

Commitment to end the carnage

My first priority as the new prime minister of the Yugoslav Federation will be to stop the killing in Bosnia and to help establish peace there. My government will be committed to resolving all those issues that brought the sanctions of the United Nations against Serbia and Montenegro.

We will work to lift sanctions by fully cooperating with the United Nations. I have already started several actions in that direction.

In recent days, I have been in contact with both the Muslim and Serbian leaders in Bosnia. The Serbian leader, Dr. Radovan Karadzic, told me that he has ordered his men to remove heavy artillery and anti-aircraft guns from the area around

Milan Panic, a naturalized American citizen and industrialist who emigrated to the United States from Yugoslavia in 1956, has been named prime minister of the Yugoslav Federation (which comprises Serbia and Montenegro) by the Federation's President, Dobrica Cosic. (c) 1992, New Perspectives Quarterly. Distributed by Los Angeles Times Syndicate.



Sarajevo airport and that he is ready for a cease-fire in the suburb of Dobrinja. He has also pledged that his forces will not interfere with but in fact will assist the U.N. convoy carrying relief supplies overland from the port of Split to Sarajevo, by securing the road that passes through territory under control of his forces. Dr. Karadzic also pledged to assist the movement of the U.N. troops from Canada on the road from Zagreb to Sarajevo.

I have told both leaders that I want to come to see them and begin negotiations without conditions or prejudice. Both have invited me to

Sarajevo, where I intend to go shortly after my arrival in Yugoslavia.

My contact with both Dr. Karadzic and the Bosnian president, Alija Izetbegovic, has convinced me that they are exhausted by the carnage and ready to make peace.

I believe there is blame enough on all sides of this bloody conflict to share among Serbs, Muslims and Croats. However, I will not fight the U.N. sanctions, but will seek as rapidly as possible to end Serbia's isolation by complying with the United Nations by removing the causes of the sanctions.

When it imposed sanctions against Yugoslavia on May 30, the Security Council called for compliance with specific criteria, which I am prepared to do.

As I indicated, I will seek a cease-fire immediately that will be recognized by all warring parties and will seek to ensure that the delivery of humanitarian assistance to the residents of Sarajevo is in no way impeded.

The U.N. resolution says Serbia must "cooperate with the efforts of

see PANIC, page F4

...the attack on speech, religion and abortion. The court struck down a politically correct "hate-speech ordinance" that mandated speech codes in many university campuses. And did so by a 9-0 vote. This unanimity is especially surprising in light of the closeness — 5-4 — of the vote striking down as unconstitutional flag-burning statutes. Surely burning a cross on a specific person's front lawn is at least as offensive as burning a flag in a public place. But the reality that flag burning is more a liberal-conservative issue than hate speech may explain the difference in the votes.

Perhaps the most surprising decision involved a non-sectarian prayer given by a Reform rabbi at a major high school graduation. The

high court reaffirmed the separation of church and state, ruling that even so benign a prayer could not be imposed on young students at an important public school event.

The most significant decision was, however, saved for the high court's last day. In the abortion case, a 5-4 majority reaffirmed *Roe vs. Wade*, while allowing the states to impose conditions on abortion, so long as they do not create an "undue burden" on a woman's right to choose. But even more profound than the substance of this decision was the remarkable opinion jointly authored by the court's emerging center — Justices Sandra Day O'Connor, Anthony Kennedy and David Souter. That opinion focused on

...compromising an ideal... This plurality opinion foreshadows the potentially moderate future of the court on issues that go beyond abortion — unless, of course, there are changes in personnel. As Justice Blackmun, the court's oldest member, lamented: "I am 83 years old. I cannot remain on this court forever, and when I do step down, the confirmation process for my successor will focus on the issue before us today." That will almost certainly be the case — regardless of who is elected president. And it is a tragedy. The focus of any confirmation for a Supreme Court justice should be on broad issues of judicial philosophy, professional excellence and a commitment to the values of our Constitution, especially its Bill of Rights.

tionaries will mutate back into liberals like himself. He appears to have not a clue to either the real mentality that motivates revolutionaries like Mr. Mandela or the realities of racial politics in South Africa and the world.

Mr. Mandela and the ANC have greeted every one of Mr. de Klerk's reforms with grousing, sneers and accusations. Mr. Mandela says abolishing racial segregation and allowing non-racial political democracy aren't enough. There must be "real equality," which he and the ANC interpret as redistribution of land, nationalization of at least some property and affirmative action programs for blacks. Mr. Mandela and the ANC don't want reform, de-

...the enemy retreats, we attack. When Mr. de Klerk offers compromises and negotiates, the ANC escalates its demands. The ANC in fact has no reason to compromise. If it doesn't control a majority of blacks in South Africa, it does control a lot of them, and it's ready and able to use force to cow the others as well as intimidate the white government.

Moreover, it has the ear of the Western world, which, frightened of appearing to appease "racism" in any form, is ever prepared to side with Mr. Mandela against the white minority. That minority, meanwhile, looks at the outright confiscation of white land in neighboring Zimbabwe and understandably begins to contract a case of the willies about hand-

...tions. That's fine, but the mechanisms didn't work. It's symptomatic of naifs like Mr. de Klerk that they think writing a constitution down on paper means it's real.

There is nothing to be done for South Africa now. Mr. de Klerk, with a lot of help from the United States and the West in the form of sanctions, has set himself and his country up for chaos and the tyranny that follows chaos. Apartheid cannot be restored, and those most likely to come to power in a democratized South Africa don't believe in democracy. It's a textbook case of how "exporting democracy" to countries and cultures not prepared for it is a disaster for those who really have to live with it.

PANIC

from page F1

...the European Community to bring about a negotiated political solution respecting the principle that any change of borders by force is not acceptable." I will work with the European Community and the two parties in Bosnia to develop both short-term and long-term constitutional arrangements that can ensure ethnic peace.

• All parties in Bosnia are required by the U.N. resolution to "ensure that the forcible expulsion of persons from the areas where they live in an attempt to change the ethnic composition of the population must cease." I pledge that my government will assist in the voluntary return of displaced persons to the homes from

which they have been displaced in Bosnia-Herzegovina.

