, vital as it is to us in the economic sense, has even more profound political implications for Ghana and the Continent of Africa. Its successful implementation would, I am sure, do most to preserve and strengthen the political independence of this country; and if the government of the US could provide the stimulus and drive which could bring the scheme to life, I venture to suggest that such actions would demonstrate to the world most convincingly and dramatically the general policies towards this Continent which both you and the Vice President have expressed so clearly in your public statements".

✓ (over)

2 Prime Minister tied up today with opening Parliament and new Governor General. Letter brought me by Adu accompanied by Jackson. They said during past few days Prime Minister finding it increasingly difficult resist leaving pressure for closer

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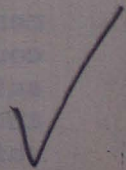
-2- 201, November 13, 4 p.m. from Accra

diplomatic and economic ties with USSR and this now acute because USSR has just asked permission send two diplomatic officers Accra ostensibly to discuss Ghana's proposed trade mission and possibly to offer long-term credits. Playing for time with leftwing group, Prime Minister last night decided send letter to US President and then tell cabinet it must not rockboat pending a reply. Adu and Jackson thought it even better if Prime Minister could say I was taking letter to Washington for consultation.

In circumstances and to permit me discuss other important subjects, I recommend Department immediately authorize me come Department on consultation.

FLAKE

MGG: SGC



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DEPARTMENT OF STATE

EXECUTIVE SECRETARIAT

November 14, 1957

WAI JP

RM/R

See JP's memo to Governor dated 11/19/57

AF - Mr. Palmer

Accra's Presidential Handling 201

Governor Herter wanted you to know that the President has a personal interest in the VOLTA project, possibly having been stimulated by his discussion with the Ghanaian Finance Minister.

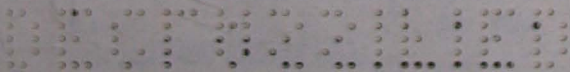
Governor Herter himself believes that this is an important project that we should look at with great care. He believes that if at all possible it should be handled by private US interests and he would like to know to what extent private companies have already been working on it.

Fisher

Fisher Howe

CC: W - Mr. Dillon
U/MSA - Mr. Barnes

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INCOMING TELEGRAM

Department of State

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PRESIDENTIAL HANDLING

156 Mr. Ross
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CONFIDENTIAL

Control: 10564
Rec'd: January 18, 1958
1:12 p.m.

39
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FROM: Accra
TO: Secretary of State
NO: 288, January 18, 11 a.m.

CATEGORY 1
To be read only with the permission of the Director of S/S.

PRIORITY

PRESIDENTIAL HANDLING

I have been asked to transmit letter of January 17 from Prime Minister to President as follows:

"Dear President Eisenhower,

Thank you for your letter of 3 January, 1958, about the Volta River Project.

My government is most grateful for the interest which you and your government have expressed in this scheme, which could have such far reaching effects of the future political and economic development of Ghana, middle of Africa south of the Sahara.

Your Ambassador has reported to me very clearly the result of his recent discussions in Washington and, as you suggest we shall now pursue the matter through the normal diplomatic channels.

I should like to emphasize, Mr. President, how greatly your interest has encouraged us in trying to get this great scheme started. We know that it will not be an easy task to organize all the capital required, but the willingness of your government to use its good offices has given us all fresh heart.

It is my personal belief that this project, carried out efficiently, could do more than anything else to underwrite the future political and economic stability of our country, and thus preserve our independence, which, Mr. President,

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845J.2614/1-1858

CONFIDENTIAL

-2- 288, January 18, 11 a.m., from Accra

as you know, is no simple matter for a small country in the world of today.

With all good wishes,

Signed Kwame Nkrumah"

Original letter pouched.

FLAKE

CWD

CONFIDENTIAL

AIR TOUCH

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PRIORITY

(Security Classification)

FOREIGN SERVICE DESPATCH

845 J: 2614/1-22
159

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FROM : AMEMBASSY ACCRA
TO : THE DEPARTMENT OF STATE, WASHINGTON.
REF :

247
DESP. NO.

January 22, 1958
DATE

2 For Dept. Use Only	ACTION	DEPT.
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	1-30	AM/R-2 REP-2 IRC-8 ICW-10 E-4 CA-12 CM-10 TR-3 IN-7 XMB

SUBJECT: Volta River Project: Discussions with the Government of Ghana

In my telegram of 281 of January 15 I reported briefly on a meeting which the Prime Minister of Ghana held on January 15 to discuss the Volta River Project. This was followed by the Department's telegram No. 230 of January 17 and my reply telegram No. 290 of January 18 in which I commented further on the meeting.

The meeting of January 15 was held in the Prime Minister's office. I was present at his request. Mr. Abbot Moffat, Head of the ICA survey team now in Ghana, was the only other person present who was not connected with the Government of Ghana. Representatives of the Government of Ghana, besides the Prime Minister, were:

The Hon. K. A. Gbedemah, M.P.
Minister of Finance

The Hon. Kojo Botsio, M.P.
Minister of State

Commander Sir Robert Jackson,
Chairman, Development Commission

Professor W. Arthur Lewis,
Economic Adviser to the Prime Minister

Mr. F. E. Taylor,
Secretary, Development Commission

Mr. J. Ilett,
Liaison Officer, Volta River Project

Minutes of the meeting were prepared by the Government of Ghana. These minutes were shown to me in draft form and I concurred before they were put into final shape. I have forwarded copies of these minutes in a separate communication to the Office of Middle and Southern African Affairs of the Department. I have given one copy to Mr. Moffat who, I understand, will send it to Mr. Smith, Director of the International Cooperation Administration.

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WCflake:hrl

REPORTER

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(Classification)

Page 1 of

Encl. No. 1

Desp. No. 247

From Accra

Ghana

PRIME MINISTER

17th January, 1958.

My dear Ambassador,

I am writing to express our appreciation of the clear and comprehensive report which you gave to me, and to my colleagues the Ministers of State and Finance, at the meeting which was held in my office on Wednesday 15th January, 1958.

The Government of Ghana would be very grateful if your Government could assist us, in due course, in taking action to secure the capital, both for the public and private sectors, which would be necessary to get the scheme started.

We feel that the first step should be to inform the other interests who have previously participated in the project of these recent developments. We understand that you would have no objection to our telling the Governments of the United Kingdom and Canada about these developments, and we should also wish to review the situation with Aluminum Limited. (The British Aluminium Company could be brought into the picture at a later stage).

We believe that these initial steps should be taken by the Government of Ghana and we attach special importance to the general review of the project, in the light of current developments, with Aluminum Limited.

We shall initiate action to inform the British and Canadian Governments of recent developments in about a week's time. We shall need to make careful preparations for the review with Aluminum Limited, and we shall keep you informed of developments. It may well be that there would be advantage in having a meeting in Montreal. If that takes place it would be probably useful for the representatives of Ghana to proceed to Washington subsequently so that they could inform the United States Government officials concerned of the results of that meeting.

We will be very glad to take advantage of Mr. Moffatt's presence in Ghana and we note that it would be agreeable to you if we use him as the normal channel for further communications

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Page 2 of

Encl. No. 1

Desp. No. 247

From Accra

on this subject.

Yours sincerely,

/s/ Kwame Nkrumah

His Excellency,
Mr. Wilson C. Flake,
American Embassy,
Accra.

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(Classification)

Page _____ of _____
Encl. No. 2
Desp. No. 247
From Accra

American Embassy
Accra, January 22, 1958

My dear Prime Minister:

I thank you for your letter of January 17 which followed the meeting I attended in your office on January 15.

You and your colleagues are correct in your understanding that my Government has no objection to your telling the Governments of the United Kingdom and Canada about these developments. Indeed, I feel that this would be both desirable and necessary before any active steps are taken to determine possible interest on the part of anyone in the United States.

I confirm your understanding that any further communications on this subject which fall within the bounds of the principles we have already agreed upon, or may be agreed upon, may be directed to Mr. Moffat. He and I will, of course, be working together on any developments of a substantive nature.

Respectfully yours,

/s/ Wilson C. Flake

Dr. Kwame Nkrumah,
Prime Minister of Ghana,
Accra.

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Control: 925
Rec'd: February 3, 1958
2:23 P.M.

FROM: Accra
TO: Secretary of State
NO: 315, February 3, 4 p.m.

Signature

AFI MESSAGE CENTER
1958 FEB 4 AM 8 03

JOINT STATE-ICA MESSAGE

Embassy telegram 291

By letter February 1 Development Commission informed Moffat that GOG has invited Canadian Aluminum, Ltd. send a director to Ghana before end of February to discuss Volta project.

Letter adds GOG has informed HICOMERS here for UK and Canada of its contact with US Government as outlined in reference telegram.

Canadian HICOMER confirmed this orally to me and said he was asking his government to urge Aluminum, Ltd. not take "dog in manger" attitude which would place heavy strain on Canadian-Ghanaian relations.

FLAKE

VH:HC/8

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MAR 12 1958

8450.2614/2-353

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Control: 925
Rec'd: February 3, 1958
2:23 P.M.

FROM: Accra
TO: Secretary of State
NO: 315, February 3, 4 p.m.

[Handwritten signature]

MESSAGE CENTER
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1958 FEB 4 AM 8 03

JOINT STATE-ICA MESSAGE

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JM/R

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FEB 4 1958

MEMORANDUM FOR BRIG. GEN. A. J. GOODPASTER

THE WHITE HOUSE

SUBJECT: Letter to the President from the Prime Minister of Ghana

Transmitted herewith is Prime Minister Nkrumah's letter to the President of January 17th concerning the Volta River Project.

The text of this letter was originally received by telegram from our Embassy at Accra, a copy of which was sent to you under my memo of January 20.

In view of the fact that further correspondence pertaining to the Volta River Project will be handled through normal diplomatic channels, no reply to this letter will be necessary.

JOHN A. CALHOUN

for
Fisher Howe
Director
Executive Secretariat

Enclosure:

Letter to the President from the Prime Minister of Ghana.

S/S-RO
FEB 4 1958
A true copy of signed original.

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Cleared in substance with Mr. Ross - AF/S

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CONFIDENTIAL FILE

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RECEIVED
FEB 27 1958
DEPARTMENT OF STATE
RM/R

Memorandum of Conversation

M-708

DATE: February 24, 1958

SUBJECT: Discussion Concerning Recent Publicity Given to the Volta River Project.

PARTICIPANTS: Mr. Richard Akwei, Second Secretary, Ghana Embassy.
William R. Duggan, Officer-in-Charge, West African Affairs

COPIES TO: IRC - 2
AF - Mr. Palmer - cc
Miss Montague - cc
AFS - 4
ICA - Mr. Buller
AF/P
AmEmbassy, ACCRA

12

FEB 27 1958

THIS DOCUMENT MUST BE RETURNED TO THE RM/R CENTRAL FILES

845J.2614/2-2458

Mr. Richard Akwei, Second Secretary, Ghana Embassy, called on me late Friday, February 21st to inquire into the background of the State Department statement to the press concerning the possible U.S. participation in the Volta River Project as reflected by the Eisenhower-Nkrumah exchange of letters.

Mr. Akwei reported to me his Ambassador had become concerned when he saw the statement in the New York Times on Friday, February 21 in which the State Department, in Mr. Akwei's words, made a "rebuttal" to Prime Minister Nkrumah's Parliamentary statement relating to Volta and possible U.S. participation therein.

In response to Mr. Akwei's query, I emphasized that the oral statement made by the Department was in no sense a rebuttal of the Prime Minister's position but instead merely represented a clarification of the U.S. Government's position as expressed in President Eisenhower's letter of January 3 to Prime Minister Nkrumah. I also emphasized that the Department of State had been unaware of the Prime Minister's Parliamentary statement concerning this matter until late the preceding day (February 20) when the news services sent the story from Accra. Thereafter, in answer to a direct inquiry from the Reuters correspondent it was considered necessary to issue a statement of clarification and brief explanation. The reasoning which lay behind this attitude of the Department, as I explained to Mr. Akwei, was that in view of the President's letter, if no statement were made it would build up press speculation, and that if a simple and straightforward statement were made of the type eventually released it would tend to quiet speculation and place the present U.S. position in better perspective.

FILED
FEB 28 1958

Mr. Akwei

OS/E
845J.2617/2-27

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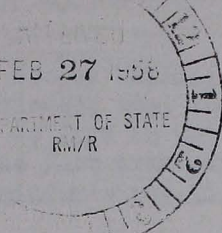
Memorandum of Conversation

M-710

FEB 27 1958

DATE: February 24, 1958

DEPARTMENT OF STATE
RM/R



SUBJECT: Volta River Project

PARTICIPANTS: Mr. Thomas E. Covel, Vice President, Aluminium Limited, Sales Co., New York and Washington
Mr. C. Vaughan Ferguson, Jr., Director, Office of Middle and Southern African Affairs.
Mr. William R. Duggan, Officer in Charge, West African Affairs.

COPIES TO: IRC - 2
AF - Mr. Palmer (cc)
Miss Montague (cc)
AFS - 4
ICA - Mr. Buller
AF/P
AmEmbassy, ACCRA
AmEmbassy, LONDON
AmEmbassy, OTTAWA

14

FEB 24 1958

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Mr. Thomas E. Covel, Vice President, Aluminium Limited, Sales Co., 630 5th. Avenue New York, and 2123 LeRoy Place, N.W., Washington, D.C., called upon officers of AFS today to discuss the Volta River scheme in Ghana.

The chief purpose of Mr. Covel's visit was to obtain background information concerning an article which appeared in the New York Times on February 21. This article reported Prime Minister Nkrumah's Parliamentary statement on Volta and the subsequent oral press release by the State Department clarifying the position of the United States as set forth in President Eisenhower's exchange of letters with Nkrumah.

Mr. Covel was informed of the content of Prime Minister Nkrumah's Parliamentary statement and was given the precise phrasing of the State Department's clarification to the press. Mr. Covel's only noticeable reaction was a sense of apparent relief and understanding at the President's indication that it was the task of the Ghanaians to obtain the major portion of the funds from other sources before a U.S. loan covering a portion of the public power element could be considered.

Mr. Covel was then asked the present position of Aluminium Limited with reference to the Volta Project. He replied that his company believed the Volta River scheme was not economically sound in terms of the present market and that it was too costly a project. He particularly stressed the belief that the size of the loans which would be required for the scheme would involve too large an interest burden (at present rates) to make the project feasible. He added that although his company continued to hold bauxite rights in the area, any plans for further development of those bauxite bodies were "on the snuff" at present. Mr. Covel also emphasized that his company's reticence toward developing Volta was based on the current market conditions for

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aluminum which, he contended, were no longer falling, but were now "on a relatively stable plateau". He mentioned, too, the advantageous positions of other aluminum developments such as Inga in which he said both Aluminium and Reynolds were interested, and the fact that existing facilities are not fully utilized, as for example, Aluminium's own Kitimat project in British Columbia.

In answer to another direct question as to whether or not the Ghanaians were now "in touch" with the Canadians and British on the matter of the bauxite holdings and of Volta's development, Mr. Covell responded that he did not know of recent inquiries on the subject although he was, of course, familiar with those made by Finance Minister Gbedemah late last fall. He emphasized, however, that talks on the matter could take place either in Montreal or in London without him (Covell) being immediately informed.

Mr. Covell expressed appreciation for the information given him by Departmental officers and said that he would be pleased to keep those officers informed of further developments if his company decided to take any new action with regard to Volta.

COMING TELEGRAM

Department of State

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Control: 11833
Rec'd: March 19, 1958
9:05 a.m.

FROM: Accra
TO: Secretary of State
NO: 377, March 18, 3 p.m.

~~SECRET~~

JOINT STATE-ICA MESSAGE

GOG will issue March 22 press release as follows:

"Discussions about the Volta River project have recently taken place in Accra between the GOG and representatives of Aluminium Limited. It was decided that in present circumstances Aluminium Ltd. were not in a position to proceed with the scheme immediately but that the company did not wish to stand in way of other interested parties. The GOG is now examining the position in consultation with the US Government."

Moffat departing Accra March 23 will bear GOG's request for ICA assistance in exploring other possible ways to implement Volta scheme.

FLAKE

SW:WAH/6

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1958 MAY 5 PM 6 00

OUTGOING TELEGRAM

Department of State

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INDICATE: COLLECT CHARGE TO

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SENT TO: AmEmbassy, ACCRA *444*

PRIORITY

845j 2614
102-794
845j 2392

Cable soonest resume recent activities G. Von B. Slagle in Ghana. Especially interested Slagle's alleged representations behalf Charles and Herbert Allen N.Y. brokers in re Volta, and Victor Onet, Vice President, General Builders' Company, N.Y. in re timber concession.

2

845J.2614/5-558

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Cat <i>ER</i>

Confidential File

Drafted by: *WRD*
AF:AFS:WRDuggan:rmcp 5/5/58

Telegraphic transmission and classification approved by: AFS - C. Vaughan Ferguson, Jr.

Clearances: *ERP*
AFS - E. Fadberg

S/S-CR
MA
MAY 5 - 1958 P.M.

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Control: 4388
Rec'd: May 7, 1958
6:38 p.m.

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FROM: Accra
TO: Secretary of State
NO: 530, May 7, 5 p.m.

PRIORITY!
DEPTEL 444.

When Slagle visited Embassy April 2 he gave me names of five "key people" in group he represents for Volta project. First name was "Herbert Allen, senior partner of cllbaygd* Company, 30 Broad St. New York." Others were Henry Boschen, Vice President of Raymond Concrete Pile Company, New York; Joseph W. Frazer, Yale Club, New York; A. Kraft, Vice President, Aluminum Company of America, Shoreham Building Washington.

Slagle gave same information same day to Robert Jackson who says he has heard nothing more from Slagle. He told Slagle any further inquiries or offers from his group should at present be directed to ICA Washington.

Slagle has been elusive and would give me nothing but a post office address. Cannot locate him at moment. GOG now making inquiries because his visa has expired without GOG knowing whether he is still in Ghana or not.

On his visit to Embassy Slagle brought Albert Enchia, a Ghanaian "contact man" of questionable ability and repute. They did not mention timber but Embassy knows Enchia is partner in Ghana Products Company which is interested in Timber.

Embassy trying develop fuller information.

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Control: 8324
Rec'd: May 13, 1958
4:19 p.m.

[Handwritten signature]

FROM: Accra
TO: Secretary of State
NO: 539, May 13, 4 p.m.
EMBTEL 530

[Handwritten signature]

The Albert Enchia mentioned in REFTEL called at Embassy by invitation today and said Slagle is President of Conifin Inc., of Panama which is combine of construction, engineering and finance firms in which Victor Omet and Frazier Lieth are interested; that Slagle also represents Hall Overseas, Houston construction firm; that both of these companies will supply capital and equipment to Conifin Ghana Ltd. a proposed but not yet formed timber firm here which will be associated with Ghana Products Co. (EMBTEL 530).

Enchia said Charles Allens Co. prepared finance half of Volta River project, International GE another quarter, USG expected provide remainder; that when Slagle tried approach Prime Minister with this offer he was told his group should see ICA Washington, DC (EMBTEL 530); that he (Enchia) hopes arrange meeting of group with Prime Minister when Prime Minister visits US in July.

FLAKE

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SENT TO: Amembassy, LONDON
RPTD INFO: Amembassy, ACCRA

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JOINT STATE-ICA/W

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Dist. Desired (Offices Only)

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Drafted by: *al* 5-15-58
CAF:ALM:Mat:AFS:Diorgan:necker:pd

Telegraphic transmission and classification approved by: AF:AFS: C. Vaughan Ferguson, Jr.

Clearances:
ICA - Mr. Buller
Mr. Flesher

1. Embassy will recall UK Government informed by GOG in March of Nkrumah's letter to President on Volta River Project, President's sympathetic reply and subsequent informal offer by ICA to canvass potential sources private financing US particularly in aluminum industry. HMG also informed AlCan disinterested in project now but agreeable make bauxite concessions available reasonable terms to other companies desirous participating.

