

SHORTHAND NOTES

taken at the session of

THE SUPREME DEFENCE COUNCIL HELD ON 02.06.1993

The session commenced at 1400 hrs.

In attendance: Dr Miloš RADULOVIĆ, acting President of the FRY /Federal Republic of Yugoslavia/ and President of the Council; Slobodan MILOŠEVIĆ, President of Serbia, and Momir BULATOVIĆ, President of Montenegro – members of the Council; Dr Radoje KONTIĆ, Federal Prime Minister; Pavle BULATOVIĆ, Federal Minister of Defence; Colonel General Života PANIĆ, Chief of General Staff of the Yugoslav Army; Colonel-General Dragoljub SIMONOVIC, Deputy Chief of General Staff of the Yugoslav Army; Lieutenant General Dane AJDUKOVIĆ, Chief of Finance and Budget Department in the Federal Ministry of Defence; Colonel Slavko KRIVOŠIJA, Chief of the Military Cabinet of the FRY President – Council Secretary.

(Stenography by Jordan ŽIVANOVIĆ, senior debate stenographer –editor in the Office of the FRY President).

Dr. Miloš RADULOVIĆ, Acting FRY President and President of Supreme Defence Council chaired the session.

Miloš RADULOVIĆ:

I suggest we commence with the work.

At today's session, I suggest we discuss

INFORMATION ON PROBLEMS REGARDING THE FUNDING OF THE
YUGOSLAV ARMY

I hope you read the information. To avoid wasting unnecessary time, someone who is well informed could brief us on it so that we can open a discussion.

Pavle BULATOVIĆ:

The Supreme Defence Council discussed the financial situation of the Yugoslav Army at the time of the passing of the budget, and then again after the budget for 1993 was passed, and also the Federal Government discussed it together with the Governor of the National Bank of Yugoslavia.

2.

It is obvious both from the material that was submitted to the Supreme Defence Council on 19 May, and the identical one that Federal Government received on 11 May, how dramatic the financial situation in the Yugoslav Army is.

At the time the budget was passed, there was a deficit of 16,500 billion according to the preliminary estimate of the Yugoslav Army. The Supreme Council obliged the Federal Government and the Governor of the National Bank to find the way to *alimentira* /term unknown/ the deficit of the Yugoslav Army.

But the implementation of the budget is well known to all of us - it is below expectations, following the skyrocketing of both prices and needs.

To this day, the Yugoslav Army is in default in the amount of approx. 4,800 billion dinars.

We organised a meeting with the Prime Minister, the Governor of the National Bank, Vice-President ZEBIĆ. General AJDUKOVIĆ and I were also present. In order to alleviate the current situation, we agreed that a June budget subsidy is to be paid in May while the July one is to be paid until 1 June.

Radoje KONTIĆ:

No, that is not correct – the one for June is to be paid until 1 June, and the one for July is to be paid until 15 of June.

Momir BULATOVIĆ:

Can a monthly subsidy make up the deficit?

Pavle BULATOVIĆ:

No, it cannot.

Slobodan MILOŠEVIĆ:

The primary issue for the first quarter is 10, 000 billion in total; that is the figures given by the National Bank of Yugoslavia.

I asked ZEBIĆ if he knew about the figures; he told me that the Army requested 2,000 billion which is practically 20 % of the primary issue needed for the making up of the deficit. Is that the figure?

3.

Momir BULATOVIĆ:

It must be a bigger one.

Pavle BULATOVIĆ:

To this day, as a June instalment, the National Bank paid in 300 billion and owes additional 280 billion, all as a June subsidy.

The matter is getting complicated further with the requests for special spending. That is what we talked about – around 50, 000 tons of kerosene and equipment supply in the amount of 73 million dollars for this year. Within this 73 million dollars, there is a purchase of kerosene - 50, 000 tons, spare parts for MIG-21, MIG-29, MI-8, and “Antonov”, then the ammunition for MIG-21 and MIG-29 and artillery and tank ammunition. Of course, provided that the funds are ensured and the delivery enabled.

Although I have already informed you individually, I would like to say that as a result of negotiations with a man from Moscow, he claims he will deliver it, and if not already on the way, kerosene will be sent soon. We can only wait now to see if it will pass the blockade. The entire reserves of kerosene in Yugoslavia, including military reserves and what the Federal Directorate of Stockpiles has, amount to 31, 000 tons. According to STEVANOVIĆ's information, it can approximately last for two days in war.

Slobodan MILOŠEVIĆ:

Thirty thousand tons can last for two days in war ?

Života PANIĆ:

Counting reserves, there is enough for seven days in war.

Pavle BULATOVIĆ:

General STANKOVIĆ constantly addresses the problem of pilots in the civilian sector and the fact that the training hours have been downsized. He says that when the MIG-21 was shot down, that lieutenant had had only 12 hours of flight.

Života PANIĆ:

He faced a technical malfunction. He asked the superior what to do and he advised him to jump out; therefore, he was not running out of fuel.

4.

Slobodan MILOŠEVIĆ:

He was not running out of kerosene.

Pavle BULATOVIĆ:

But he did not have sufficient hours of flight.

Slobodan MILOŠEVIĆ:

When the JAT /Yugoslav Air Transportation/ representatives visited ŠAINOVIĆ, they asked him to ensure a monthly supply of 100 tons of kerosene, so that they could ensure regular training; landing, taking off, and so on. Therefore, if the figures are correct, 30, 000 tons should last longer in wartime.

Pavle BULATOVIĆ:

Counting all of this, we have, there are 30, 000 tons in total.

Momir BULATOVIĆ:

What is the holy reserve out of all this - what cannot be spend by all means?

Pavle BULATOVIĆ:

That is within the NEP /as written/ competency. When the reserves of the Federal Directorate are in question, they are in NEP. But not all of it is in the Federal Reserves; there is 16, 000 tons in the Federal Reserves; the rest are military reserves.

Radoje KONTIĆ:

How long can this kerosene last?

Dane AJDUKOVIĆ:

The estimate is seven days, in case that all aircraft are involved.

Radoje KONTIĆ:

It certainly is not NEP; these can be ordinary reserves only; NEP is sacrosanct.

Slobodan MILOŠEVIĆ:

It is impossible that 30, 000 tons of kerosene are necessary for two days in war.

5.

I am not an expert, but I know that “Falkon”, a plane on which we flew to Brussels – spent 4 tons of kerosene for a flight to Brussels and back and it is a jet plane.

Radoje KONTIĆ:

In Budva, I heard about charter flights that need 100 tons per day – for thirty flights; which is three tons per plane.

Dane AJDUKOVIĆ:

Before this war, during the peacetime in Yugoslavia, we were annually spending around 50, 000 to 60, 000 tons of kerosene for training purposes.