Finally, the most difficult demand to accomplish will be disbanding and disarming all irregular forces in Bosnia-Herzegovina. Here it is necessary to find a way to ensure that, if the Serbs disarm and disband, so do the Croats and the Bosnian Muslims.

This will require a strong U.N. presence. Indeed, it might be feasible for the leadership of these irregular forces to be placed under the supervision of the U.N. forces.

As far as I am concerned, the settling of disputes by killing each other's families is past. Extremists on all sides who insist on pursuing violent means to achieve their ends will not be tolerated and should be imprisoned. But I will need U.N. assistance to carry out this policy vigor-

ously and objectively.

My government will act in good faith on all these issues. It is my fervent hope then that the effort by the United States and others to unseat Yugoslavia from the United Nations and other international organizations will cease. By immediately calling for new elections, free and fair, at all levels of Yugoslavia within the next six months, my government will assure the world that a democratic Yugoslavia deserves its place in the international community.

In the meantime, I will immediately set to work with our president, the Serbian writer Dobrica Cosic, on preparing a bill of rights and a constitution modeled on that of United States. After decades under totalitarianism, Yugoslavia must start with the fundamentals of democracy that I have so dearly embraced

in America, where I am a naturalized citizen.

This ancient land of Yugoslavia must start over with the basics — pluralism, respect for diversity and opposing points of views, contending political parties within a constitutional framework, and checks and balances on executive power.

On the economic side, I will pursue a rapid policy of privatization modeled on the highly successful example of Galenika, which is now the subsidiary of my California-based corporation, ICN Pharmaceuticals. We made 5,000 new capitalists out of the workers by giving them shares in the company. Despite the present turmoil, Galenika, which produces more than 300 drugs for distribution throughout the Balkan region and Eastern Europe, operates at full capacity.

In the months ahead, my government also will pursue an initiative to bring all the newly independent states of the former Yugoslavia back into an economic union. Collectively, all the states owe \$14 billion in foreign debt. Six billion dollars is owed by Serbia and the other \$8 billion by the rest.

After Serbia reviews its assets and eliminates its debt, as a gesture of good will I intend to propose that we also pay off the debt of the others — Croatia, Slovenia and Bosnia. It is my hope that such an initiative will set the Balkan Peninsula on a new course where politically independent states recognize that their future prosperity depends on their economic interdependence.

Finally, and perhaps most importantly, Yugoslavia needs to learn from America's genius for relatively

peaceful multicultural coexistence. My dream is that the whole of the Balkan Peninsula will come to share my vision of the future that resulted from the experience of emigrating to the United States.

For an immigrant to be accepted and recognized means that he is part of a tremendous vision of the future — a future in which nobody cares where others come from as long as they contribute something to the life of everyone else.

My hope for Yugoslavia, and for the whole world now so caught up in ethnic hatreds, is that we can all live like immigrants in America. That vision is the fresh angle on ancient rivalries that I believe I can bring to the deeply troubled country where I was born. It is a vision of peace that I think my countrymen are more than ready to embrace.

California Businessman To Be Yugoslav Premier

By Laura Silber
Special to The Washington Post

BELGRADE, July 2—An American businessman born in Belgrade announced today that he will return to the new, Serbian-controlled Yugoslavia to become its prime minister.

Milan Panic, chairman of ICN Pharmaceuticals Inc. of Costa Mesa, Calif., told reporters in Washington that his first goal is "to stop the fighting and to work for real and lasting peace."

Western diplomats said Panic, 62, was chosen for the post by Serbian President Slobodan Milosevic in an effort to rescue the new Yugoslav union—composed of the republic of Serbia and its satellite, Montenegro—from international isolation and the U.N. sanctions imposed in May as a result of Serbia's aggressive role in the war in neighboring Bosnia.

Panic, who arrived in America in 1956 "with \$20 in my pocket" and started ICN in 1960, said his government "will work with the United Nations to create an environment in which the sanctions can be removed." He promised "to see that free, fair and democratic elections take place at all levels throughout [Yugoslavia] in a matter of months."

Panic's firm, which has plants in the United States, Canada, Mexico and Europe, started its Belgrade subsidiary, ICN Galenika, in November 1968.

In Washington, State Department spokesman Margaret Spalding refused to talk today on whether Panic (pronounced PAHN-ish) could keep his U.S.

citizenship while prime minister of another country, saying, "We do not endorse, support or have any views about his serving as prime minister." She said the Treasury Department has cleared Panic to travel to Belgrade without violating the sanctions against Yugoslavia.

He will return to Belgrade to find the economy on a war footing. Blaming the U.N. sanctions for spiraling inflation and the collapse of the currency, the government of Serbia imposed wage and price controls this week, a move that coincided with an 85 percent devaluation of the Yugoslav dinar.

Tonight, 12 Serbian Orthodox nuns led about 80,000 people in a march through the center of Belgrade—the Serbian and Yugoslav capital—and gathered at the state-run television station to demand Milosevic's resignation.

The protest was the largest since Sunday, when about 100,000 rallied here and vowed to continue demonstrating against Milosevic's support for Serb insurgents in Croatia and Bosnia. After far smaller protests earlier this week, opposition leaders announced that tonight's would be the last, but the opposition's best-known figure, writer Vuk Draskovic, told the cheering crowd that the demonstrations would continue.

Meanwhile, aides to Milan Bubic, a national Serb leader in Croatia, announced that he had been attacked by an unknown leader and was "fighting for his life," the Associated Press reported.



AGENCE FRANCE-PRESSE

Milan Panic announces decision to become Yugoslavia's prime minister.

Los Angeles Times

July 8, 1992

New Premier Means Business in Yugoslavia

By CAROL J. WILLIAMS
TIMES STAFF WRITER

BELGRADE, Yugoslavia—For Serbs bent on denying the reality of an approaching civil war, Milan Panic has inspired a faith in miracles.

The 62-year-old Costa Mesa businessman with steel-rimmed glasses, monogrammed shirts and a fierce determination to rescue his homeland has discovered a receptive audience for his message that there is still one escape from the looming apocalypse.

From the moment he was designated Yugoslavia's new prime minister last week, Panic has come out loudly and unmistakably.

