

STENOGRAPHIC RECORD  
of the 21<sup>st</sup> Session of the  
SUPREME DEFENCE COUNCIL  
held on 7 June 1994

The session began at 1430 hours.

Attending the session: Zoran LILIĆ, the President of the Federal Republic of Yugoslavia /FRY/ - President of the Supreme Defence Council; Slobodan MILOŠEVIĆ, the President of the Republic of Serbia and Momir BULATOVIĆ, the President of the Republic of Montenegro – as Council members; Dr. Radoje KONTIĆ, Federal Prime Minister; Pavle BULATOVIĆ, Federal Minister of Defence; Colonel General Momčilo PERIŠIĆ, the Chief of Staff of the Yugoslav Army /VJ/ General Staff /GŠ/; Major General Slavko KRIVOŠIJA, the Chief of the Military Cabinet of the President of the FRY.

The session was chaired by Zoran LILIĆ, the President of the Supreme Defence Council.

Zoran LILIĆ:

I propose that we begin.

First of all, I propose that we discuss Personnel Issues on the occasion of the Yugoslav Army Day on 16 June. Then, Momo will briefly present a report regarding the preparations for the celebration of Army Day.

I'd like to propose that we discuss any urgent matters under Current Issues? If there aren't any, I propose that we leave everything for the next session.

You have a Finance Report, a Report on the work of the Federal Ministry and so on.

Thus, I propose that we discuss two questions.

Radoje KONTIĆ:

As part of Current Issues, I have a question – the question of payment of salaries for May to the Army.

Slobodan MILOŠEVIĆ:

Haven't the salaries for May been paid?

Radoje KONTIĆ:

No, they only received an advance, that's the problem!

Zoran LILIĆ:

Let's proceed with the adoption of the Minutes of the 20<sup>th</sup> Session of the Supreme Defence Council.

Are there any remarks to the Minutes? (None).

I hereby declare the Minutes adopted without remarks.

I give the floor to General PERIŠIĆ for the first item on the agenda!

Momčilo PERIŠIĆ:

Mr. Presidents, Mr. Minister,

In keeping with your decision to declare 16 June Yugoslav Army Day – since this will be the first time it will be celebrated – we have prepared the following program. I present it to you for your comments and assistance, whether we should add or omit something:

The President of the FRY will send a message of congratulations to the members of the Yugoslav Army on 15 June and will receive a delegation of the Yugoslav Army at 1300 hours on 15 June in the Palace of the Federation.

Zoran LILIĆ:

All right, the first point is accepted.

Slobodan MILOŠEVIĆ:

Yes, it's accepted but I think it would be better if he didn't receive a "delegation of the Yugoslav Army", but to make a decent reception for 100 – 150 people from the Army – the commanders, chiefs of staffs and so on.

Momčilo PERIŠIĆ:

Mr. President, that's what we envisaged: the delegation will comprise commanders, my aides and a company commander from all units. That'll be around 50 or 60 persons.

I propose that I first set out all proposals, and then you can make your suggestions.

Next, a Delegation of the Yugoslav Army will lay a wreath at the Tomb of the Unknown Soldier at 1100 hours on 16 June; the Chief of General Staff will receive the foreign military attachés at the Yugoslav Army Central Club at 1300 hours on 14 June; the Chief of General Staff will receive the editors-in-chief and journalists covering the Army at the Central Club at 1300 hours on 8 June; also, the Federal Minister of Defence and the Yugoslav Army Chief of General Staff will receive persons prominent in cultural life and public figures, representatives of the SUBNOR /Federal Association of WWII Veterans/, the Alliance of Reserve Army Officers and Veterans' Associations at 1000 hours on 14 June.

There will also be a formal celebration of the Yugoslav Army Day at 2000 hours on 15 June at the *Sava* Centre. The question is whether to invite members of different parties, persons who are prominent in public life? Should we link it to a post or simply invite everyone?

There will also be a march past of military bands and other events, which are not so important.