Pavle BULATOVIĆ:

General STEVANOVIĆ told me that monthly consumption for a regular training amounts to 3, 000 tons; more or less, Pančevo could provide it, because it produces 1,600 tons per month.

The next problem is payment of salaries and pensions. I do not know if it is correct that the Government of Serbia accepted the minimal labour cost in the amount of 30 million, and that the Federal Government approved the increase of their salary base by 105 % for May, while 3,500 to 4,000 billion is the monthly amount required for salaries and pensions.

Slobodan MILOŠEVIĆ:

They have squabbled with the Union in last three days – the Chamber, the Union, and the Government.

Radoje KONTIĆ:

The Administration is the only one that gets it.

Slobodan MILOŠEVIĆ:

The Administration does not get it.

Radoje KONTIĆ:

The minimal labour cost is used only as *reper* /as written/ so that the Administration can acquire such allowances. You can check the income in the Administration, and you will see that I am right (addressing Slobodan MILOŠEVIĆ). The amount of our salaries is twice smaller than your minimal labour cost.

6.

Pavle BULATOVIĆ:

The second part of the request for special supplies is related to S-300 and TOR /as written/ and it amounts to 124 million dollars. The negotiations we have led with the potential equipment supplier, opened a window of opportunity for supplying credits for the compensation arrangement, provided that such purchase is approved.

Dane AJDUKOVIĆ:

I would draw your attention to a very important operation that the Government is preparing at the moment – it is a preparation for the revision of budget in 1993. From a technical point of view, the revision of the budget is not a problem, but the problem are current and anticipated economic trends – a fall in output and how the Army will survive through 1993. In comparison with the time when we passed the budget for 1993, this exceeds all estimates. It was underestimated big time. With those approved resources and given anticipated trends, we can finance the Yugoslav Army for another month and a half.

In addition to the problem of valorisation of resources, there is a problem of restrictions we must impose. At this moment, the Government estimates highest restriction in the domains of general and public expenditure. It is obvious that we will be subjected to such policy. At this point, the main issue is a pure survival. If such trend of prices, salaries and personal expenditure continues, we will soon collapse, that is to say, we will not be able to overcome the burden that is constantly growing.

Within this revision, there is still an issue that Minister BULATOVIĆ talked about. The Supreme Council and the General Staff already concluded that due to dangers threatening Yugoslavia, we need to make special supplies every day. I think that the Government should approve funds for special supplies at this point. It is the amount of 16,500 billion according to the then prices. We would ensure dinars in the counter-value of 73 million dollars. Those PVO /Anti Aircraft Defence/ systems that need to be purchased are of high importance for the defence of the country.

7.

We may be able to postpone it; if we succeed to get the loan, we will be able to defer those 124 million dollars for 3 to 5 years.

Right now, the crucial thing is that the revision of the budget ensures those valorised 16,500 billion for purchase and supply, for those special supplies.

Twenty days ago, we submitted the request for foreign exchange plan of supplies. There are numerous urgent supplies such as spare parts, medicines, some nutrition elements for soldiers, and so on. At this point, we are not entitled to it; the situation with the foreign exchange reserves is well known. Even if we needed to purchase some items urgently, we would not be able to do so since we are not entitled. I would request that the Government ensure the foreign exchange plan for the third quarter.

Our Ministry as a whole has faced a dilemma and many difficulties. Since we terminated the payments of salaries to Republika Srpska, we asked the General Staff to provide us with a list of men who were temporarily assigned to Republika Srpska, pursuant to Article 277 of the Law on Service in Armed Forces. We should approve the payment of their salaries now. We are talking about 900 persons who are part of the Yugoslav Army but we temporarily assigned them to the Republika Srpska. There are more than 1,500 men who are in the Army of Republika Srpska and whose payments should be stopped until further notice. At least that is how the Minister of Defence and the Chief of General Staff informed me.

Slobodan MILOŠEVIĆ:

When did you realise the last payment?

Dane AJDUKOVIĆ:

We did the last payments on 15 May, bearing in mind that we carry out the payments twice a month. Now we are being pressurised, especially by the men who have their families here. We explained that we do not have money, and that is true. We received the General Staff's opinion on the Decision of the Presidency dated 6 May 1992, related to the transformation of the Yugoslav Army; the men who were JNA members are to remain in the BiH territory, and they have the same right as members of the Yugoslav Army.

8.

Ever since it was regulated by the Decision, it has been a problem. This should be regulated by another Decision stating that these men are not members of the Yugoslav Army any longer and that they cannot have the same rights as the members of the Yugoslav Army because they are not its integral part since they are in the Army of the Republika Srpska.

Pavle BULATOVIĆ:

It is an order that General ADŽIĆ signed when he was replacing the Federal Secretary. It reads: "The JNA members who will remain in the territory of Republic of BiH or are assigned to that territory, are entitled to all the same rights as other JNA members." This includes those 890 men, plus 1,500 men. Those 1,500 men are to be removed from the payroll by the decision of the Supreme Command, while those 890 men will remain on the payroll. This decision should probably be annulled now and changed so that it refers to persons who are assigned or are to be assigned there, but they are within the composition of the Yugoslav Army.

Radoje KONTIĆ:

Believe me, when I say that the economic and financial situation in Yugoslavia is catastrophic, I am not exaggerating. If we continue in this way, we will soon face a financial and economic collapse. The same inflation rate marked in the

past 4 to 5 months still continues. By the end of the year, it will be measured not in hundreds of thousands per cent but in dozens of millions per cent.

We started this year expecting that the sanctions will start to loosen, that we will start recovering our production rate in the second half of the year, but in the meantime, the sanctions have been imposed on us following Resolution 820, which makes Yugoslavia hermetically sealed. Our estimates are, I would call them rather optimistic ones, that the fall in gross domestic output will amount to 20 % in this year. Under those terms, we will have gross domestic product that will be three times smaller in this year than in 1990. According to our current estimates, it is around 900 dollars per capita; it is around 10 billion dollars of gross domestic product per 11-12 million compared to 1990, when we had more than 30 billion dollars. /sic/

9.

I will present a few figures. We have around million and 200, 000 retirees; we have 650, 000 – 700, 000 of the unemployed registered with the Unemployment Bureau; we have 650, 000 refugees. These figures keep growing; we have almost a million men who are employed on paper only, i.e. the men who are employed, but they do not work, they do not earn any income. There is between a million and 300, 000 and a million and 400, 000 of the employed who work, out of which 800, 000 work in the field of production and they are the only ones who actually earn income.

Therefore, I firmly believe that the situation is more than catastrophic. We need to distribute 10 billion dollars so that we could financially support our requirements. But we must assess how much we can allocate from the primary issue and still avoid the collapse.