2. ICA has explored US aluminum and related companies. Two appear independently interested. In contrast basis proposed earlier Ghana-AlCan-UK discussions, US companies interested might finance mining and smelting as private enterprise perhaps with ExIm aid, provided they assured adequate and economic cost power, leaving financing dam and other facilities to GOG.

(Note: U.S. company plant might be differently located and planned from that discussed by AlCan). Discussions have included possible methods determine power rates which essential consideration for both GOG and potentially interested companies.

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3. Now desirable explore possible sources public finance. We understand HMG earlier agreed substantial investment in project. Embassy, with any needed assistance ICA representative, requested explore with CRO and other appropriate ministries in preliminary and entirely informal manner, on basis no (repeat no) commitments involved, following points:

a. Mutual U.S.-UK interest helping Ghana and relieving dependence on cocoa, value developing aluminum sources sterling area, and importance aiding Nkrumah accomplish first major development target independent Ghana.

b. Forms and magnitude possible UK financial participation in mining-smelter; dam and electricity; ancillary works.

4. ~~XX~~ Try ascertain also possibly through same sources whether British Aluminium still interested and extent. Similar info desired re possible ICI interest.

5. ~~XX~~ Early response requested. Moffat to be USOM Director returning Ghana about June 2 and ICA wishes him carry preliminary report with as much detail possible.

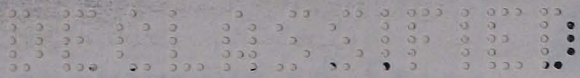
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Department of State

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May 21st. 1958
Control 9760
May 19th. 1958

INDICATE: COLLECT
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SENT TO: AMEMBASSY, LONDON 8192

RPTD INFO: AMEMBASSY, ACCRA 461

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The REPEAT number of this CONFIDENTIAL message recorded as 459 to ACCRA should be corrected to read 461

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Control: 16745
Rec'd: MAY 23, 1958
5:49 PM

FROM: LONDON
TO: Secretary of State
NO: 6815, MAY 23, 6 PM

Longman
AFS Ryland
6-12-58
File
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REFERENCE: DEPTEL 8192 MAY 19

-DEL

1. EMBOFFS DISCUSSED WITH SNELLING, ASSISTANT UNDER SECRETARY CRO RPT CRO WHOSE RESPONSIBILITIES INCLUDE GHANA. HE STRESSED THAT VIEWS EXPRESSED BY HIM NOT RPT NOT NECESSARILY OFFICIAL HMG RPT HMG POSITION SINCE VOLTA PROJECT LAST DISCUSSED BY MINISTERS JULY 1957 IN PREPARATION FOR TALKS WITH NKRUMAH THAT TIME. HOWEVER, HAS RECENTLY OBTAINED VIEWS VARIOUS OFFICIALS AS RESULT SIMILAR INQUIRY FROM UK RPT UK EMBASSY WASHINGTON.

2. WITH ABOVE QUALIFICATIONS, FOLLOWING ARE SNELLING'S ANSWERS TO QUESTIONS REFTEL. RE PARAGRAPH 3A REFTEL UK RPT UK IS LESS CONCERNED THAN WHEN PROJECT FIRST DISCUSSED WITH A SOURCE ALUMINUM IN STERLING AREA BUT ALWAYS INTERESTED IN LOW COST SOURCES ANYWHERE. ALSO LESS ENTHUSIASTIC ABOUT PROJECT ECONOMICALLY IN VIEW VARIOUS LATER DEVELOPMENTS INCLUDING TREMENDOUS INCREASE IN COST ESTIMATES (NOW RPT NOW ROUGHLY AROUND \$1 BILLION) AND LACK OF ENTHUSIASM DISPLAYED BY IBRD RPT IBRD. EARLIER VIEW AS TO POLITICAL DESIRABILITY NOW RPT NOW TEMPERED BY GREAT CONCERN AVOID BUILDUP OF "HIGH DAM MENTALITY". BELIEVES PROGRESS HAS BEEN MADE TOWARD LESSENING FORMER GHANA FEELING THAT VOLTA PROJECT SINE QUA NON ECONOMIC DEVELOPMENT. THIS PARTLY ACHIEVED BY CONCENTRATION ON NEW FIVE YEAR PLAN EXCLUSIVE OF VOLTA. JACKSON, WHO HEADED VOLTA PREPARATORY COMMISSION, IS HOWEVER, BUILDING INTO THAT PLAN AS MANY AS POSSIBLE OF THE VOLTA ANCILLARY PROJECTS.

3. PRESENT POSITION CRO RPT CRO IS KEEP POSSIBILITY OF PROJECT ALIVE, WITHOUT AROUSING NEW HOPES UNLESS IT IS CLEAR HOPES CAN BE REALIZED WITHOUT SERIOUS DELAY. THEREFORE WOULD GREATLY REGRET ANY ACTION BY US RPT US TO AROUSE EXPECTATIONS UNLESS WE CAN CLEARLY SEE SOLUTIONS TO ALL FINANCING PROBLEMS. SAID ABOVE CRO RPT CRO

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-2- 6815, MAY 23, 6 PM FROM LONDON

POLICY NOT RPT NOT SHARED BY ALL DEPARTMENTS AT OFFICIAL LEVEL AND IMPLIED TREASURY LEANS TOWARD TOTAL DISENGAGEMENT.

4. RE PARAGRAPH 3B HMG RPT HMG EXPLAINED TO NKRUMAH IN JULY 1957 THAT HMG RPT HMG ABILITY TO PARTICIPATE THEN LESS THAN THE 52 MILLION POUNDS DISCUSSED SOME YEARS EARLIER, AND NO RPT NO CHANCE OF HMG RPT HMG COVERING ORIGINAL PERCENTAGE APPLIED TO MORE COSTLY PROJECT. EVEN THIS NOT RPT NOT FIRM COMMITMENT AND HMG RPT HMG INTERESTED AT BEST ONLY IN FIXED INTEREST LOAN, ON ASSUMPTION ALL RISK CAPITAL PRIVATELY SUPPLIED. UK RPT UK HAS ASSUMED PRIVATE INTERESTS WOULD FIND OWN FINANCING FOR MINING AND SMELTER. HINTED LONDON CAPITAL MARKET NOT RPT NOT NECESSARILY EXCLUDED AS A SOURCE FOR SOME PRIVATE CAPITAL. AS FOR ANCILLARY WORKS UK RPT UK POSITION HAS BEEN "THEY ARE GOG'S HEADACHE". AS ROUGH INDICATION POSSIBLE GOVERNMENTAL CAPITAL REQUIRED SNELLING QUOTED JACKSON'S LATEST GUESS THAT 180 MILLION POUNDS OF DAM AND SMELTER COST WOULD HAVE TO COME FROM COUNTRIES OUTSIDE GHANA. #500

5. RE PARAGRAPH 4 SNELLING EMPHASIZED THAT ALCAN LETTER LEFT DOOR OPEN FOR POSSIBLE FUTURE INTEREST IN PARTICIPATION. HE ALSO UNDERSTANDS THAT AMERICAN COMPANIES TO WHOM JACKSON TALKED WOULD CONSIDER EARLIEST DATE OF PARTICIPATION ONE YEAR AFTER US RPT US ECONOMIC UPTURN. ASKED WHETHER AMERICAN COMPANIES NOW RPT NOW INTERESTED IN PROJECT AT THIS TIME. EMBASSY UNABLE TO PROVIDE ANSWER BUT OFFERED TO ASK WASHINGTON. PLEASE ADVISE. AS FOR BRITISH ALUMINIUM SNELLING BELIEVED POSITION SIMILAR TO ALCAN BUT IN ANY EVENT THEIR PROSPECTIVE SHARE SO SMALL AS TO COUNT LITTLE IN TOTAL. HAD NOT RPT NOT HEARD OF ANY ICI RPT ICI INTEREST.

6. ASKED WHETHER LIKELY THAT FURTHER DISCUSSION IN HMG RPT HMG WOULD DEVELOP CHANGE IN ABOVE POSITIONS, REPLIED NO RPT NO CHANGE LIKELY UNLESS PUT TO MINISTERS AND WOULD NOT RPT NOT WANT DO SO UNLESS SOME NEW DEVELOPMENT TO CONSIDER SUCH AS DECISION ON US RPT US GOVT FINANCING. UNDER CIRCUMSTANCES EMBASSY WILL NOT RPT NOT PRESS FOR FURTHER HMG RPT HMG CONSIDERATION UNLESS INSTRUCTED.

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-3- 6815, MAY 23, 6 PM FROM LONDON

7. SNELLING ASKED FOR CLARIFICATION FOLLOWING. HMG RPT HMG HAS CONSIDERED THAT FURTHER INITIATIVE SHOULD COHE FROM COMPANIES. IF THEY SUFFICIENTLY INTERESTED TO INDICATE EXTENT THEIR PARTICIPATION, HMG RPT HMG COULD THEN CONSIDER WHETHER ABLE AND WILLING TO PROCEED. IS THIS VIEW OF US RPT US GOVT OR DO WE BELIEVE US RPT US AND UK RPT UK GOVTS SHOULD FIRST INDICATE WHAT THEY PREPARED TO DO AND USE THIS TO STIMULATE INTEREST BY COMPANIES? PLEASE ADVISE IF DEPARTMENT WISHES TO ANSWER THIS.

8. EMBASSY WILL AVOID DIRECT APPROACH TO BRITISH ALUMINIUM OR ICI RPT ICI UNLESS INSTRUCTED OTHERWISE.

WHITNEY

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1958 JUN 16 PM 7 25

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RPTD INFO: Amembassy ACCRA **509**

JOINT STATE-ICA MESSAGE

EMBTTEL 6815

845 j 2614

5-23

While US shares UK concern re political danger that Ghanaians' hopes may be falsely raised re financing for Volta Project, it is by no means convinced project impossible of implementation and it is for this reason we agreed act as catalyst to try to move Project off dead center. As result preliminary conversations with Aluminum industry we believe there is good prospect that sooner or later this resource will be tapped and our role so far has been confined to soundings calculated determine precise nature interest /aluminum companies in financing smelter.

We believe therefore US and if possible UK should continue manifest to Ghana Government sympathetic attitude on Volta Project and if and when private interests show tangible interest it is /~~is~~ hoped UK might join US in considering help in financing public sector.

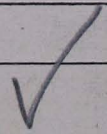
We concur idea loan such circumstances might be on fixed interest basis. Possibility that Kaiser may make proposal re construction (not financing) dam and power. Our inquiry this time intended elicit general British attitude

Drafted by: AF:AFS:CVFerguson, Jr:sd
ICA-Abbot L Moffat *A*

Telegraphic transmission and Classification approved by: AF - Joseph Palmer 2nd

Clearances: ICA - Mr. Buller *CAF*
DD/S-CFletcher *CA*

ED-Mr. Favell *AF*
AF-Mr. Dolgin *A*



JUN 16 1958 P.M.

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toward assistance in such eventuality. We hope know company decision before
Nkrumah visit on basis outlined memo conversation being sent separately.

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Control: 21359

Rec'd: JUNE 27, 1958

5:23 PM

FROM: LONDON

TO: Secretary of State

NO: 7615, JUNE 27, 7 P.M.

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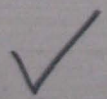
REFERENCE: (A) DEPTTEL 8986; (B) DEPARTMENT'S MEMO-RANDUM CONVERSATION ON VOLTA RIVER MAY 27; (C) EMBTEL 6815.

EMBOFF DISCUSSED VOLTA FURTHER WITH SNELLING TO REVIEW UK POSITION RE FINANCIAL PARTICIPATION VOLTA PROJECT AND GET REACTION TO SELECTED ITEMS INFORMATION CONTAINED REF (B).

1. SNELLING RELIEVED LEARN US MAINTAINING CATALYTIC ROLE AND NOT OFFERING TAKE LEAD IN FINANCING VOLTA THIS TIME.
2. RE MAGNITUDE POSSIBLE UK CONTRIBUTION, SNELLING INDICATED COMMONWEALTH RELATIONS OFFICE WOULD HAVE HARD FIGHT PERSUADE TREASURY AGREE ANYTHING LIKE THE POUNDS 52 MILLION MENTIONED IN 1952 WHITE PAPER ON VOLTA. AT SAME TIME HE FELT HMG, INCLUDING TREASURY, WOULD FIND IT DIFFICULT NOT CONTRIBUTE AT ALL. ALSO HE STRESSED AGAIN THAT UK FINANCIAL PARTICIPATION WOULD NECESSARILY HAVE TO FOLLOW RATHER THAN PRECEDE PRIVATE PARTICIPATION.
3. COMMONWEALTH RELATIONS OFFICE PLEASED LEARN US EXPLORING POSSIBILITIES OF SOURCES OF FINANCING FOR ONLY MINIMUM, NOT FULL-SCALE, VOLTA PROJECT. AT SAME TIME HE QUESTIONED FEASIBILITY ELIMINATING TOO MANY OF ANCILLARY WORKS SINCE SOME ALREADY UNDERWAY. ALSO, HE CAUTIONED THAT, WHILE GHANA CONTINUES IN RELATIVELY

MAY 27 1958

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-2- 7615, JUNE 27, 7 PM FROM LONDON

GOOD FINANCIAL POSITION AS LONG AS COCOA PRICES HOLD UP, GHANA IS ALREADY CONTRIBUTING TO VOLTA THROUGH DEVELOPMENT OF TEMA HARBOR, ROADS, ETC. THIS EFFORT REDUCES GHANA'S CAPACITY TO CONTRIBUTE TO DAM AND POWER AND MUST BE TAKEN INTO ACCOUNT IN ESTIMATING SIZE OF GHANA CONTRIBUTION.

WHITNEY

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ARA FROM: Accra
RMR TO: Secretary of State
NO: 35, July 16, 4 p.m.

Control: 11123
Rec'd: July 16, 1958
6:44 p.m.

UOP Prime Minister told me today that when in Washington he may ask for loan equivalent to 65 million pounds to build dam and power plant part of Volta river project even if no company is presently interested in producing aluminum.

ICA/S Prime Minister declared this amount would be enough for dam and power plant stripped of non-essentials. He was sure that once the power plant was built somebody would come into build and operate smelter. He felt that in any event Ghana has growing need for power to serve present purposes and to attract variety of small industries.

FLAKE

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Control: 12019
Rec'd: July 17, 1958
2:50 p.m.

FROM: Accra
TO: Secretary of State
NO: 43, July 17, 1 a.m.

DeLoach

Today I received letter from External Affairs Secretary Adu as follows: "I have been instructed to inform you that the Prime Minister has the following subjects specifically in mind (for discussion in Washington next week).

- A) What can the US Government do to assist in bringing the Volta river project to life?
- B) What can the US Government do to assist in the industrialization of Ghana?
- C) Prime Minister's hope that the US Government would support the general policy he has been advocating for the liberation of Africa, and
- D) Prime Minister's desire to explain to the US Government what he believes to be the present attitude of the emergent countries in Africa."

Embassy comment:

Letter was outcome of my insistence that Department not be taken unawares by some subject Prime Minister might raise.

FLAKE

MLJ/11



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AFS: R.W. ROSS
(39) M-756

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DEPARTMENT OF STATE

845j.2614/7-1858
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Memorandum of Conversation

172

DATE: July 18, 1958

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SUBJECT: Kaiser Interest in the Volta River Project

PARTICIPANTS: Mr. Joseph Palmer 2nd, Deputy Assistant Secretary, AF
Mr. George Dolgin, Politico-Economic Advisor, AF
Mr. C. Vaughan Ferguson, Jr., Director, AFS
Mr. William R. Duggan, AFS
Robert W. Ross, AFS

COPIES TO: ICA - Mr. Stuart Van Dyke
Mr. Fleisher
Miss Mary Painter

14

JUL 29 1958

COPIES TO: IRC 2 / AFS 3 / Department of Commerce
AF (2 cc) / ED / Amembassy - ACCRA
ICA 2 / W /

Mr. Palmer said that he had called the meeting to discuss the recent letter to Mr. Fleisher from Kaiser Industries Corporation and to clarify the U. S. position in preparation for the talks with Prime Minister Nkrumah. He asked if there was anything to be put forward at this time.

During the course of the discussion Mr. Fleisher indicated that Kaiser was interested in "up-dating" the 1955 Volta scheme report under a contract with the U. S. Government and/or the Government of Ghana. This project would cover all phases of the scheme excepting the analysis of the bauxite deposits, which would be done at Kaiser's expense and for their information. Kaiser Industries is also interested in exploring the possibilities of forming a consortium, or joint venture, with other U. S. firms in building the scheme's "production plant". They had asked ICA to attempt to find out whether or not the U. S. Justice Department would look with disfavor upon such a consortium.

Mr. Palmer asked Mr. Dolgin to seek an informal opinion on this point through the Office of the Department's Legal Advisor. He also said that the possibility of a joint venture headed by Kaiser should be discussed with the Prime Minister with the greatest of care. Mr. Palmer said he is concerned lest Nkrumah be left with too optimistic a picture.

The estimated cost of the new survey was put at about \$120,000 by Mr. Fleisher and he said the work would require about 4 months to complete.

All of

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845J.2614/7-1858

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All of the conferees agreed that the U. S. Government should assist in the financing of the "up-dating" project and it was also the consensus that the Ghana Government should contribute to the cost, even if only a token amount. Mr. Palmer said that it should also be made clear to the Prime Minister that no established company would be willing to invest in a project of the magnitude of the Volta River scheme on the basis of a report as old as the 1955 survey. Mr. Van Dyke indicated that he believed ICA could obtain the funds to finance all of the new study if necessary but that we should try to get Ghana to put up 50% of the money. It was agreed that the United States should consider bearing the full cost if no contribution from the Ghanaians were forthcoming.

Mr. Palmer suggested, and all agreed, that our conversations with Nkrumah should be, basically, an explanation of the "catalytic" efforts we have made to date, with the proposal to assist in a new study added as the latest development. This suggestion was concurred in by the others present.

Mr. Ferguson said reports from Accra indicate that Dr. Nkrumah intends to seek U. S. assistance for the industrialization of Ghana although it is clear the Ghanaians have few, if any, concrete proposals and have not thought through the problem. It was agreed that the basic position to be taken should be to indicate the need for careful consideration of their needs by the Ghanaians and our willingness to receive and consider specific proposals.

It was agreed that simultaneous action should be taken as follows:

1. An opinion as to possible anti-trust implications in a joint venture would be sought from legal officers in ICA and the Department.
2. A cable would be sent by ICA to Accra asking the opinion of the Country Team on the matter of U. S. assistance in financing the new study.
3. A revised Volta River Project position paper for the Nkrumah visit would be drafted by AF and appropriate clearances obtained.
4. AF would draft a position paper dealing with U. S. assistance in the industrialization of Ghana.

AF:AFS:RWR:os:sdtd

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✓

AFS: R.W. ROSS

(39) M-527

DEPARTMENT OF STATE

45j.2614 / 7-2558

Memorandum of Conversation

173

DATE: July 25, 1958

I

SUBJECT: Ghana's Volta River Project

OK
CDD

ARTICIPANTS: The Honorable Kimla A. Gbedemah, Minister of Finance.
 The Honorable Kojo Botsio, Minister of Trade and Industries.
 Mr. A.L. Adu, Permanent Secretary, Ministry of Defense and External Affairs.
 Commander Sir Robert Jackson, Chairman, Ghana Development Commission
 Mr. Enoch Okoh, Acting Secretary to the Cabinet.
 Mr. Amon Nikoi, Third Secretary, Ghana Embassy.
 Mr. Richard Akwei, Second Secretary, Ghana Embassy.
 Mr. H.R. Amonoo, Second Secretary, Ghana Embassy.
 Under Secretary C. Douglas Dillon, W.
 Mr. Joseph Palmer 2nd, Deputy Assistant Secretary, AF.
 Mr. C. Vaughan Ferguson, Jr., Director AFS.
 Mr. William R. Duggan, AFS.

COPIES TO:

Mr. Robert W. Ross, AFS.
 Mr. Stuart Van Dyke, ICA.
 Mr. Carl Fleisher, ICA.

