

Reagan says arms talks with Moscow 'essential'

United Press International
 WASHINGTON — President Reagan, seeking to ease a mood of superpower confrontation, said Monday U.S. nuclear might is "making the world a safer place" but renewed arms talks with Moscow are essential to global peace.

Softening his recent anti-Soviet rhetoric but standing by to his philosophy of peace through strength, Reagan challenged the Kremlin to resume negotiations "to work for practical fair solutions on the basis of mutual compromise."
 The Soviet news media dismissed Reagan's speech as "a

pseudo-peacable tirade."
 The Soviets walked out of negotiations aimed at limiting nuclear and conventional arms late last year in response to NATO deployment of U.S. medium-range, nuclear warhead-equipped missiles in Western Europe.
 Since talks broke off, the

Kremlin has been warning that deteriorating U.S.-Soviet relations have increased prospects for a military confrontation.
 Reagan sought to counter public concerns about a possible war, and to set the stage for his re-election campaign as a man of peace, in a 24-minute address televised nationwide Monday

and aimed at a prime-time audience in Western Europe.
 "Strident rhetoric from the Kremlin," Reagan said, has led some people "to speak of heightened uncertainty and an increased danger of conflict. This is understandable but profoundly mistaken."
 "Look beyond the words and

one fact stands out. America's deterrence is more credible and it is making the world a safer place — safer because now there is less danger that the Soviet leadership will underestimate our strength or question our resolve," the 72-year-old president said.
 "But to say that our restored

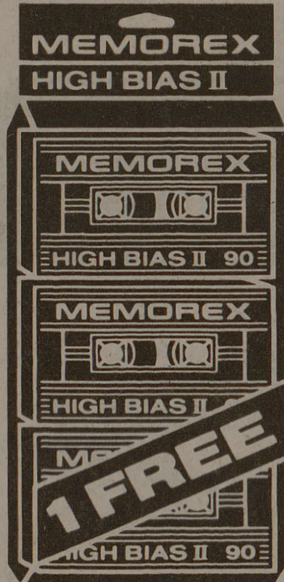
deterrence has made the world safer is not to say that it is enough."
 Nuclear arsenals are far too high. And our working relationship with the Soviet Union is what it must be. These are conditions which must be addressed and improved."

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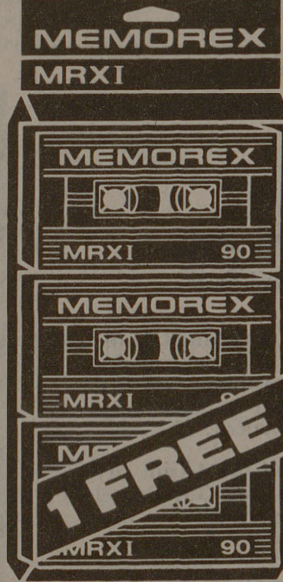
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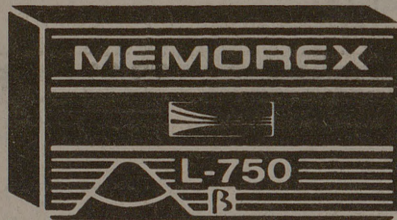
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District judge denies AT&T rate request

United Press International

AUSTIN — AT&T Communications must pursue its request for a \$115.4 million emergency increase in Texas long distance rates through the Public Utility Commission and not the courts, a state district judge ruled Monday.

After less than an hour of arguments, District Judge Jerry Dellana refused to let the communications giant begin collecting the rate increase, even though the company claims it has been losing money at a rate of \$300,000 a day since Jan. 1.

AT&T lawyers had asked Dellana to issue a temporary injunction against the PUC that would have stopped the commission from interfering with

the company's efforts to collect the additional revenue.

The company said it needed the 10.7 percent increase in long distance rates to offset more than \$617 million in charges it must pay Southwestern Bell Telephone Co. for access to Bell's local telephone lines.

The access charges, which AT&T began paying New Year's Day, were included in a \$653 million interim rate hike granted to Bell in December.

The PUC rejected the company's request for an immediate rate hike in one previous hearing, saying more time was needed to study the request. AT&T reacted by taking its case to the courts.

However, Dellana ruled the company had not exhausted all

its appeals at the PUC and the commission still had jurisdiction over the case.

A hearing on the AT&T request was set for Friday before the full commission.

During Monday's hearing, AT&T attorney Joyce Beas said the PUC had refused to grant the higher rates, even though the agency ordered added access charge expense.

"Every day that they do not another day that they do not ensure an operating loss," Beas said.

However, PUC consumer counsel Jim Boyle said an independent accountant hired by the office had issued an opinion stating that AT&T's records indicated the company was earning a profit.

Privately-funded program proposed as an alternative to 'floundering' Medicare

United Press International

DALLAS — The National Center for Policy Analysis, a Dallas-based conservative think-tank, Monday released a proposal for replacing what it describes as a floundering Medicare program with privately-funded individual health care schemes.

