

Ex-Stevedore for Nazis Now Loading U. S. Ships

Jarka Corp., Whose Services the British Refused, Fills Vessels Destined for Our Fighting Fronts

By AMOS LANDMAN



Look who's loading ships carrying men and supplies to the fighting fronts:

¶ The Jarka Corp., the largest stevedoring company in the country, which until war stopped passenger traffic in September, 1939, handled all the loading and unloading of Nazi-owned merchantmen. . . .

¶ The Jarka Corp., whose affiliate, the Mercur Corp., engaged in financial transactions that outraged the House Military Affairs Committee, which investigated the company in 1935. . . .

¶ The Jarka Corp., whose founder and present chairman of the board, Franz Jarka, married the daughter of the marine superintendent of the Hamburg-American line, to become assistant marine superintendent of that German-controlled company. . . .

¶ The Jarka Corp., whose boss, Franz Jarka, not only was a business associate, but a friend, of Capt. William Dreschel, one-time representative of Nazi shipping interests here.

¶ The Jarka Corp., whose services the British Ministry of Transport refused to employ for the first eight months of the war.

Most extraordinary chapter in Jarka history, perhaps, was the leasing of the Port Newark Army Supply Base, in Newark, N. J., in 1926, by the Mercur Corp. Commenting on the lease, the House Military Affairs Committee said:

"It is marvelous to contemplate the mere outline of this entire transaction."

Under the terms of the lease, the Mercur

Corp. was to use up to 95 per cent of the income from the base to improve and develop the property. The base, built in 1917 for use by the AEF, had fallen into disrepair. Any unspent balance was to be paid to the Treasury of the U. S. A. The remaining 5 per cent was to be the lessee's profit.

According to the House Committee, Mercur collected nearly \$4,700,000. It spent less than one-third of this to improve the Army Base.

But the balance, more than \$3,000,000, was not returned to the Treasury. The McSwain report says the Government collected only 59 cents. Meanwhile the original value of the Mercur Corp. increased 30-fold.

Hanford MacNider, Assistant War Secretary in 1926, and recently an outspoken America Firster, signed the original lease for the War. Dept. (For MacNider's latest activities, see column 4.) The City of Newark spent years trying to see this lease and, in 1932, finally succeeded. Here is what the House Committee reported about the deal:

"Up to the close of business on Dec. 31, 1933, total receipts by the Mercur Corp. for storage and service charges for this Government property amounted to \$4,692,546.78.

"Of this sum, only \$8 in cash has been covered into the Treasury of the United States. Since the money that was paid into the Treasury was paid as part of the operating expenses, only 59 cents of this \$8 was contributed by the Mercur Corp., and the balance of \$7.41 was paid from money equitably belonging to the United States."

\$45,000 for U. S. Storage

In return, Chairman McSwain said, the Mercur officials during the seven-year period, according to their own statements, spent only \$1,312,184.24 to recondition and maintain the 138-acre property.

"But at the same time," continues the Committee report, "the Government of the United States paid into the Mercur Corp. more than \$45,000 for storage of its own property.

"Nevertheless, the officers of this Mercur Corp., some of whom were also officers and representatives of the Jarka Corp., received salaries, bonuses, gratuities, and expenses out of the gross revenues of this property, aggregating more than \$250,000."

In addition, Mercur paid Jarka more than \$300,000 "for alleged services," according to the Committee.

The report declared:

"It is a conspicuous example of almost miraculous financing whereby a \$5000 corporation (Mercur) became worth, over and above its liabilities, the sum of \$151,000 in about three years. This marvelous increase in wealth would be impossible except because of the generosity of the United States Government, through its agents and representatives."

The McSwain report reveals other details of financial transactions by Jarka and Mercur:

¶ Mercur listed the cost of theater, baseball and football tickets, and liquor, as operating expenses, thus reducing the sum of money which might be available for re-

conditioning the property or for payment into the U. S. Treasury. For example, Mercur set down as an operating expense \$510 for World Series tickets which were presented to Army officers at the Newark Supply Base.

¶ It paid \$25,000 to O. V. Kessler, senior auditor in the War Dept., at the time as "personal expenses" and "miscellaneous expenses," although Kessler was receiving a salary of \$3600 and expenses from the Government.

Frank W. Nolan, president of the Jarka Corp., denied that there was any significance in the fact that Jarka stevedored for the German merchant ships.

"Don't you think the Government has looked into that?" he asked.

Jarka serviced Holland-America Line ships before the war. The company's present customers include the British Ministry of Transport, the Russian Government, the U. S. Maritime Commission, the Isthmian Line, and the American-Hawaiian Steamship Co.