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 ICA - 2 (cc)
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NEA
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 Export-Import Bank -
 S/S -2 (cc)

12

AF-15-10 copies to Hartwell 7/8/59, mth/s

AUG 5 - 1958

Mr. Dillon said that the United States Government is most anxious to see increased interest by the aluminum companies in Ghana's Volta River Project, but that the Prime Minister and his colleagues had clearly stated the dilemma: the companies want assurances of cheap electric power before investing. He outlined our efforts to stimulate the interest of American aluminum producers in the project. Kaiser Industries, he said, have proposed a course of action which commends itself for consideration. They have offered to update the existing 1955 engineering study of the dam and hydro-electric facilities and to translate it into American terms. Kaiser would ask no profit for this work. We believe this is a good proposal, would like to see an engineering company undertake such a report, and are willing

to assist

AUG 6 - 1958

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8450-2614/7-2558

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-2-

to assist in financing it. Mr. Dillon said that the U.S. would be willing to bear half the cost of the updating study, but said this could be discussed later. He said that Kaiser had also indicated a willingness to take the lead in exploring the possibilities for formation of a joint company in connection with the aluminum production sector of the project.

The Minister of Finance said that Ghana cannot seem to get started on the Volta Project. Their "partners", the Aluminium Company of Canada, have already assumed other obligations which exhaust their investment capabilities. Mr. Gbedemah said Ghana has also had evidences of interest by other groups, mentioning specifically the Banque de Paris and several German companies. The question, he said, is what the U.S. Government is willing and able to do to help.

Mr. Dillon said we believe the next step should be the updating of the report by an engineering company. The question of whether or not Kaiser would be selected is one to be worked out with the Government of Ghana. He thought there would be some advantage in utilizing Kaiser because of its aluminum operations, which would assure that the new study would be focussed on the end-product - that is, aluminum production.

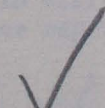
Sir Robert Jackson said he would recommend to the Minister (Botsio) the selection of Kaiser to do the study. He said that they are extremely capable and that he was greatly impressed with Kaiser's construction performance in Australia. Sir Robert said he believed Kaiser might be able to recommend construction short-cuts which would shorten the construction time, resulting in reduction of interest charges and ultimate reduction of the cost of the power produced.

Minister Botsio said he believed the next step should do more than merely updating the 1955 report. He went on to say that the dam and hydro-electric facilities should not be tied, in our considerations, exclusively to the aluminum operations. He said that the availability of cheap power would attract and create a host of new industries, and would be economically advisable even if aluminum production never got under way.

The Under-Secretary admitted that we had been led to believe that ninety-five per cent (95%) of the power was earmarked for aluminum production and that no other substantial consumption would be possible. He said that other potential uses for the power output might change the picture. If so, we would be glad to consider them. Mr. Dillon went on to say that the present temporary recession in the aluminum industry should not be considered as anything but a

snort run

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CONFIDENTIAL

-3-

short run problem, as new uses are constantly being found (He outlined some of these potentials).

Sir Robert said that he would like to see Kaiser do the construction because their possible ability to save time on construction might place Ghana in a position to move in quickly if and as the aluminum industry picked up. He said the Prime Minister feels very strongly that availability of cheap power would attract industries to Ghana and is of paramount importance in the country's industrialization. Dr. Nkrumah believes, Sir Robert said, that his Government must perform the "act of faith" embodied in construction of the dam to meet his people's aspirations. Sir Robert said that after updating the survey the Government of Ghana might decide to forego its plans in education, agriculture, etc., to go ahead, on its own if necessary, with this "act of faith", i.e., construction of the dam.

Mr. Dillon said the U.S. could not promise to move ahead without the new data the proposed study would provide. We want to avoid, he said, the raising of false hopes in Ghana.

Mr. Gbedemah said that without any action on their part (The Ministers and the Prime Minister) "high hopes" for U.S. assistance exist in Ghana. Because of this, he said, the group would like from the Department a statement of willingness to lend assistance. Mr. Dillon said that it was to this problem that Under-Secretary Herter had alluded when he spoke of a joint statement in the earlier meeting. Mr. Dillon said that the major task in drafting such a statement would be in careful wording to avoid over-optimism while conveying the fact that we do want to give Ghana such help as we can with respect to the project if it is ascertained to be economically feasible. In addition we are, of course, prepared to continue and expand our technical assistance program.

The Minister of Finance recalled that Ghana became a member of the World Bank primarily to have the right to borrow from that agency. Previous approaches to the Bank, he said, had elicited little interest but he believes that if the United States Government were committed to assist in financing the project the Bank would be interested. Mr. Dillon said that our lending efforts, particularly those of the Development Loan Fund, are closely coordinated with the World Bank. He pointed out that the American representative on the IBRD also serves on the DLF board.

Mr. Gbedemah's final point was that he and his colleagues believed that the World Bank should not be approached for assistance on anything but the Volta Project. They therefore hoped to finance their development plan from other sources.

Note: During the meeting Mr. Flesher arranged for a meeting in Blair House at 3:30 in order for Ghanaian officials to talk with Kaiser representatives.

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INCOMING TELEGRAM

Department of State

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Rec'd: August 9, 1958
1:17 p.m.

FROM: Accra

TO: Secretary of State

NO: 73, August 9, 2 p.m.

File
HOR

[Signature]

While introducing Robert Ware, Adu of EXTAFF commented briefly on his impressions of results Nkrumah's talks in Washington. Adu was pleased with Volta Survey Mission and possibility other US economic assistance but intimated he expected Ghana's "political situation" would deteriorate unless significant assistance forthcoming by next March. In this connection he said he was absent from Nkrumah-Malik meeting but believed PM had reiterated position exchange of diplomatic missions with USSR should be postponed till Ghana good-will mission visited Moscow next spring. Adu added he foresaw earlier date because of Soviet pressures and did not rule out possibility PM has already agreed to accept Soviet Mission soon. His pessimism this regard echoed by Minister Gbedemah's remark to Ware to effect it was time for actions to replace words re aid. My impression is obsession to start Volta is as strong or stronger among Ghanaians in position to affect policy than before PM's visit.

Unless PM leaves for rest in country this week Adu promised to do best make appointment for me next week.

RUTTER

CWD:LAS/7

845J.2614/8-958

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SEP 24 1958

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ction: ICA
nfo:
MR

CONTROL: 7886
REC'D: August 13, 1958
4:10 p.m.

FROM: Accra

p NO.: TOICA 55, August 13, 3 p.m.

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JOINT USOM-EMBASSY MESSAGE

Taylor Development Commission, telephoned at request Prime Minister asking that I advise Washington that his mention Kaiser's name press conference 12 August was unintentional. Still determined no press release on subject until contract agreed (TOICA 44).

MOFFATT

MAW/UMT:7

845J.2614/8-1358

CS/A

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Serial 59
Rev
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SEP 18 1958

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845j 2614/2-10

35-31
Action

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Classification

Control:

5495

Rec'd:

February 10, 1959
7:29 a.m.

176

AF FROM: Accra

Info
RMR TO: Secretary of State

IO NO: 480, February 10, 10 a.m.

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PER Air freight 10,000 halyzone tablets soonest. Local drought
DCL (EMBTel 471) resulting contaminated water supply.

ICA FLAKE

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Department of State

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Control:

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Rec'd:

February 10, 1959
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L. J. ...

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Outgoing

1959 MAR 6 AM 6 11

177

43
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FROM: Amembassy MONROVIA
TO: Secretary of State
NO: G-67
PASS: ACCRA

Date sent: February 27, 1959
ACTION: FILE
INFO: FILE
INR FILES

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MAR 6 AM

845J.2614/2-2759

An American businessman, Richard ROBINSON of the Liberian American Exploration Company (see Deptel. 226), provided some interesting details concerning a proposal put to him recently by the Ghana Ambassador, Mr. Thomas HUTTON-MILLS. The proposal involved participation by the interests he represents in one of two dams of the Volta River project. The total costs for the construction of the dam was given as £80,000,000 (1£ Ghana = U.S. \$2.80). Of this amount, 33-1/3% is supposed to be a guaranteed gross profit. From this there would be a number of deductions, as follows: to the Convention Peoples Party (CPP) 12% or approximately £3,196,800; to the Development Council 10% or approximately £2,664,000; to the promoters (Thomas Hutton-Mills et al) 8% or approximately £2,131,200. This would leave to the contractors some £18,648,000 net profit. Mr. Robinson said that his firm would probably consider brokering this proposal to other interested groups.

In an earlier meeting, Ambassador Hutton-Mills had told Mr. Robinson that Ghana Prime Minister N°KRUMAH would be making a trip to Moscow in the near future and that he would accompany the Prime Minister. He admitted that he had been trying to get N°Krumah to go to Moscow for some time and implied that the West would not pay serious attention to Ghana until this move was taken. In a later meeting with the Ambassador, however, he denied that he would accompany the Prime Minister. He did say, however, that an Embassy would be opened in the USSR in late March or early April.

Ambassador Hutton-Mills may be trying to boost his sagging reputation by locating a contractor who will agree to the split

CAA

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RJAllen/dm

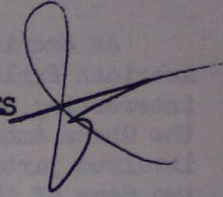
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MAR 10 1959
954

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mentioned above. He indicated to Mr. Robinson that contractors with whom the project had been discussed so far have refused to abide by these terms. He admitted it was a bit unusual for him to be looking for contractors in Monrovia, as these arrangements are usually conducted through the Embassies in Washington, London and Paris.

JONES



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1959 FEB 27 PM 6 24

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178

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SENT TO: AmEmbassy ACCRA 458

FROM SATTERTHWAITE

FYI. Calhoun of Kaiser Industries informed me today their survey report on Volta being delivered Nkrumah via Pan American courier March 2 or 3. Additional copies will not (repeat not) however be released until GOG has given permission do so.
End FYI.

Herten
ACTING

HERTEP

(jcs)

RM/R
Anal <u>57</u>
Rev _____
Cat _____

845J.2614/2-2759

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845J.2614/2-2759

Drafted by: AF:G... dah 2/27/59
AF:JCSatterthwaite:gm

Telegraphic transmission and classification approved by: J. C. Satterthwaite

Clearances:
AFS - C.V. Ferguson
ICA - H.G. Buller

S/S-CR

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179

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CIA

Control: 6227
Rec'd: March 10, 1959
6:29 p.m.

L. J. ...

FROM: Accra
TO: Secretary of State
NO: 532, March 10, 5 p.m.

Prime Minister today gave me copy Volta River project re-assessment report by Kaiser and invited me to small dinner he is having March 14 for Edgar Kaiser who arrives evening of 13th and departs morning of 15th.

Prime Minister understands copies report being made available USG by Kaiser Company through Ghana Embassy Washington, D. C.

FLAKE

SLS/9

Handwritten signatures and initials
MAR 11 9 07
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MAR 23 1959

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Department of State

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Control: 10107

Rec'd: March 16, 1959
8:44 p.m.

7-M
Action
AF

FROM: Accra

TO: Secretary of State

NO: 543, March 16, 4 p.m.

PRIORITY

JOINT EMBASSY/USOM MESSAGE

EMBTTEL 532

Longan...

1959 MAR 17 AM 7 13

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3/25/59
file
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845J 22614 / 3 41659

Edgar Kaiser and two assistants spent March 14th here discussing Volta River report with Prime Minister and his associates.

At end of day, Prime Minister asked Moffat and me to join group. Prime Minister told us it had been agreed Government of Ghana would have Kaiser undertake immediately certain preliminary work namely further drilling at dam site, engineering and design, access roads, and some housing.

Prime Minister then said Government of Ghana would approach US Government immediately and invite its assistance in "(1) interesting industries which are substantial consumers of electricity in using power generated from the Volta, and (2) working out a plan for financing the construction of the dam and power production at Kosombo"; later I was handed minutes of meeting, last part of which state: "At this point the American Ambassador to Ghana, Mr. Wilson C. Flake, and Mr. A.L. Moffat, Director, United States Operations Mission in Ghana, joined the meeting and the Prime Minister described what had so far been agreed. He re-emphasized his firm intention of proceeding with power development on the Volta River as soon as possible. The Ambassador agreed to convey the Prime Minister's views to the American Government as soon as they had been formally conveyed to him.

"It was confirmed that whilst the United States Government was taking action under paragraph 4 (B) - the financing of the Volta River project - the Government of Ghana would not make

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-2- 543, March 16, 4 p.m., from Accra

separate approaches to other governments about such financing.

"It was agreed that the Government of Ghana should inform the British and Canadian Governments in general terms of what had been agreed at this meeting.

"It was agreed that copies of the reassessment report could now be released to the aluminium companies and other interested bodies."

At same time Prime Minister handed me letter reiterating that he is "determined to see power generated from the Volta River as quickly as possible for I am convinced that this is an essential factor in the further development of Ghana."

Letter ends as follows: "The Government of Ghana for its part intends to give authority forthwith to the Kaiser Company to carry out certain preliminary works which will be required before the main project can be started. Whilst these preliminary works are being undertaken I hope that the United States could assist Ghana both in seeking to interest industries which would be large consumers of power generated from the Volta River, and also in working out a plan for the financing of the construction of the dam and power installation at Kosombo.

"President Eisenhower has assured me of his interest in this project which can mean so much to Ghana, and my Government would be most grateful for any action which he and the Government of the United States could now take in order to bring the project into operation."

Embassy comment: Kaiser now Paris will be Washington 17th or 18th to discuss subject with Department and ICA. He can furnish details pending arrival Embassy despatch due Department courier pouch about March 23. Kaiser, Moffat and I in full agreement and Moffat and I recommend course Kaiser proposes.

Kaiser made excellent impression on Prime Minister with his straight forward talk which pointed up problems but nevertheless gave Prime

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-3- 543, March 16, 4 p.m., from Accra

gave Prime Minister much hope. Prime Minister told me privately he is absolutely determined to have power project and "after talking with President Eisenhower and Vice President Nixon, I am sure they cannot fail me."

I was as usual noncommittal but I must inform Department that Prime Minister is a determined man in a hurry. He has read much about desire of US Government to assist underdeveloped countries especially in Africa and he regards Volta project as test now that Kaiser report is favorable. Outcome will in my opinion have profound effect on US-Ghana relations and indirectly on US relations with Africa. I therefore feel US Government should press forward earnestly to assist Kaiser's effort bring project to life.

FLAKE

JAC/6



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AIR TOUCH

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FOREIGN SERVICE DESPATCH

Longley 845g.2614/ 3-175

557

DESP. NO.

March 17, 1959

DATE

181

FROM : AMEMBASSY, ACCRA

TO : THE DEPARTMENT OF STATE, WASHINGTON.

REF : Embassy Telegram 543. 845g.2614/ AF SW 2AR NE 10A

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SUBJECT: Volta River Project

Joint Embassy/USOM despatch.

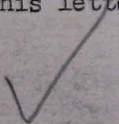
The Embassy's telegram 543 was a joint Embassy/USOM message. It reported the outcome of a one-day visit by Mr. Edgar KAISER to discuss the Volta River Project with the Prime Minister. The purpose of this despatch is to confirm that telegram and to transmit the documents on which it was based.

Mr. Kaiser, who was accompanied by Mr. BOYD and Mr. CASE of his company, came to Accra at the request of the Prime Minister to discuss the Volta River Project Reassessment report which was completed recently by the Kaiser organization. Their plane was late and they did not arrive in Accra until 4:00 a.m. on Saturday, March 14. They left Accra for Lisbon at 4:00 a.m. on Sunday, March 15.

On Saturday morning Mr. Kaiser called to see me before going on to his first meeting with the Prime Minister. At that time Mr. Kaiser was not sure just what the Prime Minister had in mind. Later in the day, at a luncheon given by Mr. Moffat, Mr. Kaiser told me that he would be having another session with the Prime Minister after lunch and that the Prime Minister would like Mr. Moffat and me to join the group at 4:30 p.m.

When Mr. Moffat and I joined the group at the appointed time, the Prime Minister had Sir Robert JACKSON read the Minutes which Sir Robert had kept up to that time. After a short discussion period, Sir Robert added paragraphs 8, 9, 10, and 11 to these Minutes. A copy of the complete Minutes ("Record of a Meeting Between the Prime Minister of Ghana and Mr. Edgar Kaiser on Saturday, 14th March, 1959") is forwarded herewith as enclosure 1.

Mr. Moffat and I returned to the Prime Minister's residence that night to attend a small dinner which the Prime Minister was giving for Mr. Kaiser. Before dinner the Prime Minister handed me a letter formally transmitting a copy of the Minutes (Record of Meeting) mentioned above. The letter also expressed the hope that the United States Government would assist Ghana both in interesting industries which would be large consumers of power generated from the Volta River and also in working out a plan for the financing of the construction of the dam and power installation at Kosombo. A copy of this letter from the Prime Minister to me is forwarded as enclosure No. 2.



Telegram sent
Accra 4/30/59
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4/2/59 - Ent 9

WCFlake/avb

REPORTER

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After the dinner with the Prime Minister, Mr. Kaiser and his associates came on to my home for a summing-up talk with Mr. Moffat and me.

Mr. Kaiser said that before coming to Accra he had been in touch with Mr. Nathaniel DAVIS of Alcan; that Mr. Davis was interested in the possibility of Alcan's participation in a scheme to use Volta River power to smelt alumina that would be imported from Guinea; that Guinea has better bauxite than Ghana but Ghana has a potential of more adequate and cheaper power than Guinea, which would make an attractive combination because the big consumption of power comes with the conversion of alumina into aluminum; that an operation of this kind would not prejudice the concurrent or ultimate development of an industry in Ghana to convert Ghana bauxite into alumina and then into aluminum.

Mr. Kaiser went on to say that he would return to Washington immediately and seek ICA's assistance in determining definitively whether Kaiser and Alcan alone, or in association with some other companies, could go ahead with a plan to use Volta River power to convert imported alumina into aluminum; and that at the same time the Kaiser organization would be glad to participate with ICA in determining whether any company or group of companies desires to use Volta River power to produce aluminum from bauxite mined in Ghana.

In the meantime, the Government of Ghana has agreed to engage the Kaiser company to go ahead immediately with certain preliminary work -- namely, further drilling at the dam site, engineering and design, access roads, and some housing accommodations. The Government of Ghana wanted to do this at once, and is willing to pay for it, as evidence of its determination to produce power. If a contract for the power project is given eventually to Kaiser or some other company, this preliminary work will be a part of the total contract; that is, the cost of this preliminary work will reduce by that amount the cost of the full contract for the dam.

In my various talks with the Prime Minister during the past six months I have taken the line that the reassessment report by Kaiser should show whether the project was feasible or not. I tried, and I believe successfully, to persuade the Prime Minister that if the report should be unfavorable the Prime Minister should give up the idea, at least for the present. At the same time, I have indicated that if the Kaiser report should be favorable, and if Kaiser or any other reputable company should be willing to put its own money into a smelter, the United States Government would at least look at the project again to decide whether the United States Government could help with some part of the financing necessary for the public sector -- that is, the dam and power installation. I have been careful not to make any promises or even to get the Prime Minister's hopes up too high.

I still believe that if the Kaiser report had been unfavorable the Prime Minister would have dropped the idea and would not look elsewhere for assistance. But now that the Kaiser report has been issued and is favorable, the Prime Minister is determined that somehow he is going ahead with the project. He wants, and expects, ICA to continue the good work it has been doing in an effort to get aluminum companies interested to the extent that financing of the dam and power installation would be a sound business undertaking.

Given this favorable Kaiser report, I believe that if the project should not be brought to life by help from the West, the Prime Minister would not hesitate

to seek assistance in other quarters. The Prime Minister does not hold this out as a threat; he simply tells me that, with a favorable report in hand, he is determined to go forward with the project; that he hopes necessary help will come from the United States, but that he will proceed with construction of the dam even if he is forced to turn elsewhere for help.

