

PEKIN BEHIND NO CONCESSION CHINESE POLICY

Dr. Sze Says Bending to Japan in Shantung Negotiations at an End.

PUT HOPE IN MEDIATION

WASHINGTON, Jan. 4.—The new government at Pekin stands squarely behind the Chinese delegation here in its policy of making no further concessions in the negotiations with Japan for the return of Shantung, it announced today by Dr. Alfred T. Sze, one of the senior members of the delegation.

Instructions received from the new Chinese prime minister approve the work already done by the delegation and announce that there is to be no change in the foreign policy, Dr. Sze said. Any effort by Japan to bring about a settlement of the Shantung controversy by direct negotiations, he said, will therefore come to nothing, it was stated, and no guarantee will be given the Japanese to avoid the Shantung issue in the Washington conference when China brings it up.

SEE EFFORT TO EVADE CONFERENCE DISCUSSION.

Notwithstanding denials by Baron Kato, head of the Japanese delegation, that efforts have been made to renew negotiations directly between Tokio and Pekin, members of the Chinese delegation believe such efforts are being made.

They see in the Japanese statement that the embassy of Shantung was brought up only casually during a courtesy call by the Japanese upon the new premier of China, merely another attempt on the part of the Japanese to camouflage their efforts to avoid discussion of the Shantung question in the conference.

Meanwhile the Chinese delegates are bringing up the possessory claim that has been made by Secretary Hughes and Mr. Balfour to use their good offices in the interest of a settlement. Since it was only because of the tender of those good offices that the Chinese agreed to attempt a settlement of the Shantung problem outside the conference, the delegates have no hesitation in demanding that they be given the benefit of such mediation.

The Chinese are not entirely satisfied with the way their suggestions of mediation thus far have been received. Mr. Hughes is extremely anxious to see the Shantung problem settled before the conference opens, and he is loath to proceed too rapidly in view of the assertion of the Japanese that they must await instructions from their home government.

OTHER MATTERS HINGE ON SHANTUNG SETTLEMENT.

Nevertheless the Secretary of State realizes that several other important matters are involved in the ultimate success of the conference are contingent upon a solution of the Shantung problem and he had no intention of setting the seal of his approval upon obstructionist tactics on the part of Japan. He is not forgetting that France agreed to surrender Kiao-chou to Japan in the event that similar action was taken by other powers holding leased areas in China, and that Great Britain made the return of Wu-Hai-Wei contingent upon the Japanese giving up Shantung.

At any rate there must be at least one of the so-called "colonial possessions" between the Japanese and the Allies that is to be negotiated off. This meeting will be for the purpose of permitting Japan finally to acquaint China with the results of the exchange of communications between Washington and Tokio. It is then that announcement is most likely to be made of the mediation, if Mr. Hughes and Mr. Balfour decide to accede to the opportunities of the Chinese.

RATE-MAKING POWERS MAY BE REDUCED

(Continued From Page One.)

by all the expert engineers, both those of the plaintiff and those of the public service commission." The financial valuation of the property on Jan. 1, was found to be \$1,785,250.

REPORT SHOWS DEPRECIATION.

The report states the annual rate of depreciation will be not less than 6 per cent on the property, but, for the purposes of the report 5 per cent, the figure used by the commission, will be used. It suggests, however, the commission might increase the depreciation rate. This is a vital factor in determining earning power and rates.

The report has the following to say on the financial condition of the company:

"The master finds the net income to the plaintiff corporation produced by the rate of 5 per cent on the commission in the order complained of is 13-10 per cent of the conceded valuation of the property used and usable. The evidence shows the prevailing rate of interest in the city of Ft. Wayne on well secured bank loans for short time is 7 per cent. The rate on public utility preferred stock or first mortgage bonds, where the security is of undoubted soundness and the company has had an uninterrupted history of dividend-paying power is 8 per cent.

BOND ISSUE IS ALREADY.

"The plaintiff company is in the position of one or two things which inextricably happen together, first, the considerable issue of preferred stock or first mortgage bonds to obtain more than \$1,250,000 to reconstruct the plant and, in order to do this, it must have a net return on its property, used and usable, invested in the business of not less than 8 per cent, or it must continue to stumble along in its present condition, furnish less power to the consumer, with the inevitable going into bankruptcy. Of course, the latter alternative involves a gradual confiscation of the property of the corporation, for its capital must inevitably be consumed piecemeal in attempting to provide services under the rate fixed by the public service commission."

TRIAL ADDS TO INCOME.

ST. CLAIRSVILLE, Ohio, Jan. 4.—Several legal residents are making money out of the trial of Andrew Sargent, charged with murder. They go to court as soon as the building opens, get front seats and sell them to murder fans for \$1.

COLDS

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