Slobodan MILOŠEVIĆ:

All in all, the plan is good and I agree with it, except that we should think about whether to hold a commemoration because it is only entertainment for those who are invited. I'd like to propose a few finishing touches: not a "delegation of the Army" but the "Chief of General Staff lays a wreath". You will be accompanied by those who should accompany you. At least, in the army you still know the hierarchy.

I think it would be better to have one reception – that means, not a delegation of the Army, but on the occasion of the Yugoslav Army Day to receive a broad number of representatives – perhaps several men from each Corps, those who are off duty and who are in charge; to congratulate them, the President of the Republic addresses them and the Chief of General Staff says something. All in all, it should be

a stylish reception, because the Army is different – it's not an association of citizens where the President of the Republic receives a delegation of citizens.

DRAFT TRANSLATION

I liked the part about the military bands' march past from Terazije to Kalemegdan, that'll be nice and is sure to attract the people. That's an open-air commemoration. We have to see about media coverage. The evening news will open with: "On the occasion of the Yugoslav Army Day, the Chief of General Staff laid a wreath, signed the book of visitors, what he wrote" and that's that, followed by a review of the guard of honour, the anthem, etc.

After that is the reception of the President of the Republic. He will say something and you Momo will also say something, then the march past and so on.

The other events – the reception of journalists and so on – they are appropriate but more work-related because the journalists will write about what has been said and so on.

The only thing is the commemoration which I find somewhat outdated but if you think it will be really well prepared, then, it's fine.

Momčilo PERIŠIĆ:

There'll be a six minute speech followed by a culture and art program. However, there is a moot point: if we don't invite all structures of society, someone might take offence because some might not find the program appropriate – for example, soldiers want one type of program, party members a different one and so on. There might be some criticisms, but we'll see what we'll do!

Momir BULATOVIĆ:

Has the commemoration program been prepared?

Momčilo PERIŠIĆ:

Yes, it has! It has been planned out, but there is always the off chance of someone making provocations. In some ways, such gatherings are a thing of the past which we inherited and that's the risk of whom to invite.

Momir BULATOVIĆ:

I think that there are reasons to have the commemoration just this once as the

first time that June 16<sup>th</sup> is celebrated. We can only apply the functional state principle – you can't invite someone just because he is the leader of a party. You can say, for example, I'll invite 50 deputies of the Federal Assembly and let them decide who'll come, whether they want to send representatives of opposition parties and so on. It's our experience and principle, whenever we need to have a multi-party character, to try to do it through the functional state approach. For example, we invite the Assembly Vice-Presidents.

Slobodan MILOŠEVIĆ:

If the deputies come, ŠEŠELJ will create a circus just to attract attention of the media, he'll start yelling in the middle of the commemoration and criticize everything. We shouldn't risk such a formal gathering by inviting that fool!

Momir BULATOVIĆ:

He wouldn't do that!

Slobodan MILOŠEVIĆ:

What do you mean wouldn't?! He's dislodged microphones in the Federal Assembly! He's crazy!

Momčilo PERIŠIĆ:

We agree with your opinion – not to invite any party leaders.

Slobodan MILOŠEVIĆ:

Invite the Presidents of the two chambers of the Federal Assembly.

Momir BULATOVIĆ:

You should invite the Presidents of the Federal Assembly Committees – members of the Radical Party have walked out of them.

Slobodan MILOŠEVIĆ:

That's good: the Presidents of Chambers and Committees, as an office, not as deputies.

Zoran LILIĆ:

That's the best criterion.

Momir BULATOVIĆ:

Will there be a live television broadcast?

Momčilo PERIŠIĆ:

Yes, in a timeslot we will reserve on television.

Momir BULATOVIĆ:

I think it would be good if the President said a word or two, apart from the speech of the Chief of General Staff.

Zoran LILIĆ:

I'll be receiving them the day before!

Momčilo PERIŠIĆ:

Yes, he should say something either at the reception or at the commemoration, perhaps even better at the commemoration than at the reception.