In these circumstances I recommend strongly that the United States Government (specifically ICA) press forward energetically, with Mr. Kaiser's help, to determine whether some company or group of companies is prepared to commit itself to purchase power from the Volta River dam -- and, at the same time, give thought to how the dam might be financed if a firm need for power can be developed.

Wilson C. Flake
Wilson C. Flake
Ambassador

Enclosures: *att*

- No. 1. Record of a Meeting Between The Prime Minister of Ghana and Mr. Edgar Kaiser on Saturday, 14th March, 1959.
- No. 2. Letter dated March 14, 1959, from the Prime Minister of Ghana to the American Ambassador, Accra.

RLM

RECORD OF A MEETING BETWEEN THE PRIME MINISTER OF GHANA AND
MR. EDGAR KAISER ON SATURDAY, 14TH MARCH, 1959.

The Prime Minister was accompanied by the Ministers of Finance and External Affairs, and the Chairman of the Industrial Development Corporation, with the Chairman and the Permanent Secretary of the Development Commission in attendance.

Mr. Edgar Kaiser was accompanied by Mr. C. Case and Mr. R. Boyd.

2. The Prime Minister expressed his appreciation to the Henry J. Kaiser Company for the comprehensive report on the engineering aspects of the Volta River Project, and also for the willingness of Mr. Edgar Kaiser and his colleagues to visit Ghana again at such short notice.

3. The Prime Minister stated that

- a) his Government accepted the Kaiser Report as a basis for future action, and
- b) his primary objective was the production of cheap power from the Volta River as soon as possible.

Therefore he would like to see the first stage of the Kosombo project carried out as quickly and as cheaply as possible.

4. In order to achieve the Prime Minister's primary objective it was agreed that action should be taken as follows:

- a) certain preliminary works i.e. further drilling at the dam site, engineering and design, access roads, and some accommodation would be undertaken by the Government of Ghana as soon as possible. The Henry J. Kaiser Company would carry out these works and submit estimates of costs to the Government without delay.
- b) The Government of Ghana would approach the United States Government immediately and invite its assistance in
 - (i) interesting industries which are substantial consumers of electricity in using power generated from the Volta, and
 - (ii) working out a plan for financing the construction of the dam and power production at Kosombo.

5. The Government of Ghana would propose to the United States Government that the Henry J. Kaiser Company should be associated with the action contemplated at 4(b) from the outset.

6. As to paragraph 4(b)(i) it was noted that following discussions with the Government of Ghana, Aluminium Ltd. were already investigating, in consultation with Kaiser Aluminum and Chemical Corporation, and with B.A.C., the possibility of advancing a proposal for the setting up of a 50,000 to 80,000 ton smelter using imported alumina. It was agreed that the Kaiser Aluminum and Chemical Corporation would continue to participate in that particular investigation. Nevertheless the

(Classification)

Prime Minister wished to see an appreciably higher output of aluminium in Ghana and it was agreed that if any company had different proposals to put forward it would be free to advance them.

7. As to paragraph 4(b)(ii) it was noted that a year could be saved if the contract for the dam was negotiated direct rather than by calling for tenders on an international basis. The possibility of doing this would be directly influenced by the pattern of financing which might be evolved by interested Governments.
8. At this point the American Ambassador to Ghana, Mr. Wilson C. Flake, and Mr. A. L. Moffat, Director, United States Operations Mission in Ghana, joined the meeting and the Prime Minister described what had so far been agreed. He re-emphasized his firm intention of proceeding with power development on the Volta River as soon as possible. The Ambassador agreed to convey the Prime Minister's views to the American Government as soon as they had been formally conveyed to him.
9. It was confirmed that whilst the United States Government was taking action under paragraph 4(b) - the financing of the Volta River Project - the Government of Ghana would not make separate approaches to other Governments about such financing.
10. It was agreed that the Government of Ghana should inform the British and Canadian Governments in general terms of what had been agreed at this meeting.
11. It was agreed that copies of the Reassessment Report could now be released to the aluminium companies and other interested bodies.

Ghana
PRIME MINISTER

14th March, 1959.

My dear Ambassador,

Last week I sent to you a copy of the Reassessment Report on the Volta River Project which had been prepared by the Henry J. Kaiser Company, and today I had the opportunity of discussing it with Mr. Edgar F. Kaiser.

Our meeting was the logical outcome of the action initiated during my visit to Washington last July when it was agreed that a reassessment should be made of the engineering aspects of the project. That reassessment has now been made and the conclusions are favourable.

As you know I am determined to see power generated from the Volta River as quickly as possible for I am convinced that this is an essential factor in the further development of Ghana. I therefore discussed today with Mr. Kaiser the next steps which should be taken in order to achieve my objective, and you and Mr. A. L. Moffatt were kind enough to attend the final stages of the meeting. I forward with this a copy of the record of our discussion.

The Government of Ghana for its part intends to give authority forthwith to the Kaiser Company to carry out certain preliminary works which will be required before the main project can be started. Whilst these preliminary works are being undertaken I hope that the United States could assist Ghana both in seeking to interest industries which would be large consumers of power generated from the Volta River, and also in working out a plan for the financing of the construction of the dam and power installation at Kosombo.

President Eisenhower has assured me of his interest in this project which can mean so much to Ghana, and my Government would be most grateful for any action which he and the Government of the United States could now take in order to bring the project into operation.

Yours sincerely,

/s/ Kwame Nkrumah

His Excellency Mr. Wilson C. Flake,
Ambassador of the United States of America,
ACCRA, Ghana.

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(29) M-941

Memorandum of Conversation

DATE: March 19, 1959

SUBJECT: Volta River Project

PARTICIPANTS: Mr. Edgar J. Kaiser, Kaiser Industries Corporation, Oakland, California
Mr. Chad F. Calhoun, Washington Representative, Kaiser Industries Corporation
Mr. G. Richard Ward, Kaiser Industries Corporation

COPIES TO:

- Mr. J. C. Satterthwaite, Assistant Secretary, AF
- Mr. George Dolgin, Politico-Economic Adviser, AF
- Mr. George D. LaMont, Deputy Director, AFS
- Mr. Stuart H. Van Dyke, ICA
- Mr. Carl Flesher, ICA
- Mr. Donald B. MacPhail, ICA
- Mr. Hyde Buller, ICA
- Mr. Samuel Levine, ICA
- Mr. Eugene L. Padberg, Jr., AFS

MAR 31 1959

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845J.2614/341959

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- ~~AFS - 5~~
- ~~W - Mr. Dillon (lcc)~~
- ~~ED - Mr. Kenney~~
- ~~BP - Mr. Harvey Winter~~
- ~~IRC - 8~~
- ~~S/S - 2 (lcc)~~
- ~~ExIm Bank - Mr. Dennison~~
- ~~E - Mr. Atterberry (for IBRD)~~
- ~~Commerce - Mr. Cummings (BFC) - 1~~
- AF - Mr. Dolgin - 1
- Mr. Stuart VanDyke, O/AFE, ICA
- Mr. Carl Flesher, DD/S, ICA
- Mr. Donald B. MacPhail, O/AFE, ICA
- Mr. Hyde Buller, O/AFE, ICA
- Mr. Samuel Levine, O/AFE, ICA
- American Embassy, Accra
- AF/PRO - Mr. Reeves - 1

31

Mr. Edgar Kaiser came to the Department today to report on the discussions he and his two associates, Mr. Boyd and Mr. Case, had at Accra on March 14 with Prime Minister Nkrumah and Messrs. Botsio, Gbedemah, Jackson and Taylor regarding the Reassessment Report on the Volta Project recently completed by the Kaiser Corporation.

Prior to seeing Nkrumah, Mr. Kaiser said Jackson made it quite clear that Nkrumah was anxious to proceed immediately with the Volta Project. Nkrumah, Mr. Kaiser said, opened their meeting by reading a prepared statement. After requesting everyone present at today's meeting to read this "Statement of the Prime Minister", (See Attachment I), Mr. Kaiser called attention to paragraph four and said Kaiser stood by the position it had taken in its Reassessment report "that

APR 20 1959

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none

a year could be saved if the contract for the dam was negotiated direct rather than by calling for tenders on an international basis". With this principle in mind, Mr. Kaiser said he expressed to Nkrumah the hope that Ghana would select his firm, and Nkrumah's immediate response was to inquire what Kaiser could do for Ghana. In answer, Mr. Kaiser said, he told Nkrumah he could not reply to his question until Kaiser knew how Ghana intended to finance the construction of the dam and the power plant.

Noticing Nkrumah was startled by his response, Mr. Kaiser said he hastened to explain that if the United States Government did not assist Ghana in financing the Project, Ghana would have to settle the question itself. Kaiser's answer, he said, to the questions raised in paragraph 7 of Nkrumah's statement depended on this.

To Mr. Satterthwaite's inquiry whether Kaiser had any intention of building the 120,000 ton aluminum smelter mentioned in its Reassessment Report, Mr. Kaiser stated his answer was "no". Before Kaiser could take a decision on a project of this magnitude, he explained, a world survey of aluminum requirements would have to be made.

Having affirmed to Nkrumah that Kaiser would assist Ghana in finding at least one substantial consumer of power, Mr. Kaiser related that when it came to committing his company to build a smelter it was necessary to hedge with Nkrumah and he told him Kaiser's engineers required further drilling information on the Kosombo site. After pointing out the difficulties one encounters in attempting to estimate the length of time necessary to obtain financing or to find another firm interested in using Kosombo power, Mr. Kaiser said he urged Nkrumah to go ahead in the meantime with additional drilling at the dam site, the building of roads and camps and initiating engineering and design. In suggesting that Ghana not delay starting this preliminary work, Mr. Kaiser said he told Nkrumah that Ghana had nothing to lose since their going ahead with the Volta Project was inevitable. As an incentive to Nkrumah's agreeing to their being awarded this contract, Mr. Kaiser said he told Nkrumah that Kaiser would submit monthly accounts and he could cancel the contract whenever he desired.

Mr. Kaiser then referred to a memorandum of their discussions prepared by Mr. Jackson, titled, "Record of a Meeting Between the Prime Minister of Ghana and Mr. Edgar Kaiser on Saturday, 14th March 1959" (See Attachment II). As background to paragraph six of this memorandum Mr. Kaiser related that Mr. Davis of Aluminium Ltd. saw Nkrumah early in January. Subsequently Mr. Davis drafted a letter dated January 22, 1959, in which there was outlined the possibility of a 50,000 to 80,000 ton aluminum smelter being built at Tema to use alumina produced from Davis' bauxite concession in Guinea, providing Ghana agreed to grant a 25-year contract for power at 2 mills with an option to renew for 25 years at 3 mills. On the understanding there was no firm commitment by either party, Mr. Kaiser said Mr. Davis indicated he would ascertain what interest Kaiser or the British Aluminum Company might have in the proposal. When approached by Davis, Mr. Kaiser said his company indicated possible interest in the project since there is no question more aluminum will be needed five years from now.

Referring to paragraph 4 of the "Record", Mr. Kaiser stated his company hoped it would be able to submit an estimate of the cost of the preliminary work outlined therein in approximately ten days.

To Mr. Van Dyke's inquiry how much power a 50,000 to 80,000 ton aluminum smelter would take, Mr. Kaiser and Mr. Calhoun said that while they were not certain, they estimated approximately 50 percent of the contemplated 512,000 mw output of the Kosombo plant would be required.

To Mr. Dolgin's inquiry regarding Nkrumah's reaction to Mr. Davis' proposal that Guinean alumina be used, Mr. Kaiser relied that Nkrumah expressed several times during their discussions the hope that Kaiser would start mining Ghana's bauxite as soon as possible.

With respect to the quality of Guinean bauxite, Mr. Kaiser said it was so much higher in grade than Ghana's, that even allowing transportation costs, it would be much cheaper to use Guinean bauxite in Ghana. Location of a smelter at Tema, he added, was an additional incentive for using Guinean bauxite. With reference to Mr. Davis' bauxite concession in Guinea, Mr. Kaiser said the possibility existed that Davis might lose this concession in 1961 or 1962 if steps were not taken to develop it by then.

Reverting to the Reassessment Report, Mr. Kaiser stated his firm "needed to do more homework", "to study the risk involved" and to determine what power consumption would be required to service a possible loan by the IBRD. After Mr. Kaiser stated his company had no suggestions to offer regarding other potential users of Kosombo power, Mr. Fleisher mentioned that officials of the Koppers Company had indicated to him their possible interest in setting up a steel mill in Ghana which would use Liberian iron ore and Nigerian coal.

Mr. Kaiser then said there were three things Kaiser had to do before making any decision: (1) to prepare a preliminary operations report (this report he indicated would be completed in approximately sixty days and would be gone over with Mr. Satterthwaite), (2) to have further discussions with Mr. Davis, and (3) to determine how much power from the Kosombo plant would have to be consumed to service a loan. Ascertainment of these preliminary facts Mr. Kaiser said he believed would be helpful to the United States Government in its consideration of Ghana's request for financial assistance.

As an indication of Nkrumah's hazy thinking whether Ghana should finance part of the Volta Project, Mr. Kaiser said that at dinner, the evening of the 14th, when he raised this question with Nkrumah, Nkrumah said he didn't believe Ghana would have to put in anything. Some five minutes later after he had counseled Nkrumah that it would be wise if Ghana would contribute something, Mr. Kaiser said he overheard Nkrumah tell Ambassador Flake that Ghana would partly finance the Project.

After remarking that Ghana's financial situation is good and it should be able to contribute something, Mr. Satterthwaite then referred to paragraph 4B of the Jackson memorandum, which states: "that the Government of Ghana would approach

the United States Government immediately and invite its assistance in: (I) Interesting industries which are substantial consumers of electricity in using power generated from the Volta, and (II) working out a plan for financing the construction of the dam and power production at Kosombo." Mr. Satterthwaite said it would be some time before a decision within the United States Government could be reached.

Today's meeting ended after it was generally agreed that Kaiser should proceed to implement its agreement reached with Nkrumah on March 14.

✓
Attachments:

1. Statement by the Prime Minister.
2. Record of a Meeting Between the Prime Minister of Ghana and Mr. Edgar Kaiser on Saturday, 14th March, 1959.

ATTACHMENT ISTATEMENT BY THE PRIME MINISTER

1. I wish to express my appreciation to the Henry J. Kaiser Company for the comprehensive report on the engineering aspects of the Volta River Project, and also of the willingness of you, Mr. Edgar Kaiser, and your colleagues to visit us again at such short notice.
2. I would prefer to conduct the discussion today on the basis of "cards on the table," and I hope that this will be acceptable to you.
3. The primary interest of the Government of Ghana lies in the production of cheap power from the Volta River Project as soon as possible. Therefore, we would like to see the first stage of the Kosombo Project (costing approximately 50 million pounds) carried out as quickly as possible.
4. I note that the Reassessment Report indicates that a year could be saved if the contract for the Dam was negotiated direct rather than by calling for tenders on an international basis. An arrangement such as this would, of course, involve a major policy decision on the part of the Government of Ghana, and we could only consider this if the Government saw definite advantages in pursuing such a course of action.
5. My Government assumes that the Kaiser Company would be interested in obtaining the contract for the construction of the dam at Kosombo by direct negotiation. Before we could consider giving such preferential treatment to the Kaiser Company, however, it would be necessary for us to be assured that we would derive some advantage in return.
6. The reciprocal advantage which we would need to obtain would be a firm assurance that sufficient power could be sold to make the project attractive.
7. The basic problem, therefore, is the sale of electricity. Would you, Mr. Kaiser, care to give your views on the possibility of:
 - A. Starting a 120,000 ton aluminum smelter using local bauxite? and,
 - B. Accepting responsibility for finding at least one other substantial consumer of power?
8. Depending on your response to these questions we could then review the position generally, including the matter of consulting other aluminum companies, and decide on the next steps which should be taken.

ATTACHMENT IIRECORD OF A MEETING BETWEEN THE PRIME MINISTER OF GHANA
AND MR. EDGAR KAISER ON SATURDAY, 14th MARCH, 1959

1. The Prime Minister was accompanied by the Ministers of Finance and External Affairs, and the Chairman of the Industrial Development Corporation, with the Chairman and the Permanent Secretary of the Development Commission in attendance.

Mr. Edgar Kaiser was accompanied by Mr. C. Case and Mr. R. Boyd.
2. The Prime Minister expressed his appreciation to the Henry J. Kaiser Company for the comprehensive report on the engineering aspects of the Volta River Project, and also for the willingness of Mr. Edgar Kaiser and his colleagues to visit Ghana again at such short notice.
3. The Prime Minister stated that:
 - A. His Government accepted the Kaiser report as a basis for future action, and
 - B. His primary objective was the production of cheap power from the Volta River as soon as possible. Therefore he would like to see the first stage of the Kosombo project carried out as quickly and as cheaply as possible.
4. In order to achieve the Prime Minister's primary objective, it was agreed that action should be taken as follows:
 - A. Certain preliminary works, i.e., further drilling at the dam site, engineering and design, access roads, and some accommodation would be undertaken by the Government of Ghana as soon as possible. The Henry J. Kaiser Company would carry out these works and submit estimates of costs to the Government without delay.
 - B. The Government of Ghana would approach the United States Government immediately and invite its assistance in:
 - I. Interesting industries which are substantial consumers of electricity in using power generated from the Volta.
 - II. Working out a plan for financing the construction of the dam and power production at Kosombo..
5. The Government of Ghana would propose to the United States Government that the Henry J. Kaiser Company should be associated with the action contemplated at 4-B. from the outset.

6. As to paragraph 4(B) (1) it was noted that following discussions with the Government of Ghana, Aluminium Ltd. were already investigating, in consultation with Kaiser Aluminum & Chemical Corporation, and with B.A.C., the possibility of advancing a proposal for the setting up of a 50,000 to 80,000 ton smelter using imported alumina. It was agreed that the Kaiser Aluminum & Chemical Corporation would continue to participate in that particular investigation. Nevertheless, the Prime Minister wished to see an appreciably higher output of alumina in Ghana and it was agreed that if any company had different proposals to put forward it would be free to advance them.
7. As to paragraph 4(B) (II) it was noted that a year could be saved if the contract for the Dam was negotiated direct rather than by calling for tenders on an international basis. The possibility of doing this would be directly influenced by the pattern of financing which might be evolved by interested governments.
8. At this point the American Ambassador to Ghana, Mr. Wilson C. Flake, and Mr. A. L. Moffatt, Director, United States Operations Mission in Ghana, joined the meeting and the Prime Minister described what had so far been agreed. He re-emphasized his firm intention of proceeding with power development on the Volta River as soon as possible. The Ambassador agreed to convey the Prime Minister's views to the American Government as soon as they had been formally conveyed to him.
9. It was confirmed that whilst the United States Government was taking action under paragraph 4(B) - the financing of the Volta River Project - the Government of Ghana would not make separate approaches to other governments about such financing.
10. It was agreed that the Government of Ghana should inform the British and Canadian Governments in general terms of what had been agreed at this meeting.
11. It was agreed that copies of the Reassessment Report could now be released to the aluminum companies and other interested bodies.

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Control: 736
Rec'd: April 1, 1959
5:06 p.m.

FROM: Accra
TO: Secretary of State
NO: 564, April 1, 3 p.m.

Reference: EMBTEL 543 and Embassy Despatch 557

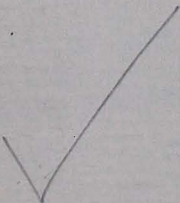
Two weeks ago I formally acknowledged receipt Prime Minister's letter March 14 and said it was being transmitted promptly to USG. He naturally expects further word about its effect in Washington and I would appreciate some telegraphic message to give him.

It would be helpful if such message could cover present prospects of interesting aluminum manufacturer in building smelter which would justify dam, or at least state what USG doing to canvass aluminum companies in light Kaiser report.

I feel it imperative we give Prime Minister some word before momentarily expected public announcement that USSR Embassy being established here (EMBTEL 508) as word after that event might be misconstrued as action taken in alarm.