Please see PANIC, A9

PANIC: Getting Down to Business in Serbia

Continued from A1

ably against the savage war in Bosnia-Herzegovina, all the while protecting the pride of its Serbian instigators by declining to talk about who is to blame.

"I don't want to get into a debate on what they did wrong," Panic insisted repeatedly during an interview with *The Times*, saying he can bring about an end to the killing only if he is granted a "clean break."

Panic (pronounced PAHN-itch) has distanced himself from Serbian President Slobodan Milosevic while avoiding outright criticism of his role in the past year of ethnic conflict that has killed more than 17,000 people.

He also claims to outrank Milosevic under a new federal constitution.

"He will do his job, and I will do mine," Panic said. "But God help him if he gets in my way."

He contended that the Serbian economy, despite six-digit inflation and a paralyzed industry, is by virtue of its size still the most promising among all the republics that once made up Yugoslavia. He even boasted that, once revitalized, the new Yugoslav alliance of Serbia and Montenegro will pay off the entire \$14-billion foreign debt of the old federation.

"This would be a tremendous relief for Croatia, Slovenia and Bosnia. . . . I think they need it. They're broke," Panic said of the breakaway republics, entwining an innate Slavic generosity with a hint of I'll-pick-up-the-check American arrogance.

Most encouraging of all for the 10 million people of ostracized Yugoslavia is Panic's confidence that he can restore their reputation as a country that is fit company for the rest of the world.

Being granted a fresh start by the international community that has slapped the new Yugoslavia with punitive sanctions appears to be the cornerstone of Panic's recovery plan.

But those who see Panic as having suddenly opened a possible escape from economic chaos and threatened unrest generally agree that he can accomplish little as long as Milosevic stays in power.

On the contrary, any breaks accorded Panic would likely serve to legitimize the Serbian strongman, who is widely accused of masterminding the deadly conflict now engulfing the Yugoslav ruins.

Panic was appointed by Yugoslav President Dobrica Cosic, who in turn was named to head the new two-republic federation by a parliament and power structure designed and controlled by Milosevic.

The Californian businessman's outbursts of determination contrast with his habit of avoiding specifics or saying anything that could offend.

Convincingly adamant in his opposition to killing, Panic promises to visit embattled Sarajevo soon to try to negotiate a lasting cease-fire among the Serbs, Croats and Muslims fighting there.

Once again employing his "clean slate" approach to tackling Yugoslavia's problems, Panic said he would take the rival warlords at their word but warned that they would burn him only once.

"I don't take too many bad checks," he said, displaying his fondness for the business analogy. "These clowns who sign agreements will break them only once with me, and then I'll refuse to meet with them again."

Asked why he had faith in his own ability to mediate in the

conflict, he smiled and stated confidently, "I know when a Serb lying."

Panic, an astute businessman who has spent most of the past three decades manufacturing pharmaceuticals in Orange County, readily admits that he is not American than Serbian, but considers that an advantage.

He claims not to fully understand the fever of nationalism gripping the former Yugoslavia, but agrees with his compatriots that the current tensions can be traced to historical injustices but has an attitude grossly disparate from that of his fellow Serbs.

"So what?" he says of Serbs who claim to have suffered under the old Yugoslav system. "Everyone suffered under communism. That's a fact, but it is the past."

Panic's eagerness to put his behind him will prove both challenge and an asset. He will find his steepest uphill struggle in persuading fellow Serbs to let bygones be bygones, but if he succeeds, will have broken the spell binding Balkan peoples in a vicious cycle of killing.

"Give me 100 days. In America we always give new governments 100 days" to show if they can make a difference, said, noting that he has formally appealed for such a grace period from the 62-nation Conference on Security and Cooperation in Europe.

Panic is loath to say much more but, by conversational inf

CONTINUED

Los Angeles Times

July 8, 1992

ence, recognizes the sovereignty and independence of Bosnia-Herzegovina, which the Serbian leadership under Milosevic has steadfastly refused to do.

U.N. sanctions against Yugoslavia can be lifted "very simply," Panic said. "You don't participate in generating wars in other countries."

His wriggling out of straightforward statements appears grounded in concern that by openly differing with Milosevic, he may alienate people before he has a chance to win them to his side.

Despite flagging support for Milosevic, the Serbian president remains unquestionably the strongest political figure in Yugoslavia, and any effort to topple him could provoke a civil war.

Milosevic has been able to ride out a recent storm of protest because there has been no obvious successor from among the weak and disorganized Serbian opposition.

The largest party out of government is the Serbian Renewal Movement, headed by nationalist writer Vuk Draskovic, whose criticism of Milosevic is more for losing the recent ethnic battles than for starting them.

"The political body in Serbia isn't divided between opposition and government, as in most countries," said Dusan Knezevic of the Democratic Party. "Here it is divided between a minority that is politically active and about 80% of

the population that is too absorbed with everyday problems to pay attention to the future."

Panic, if he sticks to his view that the federal leadership calls the shots, not Serbia, could find himself in a head-on confrontation with Milosevic.

What is needed to repair the country, he said, is a better understanding of democracy, but he concedes that this will be difficult amid the remnants of a Communist system.

"People take positions here, and when they can't solve them democratically, through elections, they take up arms," Panic said. "These guys learned too much from Marxism-Leninism. That's how the Communists thought you solved problems, by launching revolutions."

Panic reserves the most gusto for the gargantuan economic problems that await him, and he never hesitates to equate his three decades as a successful entrepreneur with the daunting task of running a bankrupt country.

"The worse the problem, the easier it is to solve the first phase," said the magnate, who has taken an indefinite leave from his Costa Mesa-based company.

Panic exudes an awesome respect for U.S. democracy that appeals to some Yugoslavs while alienating others. But the new federal government leader, who has yet to be confirmed by Parliament, predicts that he will be able to win over his doubters.

"There is now someone in Belgrade who is talking peace," Panic said of himself. "This is a great change, but very difficult for these people to swallow. These are very proud Serbs."