Slobodan MILOŠEVIĆ:

All right, I have nothing against that, but I think that the two events shouldn't clash – the reception and the commemoration. One should be given more importance. They'll both be on the same day, on June 15<sup>th</sup>. This is just a fine point and it can be at the commemoration. But the program has to be good. I don't know, will they be playing the *gusle* /one-stringed folk fiddle/? There is a symphonic orchestra and a choir!

Momčilo PERIŠIĆ:

We have to go with the *gusle*, because it's Army Day and *gusle* are the most important instrument on that day. And, I can tell you, that *gusle* are still the most important instrument in the zone of war operations. It won't last long.

Slobodan MILOŠEVIĆ:

All right, then, a song with *gusle*.

Zoran LILIĆ:

I propose that we adopt the Report on the celebration of Yugoslav Army Day, with the proposed program, including the commemoration.

Slavko KRIVOŠIJA

There is also the gun salute in Belgrade and Podgorica!

Zoran LILIĆ:

The gun salutes are fired at the orders of the President.

Momčilo PERIŠIĆ:

That's all understood – I didn't give all the details, I didn't want to bore you. For example, I'll be receiving the families of killed soldiers and there are many other activities.

The gun salute will be ordered by the Supreme Commander: on the occasion of the Yugoslav Army Day so many salvos will be fired in the capital of Yugoslavia and in Montenegro.

Zoran LILIĆ:

All right, we've agreed on this and we'll discuss any details if necessary.

Let's go on.

The next item on the agenda is Personnel Issues.

Momčilo PERIŠIĆ:

We have regular and extraordinary promotions on the occasion of the Yugoslav Army Day.

There are two lists: a short one and a long one.

The advantage of the short list is that only those who have fulfilled the requirements prerequisites and contributed to the transformation of the Yugoslav Army would be promoted.

The long list includes some men who haven't fulfilled the requirements and they are on the list to improve the hierarchy structure. Due to the pensioning of generals in several waves, the situation is now such that a corps commander, an army commander and the Deputy Chief of General Staff have the same rank.

The short list:

Only Savo PUSTINJA fulfils all requirements for a regular promotion.

I think there's no reason not to promote him.

We also propose the following men for an exceptional promotion:

Blagoje KOVAČEVIĆ, who is my deputy and an extremely good person, and Mile MRKŠIĆ who became a general right after Vukovar. You know how much he did for the defence later on, particularly in eastern Bosnia.

There's also Božidar BABIĆ, 2<sup>nd</sup> Army Commander.

To be promoted to the rank of major general: Miodrag SIMIĆ, the 1<sup>st</sup> Administration Chief, Milan ČELEKETIĆ, whose nomination we have to verify because he was proposed by them, then there's Lazar STAMENKOVIĆ, MILETIĆ and KOSIĆ – all three prior to retirement. They have fulfilled all requirements but have not been promoted so far; we would promote them and pension them off.

Slobodan MILOŠEVIĆ:

Yes, but that's not an exceptional promotion.

Momčilo PERIŠIĆ:

No, it's not an exceptional promotion, it's a promotion prior to retirement. When we make a statement to the public, we shouldn't specify whether they were exceptional or regular promotions, we should just say "such and such has been promoted to the rank of..."

The long list is the same as the short one, but includes more men: Savo PUSTINJA remains as above. ŽUGIĆ and GRAHOVAC are airmen, they have fulfilled all requirements for a regular promotion. However, the timing might not be right for two reasons: the first reason being that the Air Force is, in many ways, on the minimum – in respect of flights and we have had this misfortune, which is in no way

a result of their ineffectiveness or mistake, but I don't know how the public would accept it if they were promoted.

Next, PUSTINJA to the rank of Lieutenant General. We still have KOVAČEVIĆ and MRKŠIĆ. We'll now extend the list to include all army commanders and my aides. That would be good from the aspect of subordination but it wouldn't be good because there are many generals. Frankly speaking, the situation in the Army has not improved much, not because of laziness but because of the existing social circumstances. No matter how much we move forward, combat readiness is at the same level, perhaps even just a bit lower.