What is going on with the Federation budget? You know that we do not have any import or export; our basic, direct revenues are customs and turnover taxes, and yet there are almost no customs revenues. Out of the amount that we planned in the budget for 1993, we earned 9 % of it in five months; no import, no customs revenues. Turnover tax is divided between the republics and us according to the 60: 40 ratio; 40 % goes to the federal state. Since the turnover is in decline, our revenues are in decline too. In this way, the federal budget is *de facto* in the same situation as in the first half of the last year – when it was exclusively financed from the primary issue. Unfortunately, neither the republics can make up their budgets, i.e., their budgetary deficits with such gross domestic product, they also transferred this to the primary

issue. According to our assessments made in the Federal Government, they issued more from the primary issue than the National Bank of Yugoslavia did for the needs of the federal budget.

There is no one in Yugoslavia who could say how much the primary issue has been for those five months; there are no records; there are no such places.

Slobodan MILOŠEVIĆ:

Rajo, there must have been! The primary issue could not just vanish.

Radoje KONTIĆ:

We are all hiding it; no one knows; Serbia is hiding it from Montenegro, Montenegro is hiding it from the Federation, and the Federation is hiding it from Montenegro; we are all hiding it from each other.

10.

Momir BULATOVIĆ:

Do you have any estimates about it?

Radoje KONTIĆ:

Approximately, half goes to the Federation, and another half to two republics; i.e., Serbia has the same as the Federation while you are some kind of “an error”!

Momir BULATOVIĆ:

This does not mean anything in balance sheets.

Radoje KONTIĆ:

I say that you are some kind of “an error” in balance sheets; you do not disturb our balance in the terms of the things I have mentioned.

Hence, our direct revenues practically do not exist and we must be financed by the primary issue exclusively, and the primary issue means inflation. There is no dilemma about it. According to the estimates of some economists, the inflation could reach 500 to 1,000 per cent in the following months; it can happen in a month or two and that will mean the collapse of the system.

Considering the constant drop in gross domestic product, there is a little chance to increase our direct revenues. We as a Federation, are not entitled to new

types of direct revenues; the republics are entitled, but we are not. We have only customs and sales taxes.

I think we must provide for two things; the agriculture and the Army. We must go for an extraordinary minimum. In this month, we gave the most to the agriculture. We sowed 2,5 million hectares of land; more than a half of the primary issue was allocated to the agriculture. Even in raining conditions, we will have enough food. We will have sufficient quantities of all kinds of foodstuff; wheat, corn etc. Yet, we will not have enough of tobacco.

We must give the primary issue to the agriculture in the next month too; we have to reap the harvests.

11.

If we allocate as much money as we allocated to the agriculture to any other field, we will face a bankruptcy. One mark will turn into a million, two, three or five over night.

I do not underestimate military needs. On the contrary! But we must reduce it to some personal income and things that are directly related to the functioning of the state defence. All other things you mention, no offence, but I can't speak differently – the investments, construction of military facilities, housing construction works, must be put on hold. We can issue 1, 000 or 2, 000 billion, no problem about it. But we are talking about 10,000 or 20,000 or 30,000 billion that need to be issued.

I am saying all this under the condition that the sanctions stay in force for some time – in my opinion, at least until the end of this year. Yet, I must admit that the sanctions are not being applied as rigidly as I thought they would be. It is better than I expected. As to Macedonia, they allow everything practically.

Slobodan MILOŠEVIĆ:

Bulgarians are allowing everything too!

Radoje KONTIĆ:

Bulgarians are not allowing everything, but Macedonia does.

Therefore, please, we can only go for a minimum: personal income and the things directly related to the functioning of the defence. We must finance the agriculture in the third quarter too. That is my suggestion.

It would be good, I mentioned this last time too, if we could get a loan somewhere, the one that is not short-term, to repay it next year when the sanctions are lifted and so on. It would be good in that case.

Men, our foreign exchange reserves in the National Bank are between 80 and 100 million dollars; it is nothing. We must not be left without it.

12.

Života PANIĆ:

I suggest that the Ministry and the General Staff analyse the financial situation once again, and based on what we have heard now, that we make a new request for the Government.

I would like to stress that we are in a very unpleasant situation, even dramatic one, in terms of housing units. Only since this morning, two-three lieutenant colonels visited me in tears. They have no money to pay the rent because the price on the market is 100 to 200 marks and their salary is around 100 marks. It would be good if we could do something about it. To give some alternative accommodations to the poorest families, it would save us. I am not requesting the answer to those questions, but I think it should be considered.

As to the Army, we have had the livestock farms, the farms, we were involved in public labour before, and we still have it. If this had not been the case, the pressure on the Government regarding the money would have been much bigger than it is now. We used to have large income. But now no one is demanding such labour, because they do not have the money and they cannot pay for it. Even when they request the Army to do something, it is mainly related to the work that only covers the costs - the wages and the fuel.

We will reconsider the option of reducing soldiers' meals with our logistics and we will make some savings.

Our particular problem is funding of the members of the Army of the Republika Srpska. We followed the order of the Supreme Council. There are superiors who have posts in the military formations of the Yugoslav Army, but they go to that area for 2-3 months or longer.

Slobodan MILOŠEVIĆ:

It is not clear to me, and this issue for the second time shows up in this meeting. I am not aware of the fact that we have members of the Yugoslav Army

within the Army of Bosnia and Herzegovina. They are not members of the Yugoslav Army, they are not subordinate to the Command of the Yugoslav Army, they do not carry out the tasks of the Yugoslav Army, nor are they in any way under the responsibility of the Yugoslav Army.

13.

We discussed other ways of help to Republika Srpska, to ensure certain financial aid through the budget, rather than paying individuals because they are not members of the Yugoslav Army.

Života PANIĆ:

They went over there for patriotic reasons and as soon as we terminate all this, they will get back.

Dane AJDUKOVIĆ:

We are talking about those 890 persons. They all have their posts within the military formations of the Yugoslav Army.

Dragoljub SIMONOVIĆ:

These men were born in Bosnia – they are Serbs from Bosnia. Their brigade commander is from the Third Army.

Slobodan MILOŠEVIĆ:

So, the Third Army does not have its brigade commander?

Dragoljub SIMONOVIĆ:

It does not, there is a Chief of Staff who is temporarily performing that duty. KARADŽIĆ and their Government requested that we send those /?men from Bosnia/ over there, at least on a temporary basis. When they leave, their families here receive their salaries. They give them ranks and promote them over there, they put them on salary scales, and when they return here after three months, they are on better salary scale, etc.

Slobodan MILOŠEVIĆ:

Let us clarify one thing. We made enormous sacrifices for this aid; we basically sacrificed everything; this huge inflation is the result of the fact that we are financing both things.

More than a month ago, when we ended the negotiations – BULATOVIĆ, ĆOSIĆ and I, together with KARADŽIĆ and OWEN, we reached a mutual consent which was later on verified in Athens by the Athens Conference.

14.