Los Angeles Times

July 8, 1992

WORLD



Reuters

Reaching Out for Help

New Yugoslav Prime Minister Milan Panic has inspired a faith in miracles. Determined to end the chaos and bloodshed, he has found a receptive audience. Above, residents in Sarajevo, capital of breakaway Bosnia-Herzegovina, hold up identity cards for a policeman, left, who is coordinating distribution of aid. A1

readb 43

43 REUTERS 07-11-92 02:12 PET
BC-YUGOSLAVIA-PANIC-USA

54 LINES

NEW YUGOSLAVIAN LEADER IN DEFAULT IN CALIFORNIA - REPORT

LOS ANGELES, July 11, Reuter - Milan Panic, just days away from becoming Yugoslav prime minister, is being sued by U.S. authorities for bad debts and failure to pay taxes, the Los Angeles Times reported on Saturday.

Panic, a Serbian-born California businessman who accepted the prime minister's post on July 2, is being sued in San Diego by federal regulators for defaulting on a \$8.4 million loan he assumed when he bought a motel in 1985, the newspaper said.

The loan to buy the 233-room Budget Motel, located in Mission Valley, California, came from Progressive Savings Bank of Alhambra, which was seized in 1991 by the Resolution Trust Corp, according to the Los Angeles Times.

Resolution Trust is the federal agency charged with taking over failed savings and loans.

San Diego County tax records also show that Panic owns another Budget Motel in Encinitas, California, on which he has not paid his real estate taxes since 1990, the Times reported.

Panic, who is to be installed on Tuesday as prime minister of the war-torn country, was in Yugoslavia and unavailable for comment, the newspaper said.

But it quoted his lawyer, Bernard Segal, as acknowledging the two motels, which are Budget franchises, had financial problems. Regarding the Resolution Trust lawsuit, Segal said his client was "fraudulently induced" to assume an over-valued loan.

George Lazar, a Resolution Trust attorney in San Diego, told the Los Angeles Times that Panic's reason for defaulting on the the Mission Valley motel's loan was "legally insufficient."

Panic emigrated to southern California from Yugoslavia in 1956 and founded ICN Pharmaceuticals Inc. He was one of the state's highest paid executives in 1991, receiving salary and benefits totalling \$6 million.

Panic purchased the two Budget Motels in 1985 for more than \$15 million and both are operating at a loss, the Los Angeles Times said.

According to tax records, Panic owes more than \$37,500 in back taxes on the Encinitas motel and the county filed a tax lien on the property last year, the newspaper reported.

Panic stopped paying back the loan on the Mission Valley motel in November 1990 and now owes more than \$9 million in principal, interest and late fees, according to court records cited by the newspaper.

The 62-year-old businessman has had problems with the government before.

ICN agreed last year to pay \$600,000 in costs and penalties to the federal government as part of a civil settlement over alleged misrepresentations of its antiviral drug Virazole, which it had billed as an AIDS treatment.

REUTER

American may become Yugoslav prime minister

■ Confirmation expected today for Milan Panic.

From Wire Reports

ES: 7/14/82
An American citizen who was born in Serbia and who has promised to stop the fighting in Bosnia-Herzegovina was expected to be confirmed today as Yugoslavia's new prime minister.

In Bosnia's embattled capital, Sarajevo, there was minor shelling overnight. Sarajevo radio said that power lines from Tuzla, 50 miles north of the city, were blown up, though it had no further details.

But Associated Press reporter Terry Leonard said in Sarajevo today that electricity and water were available last night and this morning after outages yesterday. Power is often erratic because of fighting around the city, besieged for three months by Serbian forces.

The American, Milan Panic, who holds dual citizenship, was nominated for the prime minister's job by Yugoslav President Dobrica Cosic.

Mr. Panic, who met with Western leaders in Finland last week, has promised to bring peace to his battered homeland and has warned Serbian President Slobodan Milosevic: "God help him if he gets in my way."

But an authoritative daily said yesterday that Mr. Milosevic may step down after Mr. Panic is approved. Mr. Milosevic is under fire at home and abroad for escalating ethnic warfare in breakaway Yugoslav republics, where more than 17,500 have been killed and 2.2 million left homeless in the past 13 months.

The United Nations has punished Yugoslavia, which now consists of

Serbia and Montenegro, with economic sanctions for backing Serbs fighting Croatian and Muslim separatists in Croatia and Bosnia. The West has stepped up the pressure by sending warships to monitor the embargo.

The U.N. Security Council was moving toward stronger action in Bosnia-Herzegovina by considering a resolution hinting at a use of force.

The council yesterday approved an additional 500 peacekeepers for humanitarian efforts in Sarajevo, as requested by Secretary-General Boutros Boutros-Ghali. They will bolster 1,100 sent earlier to secure Sarajevo airport for relief airlifts and to help deliver aid.

In Belgrade, a close associate of Mr. Milosevic, speaking on condition of anonymity, said Mr. Milosevic "is ready to quit to prevent eventual bloodshed" in Serbia, the newspaper *Borba* reported yesterday.

Borba said Mr. Milosevic decided not to run in presidential elections set tentatively for October, and may announce his retirement even earlier, citing "deteriorating health and the need for Serbia's unity."



ASSOCIATED PRESS

People in Sarajevo fill buckets with water brought in tanker trucks.

Yugoslavia was suspended last week for 100 days from the Conference on Security and Cooperation and Europe to press it to stop the bloodshed in Bosnia. Mr. Panic had asked for 100 days to try to stop the fighting.

Radovan Karadzic, the leader of Bosnia's Serbs, yesterday reportedly

guaranteed safe passage for relief trucks bound for Sarajevo, according to Belgrade's Tanjug news agency.

A 6-week-old girl with a congenital heart defect was flown out of Sarajevo yesterday in what U.N. officials hope will be the start of an airlift of the seriously ill.

Serbian leader

From Wire Reports

BELGRADE, Yugoslavia — Serbian President Slobodan Milosevic will step down after Milan Panic, a Serb-born citizen of the United States, becomes prime minister of Yugoslavia, an authoritative newspaper and sources said yesterday.

Meanwhile, fierce fighting was reported to have spread to strategic towns north and south of Sarajevo, and the United Nations said an airlift to the city hung by a thread.

At the United Nations, the Security Council approved 500 more peacekeepers at Sarajevo's airport to get supplies to starving residents as both Bosnian and Croatian leaders demanded that it authorize some kind of force to stop the fighting.

