

DECLASSIFIED

E.O. 12958, as amended, Sect 3.5

NSC/Soubers to Smith 09/06/2002

By bar Date 02/14/07

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

~~CONFIDENTIAL~~

February 17, 1972

National Security Decision Memorandum 154

TO: The Secretary of State
 The Secretary of Defense
 The Secretary of Agriculture
 The Administrator, Agency for International
 Development
 The Director, Office of Management and Budget

SUBJECT: Vietnam Economic Policy

The President has considered the VSSG Working Group study on economic support for Vietnam prepared in response to the memorandum of January 3, 1972. He has selected option two as the basis of our support for 1972 and beyond. This option provides 1972 support of \$680 million and requires \$385 million of FY 72 supporting assistance funds.

This support will be provided so as to encourage the GVN to increase domestic taxes, improve government efficiency, adjust its exchange rate, and take other actions to reduce the required level of support in future years. Economic development should be encouraged to the maximum extent possible. Expansion of exports should have the highest priority in GVN economic planning and U. S. assistance.

In implementing this plan:

-- AID should retain flexibility on the composition of its FY 73 project program pending a review of CORDS requirements;

-- the Department of Defense should prepare a study of all Vietnam related items in its FY 73 budget to identify the sources of funds for meeting this requirement. This study should be presented by April 15, 1972.

-- the Department of Agriculture in meeting the target of at least \$125 million in PL-480 may finance ocean freight; such financing will not be considered a precedent for similar action in other countries.

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None of the foregoing policies should be pursued in a manner that would jeopardize the goals of Vietnamization or the fundamental objective of U.S. policy that the political forces within South Vietnam should determine its future.

The VSSG Working Group should monitor economic developments in Vietnam and ensure that the elements of flexibility in the study are retained while adequate economic support is provided on a timely basis. The VSSG Working Group should report actions taken and progress on implementing the support plan to the Senior Review Group by April 15, 1972.

These decisions should be promptly communicated to the highest level of the GVN to permit early planning of its 1972 economic program in consultation with the U.S. Mission.



Henry A. Kissinger

cc: Secretary of the Treasury
Director of Central Intelligence