Ships Tied Up

Special Correspondence

OTTAWA, May 20.—Canadian Atlantic coast shipping was tied up for 10 days recently because of severe tanker losses, C. D. Howe, Minister of Munitions and Supply, told Commons yesterday. He did not make clear whether shipping was tied up to avoid submarine attacks or because of a fuel shortage.

sity for close co-ordination of land and ocean transport to keep the East Coast supplied with such necessities as fuel oil while the Navy is convoying men and materials to the fighting fronts.

Whether the President will reorganize the net-work of agencies dealing with various phases of the problem and appoint an over-all transport director, giving him power comparable with that exercised by Donald M. Nelson in the field of production, still is uncertain. Some of the President's advisers strongly have urged him to put transports under one tent and make one man responsible for the whole gigantic show.

It also has been suggested that a single manager, with final authority, should be appointed to manage the United Nations shipping pool. This now is done by the combined Shipping Adjustment Board. Land is the American member and Sir Arthur Salter the British spokesman. Sir Arthur has just moved his staff of about 80 persons into the Commerce Dept. Bldg., where it can keep in close touch with a similar American staff under Lewis Douglas, Land's economic adviser.

Sedition? On House Floor?

PM's Bureau

WASHINGTON, May 20.—Court Asher of Muncie, Ind., publisher of *X-Ray*, argued for continuance of second-class mailing privilege at a Post Office Dept. hearing yesterday by contending that his sheet, if seditious, was no more so than the *Congressional Record*, certain big metropolitan papers and radio broadcasts whose material he rewrote.

The second-class privilege was temporarily denied by Postmaster General Walker at the suggestion of Attorney General Biddle, who said the publication "has engaged for a period of time in a sustained and systematic attack on certain of our activities directly related to the war effort . . ."

Asher said that he had no foreign affiliations—that the anti-war sentiments reflected in his newspaper were both his own and those he borrowed from the big isolationist newspapers and from the speeches of isolationist members of the House and Senate.

The Muncie publisher said his paper was "a small country sheet" and that no more than 60 copies of any one issue were mailed beyond the borders of Indiana. He said he only rewrote, "maybe couched in a little bit different language," the stuff he heard in radio broadcasts and read in the other newspapers.

Asher told the Post Office Dept. hearing board, which will recommend either that *X-Ray* be barred permanently from the mails or that its mailing privileges be restored, that he used to be an admirer of Charles E. Coughlin, but was no more. He said he lost faith in the Detroit propagandist when Coughlin failed to turn up at a similar Post Office hearing to defend his right to send *Social Justice* through the mails.

X-Ray was one of the many imitators of *Social Justice*.

Raps Oil Firms As 'Unpatriotic'

Chemist Charges Big Companies Haven't 'Guts' to Serve Nation

PM's Bureau

WASHINGTON, May 20.—Synthetic rubber, 5 cents a pound.

Dr. William J. Hale, organic chemist who runs his own laboratory here, says it could be made from surplus farm products at that cost if the big petroleum companies would put their country's welfare ahead of selfish interests.

Hale got his chance to speak yesterday before the Gillette Subcommittee. He said:

"These big oil interests are the best war losers in the world. They would rather lose the war than lose control of the post-war rubber industry. They haven't the guts or the patriotism to aid in the war effort."

Hale protested against contracts for synthetic rubber awarded to the petroleum industry by the Reconstruction Finance Corp. (RFC) and its subsidiary, the Rubber Reserve Corp.

Impartiality Charged

He related that he had submitted a "short-cut" process (butylene-glycol) to a joint RFC-War Production Board committee consisting of representatives of Phillips Petroleum, Union Carbon & Carbide, Gulf Oil and Standard Oil.

"Its impartiality reeked to high heaven," he declared. "It said it would take up the butylene-glycol process for discussion and let me know. I never heard from the committee again."

Of the RFC and its subsidiary, he said:

"We are now blandly informed that the contracts they made with the big oil firms are, according to the laws of the country, unbreakable. It would be better to break them and save the country than to keep them and lose the war."

Some a good job of moving Army supplies, men and Lend-Lease materials, there is some grousing in Government agencies about the separation of Army transport from civilian shipping. The Army operates its own ships and, naturally, has its eye on the main job of getting men and equipment abroad. According to civilian authorities, it is not sufficiently concerned with the equally important task of bringing vital supplies back on return voyages.

However, the co-ordination of Army and civilian transportation is said to be improving. The Army has streamlined its own organization by merging land and water transport units with the General Staff Supply Division. Lt. Gen. Brehon B. Somervell has made them all one of his services of supply with Gross in command.

Emory S. Land, Chairman of the Maritime Commission, called at the White House yesterday with Edward MacAuley, a Commission member, to report on an agreement between Government shipping agencies and the maritime unions. Under it, seamen, radiomen and all other aboard-ship