The Parliament of Serb-dominated Yugoslavia was to vote today on whether to confirm Mr. Panic, a U.S. citizen nominated for the premier's job by Yugoslav President Dobrica Cosic, a Milosevic ally.

to step aside for ^{Sum: 1/14/72} new premier from California, paper says

Mr. Panic has promised to stop the fighting in former Yugoslavia and curb Mr. Milosevic. But Mr. Milosevic is widely considered the most politically powerful man in Serbia, which is believed to be aiding and encouraging ethnic Serbs fighting in Croatia and Bosnia-Herzegovina.

This international perception has resulted in U.N. trade sanctions that are devastating the economy. Serbia and Montenegro are the only republics that now make up Yugoslavia.

As fighting continued, a mortar barrage killed one teen-ager and wounded at least four others in the worst such attack near the U.N. headquarters since fighting flared in Sarajevo in April, a U.N. spokesman said.

"Thirteen mortars landed outside our building between 8 p.m. and 8:04 p.m.," he said.

Earlier in the day, several people were wounded when mortar rounds crashed into a busy market in the center of the Bosnian

“People must know that we are very far from any military action, which could be launched only after a precise U.N. resolution.”

ITALIAN ADM. ACHILLE ZANONI

capital.

U.N. peacekeepers were overseeing an airlift of food and medicine to the besieged capital. An ailing 6-week-old girl was flown out of Sarajevo in what U.N. officials hope will be the start of an airlift of the seriously ill.

Borba, one of the most respected publications in Belgrade, said yesterday that because of the criticism and increasing international isolation of Serbia, Mr. Milosevic

plans to step down after Mr. Panic takes control.

Borba and political observers said Mr. Milosevic had been hurt by his loss of credibility with the outside world, growing protests against him and Yugoslavia's economic ruin.

But it was not clear if he would try to continue managing Yugoslav politics from behind the scenes.

Nomination of Mr. Panic, a California businessman, as premier was seen as an attempt by Serbia to defuse Western and especially U.S. criticism of Mr. Milosevic.

Borba, quoting what it said were reliable sources, said that a "definite" decision has been made by Mr. Milosevic not to run in new elections tentatively planned for October but that he may announce his retirement even earlier. The newspaper said he would cite deteriorating health and "the need for Serbia's unity."

In Sarajevo, much of the worst fighting

was taking place only a few hundreds yards from the airport.

U.N. Secretary-General Boutros Boutros-Ghali said the relief operation for the Bosnian capital was "based upon foundations of the utmost fragility and . . . hangs by a slender thread."

Italian warships taking part in an international naval operation to enforce U.N. sanctions against Serbia have begun interrogating freighters entering the Adriatic Sea, an Italian commander said yesterday.

Adm. Achille Zanoni, commander of Italian naval forces in the Adriatic, spoke as U.S. and European vessels steamed toward the region to beef up the patrol aimed at stepping up pressure on Serbia over its role in the civil war.

He stressed that the warships had no powers to intercept. "People must know that we are very far from any military action, which could be launched only after a precise U.N. resolution," he said.

Serb-born U.S. citizen becomes Yugoslavia's new prime minister

By Dusko Doder
Contributing Writer

BELGRADE, Yugoslavia — A Serbian-born U.S. millionaire yesterday became prime minister of the new rump Yugoslavia, outlining a broad program that sets him on a collision course with the ruling crypto-Communist Party of strongman Slobodan Milosevic.

Milan Panic, the 62-year-old chairman of California-based ICN Pharmaceuticals, called for an end to the war in Bosnia; a multinational, multi-religious society; freedom of speech and assembly; and the revival of the Yugoslav economy through privatization.

"I have no political ambitions," he told the federal Parliament, which came to office last month in elections boycotted by all major democratic opposition parties. "I only have the desire to help this country."

He added, "There is no idea worth killing for at the end of the 20th century."

Mr. Panic (pronounced PAHN-ich), who also holds the portfolio of defense minister, called on all sides in the Bosnian war to stop fighting. He said that Bosnia-Herzegovina should be turned into a demilitarized zone, and that Croatia and Serbia should withdraw their heavy weapons. His government will do its part, he said.

He said that he considered Bosnia-Herzegovina an independent country and a member of the United Nations. He said he would fly to the Bosnian capital of Sarajevo within days for talks with the Bosnian leaders, and then proceed to Paris, London and Washington.

As Mr. Panic took office in Belgrade, Sarajevo enjoyed one of its quietest days in a week of sometimes heavy fighting.

But Gorazde, 30 miles to the southeast, continued to come under intense attack by armored Serb forces on the offensive in northern and eastern Bosnia, according to accounts reaching Sarajevo.

In London, the Foreign Office said that Bosnian Serbs, Croats and Muslims have agreed to come there today to meet European Community envoy Lord Carrington in a new attempt to end the fighting.

Yesterday, Mr. Panic said that Yugoslavia — which comprises only two of its former six republics, Serbia and Montenegro — should restore telephone, transport and commercial links with Croatia and Slovenia.

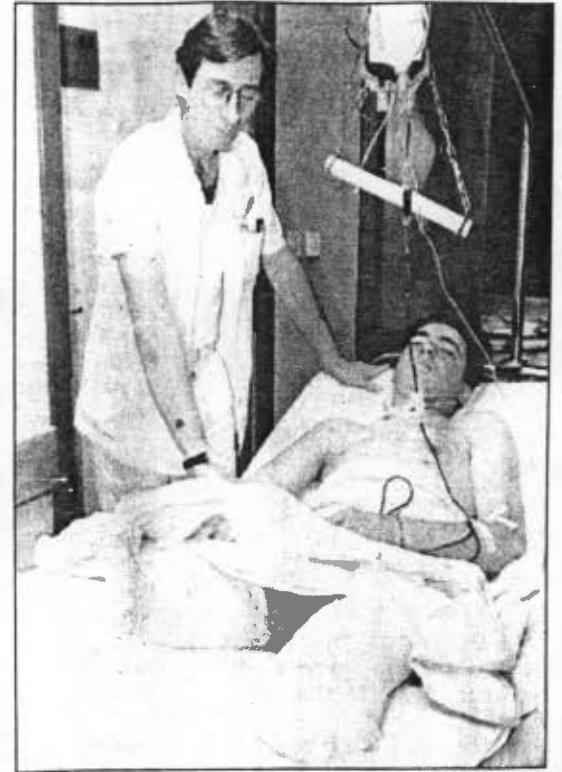
Communications were disrupted when Yugoslavia's civil war broke out after those two states declared independence a year ago. Mr. Panic added that he foresees the possibility of an "economic union" with the new independent states.