FLAKE

JAC/6



Telegram
Accra 4/30/59
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APR 2 4/26/59
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OUTGOING TELEGRAM

INDICATE: COLLECT CHARGE TO

Department of State

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519

SENT TO: Amembassy ACCRA

1959 APR 6 184 0246
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Re Embtel 564.

Embassy despatch 557 received March 26. Department appreciates Embassy's concern expressed reftel. Reply presently under consideration will be submitted soonest. Calhoun of Kaiser Co. scheduled arrive Accra April 10 to submit engineering proposal for preliminary work.

Hunter

HERTER

ACTING

(COF)

845J.2614/4-159

EX-101
APR 31
Rev
Cat

Drafted by: *[Signature]*
AF:AFS:ELPadberg, Jr;pdh 4/6/59

Telegraphic transmission and classification approved by: AFS - C. Vaughan Ferguson, Jr.

Clearance: AF - Mr. Dolgin (in draft)

S/SCR
APR 6 1959 P.M.

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845 J. 2614/4-359
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FOREIGN SERVICE DESPATCH

FROM : American Embassy, ACCRA

600
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

April 3, 1959
DATE

102.795

REF :

27 For Dept. Use Only	ACTION	DEPT.			
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	4-14	CIA-10	10-7		

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SUBJECT: Alleged Favoritism Accorded by Ghana Government Officials to British Engineers and Contractors

A representative of an American firm of engineering consultants, who is currently exploring business possibilities in Ghana, has reported to the Embassy an interesting conversation he has had with the Permanent Secretary of the Ghana Minister of Works and Housing, Mr. L. R. APALOO.

According to the American visitor, Mr. Apaloo complained rather bitterly that his own Minister, the Honorable E. K. BENSAH, certain members of the Ministry's staff, certain officials of the Public Works Department (which is subordinate to the Ministry) and all the senior officials of the Development Commission appear to have "sold out" to the British as far as the awarding of the better engineering and construction contracts are concerned. Apaloo was quoted as saying that this situation makes it extremely difficult for him to make use of American firms in Ghana projects, although he professed to believe that Americans would do a speedier, cheaper and more efficient job in many cases.

845 J. 2614/4-359
CS/TU

If Apaloo was accurately quoted, it is difficult to be certain that his remarks were a sincere reflection of his views and, if so, whether he has any convincing evidence to support his charges. It is true that many senior officials in the Ministry and PWD are British and that the Development Commission, headed by Sir Robert JACKSON, is almost entirely British-officered. It is also true that many good works contracts have gone to British engineering and contracting firms. Two other American engineering firms which recently investigated the Ghana situation have expressed the view that it would be useless to try to break into what they regard as a closed British market. The Embassy has heard allegations that the original specifications for the £G 3 million Tema Power Project were drawn up by the British consulting engineers in such a way as to favor a fragmentation into sub-projects peculiarly adapted to British contracting practices. (As reported in the Embassy's D-596 of April 2, 1959, this project is now being re-engineered on a smaller scale.)

BBVHCH
COMM-FIL RECORDS

On the other hand, the British have clearly not enjoyed an exclusive monopoly over the better projects in recent months. Several have been awarded, for example, to the Ghana National Construction Co., a joint Israeli-Ghana Government enterprise. An Italian firm has been invited to engineer the proposed Accra water supply project (Embassy's D-565 of March 18, 1959). Several non-British firms have been awarded other important contracts.

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MAY 1 1 1959

JQBlodgett:jk
REPORTER

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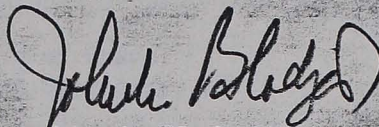
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Page 2 of 2
Encl. No. x
Disp. No. 600
From: Amembassy, Accra

What is of interest to the Embassy is that Apaloo, a former PL 402 specialist grantee, appears to be so bluntly pro-American. The Embassy also believes that any competitive advantage the British may now enjoy in the engineering and contracting fields will tend to diminish as the Africanization of the Civil Service progresses and American firms demonstrate their effectiveness in this part of the world. In any event, the Embassy does not propose any intervention on its part in this situation.

For the Ambassador:



John Q. Blodgett
Second Secretary of Embassy

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186

29) M-804

Memorandum of Conversation

DATE: April 10, 1959

SUBJECT: Volta River Project

PARTICIPANTS: Mr. Daniel A. Chapman, Ambassador of Ghana
Mr. J.C. Satterthwaite, Assistant Secretary, AF
Mr. George Dolgin, AF
Mr. Eugene Padberg, AFS
Robert T. Hennemeyer, AFS

COPIES TO: IRC - 8
AF - 2 (2cc)
AFS - 4 (1cc)
AF - Mr. Dolgin - 1
AF/PRO - Mr. Reeves - 1
AmEmbassy, ACCRA - 1
* Major Seth Anthony, Counselor, Ghana Embassy
E - 1
W - 1
BNA - 1
ICA - 1
OCB - 1
S/S - 2
Department of Commerce - 1

25

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845J.2614/4-1059

Ambassador Chapman said that he had requested this appointment in order to bring himself up to date regarding the current status of the Volta River Project.

He referred to the letter from Prime Minister Nkrumah to Ambassador Flake requesting the assistance of the United States Government in connection with the project and asked what the United States Government was undertaking in this regard. Mr. Satterthwaite confirmed that Ambassador Flake had received such a letter and that this request had developed from the recent meeting in Accra between the Prime Minister and Edgar Kaiser. Mr. Padberg said that Mr. Chad Calhoun, Vice President of Kaiser Engineering Company, was presently in Ghana for meetings with Sir Robert Jackson and that upon Mr. Calhoun's return, the Department would be in a better position to determine how the request of the Ghanaian Government might best be met. Mr. Dolgin said that the United States Government had already undertaken to acquaint the American business community with the recently-completed Kaiser survey of the Volta project. He informed the Ambassador that the Department of Commerce would publish a summary of the survey report in the Foreign Commerce Weekly on April 17. Mr. Dolgin pointed out that the Foreign Commerce Weekly would receive wide distribution throughout the Department of Commerce field offices. Mr. Dolgin said that the United States Government did not have sufficient information on which realistic consideration of the question of financing

the Volta

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the Volta Project could be based, We hoped, Mr. Dolgin continued, to be able to give consideration to this problem when we knew the outcome of Mr. Calhoun's meetings in Accra and the results of the Kaiser Company's discussions with other aluminum manufacturers. Mr. Satterthwaite said that for the reason mentioned by Mr. Dolgin, the United States Government is not yet in a position to reach a decision on possible United States assistance in connection with the Volta Project. Mr. Satterthwaite pointed out that the United States Government preferred that private industry take the initiative in this project and undertake the bulk of the financing. Mr. Padberg reminded the Ambassador that the primary purpose of publicizing the survey result in the Foreign Commerce Weekly was to interest potential end-users of the power to be generated by the Volta River dam. The question of financing, Mr. Padberg continued, could not be considered until the necessary information was available.

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APR 14 1959
665
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SENT TO: Amembassy, ACCRA 533

Origin
Info
Dist. Desired (Offices Only)

JOINT STATE-COMMERCE-ICA MESSAGE

TOICA 309

In addition other promotion Volta River Project, Commerce issuing detailed press release similar GOG release corresponding time 4:00 PM EST April 15.

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(RP)

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Handwritten routing slip with fields for 'Info', 'Dist.', and 'Cat.' and a large handwritten '3'.

845J.2614/4-1459

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Drafted by: AF/P:KBSchmertz:ddi 4/14/59
Telegraphic transmission and classification approved by: Rupert Röhme
Clearances: AFS - Mr. Padberg (in substance) IDD/BFC - Mr. Laveny P/MSI - Mr. Smith
CAFR/ICA - Mr. Levine USIA/IAN - Mr. Sawyer

S/S CR
APR 14 1959 P.M.

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Control: 9778
Rec'd: April 15, 1959
6:17 p.m.

FROM: Accra
TO: Secretary of State
NO: 585, April 15, 3 p.m.

Parberry

JOINT EMBASSY/USOM MESSAGE
Reference: DEPTTEL 519.

Calhoun left Accra today after signing contract with GOG.

Contract is for all work and services shown in proposal Calhoun left with Assistant Secretary Satterthwaite April 6 plus 125,000 poundga* cost and \$28,000 service fee for seven additional miles of road. Thus total contract is equivalent \$2,066,000 which GOG will finance from own resources.

Reference penultimate paragraph memo conversation April 6 between Calhoun and Satterthwaite, GOG did not intend make any approach through Ghana Embassy Washington but depended entirely on Prime Minister's letter March 14 to me. Embassy despatch 624 due Department today clarifies it.

Calhoun hopes to brief Satterthwaite April 21.

FLAKE

MGG:JMR/7

*As received. Will be serviced upon request.

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tn.r.n

4/21/59
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Department of State

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FROM: Accra
TO: Secretary of State
NO: 589, April 16, 3 p.m.

Control: 10513
Rec'd: April 16, 1959
2:05 p.m.

Parberry

JOINT EMBASSY/USOM MESSAGE

EMBTel 585 should show total contract equivalent as \$2,581,000.

Reference DEPTel 519 Prime Minister leaves April 20 for three weeks visit to Guinea.

FLAKE

SW:FKG/11

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Control: 19307
Rec'd: APRIL 29, 1959
4:28 PM

FROM: ACCRA

TO: Secretary of State
NO: 606, APRIL 29, 5 PM

DEPTEL 519

I FEEL WE MUST GIVE GOG SOME MESSAGE IMMEDIATELY TO ANSWER PRIME MINISTERS LETTER MARCH 14 RE VOLTA RIVER PROJECT TRANSMITTED WITH EMBASSY DESPATCH 557.

FOR REASONS NOT ENTIRELY CLEAR TO ME PRIME MINISTER FEELS THAT WHEN HE VISITED WASHINGTON LAST JULY HE RECEIVED MORAL COMMITMENT FROM PRESIDENT TO HELP FINANCE DAM PROVIDED REASSESSMENT REPORT SHOULD BE FAVORABLE, AS IT PROVED TO BE. PRIME MINISTER CONSIDERED ADDRESSING HIS LETTER MARCH 14 TP PRESIDENT BUT WAS PERSUADED ADDRESS IT TO ME FOR TRANSMISSION TO US GOVERNMENT. I UNDERSTAND HE AND OTHER MINISTERS KEENLY DISAPPOINTED BY NO RESPONSE THUS FAR.

I RECOMMEND STRONGLY DEPARTMENT HAVE ME INFORM GOG THAT:

- (1) LETTER RECEIVED PROMPT ATTENTION AT HIGH LEVEL;
- (2) IN LIGHT REASSESSMENT REPORT US GOVERNMENT (ICA) HAS SOUGHT WITH RENEWED VIGOR TO INTEREST PRIVATE ENTERPRISE IN ESTABLISHING SMELTER (AND WITH SUCH RESULTS AND OUTLOOK AS MAY BE STATED);
- (3) ANY REQUEST FOR DLF FINANCING FOR DAM WOULD HAVE TO COME AFTER IBRD AND OTHER POSSIBLE SOURCES HAD BEEN APPROACHED FORMALLY; IBRD WITH 40 PERCENT CAPITAL FROM US GOVERNMENT CAN HARDLY CONSIDER DAM FINANCING BEFORE QUESTION OF POWER OUTLET IS SETTLED; THEREFORE US GOVERNMENT CONCENTRATING ON EFFORT INTEREST PRIVATE ENTERPRISE IN SMELTER WITHOUT US GOVERNMENT AT THIS STAGE CONSIDERING DAM FINANCING.

I HOPE DEPARTMENT CAN INSTRUCT ME PROMPTLY EVEN IF MESSAGE MUST DEPART FROM MY RECOMMENDATION. . . . FLAKE

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PERMANENT 04/23

CONFIDENTIAL

CLASSIFIED BY OAA

OUTGOING TELEGRAM

Department of State

1959 MAY 6 PM 3 54

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191

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INDICATE: COLLECT
 CHARGE TO

CONFIDENTIAL
Classification

582

SENT TO: AmEmbassy ACCRA (PRIORITY)

- REFS: a) Embtel 606
- b) Embtel 612
- c) Deptel 567

84572614
4295

Department believes you in better position set proper tone letter to Nkrumah. Therefore suggest you submit draft priority cable. While there appears to be no insurmountable differences between our version from yours as outlined refs (a) and (b), wish to clarify several points:

Re point 2 ref (a) U.S. has not repeat not taken any action beyond that described ref (c).

Re point 3 ref (a) and third from last para ref (b), Department believes your outline implies U.S. will assume initiative in working out financial plan. In preparing draft you should keep in mind U.S. position remains as stated FYI portion ref (c). Believe it inappropriate make specific reference to DLF and IBRD.

Also wish point out reassessment report clearly indicates project economically feasible if aluminum industry prepared make necessary investment in smelter as major power user. It appears there is some question as to interpretation of favorable nature Kaiser's report. We believe participation of aluminum industry is an essential ingredient before report can be assumed to be favorable.

RM/R

Hester

HERT

Drafted by: AF:GDolgin:dah 5/6/59

Telegraphic transmission and classification approved by: AF - J. C. Satterthwaite

- Clearances:
- AFS - Mr. Ferguson ICA - Mr. Levine E - Mr. Kenney DLF - Mr. Hannum
 - Commerce - Mr. Wilson Mr. Flesher Mr. Gay
 - Mr. Gordon Mr. MacPhail

CONFIDENTIAL

Classification

S/S CR

MAY 6 1959 P.M.

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845J.2614/4-2959

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OUTGOING TELEGRAM

Department of State

1959 MAY 8 PM 15
192
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INDICATE: COLLECT
 CHARGE TO

CONFIDENTIAL
Classification

VERBATIM TEXT

SENT TO: AmEmbassy ACCRA (PRIORITY) 588

~~Emb~~ Embtel 618

Origin
Info
Dist. Desired (Offices Only)

Recommended letter approved except for following changes:

Third ~~sent~~ sentence third paragraph should ~~read~~ read qte in the hope that they might find unqte.

In last paragraph sentence beginning qte The President also said unqte, sentence should read qte The President also said that when there is firm indication of intention from the aluminum industry to participate and necessary assurances of financial support from either private or public sources for a major part of the financing the United States Government will be pleased to explore with you what possible assistance it might be able to ~~provide~~ provide toward financing a portion of the ~~hydroelectric~~ hydroelectric project. End qte.

Letter should be delivered soonest. FYI. Ambassador ~~Chapman~~ Chapman under instructions discuss penultimate paragraph Nkrumah's March 14 letter is seeing Dillon May 11.

RM/R
59

Hester
Dillon
ACTING
(yes)

HERTER
CLASSIFIED FILE

Drafted by: *EPG*
AF:AFS:ELPadberg, Jr.:dah 5/8/59

Telegraphic transmission and classification approved by: AF - J. C. Satterthwaite

AF - Mr. Dolgin
AFS - Mr. Ferguson
Commerce - Mr. Wilson
Mr. Gordon

ICA - Mr. MacPhail
Mr. Flesher
Mr. Levine
S/S
S/S

E-Mr. Hehner, Mr. Kenney
Mr. Gay

Mr. H...

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845J.2614/4-2959

S/S CR
JM

OUTGOING TELEGRAM

Department of State

INDICATE: COLLECT
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Classification
VERBATIM TEXT

193
50
THIS DOCUMENT MUST BE RETURNED TO THE FM/R CENTRAL FILE

SENT TO: Amembassy ACCRA

567

Origin
Info
Dist. Desired (Offices Only)

Re Embtels 564 and 606, and Embassy despatch 557.

If there no objection following inter-agency cleared letter signed by Ambassador Flake should be delivered soonest to Prime Minister Nkrumah:

"Dear Prime Minister:

Since my acknowledgement of your letter of March 14, my Government has given careful consideration to your letter, the recently released Reassessment Report on the Volta River Project, the formal record of your meeting with Mr. Edgar Kaiser on March 14, and has discussed personally with Mr. Edgar Kaiser and Mr. Chad Calhoun the conversations they have had with you and officials of your Government.

Knowing the importance you and your Government have attached to the Volta River Project, my Government was pleased to learn of the favorable nature of the Reassessment Report and noted with interest the decision of your Government, in furthering your determination to see that power is

generated from the Volta River as quickly as possible, to finance a contract which will initiate immediately certain preliminary work at the dam site.

FM/R
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Drafted by: ELP
AF:AFS:ELP adberg, Jr; pdh 4/30/59

Telegraphic transmission and classification approved by: AF - J. C. Satterthwaite

- Clearances: ICA - Mr. MacPhail
- AF-Mr. Penfield ICA - Mr. Fletcher
- AF-Mr. Dolgin ICA - Mr. Levine
- ED - Mr. Hepler
- Commerce - Mr. Gordon
- AFS - Mr. Ferguson
- ED - Mr. Kenney
- Commerce - Mr. Wilson
- DLF - Mr. Hannum

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Classification APR 30 1959 A.M.

845J.2614/4-2959

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With reference to your request that the United States assist Ghana in seeking to interest industries which would be large consumers of power generated from the Volta River, my Government wishes to reaffirm, as President Eisenhower stated in his letter of January 3, 1958, to you, its desire to be helpful in the economic development of Ghana. In this connection and more specifically with regard to the efforts of my Government to interest United States aluminum companies in Volta power, United States officials during the past year have been in touch with officials of the aluminum industry in the hope that they might find it practical to establish or to participate in the establishment of an aluminum industry in Ghana. In this connection, discussions initiated some months ago among members of the aluminum industry themselves are continuing in an effort to determine the possibility of forming a combination of companies to undertake a project of a size which would provide a sufficient market for the generation of power envisaged.

Concerning the efforts of the United States Government to interest other United States industries which are large consumers of power in establishing plants in Ghana which would provide a market for Volta power, United States officials will, as they have during the past year, continue to discuss the Volta Project with officials of such United States industries.

As an example of the effort of my Government to be of assistance in this regard, I believe you will be pleased to learn that, following the release by your Government of the Reassessment Report, the United States has undertaken to publicize the Reassessment Report and the potentialities of the Volta Project

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for United States investors. Indicative of this effort is the article which appeared in the April twentieth issue of Foreign Commerce Weekly, an official publication of the United States Department of Commerce. A copy of this issue is enclosed for your information. In addition, the Department of Commerce has begun bringing the Reassessment Report to the special attention of selected companies in the United States concerned with electric power production as well as a large number of secondary industries. The Report is now receiving careful and analytical consideration by several such companies, but it will, of course, take some time before any concrete results can be expected.

With reference to your request that the United States assist Ghana in working out a plan for the financing of the construction of the dam and power installation, my Government wishes to reiterate its sincere desire to help Ghana in such ways as are within the limitations of its resources and other heavy commitments throughout the world. In the President's letter he indicated that the active participation of the aluminum industry and its ability to undertake the mining and manufacturing part of the project are essential to the success of the total project, particularly in view of its great magnitude. He also said that when you have firm indications of intention from the aluminum industry to participate and necessary assurances of financial support from either private or public sources for a major part of the required financing the United States Government will be pleased to explore with you what possible assistance it might be able to provide toward financing a portion of the

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hydroelectric project. My Government's position in this regard remains unchanged. It, therefore, will be pleased to learn of the results of the talks being held at your request within the aluminum industry.

Sincerely yours,"

(to be signed by Ambassador Flake)

Enclosure to letter being forwarded airmail. Changes text should be referred Department.

FYI. Department realizes letter not completely responsive Nkrumah's second request however should this be raised in conversation you may explain that while we want be helpful as possible it inappropriate the USG assume primary role arranging financing for Volta Project. In any event, believe COG must first receive favorable reply from aluminum industry as major user of power before any ^{can} plan/be worked out/^{for} financing construction of dam and power installation. Without ^{we} this/doubt whether financing could be arranged this time. END FYI.

*Dillon
Acting
(Yes)*

DILLON

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CONFIDENTIAL

194
RMR

Control: 1677
Rec'd: May 4, 1959
5:54 p.m.