The proposal, under study by the Social Security Advisory

Council, recommends giving workers tax credits for contributions to "Health Bank IRAs" during their working lives, to be used to pay for health care or to buy health insurance plans upon retirement.

The proposal projected a Medicare trust fund deficit reaching \$400 billion by 1995, assuming current rates of increase in Medicare outlays and taxable payrolls.

"The deficit is only a short-term liability, however," the study said. "If (the current trend) continues, Medicare spending will account for one out of every three dollars in the budget 50 years from now."

The NCPA's proposal would have people entering the workforce receiving tax credit's equal to what he or she would otherwise be paying in Medicare taxes, beginning at age 20 with a \$464.10 contribution, increasing to \$3,961.37 when he or she reaches age 65.

At that rate, the study projects a worker's account would accumulate \$476,519, including nine percent annual interest. This fund could be used to buy health care directly, or to buy health insurance, the study proposes.

For each year the worker contributes, he or she loses a corresponding fraction of Medicare entitlement. The fund would be part of the worker's estate, and could be passed on to heirs.

For people who pay no taxes, the government would grant a \$500 credit annually to be

placed into their accounts.

"We're talking about people who would be on Medicaid during their working lives," said University of Dallas economist Dr. John Goodman, one of the study's authors. "We'd like to get everyone into the system whether they pay taxes or not."

Goodman said the present Medicare system also assumes a shorter life span than now, and it assumes people do not have large families, thus

The proposal recommends giving workers tax credits for contributions to "Health Bank IRAs" during their working lives, to be used upon retirement.

ing a growing tax base to support Medicare later.

"We're putting young people into the system now, at great risk," Goodman said. "The most important thing about this proposal is that it ends the 'pay as you go' system of funding."

U.S. Chamber of Commerce chief economist Richard Rahn, who co-authored the NCPA study and also sits on the Social Security Advisory Board, said the board voted 9-2 last month to study the proposal as a long-term solution to Medicare financing problems.

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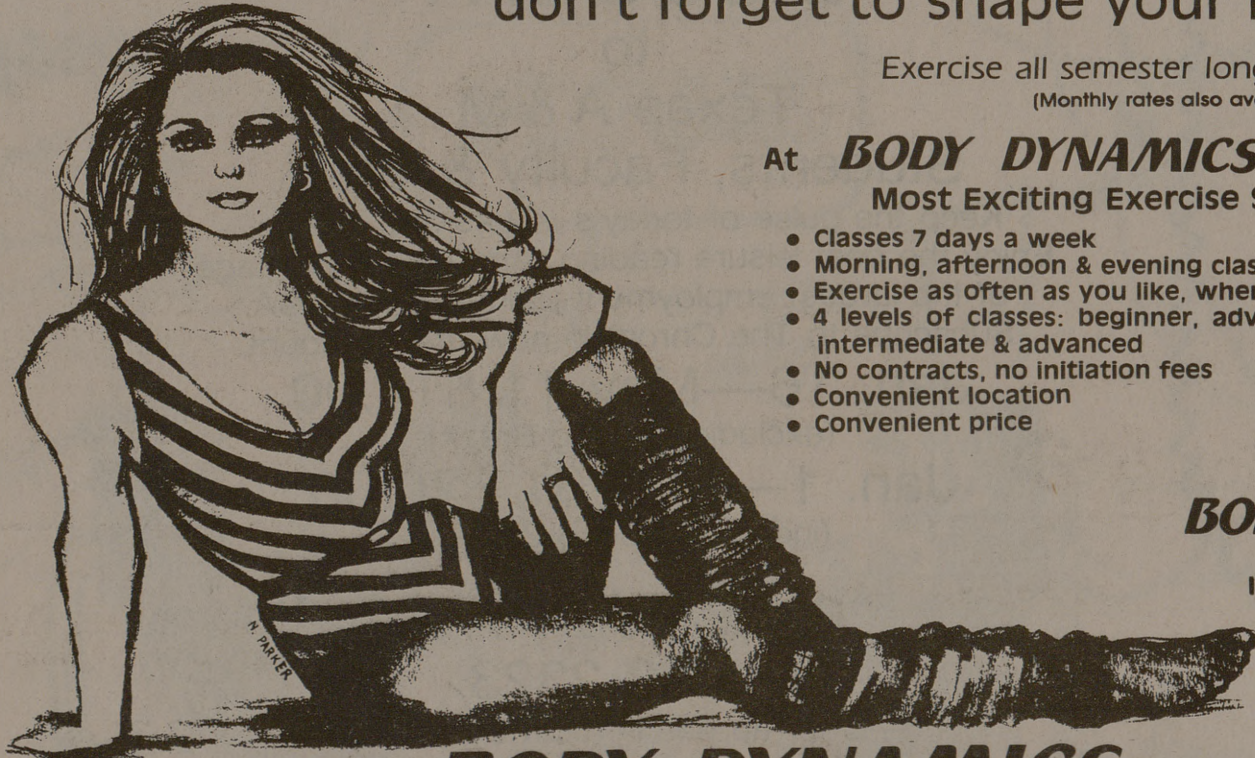
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