Further on, to the rank of Major General: SIMIĆ, BIGA, ČELEKETIĆ and the others. Slavko BIGA has been included here, but he's not in the short list because he had just become the Corps Commander when the accident in Danilovgrad occurred.

Therefore, there could be public criticism if we promote ŽUGIĆ, GRAHOVAC and BIGA because there had been some extraordinary events prior to their promotion. Perhaps it would be better to wait.

I would like your opinion on this, do we chose the short or the long list.

Second, the situation in the Service should be regulated. This point is less debateable. Mirko RADOŠEVIĆ, the 3<sup>rd</sup> Army Chief of Staff, is ill. He should be replaced by Milovan BOJOVIĆ, the Priština Corps Commander, Milovan BOJOVIĆ should be replaced by Momir VUKADINOVIĆ, the Priština Corps Chief of Staff who is from Kosovo.

Further on, Major General Božidar JOKIĆ, the Niš Corps Commander, should be transferred to the 3<sup>rd</sup> Army Command. I have to explain one thing here. He became a general and he is a good man. However, there are some indications that he is somewhat inclined to support opposition views. We're not sure and we don't want to

strike him out just yet. That's why we want to bring him to the Army Command, where he won't have a chance to make a decision independently and we can monitor his work. When we see what he's really like, we'll make a proposal. He should be replaced by Negoslav NIKOLIĆ – the two of them will, in fact, only switch duties. He is younger than him, he's a fighter and he's from the area.

Next, Milorad KNEŽEVIĆ, an advisor at the Federal Ministry up to now, to be given the post of Deputy Minister for Civilian Affairs. Let him prove himself – if he's good, it's fine. If not, we'll pension him off as soon as he fulfils the requirements, which is next year.

DRAFT TRANSLATION

Then, we should to issue a decree for those who have been appointed so far under an order – Miodrag PANIĆ, the Special Units Corps Commander and Miroslav BRKIĆ, the Logistics Base Commander. Whatever assistance we gave to Republika Srpska and the Republic of Serbian Krajina went through him.

Next on the list are Đurađ MILENKOVIĆ, the Engineers Chief, Tomislav OBRADOVIĆ, the Drina Division Commander, and Novica ĐORĐEVIĆ, the Corps Chief of Staff.

I added two more names to this list: Aco JOVIČIĆ, the Deputy Chief of the VMA /Military Medical Academy/. The VMA Chief BIJELIĆ is 61 years old and we have kept him as a valuable expert. However, he is nearing the end of his working career and we want to create conditions for Aco JOVIČIĆ, who is an exceptional man, to replace him as the VMA Chief. He has published 30 scientific works abroad.

Slobodan MILOŠEVIĆ:

I know him, he's a colonel.

Momčilo PERIŠIĆ:

Let's appoint him by decree so that we can create conditions for him to take over the duty and become a general in a year's time.

Next on the list is Vuk OBRADOVIĆ, the Director of the Military Service. We put him there so that we could promote him to the rank of general before we pension him off because he imposed numerous checks and managed to keep the sector free of any illegal activities.

Slobodan MILOŠEVIĆ:

Who's Zoran JOVANOVIĆ?

Momčilo PERIŠIĆ:

No, he's not being proposed. I wrote his name, but I changed my mind. He's a soldier and an outstanding person. However, he asked to be pensioned off, he's no longer capable of performing his duties. He's fulfilled all the requirements – one of his age being one of them. He's the Dunav Division Commander in Zrenjanin.

Next, Lieutenant General Mićo DELIĆ is retiring. He was the Corps Commander in Maribor and then in Vukovar. Later on he was the Mechanised Corps Commander. His health, and especially his mental health, is frail and he can't be given an important duty, so there is no sense in burdening the Army with unproductive generals.