In the debate that followed his speech, lawmakers attacked virtually all aspects of Mr. Panic's program. The Parliament is dominated by Mr. Milosevic, who received a standing ovation when his presence in the Parliament was announced.

But despite criticism, Mr. Panic's nomination was approved by both chambers. The vote was 99-33 in one, 35-3 in the other.

Western diplomats here speculated that Mr. Panic's appointment was a clever ploy engineered by Mr. Milosevic, the Serbian president, to buy time and divert attention from the Bosnian war, which has aroused world condemnation against Serbian forces. One diplomat described Mr. Panic as a naive person jumping into a snake pit.

But Mr. Panic, who fled from Yugoslavia to America in 1956, wants to prove his doubters wrong. He has



ASSOCIATED PRESS

A doctor tends to Alen Sukic, 16.

SHELLING IN SARAJEVO HITS CROWD OF CHILDREN

Associated Press

SARAJEVO, Bosnia-Herzegovina — The mortar shells exploded without warning, tearing off Alen Sukic's legs. The boy had been with a friend catching candy tossed by United Nations peacekeepers.

"I heard the explosion," Alen, 16, said yesterday after undergoing surgery with only local anesthetic. "The next moment I was lying in the street, and I saw my legs on the other side of the street. I recognized them by my tennis shoes."

Alen was in a crowd of children outside the U.N. compound in western Sarajevo who were being thrown pieces of chocolate Monday evening. In all, 16 shells landed in the street, killing at least one person and injuring 23 others, mostly teen-agers.

"I heard the other children screaming, yelling and crying," Alen said. "Then I fell unconscious."

U.N. officials would not speculate on which side might have fired the volley.

described himself as "the mouse who may just be able to do something." He has publicly warned Mr. Milosevic to keep out of his way. The decision to be his own defense minister was interpreted by observers as an effort to gain control of the military.

The U.S. government has given Mr. Panic a 30-day waiver from the rule prohibiting U.S. citizens from holding office in foreign governments.

Mr. Panic also has unleashed one of his most potent weapons by announcing that elections at all levels will be held "within a few months."

The Associated Press contributed to this article.

WP: 719572

New Yugoslav Premier Vows Peace Effort

By Laura Silber
Special to The Washington Post

BELGRADE, July 14—U.S. businessman Milan Panic took office as prime minister of the new Serb-controlled Yugoslav state today with an agenda that calls for a quick end to the factional warfare in neighboring Bosnia-Herzegovina and broad political and economic reforms at home.

"There is no idea worth killing for at the end of the 20th century," Panic said of the conflict in Bosnia, where local Serb militia forces—powerfully backed by the government Panic now heads—have waged a four-month-old war of aggression that has left them in control of 70 percent of the republic.

Panic, who will serve as his own defense minister, told the Marxist-dominated Yugoslav parliament that he will seek disarmament of all warring factions in Bosnia, withdrawal of all heavy weapons supplied to Serb forces there by the Yugoslav army and an urgent end to other such Belgrade policies that led the United Nations to impose tough sanctions on Serbia and its lone ally in the new Yugoslav union, Montenegro.

"My government," he said, "will guarantee to the international com-

See YUGOSLAVIA, A14, Col. 4

Yugoslav Leader Vows Peace Effort

YUGOSLAVIA, From A1

munity that it will do everything to turn this region into a factor for peace in Europe."

Diplomats and other observers here hailed the peaceful tone of Panic's address but were quick to point out that Serbian President Slobodan Milosevic—whom most Western governments blame as the chief instigator of the Bosnian war—is still the most powerful figure in the rump Yugoslavia and that no policy is likely to succeed without his blessing.

It was Milosevic who created the new two-republic Yugoslavia this spring after Bosnia, Croatia, Slovenia and Macedonia seceded from the old Yugoslav federation, and diplomatic sources say it was Milosevic who chose Panic for the premiership in an apparent effort to mitigate his regime's standing as an international pariah.

"Panic will face enormous obstacles," said one Western diplomat. "He is a businessman, not a politician, who has been dropped into a snake pit."

Panic, 62, emigrated to the United States from his native Serbia in 1955 with \$200 in his pocket and went on to build a California-based pharmaceuticals firm worth an estimated \$460 million. Today, he took the oath of office in Serbo-Croatian but added in English: "So help me God."

But even as Panic spoke, Serb forces in Bosnia tightened their stranglehold on Sarajevo, the capital, and pressed on with a three-day-old tank-backed offensive north and east of the city in an apparent attempt to establish undisputed control of a broad swath of territory stretching from Serb-held regions in neighboring Croatia eastward to Serbia.

At Sarajevo's airport, meanwhile, a record 20 U.N.-sponsored relief flights arrived today with desperately needed food and medicine for the 300,000 civilians encircled there by Serb forces seeking to force a partition of the city among its Serb, Croat and Slavic Muslim communities. U.N. troops plan to begin distributing hundreds of tons of relief supplies as soon as the safety of truck convoys that will carry

them from the airport to the city center can be guaranteed by Serb militiamen and forces loyal to the Muslim-led Bosnian government.

U.N. officials in the city chiefly have been concerned about nearly continuous sniper fire around the airport, and they revealed today that Canadian sharpshooters assigned to the U.N. military contingent there fatally shot a Serb sniper who had slightly wounded a Canadian soldier. "Fire was returned, and the position was silenced," said U.N. spokesman Mik Magnusson.

Sarajevo itself was reportedly calm most of the day, returning to a relatively static state of siege following a heavy Serb mortar barrage on Monday and 48 hours without electricity and tap water after the Serbs destroyed several power lines into the city.