FROM: Accra
TO: Secretary of State
NO: 612, May 4, 6 p.m.

PRIORITY
DEPTEL 567



Longmeaker

[Handwritten signature]
RECORD CENTER
MAY 5 1959
MAY 7 1959

to the RM/R Central Files

845J.2614/5-459

Moffat and I feel reference telegram reflects little change in USG position since President wrote Prime Minister January 3, 1958 and that we should face squarely the explicit and implicit promises to Prime Minister when he visited Washington months later. Prime Minister certainly expects message to take cognizance of his talks with President and I fear tone and substance reference telegram would be extremely serious blow to US-Ghana relations as it would seem be effort to disengage from our prior constructive attitude.

The several memoranda of conversations in Washington seem to justify Prime Minister's expectation that with a favorable reassessment report in hand USG would take revigorated initiative to interest private enterprise in establishing smelter and that USG would also give concurrent consideration to how it might assist with loans for dam to supplement other financing. Prime Minister's justification seems particularly evident in record of separate conversations with President and Under Secretary Dillon and in joint statement by President and Prime Minister.

In circumstances Moffat and I feel that Prime Minister would react strongly to disappointment conveyed by reference telegram which (1) does not even mention his Washington conversations on which he has been basing high hopes now that reassessment report is favorable, and (2) seems to throwonus back on GOG to ascertain intention of aluminum industry with such help as it may get from Kaiser or other companies.

In view "no objection" proviso of reference telegram I am withholding delivery message until Department confirms or modifies

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MAY 10 1959

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-2- 612, May 4, 6 p.m., from Accra

it in light EMBTEL 606 which no doubt reached Department after reference telegram had been cleared for transmission.

In view history this case and considering item 32 of OCB plan for Ghana, Moffat and I still hope for brief message along lines EMBTEL 606 or at least a revision of present message to reflect more active participation by USG in effort to interest aluminum industry, with deletion reference to foreign commerce weekly which already supplied to GOG.

Message might say USG cannot organize financing of dam because various basic policies that must first be established can be decided Government of Ghana only; but Moffat and I feel it would be even better at this time to defer question of dam financing, emphasizing solution problems this regard is contingent on decisions affecting power.

Prime Minister due return Accra May 12 and I should have further instructions without fail before that time.

Moffat concurs fully this message and request ICA be informed immediately.

FLAKE

MGG:FKG/11

3084

MAY 4 - 1959

195

TO : THE UNDER SECRETARY FOR ECONOMIC AFFAIRS

THROUGH: S/S *[Handwritten initials]*

FROM : AF *[Handwritten initials]* J. C. Satterthwaite

SUBJECT: Request of Ambassador Daniel Chapman of Ghana for an Appointment with You *to discuss the Volta River Project.*

RM

AFS

RM/R

845-j. 2614/5-1159

Discussion:

Last week Ambassador Chapman of Ghana requested an appointment with you to discuss the Volta River Project. Ambassador Chapman was advised that you were giving up your position as Under Secretary for Economic Affairs and were in the process of being confirmed as Under Secretary. It was suggested that he might care to discuss the matter with me. Today Ambassador Chapman informed the Department that although he appreciated the Department's suggestion he had been specifically instructed by Prime Minister Nkrumah to call on you and would therefore appreciate an appointment as soon as possible.

Recommendation:

That you receive Ambassador Chapman at an early date.

Approved *[Handwritten initials]*

Disapproved _____

Time 2:30 Date May 11

This document must be returned to the RM/R Control Files

[Handwritten initials]
AF:AFS:RL:are:rmcp
5/4/59

845-j. 2614
15-459

845-j. 2614
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15-459

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Ana <u>68</u>
Rev _____
Dat <u>9/20</u>

JUN 1 1959

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196
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5/11/59
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56 52
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Control: 2434
Rec'd: MAY 5, 1959
3:53 P.M.

AF FROM: ACCRA
INFO TO: Secretary of State
SS NO: 614, MAY 5, 5 P.M.

Legonated

SP
C
INR EMBTEL 612.

H
WMSC
E UNDERSTAND WHEN CALHOUN WAS HERE (EMBTel 585) HE FELT THAT IF
DCL KAISER COULD REALLY APPLY HIMSELF HE COULD SECURE SUITABLE
ICA ALUMINUM INVESTMENT IN GHANA TO ASSURE WHOLE VOLTA SCHEME.
RMR DANGER WAS KAISER HAD SO MANY IRONS IN THE FIRE HE MIGHT NOT
FIND TIME TO FOLLOW THROUGH ON THIS. ON CALHOUN'S SUGGESTION
PRIME MINISTER SENT TELEGRAM TO KAISER URGING HIM PURSUE
SUBJECT VIGOROUSLY.

IN CIRCUMSTANCES MOFFAT AND I RECOMMEND LETTER FROM UNDER
SECRETARY DILLON TO KAISER STRESSING VALUE OF VOLTA SCHEME
TO US FOREIGN POLICY AND EXPRESSING HOPE KAISER'S EFFORT WILL
BE SUCCESSFUL.

FLAKE

SA/PJD-20

5/11/59 memo to Dillon recommending argument
State Dept. letter imppt. to U.S. Foreign Policy
EAT

5/5/59 Harvey J. Winter (x2859 or 5913) International Bureau
Practices states Dillon will have to proceed slowly on this
since aluminum co to be formed would be a joint operation
and might involve both U.S. and foreign companies.
On case Iranian Consortium there was prior clearance
from Justice there no violation anti-trust legislation
& therefore cannot assume Iranian decision which
based on many aspects wd apply Volta. Winter will check
informally with Justice & advise what must be done.
5/8/59 After conferring with Metzger & P. Winter prepared
memo to Dillon suggesting matter be referred Justice
Dolejs & I cleared

845J. 2614/5-559

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OUTGOING TELEGRAM

Department of State

1959 MAY 14 AM 11 30

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Classification

SENT TO: Amembassy ACCRA 592

845J2614
5-559

Embtelet 614.

Because anti-trust implications Department obtaining views Department Justice before further consideration given communicating Kaiser.

845J.2614/5-559

W/R
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Dillon

DILLON

ACTING
(R)

CLASSIFIED FILE

Clearances: EL Padberg, Jr:pdh 5/14/59

Telegraphic transmission and classification approved by: AFS - C. Vaughan Ferguson, Jr

SCR
MAY 14 1959 A.M.
11 12 AM

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Control: 4345
Rec'd: May 7, 1959
7:31 p.m.

198

Correction made 5/11/59

file Paul 5/11/59

Deptel 588 of 5/8/59 sent in reply E.H.G.

FROM: Accra
TO: Secretary of State
NO: 618, May 7, 4 p.m.

PRIORITY
DEPTEL 582

Moffat and I agree entirely with position stated in FYI portion
DEPTEL 567 and feel this should be emphasized orally even if I
have to take initiative to mention it when I deliver letter.

We recommend letter as follows:

"Dear Mr. Prime Minister:

"Since my formal acknowledgement of your letter dated March 14,
my government has given careful consideration to your letter,
the recently released reassessment report on the Volta River
project, and the formal record of your meeting with Mr. Edgar
Kaiser on March 14. In addition, officials of my government
have had personal meetings with Mr. Kaiser and Mr. Chad Calhoun
to discuss the conversations which Mr. Kaiser and Mr. Calhoun
have had with you and officials of your government.

"Knowing the importance you and your government have attached
to the Volta River project, my government was pleased to learn
of the favorable nature of the reassessment report and noted with
interest the decision of your government, in furthering your
determination to see that power is generated from the Volta Ri
as quickly as possible, to finance a contract which will initi
immediately preliminary work at the dam site.

"With reference to your request that the US assist Ghana in
seeking to interest industries which would be large consumers
of power generated from the Volta River, my government wishes

to reaffirm

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MAY 11 1959

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845J.2614/5-759

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-2- 618, May 7, 4 p.m., from Accra.

to reaffirm its desire to be helpful in the economic development of Ghana. This desire, which President Eisenhower stated in his letter to you of January 3, 1958, was reiterated by President Eisenhower in his conversation with you in Washington this past July. In this connection, and more specifically with regards to the efforts of my government to interest US aluminum companies in Volta power, US officials during the past year have been in touch with officials of the aluminum industry in the hope that both might find it practicable to establish or participate in the establishment of an aluminum industry in Ghana. This led to the initiation of discussions some months ago among members of the aluminum industry themselves, and these discussions are continuing in an effort to determine the possibility of forming a combination of companies to undertake a project of a size which would provide a sufficient market for the generation of power envisaged.

"Concerning the efforts of the US Government to interest other US industries which are large consumers of power in establishing plants in Ghana which would provide a further market for Volta power, US officials will, as they have done during the past year, continue to discuss the Volta project with officials of such US industries. This is in addition to the usual type of publicity given by the US Department of Commerce to opportunities for foreign investments on the part of American companies. Several American companies are now giving careful and analytical consideration to the reassessment report and the potentialities of the Volta project for US investors, but it will, of course, take some time before any concrete results can be expected.

"With reference to your request that the US assist Ghana in working out a plan for the financing of the construction of the dam and power installation, my government wishes to reiterate its sincere desire to help Ghana in such ways as are within the limitations of its resources and other heavy commitments

throughout

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INCOMING
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CONFIDENTIAL

DEC
CORRECTION ISSUED:
5/10/59; 2 a.m.
CONTROL 4345

to the RA/RP Centre Room

-3- 618, May 7, 4 p.m., from Accra - CORRECTED PAGE 3

throughout the world. In the President's letter and during his conversation with you in Washington, he indicated that the active participation of the aluminum industry and its ability to undertake the mining and manufacturing part of the project are essential to the success of the total project, particularly in view of its great magnitude. The President also said that when there is firm indication of intention from the aluminum industry to participate, the US Government will be pleased to explore with you what assistance it might be able to provide toward financing a portion of the hydroelectric project. My government's position in this regard remains unchanged. It, therefore, will be pleased to learn of the results of the talks now being held within the aluminum industry.

"Sincerely yours, (to be signed by Ambassador)."

Moffat and I feel that friendly but nevertheless frank posture by US can gain good will of GOG without USG being obligated to more than inspire aluminum industry and possibly help with some hydroelectric financing in event and after aluminum industry decides invest in mining and manufacturing projects and major part of hydroelectric financing obtained from other sources such as IBRD.

FLAKE

MGG:FKG/11

[Handwritten signature]
MESSAGE CENTER
734

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199

CONFIDENTIAL

Control: 5704
Rec'd: May 9, 1959
3:57 p.m.

FROM: Accra
TO: Secretary of State
NO: 626, May 9, 5 p.m.

Longfaster

PRIORITY

DEPTEL 588 *Betty*

In absence Prime Minister I handed the letter to External Affairs Minister May 9.

I made oral explanation along lines FYI portion DEPTEL 567 and requested opportunity to repeat to Prime Minister soon after his return May 12.

Minister who is relatively uninformed on subject made no comment except say Botsio and Gbedemah away; that he will tell Gbedemah immediately he returns May 10; that he will convey letter and oral explanation to Prime Minister minute he arrives and will arrange me see Prime Minister soon thereafter.

FLAKE

AAL:FKG/11

file RM/R men. 5/11/59 - ER

1959 MAY 11 11 07 32
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MAY 20 1959
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845J.2614/5-959
CAA
This document shall be returned to the RM/R Central Files

May 9, 1959

200

3284

Monday, May 11
2:30 p.m.

TO : The Acting Secretary
THROUGH: S/S *mm*
FROM : AF - J. C. Satterthwaite *JCS*
SUBJECT: Your Discussion with Ambassador Chapman of Ghana on the Volta River Project

~~AT-5~~
RM/R

Discussion:

You have agreed to meet with Ambassador D. A. Chapman of Ghana, at two-thirty o'clock on May 11. The Ghana Embassy has indicated Ambassador Chapman wishes to discuss the penultimate paragraph of the letter, dated March 14, 1959, which Dr. Kwame Nkrumah, Prime Minister of Ghana addressed to our Ambassador, Wilson C. Flake (Tab A).

Ambassador Flake has been authorized to sign and deliver to Nkrumah an interagency cleared letter (Tab B) which replied to his letter of March 14. This letter is to be delivered as soon as Nkrumah returns from a several weeks visit to Guinea. Nkrumah is expected to return to Ghana either on May 11 of 12.

Tab C is a background paper on the Volta River Project.

Recommendation:

That your discussion of the penultimate paragraph of Nkrumah's letter of March 14 with Ambassador Chapman be along the lines indicated in the letter which Ambassador Flake will deliver to Prime Minister Nkrumah.

Although the reply to Nkrumah did not face squarely his request that the United States assist Ghana in working out a plan for the financing of the construction of the dam and power installation at Kosombo, we believe that it would be effective if you could explain that while the United States wants to be helpful as possible, the United States Government believes it is not possible for it to assume the primary role in working out a plan for the financing for the Volta River Project. Further, the United States Government believes the Government of Ghana must first receive a favorable reply from the aluminum industry as a major user of power before any plan can be worked out for financing the construction of the dam and power installation, and that without this the United States doubts whether financing of the dam and power installation could be arranged at this time.

This Document must be Returned to RM/R Central Files

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As evidence of United States activities with regard to stimulating interest among United States industries which are large consumers of power in establishing plants in Ghana, and would provide a market for Volta power, you may wish to mention to Ambassador Chapman the activities of the United States Government in this regard since the release of the Reassessment Report. ICA has been in constant touch with Kaiser regarding the talks that are going on presently with the aluminum industry itself. You might explain that with regard to these talks, there are many problems and policies to be solved not only within the industry itself but also with the Government of Ghana, and that a decision of the industry cannot be expected over-night. The Department of Commerce has given wide publicity to the Reassessment Report. Articles regarding the Volta Project have appeared and are scheduled to appear in trade international publications. Commerce has made copies of the Reassessment Report available to a wide range of industries at their request. A survey of the results of the interest expressed is now being made and it is hoped a status report can be submitted shortly.

If Ambassador Chapman should refer to Kaiser's Reassessment Report you may wish to point out that we believe participation of an aluminum industry is essential before the report can be considered favorable.

Concurrences:

AF - Mr. Dolgin *MD*

E - *H*MR. HEFNER

W/MSO *LEF*
Mr. Frechtling

Attachments:

1. Letter of March 14, 1959, from Dr. Kwame Nkrumah (Tab A).
2. Letter from Ambassador Flake (Tab B).
3. Background Paper on the Volta River Project (Tab C).

ELP
AF:AFS:ELPadberg:rmcp
5/9/59

CONFIDENTIAL

(Classification)

Page 2 of

Encl. No. 2

Disp. No. 557

From Accra

Ghana

PRIME MINISTER

14th March, 1959.

My dear Ambassador,

Last week I sent to you a copy of the Reassessment Report on the Volta River Project which had been prepared by the Henry J. Kaiser Company, and today I had the opportunity of discussing it with Mr. Edgar F. Kaiser.

Our meeting was the logical outcome of the action initiated during my visit to Washington last July when it was agreed that a reassessment should be made of the engineering aspects of the project. That reassessment has now been made and the conclusions are favourable.

As you know I am determined to see power generated from the Volta River as quickly as possible for I am convinced that this is an essential factor in the further development of Ghana. I therefore discussed today with Mr. Kaiser the next steps which should be taken in order to achieve my objective, and you and Mr. A. L. Moffatt were kind enough to attend the final stages of the meeting. I forward with this a copy of the record of our discussion.

The Government of Ghana for its part intends to give authority forthwith to the Kaiser Company to carry out certain preliminary works which will be required before the main project can be started. Whilst these preliminary works are being undertaken I hope that the United States could assist Ghana both in seeking to interest industries which would be large consumers of power generated from the Volta River, and also in working out a plan for the financing of the construction of the dam and power installation at Kosombo.

President Eisenhower has assured me of his interest in this project which can mean so much to Ghana, and my Government would be most grateful for any action which he and the Government of the United States could now take in order to bring the project into operation.

Yours sincerely,

/s/ Kwame Nkrumah

His Excellency Mr. Wilson C. Flake,
Ambassador of the United States of America,
ACCRA, Ghana.

CONFIDENTIAL

Dear Mr. Prime Minister:

Since my formal acknowledgment of your letter dated March 14, my Government has given careful consideration to your letter, the recently released Reassessment Report on the Volta River Project, and the formal record of your meeting with Mr. Edgar Kaiser on March 14. In addition, officials of my Government have had personal meetings with Mr. Kaiser and Mr. Chad Calhoun to discuss the conversations which Mr. Kaiser and Mr. Calhoun have had with you and officials of your Government.

Knowing the importance you and your Government have attached to the Volta River Project, my Government was pleased to learn of the favorable nature of the Reassessment Report and noted with interest the decision of your Government, in furthering your determination to see that power is generated from the Volta River as quickly as possible, to finance a contract which will initiate immediately preliminary work at the dam site.

With reference to your request that the United States assist Ghana in seeking to interest industries which would be large consumers of power generated from the Volta River, my Government wishes to reaffirm its desire to be helpful in the economic development of Ghana. This desire, which President Eisenhower stated in his letter to you of January 3, 1958, was reiterated by President Eisenhower in his conversation with you in Washington this past July. In this connection, and more specifically with regard to the efforts of my Government to interest United States aluminum companies in Volta power, United States officials during the past year have been in touch with officials of the aluminum industry in the hope that they might find it practicable to establish or participate in the establishment of an aluminum industry in Ghana. This led to the initiation of discussions some months ago among members of the aluminum industry themselves, and these discussions are continuing in an effort to determine the possibility of forming a combination of companies to undertake a project of a size which would provide a sufficient market for the generation of power envisaged.

Concerning the efforts of the United States Government to interest other United States industries which are large consumers of power in establishing plants in Ghana which would provide a further market for Volta power, United States officials will, as they have done during the

past

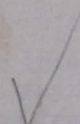
The Honorable
Dr. Kwame Nkrumah,
Prime Minister of Ghana,
Accra.

past year, continue to discuss the Volta Project with officials of such United States industries. This is in addition to the usual type of publicity given by the United States Department of Commerce to opportunities for foreign investment on the part of American companies. Several American companies are now giving careful and analytical consideration to the Reassessment Report and the potentialities of the Volta Project for United States investors, but it will, of course, take some time before any concrete results can be expected.

With reference to your request that the United States assist Ghana in working out a plan for the financing of the construction of the dam and power installation, my Government wishes to reiterate its sincere desire to help Ghana in such ways as are within the limitations of its resources and other heavy commitments throughout the world. In the President's letter and in his talks with you in Washington, he indicated that the active participation of the aluminum industry and its ability to undertake the mining and manufacturing part of the Project are essential to the success of the total Project, particularly in view of its great magnitude. The President also said that when there is firm indication of intention from the aluminum industry to participate, and necessary assurances of financial support from either private or public sources for a major part of the required financing the United States Government will be pleased to explore with you what possible assistance it might be able to provide toward financing a portion of the hydroelectric project. My Government's position in this regard remains unchanged. It, therefore, will be pleased to learn of the results of the talks now being held within the aluminum industry.

Sincerely yours,

(to be signed by Ambassador)



THE VOLTA RIVER PROJECT

History of the Project

Interest in the Volta River Project goes back to 1924 when the Gold Coast colonial government began an investigation of the possibilities of developing the hydro-electric power potential of the Volta River and large deposits of bauxite in the west-central part of the country for the production of aluminum. Serious commercial interest in the scheme by the United Kingdom in 1950 led to the publication in 1952 of a United Kingdom White Paper which gave an outline of a scheme for aluminum production in the Gold Coast.