The Serbs in Bosnia got 45 % of the territory, but additionally, a full safety of all Serbian settlements was guaranteed by means of a ban on entry for HVO /Croatian Defence Council/ and Green Berets /Muslim troops/ to those territories. UN troops are allowed to enter those territories exclusively. When we achieved that and when we succeeded to regain the status of a constitutional nation and managed to establish that the decisions in the Presidency should be reached by a consensus of all three nations, our mutual standpoint was, and we told them so, that we saved the whole thing. Our maximum has been achieved because the Serbs got 45 % of the territories, while the Muslims got 30 %, although the Muslims outnumber the Serbs by 50 %. Therefore, that plan could not be qualified as anti-Serbian one, as some men said.

At that point, we told them that up until that point, we had a policy that we would cut off our hand and give it to them if necessary, and even if we got at the end of our tether, we coped with it. We bit the bullet and endured it all. But from now on, we do not have the right to do that. If we have come to the point that we might destroy the economy of this country, and those 10 million /word missing/ here, then gentlemen, you better resolve this issue at this table. So, our aid from now on can be reduced to food and medicines, you can count on us for this, any other help from our side is not possible.

I think we clarified this at that time. But we can reconsider it now. I do not know what President RADULOVIĆ and others here think about it, but except the food and medicines, we cannot give any other financial aid; we are not in the position to do so.

I even said this to the international representatives. They say: "Send observers", and I say: "Why observers, we do not want to punish the Serbs in Bosnia, we are simply not able to help them anymore, we will help them in any way we can."

But that was a turning point when we all assessed that the rest of the things could be solved in the process. Such aid of ours could totally destroy our economy. We had tolerated it until the moment when we achieved some results, but we cannot do things that are beyond our possibilities. Hence, I do not think the commanding staff of this Army can be sent anywhere. In case they get sent there, then they are not the commanding officers of this Army. You all know that very well.

15.

Pavle BULATOVIĆ:

It has been the case since May 1992.

Slobodan MILOŠEVIĆ:

They formed the state, they formed the army; those persons are the commanding officers of that army. Let us not deceive ourselves that those commanding officers belong to the Yugoslav Army.

Života PANIĆ:

Those commanding officers will surely return here. We must receive them.

Slobodan MILOŠEVIĆ:

We do not have to receive anyone. We have the right to downsize the manpower levels of our Army, if necessary. If your brigades are operational without brigade commanders, then there is no need for brigade commanders.

Života PANIĆ:

In the absence of the brigade commander, the chief of staff is replacing him.

Slobodan MILOŠEVIĆ:

Fine, that means that the brigade is functioning!

Života PANIĆ:

Since such a decision was made, we would act accordingly. We have no other solution in the Army.

As to this payment – we suggested this earlier – they can get the loans and finance their Army on their own, we told them this back then. We cannot give them anything any longer. Everything was terminated on 15 May.

Dragoljub SIMONOVIĆ:

Please, those 900 men are not at issue – they are over there on temporary assignment, and they will be back. The 1,500 men are at the issue.

16.

Slobodan MILOŠEVIĆ:

Why aren't those 900 men at issue?

Dragoljub SIMONOVIĆ:

Because they are within our military formation.

Slobodan MILOŠEVIĆ:

But who sent them there, and who approved it?

Pavle BULATOVIĆ:

General ADŽIĆ, there is an order on it.

Slobodan MILOŠEVIĆ:

It cannot stay like this forever.

Dragoljub SIMONOVIĆ:

It was planned that Yugoslavia should support 14,000 men.

Slobodan MILOŠEVIĆ:

Yes, we support 500,000 refugees, and we support 200,000 persons there, we gave 19, 000 billion as military aid in the first quarter. But our assessment should be focused on how long this support can last. We are a small and poor country, and we cannot endure this for a long time. I always used to say that the Soviet Union fell apart because of their collapsing economy. We must not allow that this Yugoslavia falls apart due to economy, only because different men have different opinions as per when is the right moment for switching over from the wartime to the peacetime

approach or vice versa. The war option in Bosnia is exhausted; this is the Supreme Defence Council, and we must talk about it openly; the war option is exhausted because they captured all that they could possibly capture. Now that a half of Bosnia has been offered to them, I think it is the time for a peace option. We are not able to finance a war option any longer, regardless of what anyone may think of it.

Rajo just mentioned a good and right approach. We must consider our gross domestic product, and what it amounts to.

17.

It can be bigger, if we organise our economy in a better way until the end of the year, if we curb the hyperinflation etc.

We can include public expenditures, the federal budget with those military expenditures and the military expenditures in the federal budget in the gross domestic product. I think we must deprive ourselves of many things in order to preserve this in the federal administration. We had a proposal to dismiss the entire federal administration and that the ministers employ only those indispensable ones from federal administration. The federal administration is enormous; it is a horrible expenditure producer. We must make a radical move, if we do not want our Army to breathe through a straw. Why would we need an Army that is not paid, that does not have combat means, etc.

Radoje KONTIĆ:

We downsized the federal administration to 8,000 – 9,000 staff, while in the Army, there are 100,000 men that are on our payroll.

Slobodan MILOŠEVIĆ:

Yes, but federal administration can be downsized to 2,000-3,000 employees. Greece is approximately our size, and has 500 employees in the Ministry of Foreign Affairs, and look how many employees we have in the Ministry of Foreign Affairs. Our Ministry of Foreign Affairs is as big as the Greek one, but Greece is a member of NATO, of the European Community, and other regional organisations and groups where they must have additional administrations, etc.

We must go through this. Because if we want to be rational about financing of the Army, we shall not focus on the Army only, but other spheres where we could save money as well.

Nowadays the most distinguished economists ask me:“ How can we possibly continue giving aid when we are in need of aid?”

Radoje KONTIĆ:

No, we cannot!

18.

Slobodan MILOŠEVIĆ:

Therefore, this is not the matter of will, we deprived ourselves of everything until we achieved acceptable result, and now we have to turn to the poor in our country. We cannot let them starve. Because if inflation continues growing at this rate, it will be impossible to purchase anything for dinars.

Radoje KONTIĆ:

Just so that you know, we will have to reduce the social care too.

Života PANIĆ:

The decision has been made, and we will act accordingly, no problem about it. We would inform them that our payments would be stopped although I think the Ministry already did it.

Slobodan MILOŠEVIĆ:

You can pay them if you have funds for that. But I am not aware of those funds.

Života PANIĆ:

There are no funds. This should be solved at the Government's level.

Slobodan MILOŠEVIĆ:

You gave them explanations; they cannot count on financial aid.

Radoje KONTIĆ:

Their Prime Minister LUKIĆ keeps saying: "Serbia is big, we'll get something from them."

Života PANIĆ:

We have been informing you about the level of material reserves in the Yugoslav Army. I can say that our material reserves can last for 15 days of war. As to the kerosene for the aircraft, it can last for 7 days.