East of Sarajevo, however, the chiefly Muslim town of Gorazde continued to take a heavy pounding from Serb heavy artillery. Gorazde—whose prewar population of 20,000 has swelled to more than three times that number by refugees fleeing the Serb advance—has been under sporadic attack for weeks, and journalists there say much of it has been reduced to ashes by the shelling and that corpses litter the streets because it is too dangerous to retrieve them.

At the United Nations, meanwhile, Washington Post staff writer John M. Goshko reported that Austria had begun sounding out opinion among Security Council members on a resolution that would condemn

the new Serb offensive in Bosnia and threaten "to consider immediately further steps that may be necessary to ensure compliance" with a cease-fire.

U.N. sources said, however, that most council members are still unwilling to countenance military action, and they added that the Austrian proposals seem unlikely to make any headway this week. Instead, the sources said, the council is likely to wait and see what happens at reconvened peace talks among Bosnia's Muslims, Serbs and Croats that are scheduled to begin Wednesday in London under the mediation of the European Community's special envoy, Lord Carrington.

The talks, aimed at a comprehensive settlement of the Bosnian crisis that would allow all three groups wide autonomy, were suspended in late May after a Serb mortar bombardment of central Sarajevo killed 20 people and wounded dozens of others as they waited in line for bread.

In his speech to parliament, Panic also promised to work for democratization of the Yugoslav political system, which is dominated by Milosevic's Socialist Party and its political allies in Montenegro, to free broadcast media of state and party control and to move swiftly to privatize state industry and repair the bankrupt new state's economy.

"Democracy is not only respect for your opinions," Panic told the legislators. "It is respect for differing opinions."

As war rages, a bold new Yugoslav leader sees peace

By Dusko Doder
Contributing Writer

BELGRADE, Yugoslavia — It may seem like a scene out of "Alice in Wonderland," but wealthy U.S. businessman Milan Panic — a one-time defector from Yugoslavia who has now been appointed its prime minister — firmly believes he can end the civil war and bring peace and democracy to his old country.

Last week, on his first day in office, Mr. Panic, 62, set out to assert himself. When British Foreign Secretary Douglas Hurd put him on notice that he would meet only with Serbian President Slobodan Milosevic, during a visit to Belgrade, Mr. Panic told Mr. Hurd bluntly that he would stop him from coming.

"Milosevic is finished with foreign affairs," Mr. Panic said in an interview. "This country is run by Milan Panic. If that means confrontation with England, so be it. They've talked to Milosevic and it's only brought more bloodshed. I am offering peace. Why don't you give me a chance to succeed? Hurd can meet with Milosevic, of course, but he must also meet with me."

Mr. Hurd backed down. Mr. Panic's point had been made: This newest and most improbable player in the Yugoslav arena intends to be taken seriously.

It is not difficult to see why so few



AGENCE FRANCE-PRESSE

Milan Panic, the new prime minister, speaks to reporters.

believe that the wealthy magnate (1991 salary of \$6.5 million) can be a serious player. Secretary of State James A. Baker III told him privately that he was going to be "chewed alive" in the Machiavellian world of Balkan politics. This is also the prevailing opinion among diplomats here.

Mr. Panic has not helped himself

with his pronouncements, which sound like naive American talk. He likes to hand visitors a tiny booklet (in English) on respecting the U.S. Bill of Rights.

This and his talk of a multiethnic, multireligious society, democracy, respect for law and order, and free speech strike a somewhat surreal note in a country tearing itself apart in an orgy of nationalist fanaticism.

But the naive exterior hides a shrewd operator who has created a pharmaceuticals empire by being, as one aide put it, "tough, smart as a whip and with a memory for the finest detail, right down to a goat's eyelash."

Insiders say that he views his job in Yugoslavia as the "ultimate corporate takeover" and that his initial preoccupations are not with any program but with grabbing the levers of power.

On his first day in office, Mr. Panic (pronounced Pawn-nish) named himself defense minister and set up an office in the army general staff headquarters, where he plans to operate three days a week. He told the generals that all orders would now come from him.

He also wants to have a firm grip on the ministries of interior and foreign affairs. He announced that he was stopping all aid to the Serbian paramilitary groups in Bosnia-Herzegovina.

Mr. Panic intimates that he expects confrontation with Mr. Milosevic, although he has for now confined himself to saying, "God help him if he gets in my way." He intends to treat the Serbian strongman, he added, as a U.S. president would treat a state governor.

The interview was conducted in the air-conditioned apartment he rents in a glass-and-concrete complex recently built to house foreign businesses and to symbolize Belgrade's increasing modernity. He has furnished it with Louis XVI furniture, hung his own paintings and laid out coffee-table books about the Serbs and Dubrovnik (now a part of independent Croatia) as well as copies of *Fortune* magazine.

The Serbian president may have misjudged Mr. Panic. He needs a figure like Mr. Panic to help buy time and defuse foreign criticism — as well as in trying to have painful U.N. trade sanctions lifted. The Serbian leader, who has outwitted all opponents to date, met Mr. Panic several times when Mr. Panic, as chairman of ICN Pharmaceuticals, bought the ailing Yugoslav state pharmaceuticals company Galenika in 1990. Mr. Panic paid little money, got a five-year tax holiday and has turned Galenika into a profit-spinner.

Mr. Panic says that without Mr. Milosevic, he would not have been able to acquire Galenika. But that does not mean he will not take on Mr. Milosevic.

It is clear that Mr. Milosevic engineered Mr. Panic into the job, although Mr. Panic insists there was no formal approach from Mr. Milosevic. Mr. Milosevic first eased in the new president of the new rump Yugoslavia, Dobrica Cosic, 71, a novelist, was appointed because of his popularity with many sections of society, including many opposition intellectuals.

That enabled Mr. Milosevic to defuse some internal criticism. It was Mr. Cosic, a former Milosevic mentor, who asked Mr. Panic to take the job of prime minister.

Critics charge that Mr. Panic's business background is shady and point out that he has been involved in several lawsuits, usually settled out of court. In one case, Mr. Panic had to pay a hefty fine for false advertising of an AIDS drug.

