

states that it is technically sound and could be constructed successfully and operated competitively. Mr. Prudham, with long experience in the construction business, gave it as his opinion that the project was "well engineered". Preliminary work in the construction of a railway to the bauxite mines, the siting of the proposed smelter and the creation of the new port of Tema is already under way. As is generally known, the proposal is to build a dam at Ajena on the Volta to form a lake of 3,300 square miles, the fifth largest in Africa, and to produce power for the operation of a smelter which would be fed from indigenous bauxite found in two outcrops, one within fifty miles of the dam, the other within 125-150 miles. This bauxite has been surveyed and reserves are reputed to be massive. The lake would also be used for irrigation, fishing, reforestation and to supply subsidiary power to the cities of Ghana.

23. There seems to be some doubt as to the costs of the project; each time these are submitted they are higher. While this is an experience which we have all had in helping under-developed countries, there is something to be said for knowing the worst earlier rather than later. Recent estimates put the total cost of the project at about \$650 million. Of this, \$200 million would be spent for the power development, \$220 million for the smelter plant, and the remainder for the port, railway, communications, housing, etc. It is proposed that two fifths of the capital be furnished by Ghana with the remainder, representing the cost of the equipment and materials, coming from external sources. In view of the large sums involved and the considerable economic and political risks, the potential participants are proceeding with caution before making any final commitment. It has now been proposed that the World Bank, of which, together with the International Monetary Fund, Ghana is shortly to become a member, make a loan to assist in financing. We gained the impression that everyone concerned was waiting on the Bank's report, and that unless it were favourable the participants would hesitate to act.

24. We were told in some quarters that the figure of \$650 million was a "safe" figure, or a "careful" figure. This was not to suggest that it was in any way inflated, but that it contained prudent allowance for contingencies of various kinds which, should they not be realized, could considerably reduce the cost of the project. On the other hand, delay in starting the project would presumably increase the costs. It is estimated that it will take eight years from the starting date before the project is in full operation.

25. Insofar as one can judge from discussing the matter with cabinet ministers, senior civil servants and British civil servants in Ghana, the scheme, while ambitious, is not grandiose. The suggestion that "a little country like Ghana" should not embark on a project larger than Kitimat becomes irrelevant, provided the participation of such major producers as Aluminium Limited and Alcan is assured, for such a development can then take place wherever there is bauxite, power and nearness to world markets, and so long as the world demand for aluminum continues to increase.

26. Politically, as well as technically, the project seems to be very much sounder than the Aswan Dam, over half whose water, we were told, would be lost in storage by evaporation. Unlike Egypt, Ghana is very friendly to the West, is at present publicly committed to the West, and to friendship with the United States. It is a member of the Commonwealth. It has and expects to continue to have an Atlantic orientation. Its natural markets have long been with the United States, United Kingdom and Western Europe.

27. The possibility of blackmail or of playing off the West against the USSR may exist, but on Nkrumah's record it seems unlikely. He is, it is true, passionately devoted to the cause of the freedom of dependent peoples in Africa; but he is equally passionately devoted to the economic and social betterment of Ghana, and he sees the Volta River Pro-