The work on the establishment of production of ammunition of bigger calibre has been intensified.

19.

The Ministry has done a lot regarding this issue. We must purchase from abroad some material means such as big calibre ammunition for certain weaponry.

Momir BULATOVIĆ:

I think that the warning of President KONTIĆ must be understood as such. I cannot see any other intention, but the attempt of preventing a huge trouble. We can print today the entire amount of money bills that we need, but the question is if that would get us a step closer to the collapse.

I agree that in this moment, the expenditures need to be reduced to personal expenditures that are necessary for the functioning of the Army. Also, we need to request the Government, followed by great efforts of the Ministry and the General Staff, to use a magic formula of some kind and provide the funds necessary for the special imports.

As to the other issues, I would ask for one thing only. Please try not to reduce the meals for the soldiers as yet. At this point, it would not be a significant amount, and we must take care about those young men. This should be our last resort.

I would like to discuss the problem of our 1,500 officers, plus those 890 ones separately. I kindly ask Slobodan to analyse the situation in terms of its complexity.

I absolutely support what you have said (addressing Slobodan MILOŠEVIĆ) that we cannot support those men any longer, we must discuss those 890 persons only. I think that they should be given a choice whether they want to be officers of Yugoslavia. I think we need those men, and we sent them there under those conditions

by the Decision of the SFRJ /Socialist Federative Republic of Yugoslavia/ Presidency in 1992. Obviously, it was at the time when we pursued a single, joint state policy; we were obliged to help them. The very moment when the JNA had to withdraw from the Bosnia and Herzegovina territory, it was logical for us to do everything in our power and ensure the establishment and formation of the Army of Srpska.

Slobodan MILOŠEVIĆ:

We did that!

20.

Momir

BULATOVIĆ:

We have done that. Absolutely so. The mechanism existed once and it still applies. Therefore, we are talking about the men who the Yugoslav Army needs. They have been deployed to certain posts in the Yugoslav Army. Yet, the Army of Republika Srpska needs them, too.

Unfortunately, there has been this great divide with major consequences. We shall definitely take on the burden of everything, and unnecessarily so. Had our suggestion been accepted to take the 45 per cent of the territories as per the VANCE-OWEN plan, and then to fight by means of other mechanisms and negotiations for additional territory. /sic/ It is quite unbelievable that Radovan KARADŽIĆ, with his associates, did not accept the logic that it was the best option to enter in books the territory that was given to them right away, and, on the other hand, to use diplomatic and other activities in order to fight for the rest of the territory. We spoke about this on Friday. It appears that the differences /in opinion/ are great.

Nobody requested that the RS be undone or that the Serbian people in Bosnia and Herzegovina be left at the mercy of someone. On the contrary, we requested that the RS be preserved, bearing in mind our realistic possibilities and the situation that we are in.

I think that we ought to be correct towards our officers: we should grant them the possibility of choice and to return to the posts within their military formations, should they wish to do so. Yet, it must be known that from now on that the RS Army

and the Yugoslav Army are not the same thing, because the Yugoslav Army must abide by and respect the decisions of the state leadership of the FRY /Federal Republic of Yugoslavia/. On the other hand, I hope that the officers of the RS Army to a large extent for the irrational actions of their political leadership. /sic/

Therefore, in my view, there is nothing debatable about these 1, 500 men. Their names will be removed from the payroll. I do not see this as a permanent solution and measure. This should be done in order to make them realise the reality that this is not a "money drain". Their illusions to form some sort of a confederation with Croatia or to create some sort of monarchy, etc., represent a kind of craziness typical of wartime situations.

21.

Therefore, I think that we should think this over. I think that the Decision which was signed by Blagoje ADŽIĆ some time ago, should be invalidated, so that these 890 men, should they wish to do so, can return to the posts within their military formations, and so that we can stop paying for these 1, 500 men. This is how I see things.

Slobodan MILOŠEVIĆ:

Certainly, no problem about that. All the men who are still considered necessary, and as soon as they return to the posts within their military formations, are entitled to fulfil their rights and obligations.

Momir BULATOVIĆ:

The political situation at the moment requires that this practice be interrupted: i.e., we adopt this decision, and also cancel the decision which was in force before. The best thing to be done would be to invalidate the decisions which existed before. After that has been done, it is implicitly implied that it should be sanctioned in line with the positive legal regulations of the FRY. Think about these 800 men- they have their families here - they went over there following their patriotic motives. How could we possibly deprive them of their right to come back here?

Slobodan MILOŠEVIĆ:

No way! Our country participated in the creation of that Army for a year; it has been constituted. /sic/

Momir BULATOVIĆ:

It has been done so well that they do not even listen to us any longer.
(Laughter)

Slobodan MILOŠEVIĆ:

Yes, but I would never write it /sic/. We are talking about very delicate matters with huge implications, should this issue be opened up and treated as a problem. Therefore, if they are members of the Yugoslav Army, they should be called individually in order to check with them if they will be back or not. Yet, there should be no pressure exerted on anyone.

22.

Momir BULATOVIĆ:

After we have invalidated this Decision, we can say that we have activated a very positive legal scenario. So, each and every of these men will be informed that he needs to return, if he still wishes to be a member of the Yugoslav Army. Should he decide to stay over there, he will lose all rights that he would be otherwise entitled to.

Slobodan MILOŠEVIĆ:

So, we are opening a window of opportunity for them to be the Yugoslav Army members. Of course, this refers to those of them who are our citizens. That's not disputable. Given that it was established a year ago, it is actually incorporated in that organisation, which you know much better than I do.

Dragoljub SIMONOVIC:

For example, the Banja Luka Corps Commander has not been coming here at all, even though he has a family here. He is not part of our military formations. Yet, some of the Commanders of Brigades under his control who went there for three months, belong to our military formations, and we register such a person as our member no matter where he was born. They will come back. It may easily happen that even those amongst them who are not members of our Army, will come back - they will come here in order to find jobs for themselves.

Života PANIĆ:

There is yet another big problem here - all of them submitted their applications to get apartments, regardless of whether they are our members or not. We have to clear this up.

Slobodan MILOŠEVIĆ:

All right, but where will that Republika Srpska "reside" then?

(Interruption: In Belgrade, I guess!!)

Života PANIĆ:

All these problems will be resolved, once we have cancelled this Decision.

Miloš RADULOVIĆ:

When was the Decision adopted?

23.

Života PANIĆ:

The Decision was adopted on 06 May 1992.

Miloš RADULović:

So, it means that it was adopted in the FRY?

Života PANIĆ:

At that time, the FRY did not exist as yet.

Momir BULATOVIĆ:

We adopted the Constitution on 27 April, but we prolonged the SFRJ /Socialist Federative Republic of Yugoslavia/ Presidency.