Mr. Panic was a member of the national cycling team when he defected to West Germany in 1955. He made his way to California and built up ICN Pharmaceuticals, which now has annual sales of \$400 million. It recently expanded into Eastern Europe and the former Soviet Union.

He insists that he has "nothing to lose by taking on this job. I have no political reputation. I have plenty of money. I am single-handedly trying to bring about peace, economic recovery and democracy. I am trying to mobilize people behind this program. I should be given a chance."

The man in the street seems to be sold on Mr. Panic. Several said they saw him as a potential savior from a desperate situation.

Mr. Panic says he wants to hold new elections fast. But fast may not be fast enough. If he becomes a threat, Mr. Milosevic may engineer a vote of no confidence in his partisan Parliament.

A seasoned observer summed up the odds. "Either we're looking here at a three-week wonder, or Panic may surprise us," he said. Mr. Panic conceded that he may well fail.

"But then again, I may just be the mouse who roared," he said.



REUTERS

A father says goodbye to his daughter, one of scores of children evacuated from war-torn Sarajevo by a humanitarian group.

British official optimistic on latest truce in Bosnia

Cease-fire is set to begin today

Associated Press

BELGRADE, Yugoslavia — British Foreign Secretary Douglas Hurd expressed optimism yesterday that the cease-fire set to begin today in Bosnia could end four months of fighting in which thousands have been killed.

Meanwhile, 120 orphans and other children were evacuated from the besieged city of Sarajevo and were moved through Serbian lines to the Croatian port of Split. The evacuation was organized by a Sarajevo charity, with the help of the United Nations.

The Bosnian capital was reported to be relatively quiet. Fighting and shelling were reported in several suburbs and in Sarajevo's old town. One Canadian peacekeeper was wounded in the hand late Friday when machine-gun fire ripped into the encampment of U.N. peacekeepers who are guarding the airport.

The cease-fire was signed in London on Friday by leaders of the Serbian, Muslim and Croatian factions in Bosnia-Herzegovina. More talks are scheduled to start July 27.

The two-week truce, reached under the auspices of the European Community mediator, Lord Carrington,

also calls for heavy weapons to be placed under U.N. supervision and for refugees to be permitted to return to their homes.

The U.N. Security Council asked Secretary-General Boutros Boutros-Ghali to report by tomorrow what forces and resources the U.N. operation in Bosnia will need to supervise combat aircraft, armor, artillery, mortars and rocket-launchers.

"This is a testing point, and over the next few weeks it will become clear whether the different republics of the former Yugoslavia are going to find their way back to peace or whether they are going to go further towards disaster," Mr. Hurd told a news conference.

"If this doesn't happen, then the prospects . . . will be bleak indeed," he said. "But I have a feeling there is a clearer understanding [among all sides] of their own interests . . . than would have been true a few months ago."

All previous cease-fires have quickly collapsed.

The British foreign secretary met with Yugoslav President Dobrica Cosic, Yugoslav Prime Minister Milan Panic, Serbian President Slobodan Milosevic and the representatives of a coalition of opposition parties.

Mr. Hurd arrived in Belgrade from Sarajevo, where he ruled out foreign military intervention to stop the fighting. But he also warned against any effort by Croatia and Serbia to divide up Bosnia.

Gunfire Greets Cease-Fire

Deadline in Sarajevo; Yugoslav Makes Peace Mission

By Laura Silber
Special to The Washington Post

BELGRADE, July 19—Gunfire shook Sarajevo tonight despite a cease-fire agreement among Bosnia-Herzegovina's warring factions as Yugoslavia's new prime minister visited the besieged Bosnian capital and called for immediate peace talks to end the bloodshed in the former Yugoslav republic.

Milan Panic, newly installed premier of the Serbian-dominated Yugoslav state that has backed the local Serb militia forces' offensive in Bosnia, held talks with Bosnian President Alija Izetbegovic. Izetbegovic is a member of Bosnia's Slavic Muslim community, which accounts for 44 percent of the population and—along with the republic's Croats and loyalist Serbs—has fought against the Serb forces' efforts to divide the republic along communal lines.

After almost three hours of talks, Panic said that if Izetbegovic did not respond favorably to Panic's overtures, the world would know which side wanted to continue the war.

"I am a little tired of him not ac-

cepting that all three sides are guilty," Panic said. "The Yugoslav and Serb side is ready to end this stupid, unbelievable, unconscionable war."

Sniper, machine-gun and mortar fire was heard in Sarajevo an hour after the 6 p.m. cease-fire deadline set Friday in London by Muslim, Serb and Croat leaders. Bosnian radio reported clashes between Serbs and the mainly Muslim Bosnian forces around towns north of Sarajevo.

The truce was intended to last at least 14 days and allow time for the three warring parties to hand over heavy weapons to U.N. peace keepers. It also called for 1.2 million refugees to be allowed to go home.

Panic today said that if the cease-

fire holds, the next step will be to bring back the refugees. "Ethnic cleansing is over," he said, using the term that local Serbs have employed to justify their fight to carve up Bosnia. "I want those refugees home safe where they belong." Previous cease-fire agreements in Bosnia have collapsed, with each side blaming the other for violations.

Several mortar shells landed near the headquarters of the U.N. peace-keeping contingent in Sarajevo while Panic met with Izetbegovic.

Upon arrival today at Sarajevo's airport, Panic said he would hand over a Serb tank to the commander of the U.N. peace keepers to symbolize his commitment to ending the bloodshed. "I want to have all

heavy weapons handed to General MacKenzie—Serbs', Muslims' and Croats'," he said. Gen. Lewis MacKenzie commands the U.N. force in Sarajevo.

Panic, a Belgrade native who became a U.S. citizen and millionaire businessman in California, said his peace mission had the backing of Radevan Karadzic, the militant leader of Bosnia's Serbs. Panic was due to travel to New York later tonight to meet U.N. Secretary General Boutros Boutros-Ghali.

Outside the capital, fighting between Serbs opposed to Bosnian independence and Bosnian forces loyal to the Izetbegovic government continued in the eastern town of Gorazde.



AGENCE FRANCE PRESSE

Yugoslav Prime Minister Milan Panic speaks to journalists in Sarajevo, Bosnia.