Under the 1952 scheme a dam would be erected on the Volta River at Ajena, about 75 miles from its mouth in the eastern part of the country, creating a lake 200 miles long. Over 600,000 kw of electric generating capacity would be installed at the dam site; all but 50,000 kw would be used for producing 210,000 tons of aluminum a year. This would require the establishment of a mine at the bauxite deposits at Yenahin, an alumina plant, a smelter and a township at Kpong near the dam site, two new railway lines (about 70 miles in all) connecting the mines and smelter with the present Kumasi-Accra line, and a 35 mile railway line from the smelter to the new port at Tema. Under the scheme there would be a smelting company owning and operating the mines and the aluminum plant, financed partly by equity and partly by loan capital. The principal stockholders were to be Aluminium Ltd. of Montreal, Canada, and the British Aluminium Co., with the Gold Coast Government having a 10 percent share of the equity. The British Government would supply the loan capital. The dam and power plant were to be financed by loan capital from the two governments (mainly the British) and were to be operated by an independent authority. The new railways and harbors were to be under the authority of the existing administration and together with other ancillary works such as roads, the new towns and compensation for the land flooded were to be financed by the Gold Coast Government.

In 1950, the four parties to the proposed scheme, the two governments and the two aluminum companies, formed the Volta River Preparatory Commission to follow up the work already done and to examine the Project in greater detail. Work was carried on during 1951-1955, and the comprehensive "Report of the Preparatory Commission on the Volta River Project" was published in 1956 in three volumes. The new estimate of the cost of the Project was \$646.8 million compared with the 1952 estimate of \$403.2 million. Moreover, the Commission warned that these costs might, during the construction of the Project, be inflated and that it would be wise to reckon with a total need for capital of \$865.2 million.

While the Project as conceived by all of the interested potential "partners" was probably of greater magnitude than any other economic scheme examined in any of the Commonwealth countries, the far-reaching survey under-

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taken in 1951 concluded that the Project was economically and technically sound. However, by 1957 certain developments had occurred which made implementation of the Project in the foreseeable future problematical. The British Government found that for financial reasons it was no longer in a position to stand by its original agreement to furnish £ 52 million for the Project. In July 1956 Mr. Thorneycraft and Lord Home told Prime Minister Nkrumah that they were sorry but the United Kingdom was obliged to do a great deal of retrenching. Moreover, they allegedly informed Nkrumah that the aluminum companies did not seem at that time eager to undertake large new projects. At the same time, the British advised Nkrumah to review the matter again with ALCAN and British Aluminum.

In September of 1957 Nkrumah visited the United States and consulted with both U.S. Government officials and private organizations in his search for American capital for the Volta River Project. We were not informed of the results of the visit but the assumption is they were negative. It is known that during this visit talks were held by Minister Gbedemah in Canada with ALCAN representatives and that in the United States conversations were held with the Export-Import Bank, IBRD, the Reynolds interests and other organizations.

In 1956 the IBRD sent a small group to Ghana to make an economic survey. While the mission made no study of the Volta River Project as such, its preliminary reaction was that the costs of the Project were too high and the size of the Project too great for Ghana's economy to carry at that time.

U.S. Interest and Activities

In the early part of 1957, an American group under the auspices of a small investment house in New York (Winslow, Cohn and Stetson) negotiated with the Government of Ghana and obtained an option to present a plan for developing the Volta River scheme. Their option lapsed on July 18, 1957. Reportedly interested in or associated with the American group were such companies as Electric Bond and Share, Utah Construction Company and the Kaiser and Reynold's interests. Other firms and individuals who have been reportedly interested in the Volta Project include the Tolbert Engineering Company, the Ajax Construction Company, the Foreign Construction Company, International General Electric and the Chrysler Corporation.

In November 1957, Prime Minister Nkrumah wrote President Eisenhower a personal letter (attachment 1) asking the help of the United States in raising capital for the project or "help in getting the Project off the ground". The President replied (attachment 2) on January 3, 1958, that the United States would be pleased to do what it could do to assist Ghana but that primary impetus must come from Ghana itself. He indicated, however, that if firm indications of intention from the aluminum industry to participate was assured and the majority of the financing were arranged from either private or public sources, the United States Government would explore what possible assistance it might be able to provide toward financing a portion of the capital necessary for the hydro-electric project.

As a result



As a result of an OCB discussion, Mr. Smith of ICA and Mr. Herter decided that there should be an oral accompaniment to the President's letter made by our Ambassador Flake, and Mr. Abbot Moffat USOM Director in Ghana, indicating that the United States was willing to serve as a "catalyst" for the Project.

In subsequent efforts to serve as "catalyst" officials of both ICA and the Department of Commerce obtained evidence of some interest in the private segment of the Project on the part of Kaiser and Reynolds aluminum companies.

Nkrumah's Visit

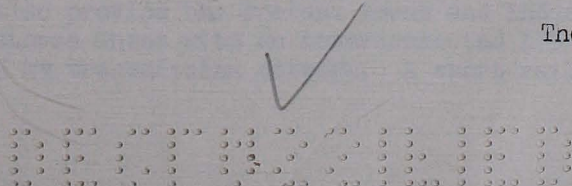
Prime Minister Nkrumah visited Washington from July 23 to July 26, 1958. During the visit Prime Minister Nkrumah and his party discussed with President Eisenhower, Mr. Herter and Mr. Dillon (attachments 3, 4, 5 & 6) the Volta River Project and attempted to obtain a commitment from the United States to extend financial assistance for it. On July 26, 1958, the White House issued a joint statement of the President and the Prime Minister of Ghana (attachment 7) in which the following reference was made to the Project:

"The Prime Minister explained the importance that his government attached to the Volta River Project and also to the development plan which is being drawn up for the further economic and social development of Ghana. He hoped the Government of the United States would find it possible to assist the Government of Ghana with respect to both programs.

"In subsequent conversations, representatives of the two governments explored the types and scope of assistance which the United States Government might be able to extend to the Government of Ghana. With regard to the Volta River Project, the United States expressed its appreciation of the contribution this project could make to the economic development of Ghana. It agreed to continue to explore with private American interests the aluminum manufacturing phase of the project and to consider how it might assist with loans if the required private financing were assured. The United States also expressed willingness to examine any proposals which the Government of Ghana might advance for the use of power from the Volta River for purposes other than the manufacture of aluminum. The two governments agreed that it would be desirable to bring up to date the engineering reports which were prepared in 1955 and to share the cost of this undertaking.

"With respect to the new development plan now in course of preparation, the Government of the United States indicated willingness to examine the plan with the Government of Ghana and to consider particular fields in which it might be able to cooperate through development loans.

The United



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The United States Government further agreed to continue and expand its technical cooperation with the Government of Ghana through programs designed to aid in the gradual diversification and strengthening of the economy of that country."

Subsequent to Nkrumah's visit, the Government of Ghana in August of 1958 signed an agreement with Henry J. Kaiser Co. of Oakland, California, to bring up to date the engineering report issued in 1956 by the Preparatory Commission. Costs of the survey were borne jointly by the Government of Ghana and the United States (ICA) as agreed during Nkrumah's visit.

In early March 1959 Kaiser Industries Corporation delivered to Nkrumah its "Reassessment Report on the Volta River Project". On March 14, 1959, Prime Minister Nkrumah addressed a letter (Tab A) to our Ambassador Flake, in which, after referring to the favorable nature of the Reassessment report and expressing his determination to see that power is generated from the Volta River as quickly as possible, he stated:

"The Government of Ghana for its part intends to give authority forthwith to the Kaiser Company to carry out certain preliminary works which will be required before the main project can be started. Whilst these preliminary works are being undertaken I hope that the United States could assist Ghana both in seeking to interest industries which would be large consumers of power generated from the Volta River, and also in working out a plan for the financing of the construction of the dam and power installation at Kosombo."

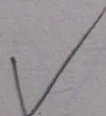
Tab B is the inter-agency cleared reply which Ambassador Flake has been authorized to deliver to Nkrumah's letter of March 14.

Kaiser's Reassessment Report

The Reassessment Report includes Kaiser's review and preliminary plans and estimates for the complete development of the Volta River hydro power potential, the bauxite reserves in Ghana, and a basic scheme and estimate for a transmission network to distribute power throughout Ghana.

The report proposes a coordinated 4-step development of the project. Timing of the steps would be fitted to load growth.

The initial Step 1, comprises a 230 foot head, 2,100 foot long rockfill dam with a 512 mw power plant, on the Volta River at Kosombo 60 miles northeast of Accra, together with a 120,000 long ton per year aluminum smelter near the new port of Tema. The hydro development would supply 330 mw power to the aluminum smelter, and would also provide the present towns and industrial electric installations in southern Ghana with an interconnected 175 mw power supply through a 550 mile 165 kv transmission network. A short railroad spur,



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together with improvement of existing trackage and additional hauling equipment, would serve the aluminum smelter from the Kibi bauxite deposit 60 miles Northwest of Tema. During Kaiser's review of the quantity and quality of Ghana bauxite reserves, it was found that a recently discovered deposit at Kibi was of suitable quality and much more favorably situated for economic development than the Aya-Yenshin deposit envisioned in the Preparatory Commission's 1956 report, the latter being some 150 miles more distant from the proposed power and aluminum plant sites.

Cost of Step 1 is estimated at GI64.4 (\$180.3) million for hydroelectric, transmission and railroad facilities and GI56.7 (\$158.8) million for the bauxite mining and aluminum production facilities. Step 1 it is estimated could be completed to generate power in a period of 5½ years from the time of authorization.

The estimated initial cost of power to the aluminum smelter would be 0.222 pence/kwh (2.60 mills), falling to 0.173 pence/kwh (2.02 mills) at full development. The estimated unit cost of initial power from the transmission net at 5 percent interest would be 0.609 pence/kwh (7.12 mills), falling to 0.524 pence/kwh (6.13 mills) at full development.

Steps 2 and 3 would bring the Kosombo power plant to full 768 mw capacity, add 100,000 tons per year to the aluminum smelter capacity, and construct the Kpong Rapids 140 mw development as well as additional transmission and railroad facilities. Estimated cost for the aluminum smelter extension is GI 412.2 (\$115.3) millions, and for increased hydro, transmission and railroad equipment GI 24.7 (\$69.2) millions.

Step 4 would provide for construction of the Bui Development together with additional transmission facilities, at an estimated cost of GI 27.1 (\$75.9) millions, when required to serve further increase in Ghana's power requirements.

Summary of Costs
(millions)

	Public	Private	Total
Step 1	\$180.3	\$158.8	\$339.1
Steps 2 & 3	69.2	115.3	184.5
	\$249.5	\$274.1	\$523.6
Step 4			75.9
		TOTAL	\$699.5

Developments Since Release Reassessment Report

On April 14, 1959 Prime Minister Nkrumah entered into an agreement

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with Kaiser Engineers and Constructors, Inc., to carry out preliminary works at the dam site (Kosombo). This agreement, was signed by the Government of Ghana, in accordance with its determination to do everything possible to bring the Volta Project to life. Briefly, the scope of the work to be completed, on or about October 1959, will cover foundation exploration, determination of site conditions, determination of basic design of the dam and power plant, the construction of access roads, the construction of some housing at the dam site and construction mobilization planning.

On April 14, Prime Minister Nkrumah sent a cable to Edgar Kaiser stating he had signed the engineering and construction agreement for the preliminary works. The next imperative step, he said, "is to make progress with the consortium of aluminum companies. I know that I can rely on your personal initiative, drive and ability for all possible assistance in bringing an effective consortium into being at the earliest possible time."

Mr. Flesher of ICA and Kaiser officials have reported to the Department that since release of the Reassessment Report talks have been continuing within the aluminum industry with a view to exploring the formation of a combination of companies to establish an aluminum smelter in Ghana. While we do not know specifically with what companies Kaiser is or has been dealing, we presume they are Reynolds, Alcoa, Aluminium Limited, British Aluminum, and possibly others.

The Department of Commerce has given wide publicity to the Reassessment Report, as well as made available copies of the Reassessment Report to a number of companies at their request. Commerce is preparing a status report as to the results following from the inquiries made.

Attachments:

- ✓ 1. Prime Minister Nkrumah's Letter to President Eisenhower 1957.
- ✓ 2. President Eisenhower's Letter to Prime Minister Nkrumah, Jan. 3, 1958.
- 3. Memorandum of Conversation, July 24, 1958
- ✓ 4. Memorandum of Conversation, July 25, 1958
4. Prime Minister Nkrumah's Discussion of Ghana's General Economic Aims
5. Memorandum of Conversation of July 25, 1958, Part I
6. Memorandum of Conversation of July 25, 1958, Part II
7. White House Release of July 26.

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November 12, 1957

My Dear President:

After very careful consideration, I am writing to you about a matter which must affect profoundly the future political and economic development of my country.

As you know, we achieved political independence on the sixth March 1957, and we were delighted to have your Vice-President with us on that historical occasion.

I am convinced, however, against the broad background of Africa, that our political independence will mean little unless Ghana can continue to develop both politically and economically. Today our economy (which exercises such a direct effect on our political development) depends basically on a single crop -- cocoa. We naturally view the current drop in prices of practically all commodities with great concern. The price of cocoa is, at the present, quite good; but our position is fundamentally precarious and vulnerable, and we can have no real political and economic development on such an uncertain foundation.

We have naturally considered most carefully other possibilities of broadening and strengthening economy and in sufficient time and on a broad enough scale to preserve the present political momentum, and to satisfy the reasonable aspirations of our people who have now emerged into complete political independence after more than one hundred years of colonial government.

We have launched a big programme to make the fullest use of our agricultural resources-by way of research, agricultural extension, farm-to-market roads, rural water supplies, and so on; but agricultural change takes time. Meanwhile, all our studies show that the most promising hope of a really big immediate economic advance lies in developing our great deposits of bauxite, which can be used to produce aluminum by developing also the hydro-electric possibilities of the Volta River, with its capacity of 633,000 kilowatts. When my Minister Finance took breakfast with you last month you were good enough to express an interest in the project, and a fortnight ago I sent you a copy of Volume I of a report on the scheme, made by experts of international reputation after most careful and exhaustive studies.

By any standards this is a great project, and if possible we would naturally wish to tackle it in stages. However, the river can be effectively dammed only at one place and this dictates the scale of the entire scheme.

It is

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It is planned therefore that the first stage of the project would produce 120,000 tons of aluminum ingot and the final state of the project would produce about 210,000 tons. Government funds would be required to build the railways and hydro-electric sections of the scheme (we already are quite well advanced in building a new port) and the bauxite mining and aluminum smelting would be carried out by private companies (with probably Aluminum Limited of Canada playing the leading part). Some 225 million dollars of government funds would be required for the first stage and approximately 160 million dollars of private investment. At the final stage a further 15 millions and 100 millions respectively would be needed.

I must emphasize, however, that the best British and North American engineering advice we have received indicates that 7 years would be required to build the scheme so that the first stage of the project would require an annual investment from government fund of only 32 million dollars.

Originally we hoped that the Governments of Ghana and the United Kingdom might provide the necessary governmental investment, and that the private sector would be covered by Aluminum Limited of Canada and British Aluminum Company. In the last 18 months, however, the picture has changed considerably. It has become apparent that the British Government, while still directly interested in the project, would now wish (because of its own economic difficulties) to invest less than had originally been contemplated. The IBRD has been consulted in general terms, but the many claims on that international organization from all over the world (and other factors) have understandably made it reluctant to commit itself until it becomes clearer where the rest of the money would come from.

The Prime Minister of Canada has shown sympathy with the project (both for Commonwealth reasons and because of the position of Aluminum Limited), and in the private sector the Reynolds Aluminum Company has shown a direct interest in addition to the original companies - Aluminum Limited of Canada and the British Aluminum Company. Other American companies have kept themselves informed about the project generally.

It is apparent, however, that the scheme cannot be brought to life unless it receives a new and powerful stimulus. When the demand for aluminum was strong we were told that the scheme - though fundamentally an excellent one - would take too long to construct. Now that the demand for aluminum has slackened temporarily we are told that this is not the appropriate time to be starting big projects.

I share your own strong confidence in the future expansion of the economies of the Western world, and if our government had all the necessary financial resources I would now unhesitatingly commit my country to the project in the belief that the world demand for aluminum from 1965 onwards

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would certainly absorb whatever we could produce in this country. By ourselves, however, it is impossible for us to give the scheme the stimulus which is essential to get started.

A failure to develop the project would mean our acceptance of economic stagnation and a demonstration that we are incapable of consolidating the political independence which we have just won.

It is apparent that our failure in this respect would have profound effect on the rest of Africa.

I therefore write to put these problems before you, which as I have said, can well have a decisive effect, for good or otherwise, on the future of Ghana. If you feel that you can help us, we feel that what would help us most would be for your government to indicate its willingness to consider the possibility of participating in this great scheme, bearing in mind its vital importance to our political future. As a first step, perhaps consideration could be given to sending representatives of your government to Ghana as soon as possible to discuss with us how best the project might be undertaken.

Finally I should like to emphasize one basic factor. We are not asking for any gifts. At most we wish to borrow substantial sums of money at a reasonable rate of interest. The economic liability of the project is such that the loans and interest would be paid off on time. In this connection, we have studied with great interest the establishment by Congress of the development loan fund and we wonder whether this might be one possible source of finance which would be suitable for the scheme.

To my mind, this great project, vital as it is to us in the economic sense, has even more profound political implications for Ghana and the Continent of Africa. Its successful implementation would, I am sure, do most to preserve and strengthen the political independence of this country; and if the Government of the United States could provide the stimulus and drive which could bring the scheme to life, I venture to suggest that such actions would demonstrate to the world most convincingly and dramatically the general policies towards this Continent which both you and the Vice President have expressed so clearly in your public statements.

With warmest personal regards, I am, Mr. President, yours sincerely,

Kwame Nkrumah

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January 3, 1958

Dear Prime Minister:

Since acknowledging the receipt of your letter of November twelfth, my advisers and I have given the most careful attention to the viewpoints and suggestions which you have advanced regarding the Volta River scheme. As I think you know, this Government has followed with deep interest since their inception the extensive studies which have been made of this challenging project.

I, of course, fully appreciate the importance which you and your Government attach to the need for economic development and diversification in Ghana, and I know that I need not assure you of the friendly and sympathetic interest of the American people and Government. I have had a number of conversations with the Vice President since his return from the Independence Ceremonies and he has described to me the hopes and aspirations which guide your Government and people under your leadership. It is obvious that these worthy aspirations can best be realized under the conditions of a strong, prosperous and stable Ghana.

As you are aware, we are not only interested in this vital task of Ghana's economic development and diversification, but desire to help in such ways as are within the limitations of our resources and other heavy commitments throughout the world. It has been in this spirit that we have undertaken, at your request, to send a technical survey group to Ghana to examine several specific project fields of potential economic development, the outlines of which have already been suggested by your Government. It is my sincere hope that this team may be able to assist in drawing up practical projects capable of implementation in a manner which will contribute to the diversification which you seek.

In your letter of November twelfth, you have made specific reference to the possibility of obtaining a loan for the Volta River project from our newly created Development Loan Fund. In so doing, you have suggested in effect that such an indication of willingness by the United States Government to make a loan might provide the necessary stimulus to bring the scheme to life.

There is no question as to the desire of this Government to be helpful in the economic development of Ghana. At the same time, there are definite limitations on our lending activities imposed by the availability of funds for such purposes. Thus, in the case of a project of the magnitude of the Volta, we would have to have assurances not only that the project is economically and commercially sound, but also that the total financing which would be required to bring it to fruition is obtainable. In this connection it is apparent that the active participation of the aluminum industry and its ability to provide the requirements for the mining and manufacturing part of the project are essential to the success of the

total

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total project. I do not know how far you have been able to proceed in obtaining firm indications of intention to participate by the aluminum industry or in obtaining the necessary assurances of financial support from private sources, international institutions and other governments. Until such time as the project may reach the stage where Ghana has reasonable assurances from these sources, it is difficult for us to appraise the economic feasibility of the project, particularly in its financial and commercial aspects. When you have these assurances concerning the establishment of an aluminum industry this Government would be pleased to explore further with the Government of Ghana the possibility of assistance in financing a part of the project, such as a portion of the hydroelectric installation.