Dane AJDUKOVIĆ:

Mr. President,

We have received information from the Government, i.e. the Ministry of Finance regarding general and public expenditures. When it comes to the Army and the Federal Administration, we have been informed to go only for personal income and some unavoidable costs.

When it comes to the Yugoslav Army, it gets very difficult to equalise it /sic/, due to two reasons. First, because of the Army realistic needs - the Yugoslav Army must maintain a certain degree of combat readiness. On the other hand, we have a problem which has repercussions on the economy. Right now, in the field of military industry, we have over 50, 000 workers who work for the needs of Army and thus make a living. For example, we already owe them 1, 600 billion for the goods that they already delivered. There is no way that we can pay that.

When it comes to investments, they are done selectively. We move from the former republics certain production capacities that, at the moment, we need the most from the point of view of production of weapons and military equipment.

Then, there's the production of food, the building of apartment units, etc.

These restrictions will suffocate this economy-related impulse too. I have told the Governor many times: "This is what has been produced so far; where are the inputs; this does not generate the inflation as much as the other factors do; it generates inflation in a different way." /sic/

24.

These restrictions would bring about other negative consequences too. Not only would it cause problems related to combat readiness, but it would also trigger problems related to our industry, suppliers, etc.

Slobodan MILOŠEVIĆ:

We cannot allow ourselves the luxury of extinguishing our military industry right now. That's clear. We would extinguish it, if we lost our buyers, and the buyer cannot be anybody else but the Army.

Radoje KONTIĆ:

Yes, but the buyer can buy the goods which he finds the most required at a certain moment. My Steelworks, employing 5, 000 workers with their 5, 000 families stands still. It does not produce anything, because there is nobody out there who can buy its products. Unfortunately, there is nobody to buy the products. If these goods are produced and then stored at warehouses, etc., that creates a huge inflation.

Right now, our economic and financial circumstances are such that we have to decrease our inflation rate below 100. Should we fail to do so, we will be in big trouble in 3-4 months. It will be a total fiasco.

The production sphere which must not stop working is the processing industry, because that would be a real catastrophe. For example, if an aluminium industry stopped its production, or a copper refinery. /sic/ We know that these industries can indeed present their products abroad, as soon as the sanctions are lifted, and earn a great deal of money. In case of market products and agricultural products, we have to go on. When it comes to the Army, we go on with the products which serve the

purpose of defence. As per everything else, we must stop it for this quarter of the year - and period!

It is my firm belief that should the inflation continue raging until the rest of the year at the rate marked in the course of these 5 past months, by the end of the year it would amount to 10 million per cent.

25.

Miloš RADULOVIĆ:

I think that we can bring our discussions regarding this agenda item to an end.

The warnings of the Prime Minister, as well as the rest of us who discussed this issue, are very clear. We can get ourselves into such a situation that we will not be able to understand these figures any more.

The number one issue is to create a budget proposal, and then to have that budget adopted by the Assembly. Should there be no valid arguments for a minimum which is acceptable given the current economic situation, then the Assembly will not adopt it.

As per what President MILOŠEVIĆ said regarding the expenditures for our brothers across the Drina river, that is a fact which they must respect in its entirety. That is a state of facts, about which we cannot harbour different opinions. That factual situations is the way it is.

When it comes to these 890 officers, the issue does not refer to financial effects only. Our society is rather transparent. Our politicians keep saying that there we have no soldiers over there, but there are generals, colonels, etc. /sic/ This is not about expenditures only. This provides evidence against us when we say that we have no soldiers there. This aspect is very important and it must not be overlooked. And as per the question of whether it is the best solution to simply abolish the decision, in my view, that solution is probably the best. Direct contacts with the people ought to be established.

Slobodan MILOŠEVIĆ:

That's very dangerous!

Miloš RADULOVIĆ:

Yes, but it is also dangerous. /sic/ Because, it is a document. That decision was adopted before the FRY was created. That document can somehow get into the public, and as such can be used as evidence against us in terms of our engagement in that area.

As per General PANIĆ's proposal, as well as the proposal of the rest of you who have similar views, we should create a new material which would specify those minimal requests, using proper arguments, and from the point of view of the adoption of the new budget.

26.

You know the way the MPs act. They can propose this or that kind of budget, but if we do not have arguments which can corroborate that we are hitting the bottom, then the MPs might think that this represents a kind of luxurious behaviour under these circumstances, and it might happen that we will not get the minimum that we need.

If you agree, let's conclude this discussion.

Pavle BULATOVIĆ:

How much time does the President grant us for revision?

Radoje KONTIĆ:

A week, because the revision of the budget must follow a certain procedure. I am fully at your disposal. We can sit together whenever you wish.

Momir BULATOVIĆ:

I think that we, as the Supreme Defence Council, should adopt the following stance - the Decision such and such should be cancelled, it becomes invalidated.

Slobodan MILOŠEVIĆ:

Momir, I am not exactly sure that it would be a smart move. I can accept that, that's not a problem. In our view, it was done at the time when it was needed. We carried a great burden in order to help them form their military formations over there. The decision to now recognise the fact that we have our officers over there, poses a great danger, from the point of view of the international community. We are talking about financial assistance. Even if we invited those men to come back, that would be counter-productive, because we are talking them into abandoning very responsible duties they perform over there. Thus, Yugoslavia will get them into a very difficult situation.

They indeed are the members of the RS Army whom we extend material support, but we cannot provide that kind of support any longer. We shall simply stop providing material assistance, and that's it. If some of them want to show up here and return to the posts in their military formations, those men should be taken back.

27.

There is no problem about it. Yet, we should not invite them to come back, as it could be interpreted that we are calling them here in order to weaken their combat readiness over there. It could prove fatal for some units.

Pavle BULATOVIĆ:

They will all come back once they cease receiving their salaries.

Radoje KONTIĆ:

Should you write to them, then you would give them *corpus delicti* to sue you at the court.

Života PANIĆ

Nobody will write anything to anyone. Those of them who wish to stay there under such conditions, will stay on no matter what, and those who do not, will come back.

Slobodan MILOŠEVIĆ:

We stated that it was material-financial assistance to the RS. They pay for it from the resources that we give. /sic/ We can send them assistance in food, in military equipment, money, etc. Yet, to pay one part of their officers, that compromises us a lot.

Momir BULATOVIĆ:

Now I see this paper for the first time in my life. If we do not cancel that decision, what will happen?

Slobodan MILOŠEVIĆ:

We can state that the Decision ceased being valid after the establishment of the new government in Yugoslavia last year, however, since then, it has been implemented by inertia, i.e. automatically.

However, given that we see it now for the first time, it is implied that the decision got invalidated upon the establishment of the new Federal Government, because they re-organised themselves too. No kind of decision can be valid forever.

