

**The Washington Merry-Go-Round** | THE WASHINGTON POST  
 Wednesday, February 3, 1954 B

## Ike's Advisers Analyze Recession

By Drew Pearson

Though the Nation's business is everyone's business, the testimony now being given before the Joint Congressional



Pearson

Committee on the Economic Report is in secret. A parade of economists, official and unofficial, beginning with the President's top economic adviser, Dr. Arthur Burns is trying to spell out what's behind the current recession.

Though they haven't said it in these exact words, many of the economists agree that the basic reason boils down to this: When you take 30 billions in defense orders out of the economy, you have to replace it with something else.

Spelled out in more detailed terms, the 1952 budget called for 60 billion dollars of new defense equipment. The 1955 budget calls for \$30,900,000,000. This is basic hardware. This represents millions of dollars worth of steel, copper, aluminum, and all labor that goes with it.

And when you take that big a chunk out of Government orders, you have to replace it with schools, housing, bridges, roads or something else. Otherwise the economy is bound to slump.

### Advisers Warned Ike

Inside fact is that Dr. Burns has been giving private warnings for some time that business was slipping. Burns is the former Columbia professor, born in Austria, who was named chairman of the Council of Economic Advisers last spring, after the White House at first said Ike didn't need any economic advisers.

The President, however, was reminded that it was up to Congress, not him, to decide whether he needed economic advisers, and that Congress required him, by law, to have three advisers for the purpose of helping him head off depression.

Ike thereupon acquiesced, appointed Dr. Burns, but didn't get around to appointing the other two economists required by law until late last summer.

Now the council is working overtime.

They do not agree with Ray Henle, commentator for the big Republican contributor, Joe Pew, and the Sun Oil Co. that to warn of a business recession is Communist propaganda. On the contrary, they believe that to head off recession you have to examine the economic factors carefully, as they did in Ike's own economic message to Congress. Furthermore, they do not agree with some of the hucksters immediately around the President that the way to prevent a recession is to repeat over and over again: "We cannot have a recession."

The present recession is probably nothing to worry about, provided it isn't permitted to go any deeper. The best way to prevent it, they suggest privately, is to make sure that the axing of Government spending is not too sudden and to replace defense spending with at least some peacetime spending.

### Unbreakable Code

One interesting thing Igor Gouzenko told me during my visits with him in Canada was that the secret Russian code is unbreakable.

This, he explained, is because a virtually different code is used for almost every sentence. This was also why the Russian Embassy in Canada was completely brazen about sending the atomic secrets they stole in

North America and even the names of some of their spies back to Moscow by cable.

Ability to break the secret code of a foreign nation, especially in wartime, is the next best thing to having a well-trained army and navy. And, on at least one occasion, the secret code of the United States may have been stolen by the Soviet.

This was when the two British diplomats, McLean and Burgess, suddenly disappeared behind the Iron Curtain, taking with them various secrets of British-American diplomacy. While they had no access to the American code, they did have decoded copies of American diplomatic documents, which when matched with coded copies picked off the airwaves,

might have led to breaking our code. That was why 50 couriers were immediately sent from Washington carrying a new code to 50 different embassies abroad immediately after McLean and Burgess slipped behind the Iron Curtain.

If Gouzenko is right—and having spent years handling Russian codes, he should know—that the Soviet code is unbreakable, it throws light on why our intelligence is so poor inside the Soviet.

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Read Drew Pearson's column every day, including Sunday, in *The Washington Post*. Hear him Sundays on WTOP radio at 11:15 p. m. and WTOP-TV at 11:30 p. m.

# Washington MERRY-GO- ROUND

By Drew Pearson

(The author of this column is given the widest latitude. His views do not necessarily reflect those of the Mirror.)

This is in which Post reveal Bill! Wonder if you saw this HJ

WASHINGTON, Feb. 2, 1954

One interesting thing Igor Gouzenko told me during my visits with him in Canada was that the secret Russian code is unbreakable.

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Ability to break the secret code of a foreign nation, especially in wartime, is the next best thing to having well-trained military forces. And on at least one occasion, the secret code of the United States may have been stolen by the Soviet.

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While they had no access to the American code, they did have decoded copies of American diplomatic documents, which when matched with coded copies picked off the air-waves, might have led to breaking our code.

That was why 50 couriers were immediately sent from Washington carrying a new code to 50 different embassies abroad immediately after McLean and Burgess slipped behind the Iron Curtain.

**DURING THE** war the United States broke the Japanese secret code almost at will. This was what led to American victory in the Battle of Midway, where the U. S. Navy, intercepting a Japanese message, learned that its fleet was converging near Midway for an all-out attack on the United States.

Almost the entire U. S. fleet in the Pacific was immediately rushed to Midway, resulting in a victory which crippled the Japanese fleet for keeps.

A Chicago newsman aboard one of the American vessels almost revealed that we had the Japanese code by publishing the entire list of the Japanese fleet—which could only have been obtained by breaking their code. A grand jury was called to prosecute, but dropped the case in the end, when the Japanese failed to realize the significance of the published list.

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## THAT COULD BE A TRAP:

### COMIC DICTIONARY

*Earth: Our planet, the interior of which is very hot but the exterior of which is not so hot.*

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force fighter pilot, who painted scenes of the Korean war between missions. Now back in this country, he sold his paintings for a handsome profit and donated the money to Korean relief. South Korean President Syngman Rhee heard about it and sent him a personal letter of thanks.

### Maritime Probe

**TWO WEEKS AGO** this column told how the Maritime Board was about to throw away \$7,000,000 by junking one of the largest, fastest cargo vessels afloat.

The ship, the Cornhusker Mariner, cost the taxpayers \$9,500,000 and was only six months old when it went aground off the Korean coast. Though the ship could be repaired in Japan for \$2,500,000, Washington bureaucrats, this column revealed, decided to turn the ship into scrap.

Following publication of the story, two separate Congressional investigations have started. Both the House Maritime Committee and the Senate Interstate and Foreign Commerce Committee want to know exactly what's behind the strange decision to scrap a vessel now valued at \$7,000,000.

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### Washington Whirl

**HERE'S THE** Democrats' new slogan for this year's elections, for use especially in farm areas: "Vote Democratic in '54—the farm you save—may be your own"... So many GIs have been railroaded in foreign courts that the army will ask Congress for authority to hire lawyers to defend them. The difficulty is that in foreign countries GIs can be jailed for offenses that may not be considered crimes in this country... Vice President Nixon has explained privately to Senators that President Eisenhower not only wants to strip convicted Communists of their citizenship, but to make it irrevocable... Congratulations to Lieut. Col. George Bales, an air

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The Federal Spotlight**National Security Agency  
Shifts to Ft. Meade Oct. 1**

By Joseph Young

The super-secret National Security Agency is set to begin its move to Fort Meade, Md., by the first of October.

Now in two locations at Nebraska avenue and in Arlington Hall, the agency has had to set back the moving date several times. However, agency officials feel reasonably certain the move can be started by October.

The number of the agency's employees is a classified matter, but the NSA has grown steadily during the last few years and numbers thousands of workers.

Present plans call for retaining some of the work at Arlington Hall.

Hall until the unit is moved to Warrenton, Va., within the next year or so.

The agency has made housing and other arrangements for its employees transferred to the main buildings being established at Fort Meade. Various types of housing facilities, as well as schools and shopping centers, are being built.

Some NSA employees have indicated they will not move with the agency to Fort Meade and already are looking for other jobs.



Joseph Young.

town to confer with Recreation Committee on special rates.

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