I hope that the foregoing suggestions may be helpful to you in your further efforts to interest private enterprise in the feasibility of this project. Meanwhile, I wish again to emphasize our general desire to be of assistance in Ghana's economic development program. If there are other specific project fields of a more limited nature than the Volta Scheme which you believe might be useful for our Technical Survey Group to examine, or should you perceive advantage in a more general survey of Ghana's essential development needs, we would be glad to consider broadening the terms of reference of the Group to make this possible. I hope that you will feel free to discuss any further questions you may have on these matters with our Ambassador to Ghana who is thoroughly familiar with the consideration we have given them here.

Again, let me say how gratified I am at the spirit of determination to progress which prompted you to raise this matter with me. You can always be assured that Ghana's aspirations to a peaceful, prosperous and stable development, which is of such importance to its people, to Africa and to the free world, will command the sympathetic attention of this Government.

Sincerely,

The Honorable
Dr. Kwame Nkrumah,
Prime Minister of Ghana,
Accra.

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DEPARTMENT OF STATE

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APPROVED *WH*
per *ZH* JUL 30 1958

Memorandum of Conversation

This document consists of 5 pages.

Number 1 of 10 copies, Series C

DATE: July 24, 1958

SUBJECT: Prime Minister Nkrumah's Talk (Second) with the President

PARTICIPANTS:

- The President
- Dr. Kwame Nkrumah, Prime Minister of Ghana
- The Under Secretary
- His Excellency D. A. Chapman, Ambassador of Ghana
- Mr. Joseph Palmer 2nd, Deputy Asst. Secretary for AF

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After an exchange of greetings, the President welcomed the Prime Minister and asked him to open the conversation. Dr. Nkrumah said that ever since Ghana gained its sovereignty, it has sought to consolidate its independence and to create the necessary conditions of economic stability. He stressed the importance of a rising standard of living for the Ghanaian people and said that Ghana's vulnerability is its one crop economy; some way must be found to diversify. The Prime Minister mentioned coffee, timber and animal husbandry as possible fields for further development. Ghana also hoped to bring about industrialization of the country, although it would probably continue to be primarily an agricultural nation. All of these economic objectives require power, the possibilities of which have been investigated in connection with the Volta River scheme. The Prime Minister said that two possible dams were involved, one at Ajema, which would cost 65 million pounds, and produce one million kw; the other is at Abouya and would produce 60,000 kw at a cost of 20 million pounds.

The Prime Minister continued by speaking of the huge deposits of bauxite in Ghana, which, it has been estimated,

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would require two hundred years to exhaust. The President said that he had been talking to Mr. Black of the IARD about this matter and that he had indicated that the difficulty is that bauxite is presently so cheap as to make new sources not particularly attractive. The Prime Minister indicated assent, stating that this is the reason why Ghana does not wish to rely on bauxite alone. The President said that he had previously had the impression that the entire Volta River scheme would cost considerably more than the \$65 million which the Prime Minister had mentioned. The Prime Minister replied that it is true that the entire scheme is much more extensive than those components he had mentioned and include facilities at the bauxite deposits, the smelter, and harbor and railway facilities. Some of these were going along at the present time in any event, particularly the new port at Tema. He said that he was presently emphasizing the power aspect of the project.

The President said that the United States always tries to be helpful with respect to projects of this kind. We believe that the best basis for undertaking such development is private capital. If it is possible to get private aluminum companies interested in this project, then the remaining financing could be explored with the International Bank, the Export-Import Bank, the Development Loan Fund and other similar sources. The President said we would be delighted to continue our exploration of these possibilities. He said that we entirely supported Ghana's objectives of an expanding economy and a rising standard of living. He went on to warn, however, that such developments take place slowly and, by way of illustration, mentioned the experience of the Philippines, where we had tried for thirty years to create a viable economic and social base. The Independence Law provided for a further ten years temporary status in which further efforts were made to assure that a strong economic basis would exist for Philippine independence. Even with these preparations it was necessary to make certain extraordinary arrangements whereby the Philippines had preferred access to the American market for such produce as hemp, sugar and coconuts after independence. The President mentioned these matters to indicate that the construction of a strong viable economy is a long process. Moreover it can be successful only if everyone cooperates.

In reply to a question by the President, the Prime Minister said that Ghana is placing great emphasis at the present time

on education. It is spending more per capita in this field than any other African state and, in fact, the rate of spending compares favorably with many European countries. In response to a further question, the Prime Minister said that Ghana's ordinary budget is \$48 million for the current fiscal year. In addition to this, \$22 million has been allocated from Ghana's own resources for economic development. The Prime Minister went on to say that Ghana has a second five-year development plan which will involve the allocation of \$1 million, primarily to agricultural and industrial expansion.

The President said that he understood that Secretary Benson had indicated at luncheon the previous day that he would be glad to go out and take a look at Ghana. The President said that he thought the Secretary could be very helpful in these matters. The Prime Minister said that he would look into the possibilities of extending Mr. Benson an invitation after his return to Accra.

Reverting to the Volta River scheme, the President reiterated that the State Department would continue to explore the possibilities of bringing this project to fruition. He wished to assure the Prime Minister that we would not forget his interest in this matter. The Prime Minister expressed his appreciation. He added that his government would be most grateful for any assistance which could be given in exploring the problem with private aluminum interests. Even if such companies were not interested, however, the Prime Minister hoped it would prove possible to press on with the power aspect of the scheme, which would be beneficial to Ghana's other development requirements and, at the same time, might attract the aluminum interests once a cheap source of power were created. The President asked what other uses Ghana intended to make of the power and the Prime Minister mentioned small industries and agricultural uses. The President observed that the Ghana program sounded something like the Rural Electrification Administration, which he described to the Prime Minister. He then asked whether it was possible to start with the small dam at Abouya which the Prime Minister had mentioned. The latter replied that this was feasible and that it would have beneficial results. Unfortunately, however, the site of this dam is not sufficiently near the bauxite deposits.

The President mentioned the importance of a coordinated plan for diversifying Ghana's economy and asked whether any

kind

kind of Coordinating Commission existed. The Prime Minister confirmed that a Development Commission has been in being for some time and is concerned with the necessary planning.

The President said that he found Ghana's economic plans to constitute an exciting story. He thought that the world could somehow or other assist Ghana in its realization.

The Prime Minister said that he was also anxious to explore with the United States Government possible means by which it could help with the industrial development of Ghana, as we had done in the case of the Philippines. The President expressed the hope that in the further conversation which the Prime Minister and his party would be having with the State Department, it would be possible for him to acquaint us with enough of Ghana's plans to permit us to speak somewhat more specifically. The President said that he was sure that competent agricultural scientists could advise Ghana on how it should diversify its agriculture in order to obtain the maximum dietary benefits and, at the same time, produce cash crops for export which would reduce the present heavy dependence on cocoa. He asked about the work ICA was doing in Ghana at the present time. The Prime Minister confirmed that the ICA is doing a great deal of helpful work. The President said that he thought this is a situation where technicians can be of enormous benefit. The thing to do is to start moderately, utilizing the best brains available in working out a coordinated program. Considerable planning would be required. Once this had been accomplished, he thought that it would be desirable to mobilize the widest possible assistance in implementing the program. It was particularly important to enlist the support of the people of Ghana in order that the benefits should come about with the participation of their hard work, rather than as the result of something granted to them from outside. The Prime Minister signified his assent and said that he would be happy to pursue these matters further in his discussions with the Department of State.

The Prime Minister also mentioned the improvement of communications as an area in which his government was most active. He cited the recent establishment of Ghana National Airlines and the Black Star Shipping Lines, which had been formed with Israeli participation, as examples. The President asked if Ghana were trying to establish close relations with

Israel and the Prime Minister confirmed this to be the case. There was further conversation regarding the possibilities for particular crops in Ghana, with the Prime Minister mentioning rubber as a field in which ICA had recommended close study. The President mentioned meat as a possible field for development, mentioning the success which the southern part of the United States had had with the El Santa Gertrudis breed. The President said Ghana might wish to explore the possibility of importing two or three small herds as a nucleus.

Before leaving, the Prime Minister said that he would also like to mention several political matters. He was deeply concerned about the present instability in the world. He had recently toured the eight independent African states which had been represented at the Accra conference. He felt that these states had a united outlook. He noted that there are only eight such nations at the present time and that the rest continue under the domination of the metropolitan powers. Ghana wants to do what it can to help them enjoy the same freedom which it now has. This is, the Prime Minister observed, perhaps more Ghana's problem than that of the United States. He wished the President to know that at no place during his tour had he noted the expression of any views which were antagonistic to the United States. He had, however, found some disappointment. President Bourguiba of Tunisia, for example, who makes no secret of his pro-western views, had expressed his concern that the United States did not appear to understand his problems. Mr. Bourguiba had told the Prime Minister that he knew how difficult it was for the United States to help everyone but that he did wish for greater understanding than he had thus far received.

The President asked if he were to understand that the African countries wished to cooperate informally among themselves. The Prime Minister confirmed this to be the case, although he emphasized that the primary area of cooperation is Africa. He noted that at the recent meeting in Accra, the other African states had made very clear to the Egyptians that they wished to confine their deliberations to African rather than Middle Eastern questions.

-AFS: R.W. ROSS

(39) M-527

DEPARTMENT OF STATE

Memorandum of Conversation

DATE: July 25, 1958

I

SUBJECT: Ghana's Volta River Project

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CDD

PARTICIPANTS: The Honorable Kimla A. Gbedemah, Minister of Finance.
 The Honorable Kojo Botsio, Minister of Trade and Industries.
 Mr. A.L. Adu, Permanent Secretary, Ministry of Defense and External Affairs.
 Commander Sir Robert Jackson, Chairman, Ghana Development Commission
 Mr. Enoch Okoh, Acting Secretary to the Cabinet.
COPIES TO: Mr. Amon Nikoi, Third Secretary, Ghana Embassy.
 Mr. Richard Akwei, Second Secretary, Ghana Embassy.
 Mr. H.R. Amonoo, Second Secretary, Ghana Embassy.
 Under Secretary C. Douglas Dillon, W.
 Mr. Joseph Palmer 2nd, Deputy Assistant Secretary, AF.
 Mr. C. Vaughan Ferguson, Jr., Director AFS.
 Mr. William R. Duggan, AFS.

Mr. Robert W. Ross, AFS.
 Mr. Stuart Van Dyke, ICA.
 Mr. Carl Flesher, ICA.

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COPIES TO: AF -3 (cc) NEA
 AFS -3 W - 2 (cc)
 IRC - 2 AmEmbassy, ACCRA -
 ICA - 2 (cc) Export-Import Bank -
 ED - S/S -/2 (cc)

AUG 5 - 1958

Mr. Dillon said that the United States Government is most anxious to see increased interest by the aluminum companies in Ghana's Volta River Project, but that the Prime Minister and his colleagues had clearly stated the dilemma: the companies want assurances of cheap electric power before investing. He outlined our efforts to stimulate the interest of American aluminum producers in the project. Kaiser Industries, he said, have proposed a course of action which commends itself for consideration. They have offered to update the existing 1955 engineering study of the dam and hydro-electric facilities and to translate it into American terms. Kaiser would ask no profit for this work. We believe this is a good proposal, would like to see an engineering company undertake such a report, and are willing

to assist

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to assist in financing it. Mr. Dillon said that the U.S. would be willing to bear half the cost of the updating study, but said this could be discussed later. He said that Kaiser had also indicated a willingness to take the lead in exploring the possibilities for formation of a joint company in connection with the aluminum production sector of the project.

The Minister of Finance said that Ghana cannot seem to get started on the Volta Project. Their "partners", the Aluminium Company of Canada, have already assumed other obligations which exhaust their investment capabilities. Mr. Gbedemah said Ghana has also had evidences of interest by other groups, mentioning specifically the Banque de Paris and several German companies. The question, he said, is what the U.S. Government is willing and able to do to help.

Mr. Dillon said we believe the next step should be the updating of the report by an engineering company. The question of whether or not Kaiser would be selected is one to be worked out with the Government of Ghana. He thought there would be some advantage in utilizing Kaiser because of its aluminum operations, which would assure that the new study would be focussed on the end-product - that is, aluminum production.

Sir Robert Jackson said he would recommend to the Minister (Botsio) the selection of Kaiser to do the study. He said that they are extremely capable and that he was greatly impressed with Kaiser's construction performance in Australia. Sir Robert said he believed Kaiser might be able to recommend construction short-cuts which would shorten the construction time, resulting in reduction of interest charges and ultimate reduction of the cost of the power produced.

Minister Botsio said he believed the next step should do more than merely updating the 1955 report. He went on to say that the dam and hydro-electric facilities should not be tied, in our considerations, exclusively to the aluminum operations. He said that the availability of cheap power would attract and create a host of new industries, and would be economically advisable even if aluminum production never got under way.

The Under-Secretary admitted that we had been led to believe that ninety-five per cent (95%) of the power was earmarked for aluminum production and that no other substantial consumption would be possible. He said that other potential uses for the power output might change the picture. If so, we would be glad to consider them. Mr. Dillon went on to say that the present temporary recession in the aluminum industry should not be considered as anything but a

short run

AFS: R.W. ROSS
(39) M-526

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DEPARTMENT OF STATE

APR 27 1958

Memorandum of Conversation

XR 745j:5-MSP

II

DATE: July 25, 1958

SUBJECT: U.S. Technical Assistance and Ghana's Five Year Plan

XR 103-XMB
JK
CP's

PARTICIPANTS: The Honorable Kimla A. Gbedemah, Minister of Finance
The Honorable Kojo Botsio, Minister of Trade and Industries
Mr. A. L. Adu, Permanent Secretary, Ministry of Defense and External Affairs.
Commander Sir Robert Jackson, Chairman, Ghana Development Commission.

COPIES TO: Mr. Enoch Okoh, Acting Secretary to the Cabinet.
Dr. Amon Nikoi, Third Secretary, Ghana Embassy.
Mr. Richard Akwei, Second Secretary, Ghana Embassy.
Mr. H.R. Amonoo, Second Secretary, Ghana Embassy.
Under Secretary C. Douglas Dillon, W.
Mr. Joseph Palmer 2nd, Deputy Assistant Secretary, AF.
Mr. C. Vaughan Ferguson, Jr., Director, AFS.

cc: Mr. William R. Duggan, AFS.
Robert W. Ross, AFS.
Mr. Stuart Van Dyke
Mr. Carl Flesher

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COPIES TO: AF - 3 (cc) W - 2 (cc)
Dept. pl. IRC - 2 (cc) C-2
AFS - 3 AmEmbassy, ACCRA
AmE ICA (2 cc) Eximbank
ED S/S - 2 (cc) and Iskender
NEA

AUG 5 - 1958

Mr. Dillon said that the United States is deeply interested in the improvement of the welfare of the peoples of the developing nations and is always desirous of lending assistance. He pointed out that the needs and demands for help are great and our resources and ability to do so limited. The Under-Secretary for Economic Affairs said that our efforts were closely coordinated with the programs of the World Bank in order to maximize, in an orderly fashion, the lending and assistance facilities available to developing areas. He said that Ghana's requirements for technical assistance in education, agriculture, and related fields can be examined with the International Cooperation Administration. We are, moreover, willing in principle to help in Ghana's industrialization if we receive specific requests, and the Development Loan Fund would be the appropriate agency for this purpose.

The Finance Minister (Gbedemah) said he believed the discussion should be

divided

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divided into two parts, (1) the Five Year Plan, and (2) the Volta River Project. (Note: The Volta Discussion is covered in a separate memorandum of conversation.) He noted that the Government of Ghana has sufficient financial resources to take care of the Five Year Plan, which deals mainly with agricultural and industrial development. However, this ability is based on the assumption cocoa prices will remain reasonably favorable. Moreover, if the Plan were to be wholly financed by Ghana the conclusion of the program would find their financial resources exhausted. It is for this reason they wish to borrow money now, preferably in the private money market.

Mr. Dillon suggested that the United States Government might assist with Ghana's development plan through a procedure similar to that employed with India. When the plan is completed, this Government, including the DLF staff, could look it over and indicate the general fields in which the DLF might be willing to entertain applications. The Government of Ghana could then make application for assistance for specific projects in those fields. The Ghanaian officials agreed and added that they believed the plan would be completed by the end of August, at which time it could be discussed with USOM Accra. Mr. Dillon said that he hoped Ghana would not plan in such large terms as to over-extend its credit resources. Minister Obedemah replied that his government is determined to keep their Five Year Plan within manageable limits. He said that many of their assets are invested in long-term paper and that short-term credits are, therefore, readily available to them. Sir Robert Jackson suggested that Ghana should sound out the possibilities for credit in the London and West German money markets. He also suggested an approach to the IBRD.

Minister Botsio reiterated the Prime Minister's request for U.S. assistance in the fields of agriculture and industry. He said his Government would like the ICA program to provide technicians for an "agricultural college" and study grants in the U.S. for industrial technicians from Ghana. Sir Robert indicated the Prime Minister's keen interest in a National Research Council. It is Nkrumah's hope, he said, that such a program could operate on a regional basis and help to bind together the West African territories, including French West Africa.

Mr. Dillon

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James C. Hagerty, Press Secretary to the President
R. J. Moxon, Director, Ghana Information Service

THE WHITE HOUSE

JOINT STATEMENT

OF THE PRESIDENT

AND THE PRIME MINISTER OF GHANA

The visit to Washington of the Prime Minister of Ghana has afforded the opportunity for a full and friendly exchange of views between the Prime Minister and the President, the Secretary of State and other high Government officials. These conversations have had as their objective the further strengthening of the close ties of friendship and mutual respect which have characterized the relationship between the two countries since Ghana attained its independence last year.

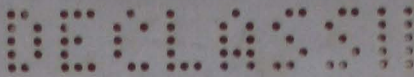
The Prime Minister explained the importance that his government attaches to the Volta River project and also to the development plan which is being drawn up for the further economic and social development of Ghana. He hoped the Government of the United States would find it possible to assist the Government of Ghana with respect to both programs.

In subsequent conversations, representatives of the two governments explored the types and scope of assistance which the United States Government might be able to extend to the Government of Ghana. With regard to the Volta River project, the United States expressed its appreciation of the contribution this project could make to the economic development of Ghana. It agreed to continue to explore with private American interests the aluminum manufacturing phase of the project and to consider how it might assist with loans if the required private financing were assured. The United States also expressed willingness to examine any proposals which the Government of Ghana might advance for the use of power from the Volta River for purposes other than the manufacture of aluminum. The two governments agreed that it would be desirable to bring up to date the engineering reports which were prepared in 1955 and to share the cost of this undertaking.

With respect to the new development plan now in the course of preparation, the Government of the United States indicated willingness to examine the plan with the Government of Ghana and to consider particular fields in which it might be able to cooperate through development loans. The United States Government further agreed to continue and expand its technical cooperation with the Government of Ghana through programs designed to aid in the gradual diversification and strengthening of the economy of that country.

The conversations included an exchange of views concerning the situation in the Middle East. The two governments were in agreement that the solution for the urgent problems of that area should be found within the framework of the United Nations in a manner which will preserve the independence and territorial integrity of all member nations, whether large or small. With respect to the particular situation in Lebanon, the United States emphasized its desire to withdraw its forces just as soon as the United Nations can act effectively to assure the independence and territorial integrity of that state. The Prime Minister noted that this position coincided with the views of his Government.

more



The representatives of the two governments emphasized their determination to work for the strengthening of the United Nations in the interests of establishment of world peace, prosperity and stability based upon international justice. It was apparent that both countries share the same beliefs with respect to mutual respect for the sovereignty and independence of nations, non-interference in the internal affairs of other nations, social and economic progress for all peoples, and the rights and dignity of the individual.

The two Governments also exchanged views on the emergence of new African states and the growing importance of the African continent in the realm of international affairs. The Prime Minister took the opportunity to explain the aspirations of the African states as they were expressed at the recent meeting of those nations at Accra and in his subsequent visits to each of the capitals of the states concerned. The President noted with deep interest the Prime Minister's explanations regarding the development of a distinctive African personality, emphasizing in this connection the sincere interest of the Government of the United States in the orderly political, economic and social advancement of the peoples of the African continent.

KWAME NKRUMAH

DWIGHT D. EISENHOWER

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