Pavle BULATOVIĆ:

Yes, but that would provide evidence for a lawsuit against the Yugoslav Army!

28.

Slobodan MILOŠEVIĆ:

Nobody was forced to go there.

Pavle BULATOVIĆ:

The decisions reads "... those men who remain in the territory ...or get sent to that territory, have all the same rights as the rest of the JNA /Yugoslav People's Army/ members".

Života PANIĆ:

We can cancel that Order.

Slobodan MILOŠEVIĆ:

Momo, I think that it would be better that way.

Momir BULATOVIĆ:

It would be better if the General Staff cancelled it, because it was adopted by the Chief of General Staff.

Slobodan MILOŠEVIĆ:

That decision was not made by us. It did not matter at all within the framework of the overall assistance. It was not important. We should send them some general-purpose aid, and it should be up to them how to spend it. The assistance that we are going to supply is not about the amount of one's salary, or how many of them will receive salaries, etc.

We have sent them assistance amounting to 19, 000 billion. That amounts to 50 per cent of the budget, i.e. 2 million dinars per citizen of this country. And I am not talking about the current value of this amount of money, but about how much it was worth in the first quarter of the year. I do not think that my salary amounted that much at the time. If you bear in mind to what extent this population has sunk into poverty, then you will be able to get an idea about how much that amount of money was worth at the time in terms of its purchasing power. It amounts to 6 million for a

three-member family, back at the time when that money was worth much more. It amounts to my three salaries. For my three salaries, I can probably buy flour, cooking oil, and sugar for the entire year.

29.

Therefore, we are talking about a major exhausting of our population and our economy. Men, we must feel happy for having managed to reach "Easy Street" and to keep on going. We have managed to do that. However, there must exist some extent of general understanding about the flexibility of our economy. I used to tell them: "If our economy fails, who will you rely on?" They could have resolved the problem by means of the solution that has been offered; they could have accepted it, which would have annulled the second round of sanctions. The sanctions would have failed- they would not have been implemented, while the Muslim-Croat conflict in central Bosnia would have ruined the Plan. Any literate man can see it.

MICOTAKIS /as written/ nicely said in Athens: "You say that you are happy with the Plan 80 per cent. During the negotiations, you will realise another 10 per cent of your requests, which will amount to a total of 90 per cent." Who on earth can expect to have his wishes come true 100 per cent!? This would be a great success. We better not gamble it away!

Miloš RADULOVIĆ:

Can we conclude this agenda item debate? (Approval)

Do you think that we might discuss today any other issue mentioned at the beginning?

Momir BULATOVIĆ:

I have a question, but this is only for form's sake. I have established, in the Republic of Montenegro, the Council for Security and Defence in line with the Republic's Constitution. I thought that it was normal to have the Commander of the Second Army and the Commander of the Navy in that Council. The Council is a non-binding, advisory body. Given that they share no competencies with the

Republic, I would kindly ask the Supreme Defence Council to approve of their membership in that Council.

Slobodan MILOŠEVIĆ:

I see no reason why the approval should not be given.

Života PANIĆ:

I would have something to add in reference to the appointing of personnel, i.e. COKIĆ and the others. Let's discuss it some other time.

Slobodan MILOŠEVIĆ:

I received excellent pieces of information about General COKIĆ.

30.

However, I heard about serious objections against him in Montenegro.

Momir BULATOVIĆ:

As far as I know the situation, General COKIĆ was in the same helicopter together with the late Krsto ĐUROVIĆ. He was wounded. As long as the military operations lasted, he was practically put out of actions. That's the reason why I "took it with a grain of salt". I have spoken with a few people and the President of Montenegro. They asked that this issue be treated with reserve, as there was a lot of animosity and aversion by the men who took part in military operations. They stuck on him various things about his commanding and leadership. At the very beginning of the war he was wounded, and all along he has been suffering from that bodily harm.

Života PANIĆ:

COKIĆ was the Varaždin Corps Commander. He is an excellent commander. He is excellent nowadays, too. He works here with UNPROFOR /United Nations

Protection Force/. He barely survived a bad helicopter crash. He spent a very short time on the battlefield. Otherwise, he was a Commander of the Fifth Crna Gora /Montenegro/ Brigade for seven years. He knows Montenegro well.

As per his leadership and commanding in the state of war, it turns out that everyone can evaluate his abilities nowadays. After Mile DŽINOVSKI who went /sic/ and accepted the responsibility, in my view, he did everything in his power, and they reached Ćilipi. They implemented all the tasks they received from the General Staff and the Supreme Command. Now he performs all his duties very well. He is very responsible about what he does. SIMONOVIĆ knows him well.

Dragoljub SIMONOVIĆ:

I have known him for over 30 years now. We completed our secondary school education together. He is a remarkable and stable man. He was an inspector in chief before he went over there. When they called him, he was told that he was to be a commander of an operations group. He got ready and went there without delay.

Života PANIĆ:

If you agree, let it stay the way it is, and then we can reconsider the list once again, so that when we meet /again/, Mr. RADULOVIĆ can sign it in his capacity as Supreme Commander.

31.

Pavle BULATOVIĆ:

I have been informed that the meeting which was held on 27 May looked like a meeting of the Personnel Commission. I am saying this because my generals have informed me that they had received a notice about some appointments and criteria observed. That material contains the point of view of the Personnel Commission, even though the members of the Commission were neither invited nor did they attend the meeting. I think that there is no need to create unnecessary misunderstandings.

Života PANIĆ:

That was a meeting of Army Commanders, where such decisions were adopted. After all, General SIMONOVIĆ was the President of the Personnel Commission. I agree that they should take a look at it again.

Pavle BULATOVIĆ:

Why did not you invite the two of them, if that was a Personnel Commission meeting indeed? They are members of the Personnel Commission, both General DRAGOJEVIĆ and General ŽUNIĆ.

Života PANIĆ:

DRAGOJEVIĆ is on leave.

Pavle BULATOVIĆ:

The fact that he is on leave is something else.

Dragoljub SIMONOVIĆ:

On 27 May, the Board of Chiefs of the General Staff posed two questions, and you will get them. That day, they considered some general issues only, and not personnel-related matters. They discussed some general issues related to personnel. The Supreme Defence Council must make a decision about a cadre of generals, given that many generals are about to be retired. On that day, they revealed some overall figures only, and they did not make decisions as per who should assume some concrete posts. The Personnel Commission was in session two days ago. ŽUNIĆ was there and DRAGOJEVIĆ was absent. This is when we considered what the General spoke about.

Života PANIĆ:

I agree that we should reconsider it. All the items are contained in there. Let each member of the Supreme Defence Council take a look at the material and give his opinion as per who should be retired and should not be retired. Then we would hold yet another session of the Supreme Defence Council. Should you all agree that some men are to be retired, then the Personnel Commission should decide who will replace them. Until the decision on who is to be retired has not been made, we cannot appoint anyone else. However, some things are urgent, and that's why we asked for this part of the work to be completed first.

Therefore, you have the material. Take a look again, and then it should be reassessed, once appropriate conditions have been established.

Slobodan MILOŠEVIĆ:

Until that time, Momir will clear up the issue of General COKIĆ.

Života PANIĆ:

None of us should harbour any doubts.

I would wish to inform you once again. Here at the meeting of our Board, we asked the Supreme Defence Council to hold a meeting in Dobanovci on 27 May. We scheduled that meeting. We sent invitations to Army Commanders. The plan of work exists and it has been approved. The opening of the meeting, the personnel issues which I have just mentioned, the considering of the current military and political situation in the Yugoslav Army. /sic/ SIMONOVIĆ gave the keynote speech. The others also gave their comments, and had a /working/ lunch.

When Mr. ĆOSIĆ called DIMITRIJEVIĆ to come and explain him some things, DIMITRIJEVIĆ said that he was in a hurry because of the meeting, etc. ĆOSIĆ called him on the phone and asked: "Could I also come and attend the meeting?" I said: "You are the Supreme Commander, and this is not about whether you can attend or not. It is your decision." He came to the meeting. He listened to all presentations. Then he delivered the final speech.

I sent you the first version of the final speech. I delivered the final speech after he did certain corrections. /sic/ That's all from that meeting.

Slobodan MILOŠEVIĆ:

We have no objections to your behaviour. The attempt of ČOSIĆ to manipulate the Army and abuse such a meeting of the military leadership, has not been met with positive response amongst the senior officers.

Therefore, we did not pose the question of responsibility of participants in the military leadership. /sic/ We only posed the question of responsibility of ČOSIĆ. Because the statements uttered at the meeting were catastrophic. If something is wrong with the Constitution, the General Staff is not the place where it should be discussed, neither should the General Staff be asked to give its opinion about it. The General Staff meeting is not the place to accuse Montenegro of having "the Slovenian syndrome" and wanting to separate from the rest of us. The meeting of the General Staff is not the place where the forces of the Serbian Interior Ministry should be labelled as paramilitary formations, etc. It is not the place to say that the Army should be used /sic/ and that the Army is a tool that keeps us together. That is absolutely not true. This state represents the will of the people, and it has not been created by force or with the help of the Army, so that now the Army should be used against certain political developments. This is an attempt to manipulate the Army. Luckily, nobody took it seriously.

Another issue is related to changing the final speech and removing all problematic points from it. Momir and I know well enough from those tough meetings of the leadership, that you are entitled to make changes to your speech only when it comes to capital letters and full stops. You can do so because the typist who transcribes the tapes from meetings can make mistakes about it, especially so if he or she is not educated enough. Yet, you are not entitled to cross out statements which you uttered at the meeting. That represents a forgery and not an author's intervention.

However, it does not matter now. It's a closed chapter. ČOSIĆ has been relieved of his duties. We are done with this conversation.

I am glad that the military leadership did not approve of such monstrous approach and attitudes. But, that's over with and there is no need for you to explain that you had no intention of participating in it. We could see that you did not.

Života PANIĆ:

We have the complete material. We have the final speech and the keynote speeches. We are preparing it, and we shall deliver it to all members of the Supreme Council.

What bothers me and my associate the most are the rumours in the Assembly: the putsch, the organisation of the putsch, secret meetings, etc. I thought that we should issue a public release about it. But perhaps it would be best to keep quiet.

Slobodan MILOŠEVIĆ:

You should not do that, because you were not the ones who came under attack. This is not the first time that they have tried to do it with the Army. Before the elections, they were some attempts to manipulate the Army. I remember that very well, but we let it off lightly. This is not only irresponsible and lacking seriousness, but also represents a distorted view of Constitutional competencies, especially regarding the Army.

Života PANIĆ:

I do not think that there is a need for us to have such a meeting.

Slobodan MILOŠEVIĆ:

Me, too. Momir, what do you think?

Momir BULATOVIĆ:

There is not need for it.

Miloš RADULOVIĆ:

So that the members of the Council can get a more thorough information.

Života PANIĆ:

You will get it.

35.

Dragoljub SIMONOVIĆ:

I would clarify this material briefly.

As per our formation, there are 125 posts for generals and colonels. There are 85 positions for generals, while the remaining posts can be filled either by generals or colonels. Plus, there are 10 generals filling these posts in temporary military formations. /sic/ These posts will be closed the moment the men who fill it get retired. It makes a total of 135. There are three colonels who were issued decrees /sic/ while the JNA was still in existence, but their posts are abolished now. They are here, and they have the decrees. It's a total of 138.

Out of these 138, there are 8 generals who are 60 years old, or are supposed to turn 60 soon, and they have accumulated 40 years of service. Some of them have accumulated even more than 40 years of service.

When it comes to these 8 men, you have to make a decision what to do next, i.e. whether they are to be retired or not? This is how the law dictates it to be done. So, their service can be extended for two more years, while the best experts from any sphere can stay for another 5 years, i.e. until they turn 65.

The second group of men are those who are 60, and have accumulated less than 40 years of service. There are three of them: General DRAGOJEVIĆ, General ARANDELOVIĆ, and General RADOJEVIĆ. They can be retired, but not necessarily.

The third group consists of generals who are under 60 years of age, but they have accumulated the appropriate number of the years in service. For example, if one of them was a pilot, he has 40 years of service and he is under 60. There are 35-36 of them. We think that we need to prepare proposals. After the first groups has been relieved of their duties, then we need to put together the list of names and propose to

you which men are the most appropriate for certain posts, who should stay on, and who should be retired.

The fourth group, consisting of 5 generals, could be retired according to the law on compensation in money. So, this person quits his job, gets retired, but receives his full salary, until he meets one of the retirement criteria - either appropriate age or sufficient number of years of service.

Messrs Presidents, please bear it in mind.

Slobodan MILOŠEVIĆ:

It's all automatism?

36.

Dragoljub SIMONOVIĆ:

Automatism is all. All of it is contained in the material, including the criteria, and the rest of it.

Slobodan MILOŠEVIĆ:

President,

I think that we need to come out with a release covering this meeting. It should not be reduced only to the statement about our discussion regarding the material situation. The material situation, of course, is one of the major issues, but we should also mention the Army and its full combat readiness, in order to confirm the importance of the combat readiness of the Yugoslav Army.

Momir BULATOVIĆ:

Yes, but we need to link it with the issue of the regular budget revision. The Supreme Defence Council sent word to the Federal Government to assure resources for the normal functioning of the Yugoslav Army, within the framework of the budget revision and in line with available material resources and finances.

Miloš RADULOVIĆ:

All right, let's conclude this meeting.

(The meeting ended at 1600 hrs.)