Slobodan MILOŠEVIĆ:

As far as I'm concerned, the short list is completely acceptable. KOVAČEVIĆ is an outstanding general – that's the overall impression. Mile MRKŠIĆ undoubtedly deserves to be promoted to the rank of Lieutenant General and BABIĆ to the position of Army Commander. We wouldn't announce ČELEKETIĆ's promotion because he's with MARTIĆ.

However, I do have one question. I see that you nominated General Milovan BOJOVIĆ, the Priština Corps Commander, for the post of the 3<sup>rd</sup> Army Chief of Staff.

I think we should treat the Priština Corps differently, bearing in mind that we have a separate Plan for Kosovo and that the Plan has been extensively developed. We only have units of the "A" formation in Kosovo, that Milovan BOJOVIĆ is from Kosovo and he doesn't have to look at a map because he knows every village there. At one point we appointed him Commander of the TO /Territorial Defence/ in Kosovo. I simply think that the Priština Corps cannot be treated as the others, which is what you tend to do, as the Kragujevac Corps or some other corps. The Priština Corps is an assault corps, highly developed, its manned to 90% capacity and its extremely important for the safety of our territory.

I therefore think that – regardless of the fact that the post of army chief of staff is higher than that of corps commander – BOJOVIĆ won't be angry if we keep him as corps commander. I think he should be promoted to Lieutenant General. After all, the head of the Priština Corps should be a Lieutenant General because it's a huge large. So, we keep him as the Priština Corps Commander and leave VUKADINOVIĆ as the Chief of Staff since he is also from Kosovo. After all, BOJOVIĆ and MRKŠIĆ are major generals with the longest years of service.

Therefore, I think that the establishment post of corps commander, particularly the post of Priština Corps Commander, was always major general and lieutenant general.

DRAFT TRANSLATION

Momčilo PERIŠIĆ:

It still is.

Slobodan MILOŠEVIĆ:

So, he won't be angry if he's given a reasonable explanation: you BOJOVIĆ must stay in Kosovo. He'll welcome it. His father, mother, grandfather, they're all in Kosovo. A general like him has to be there. It's not a hindrance to his advancement.

I'd like to propose that we promote him to lieutenant general and leave him as the Priština Corps Commander.

Momčilo PERIŠIĆ:

If I may, I'd like to say something. It wouldn't be good if we promoted Milovan BOJOVIĆ to lieutenant general and not do the same to his commander, Dušan SAMARDŽIĆ. However, if we promote Dušan SAMARDŽIĆ then we should promote all army commanders.

Slobodan MILOŠEVIĆ:

Which army commanders haven't been promoted?

Momčilo PERIŠIĆ:

We haven't promoted SAMARDŽIĆ.

Slobodan MILOŠEVIĆ:

All right, let's promote BABIĆ, the 2<sup>nd</sup> Army Commander and SAMARDŽIĆ, the 3<sup>rd</sup> Army Commander.

Momčilo PERIŠIĆ:

Then it would be logical to promote VELIČKOVIĆ, the Air Force Commander.

Slobodan MILOŠEVIĆ:

All right, promote him too!

The commanders of strategic formations should be lieutenant generals. The Navy, Air Force and three Armies – it stands to reason that the commanders are lieutenant generals.

Momčilo PERIŠIĆ:

Before you decide, I'd like to say one more thing. You are 100% right: we take Milovan BOJOVIĆ as the Chief of Staff, put Momir VUKADINOVIĆ, who is from Kosovo, in his place and replace Momir VUKADINOVIĆ with Milovan BOJOVIĆ's brother, who's also from Kosovo, as the Chief of Staff; he's a soldier and a colonel.

Slobodan MILOŠEVIĆ:

I know them both. BOJOVIĆ completely reorganised the TO as we told him. He's a calm man. I even think that they are a good combination, BOJOVIĆ and VUKADINOVIĆ. VUKADINOVIĆ is somewhat fiercer than he, and a good general. I think they should remain at those posts for a while – let them get to know the people and the authorities and they'll end up knowing everyone. He moves through Priština without an escort, regardless whether he's in civilian attire or in uniform. He is a very good general.

Momčilo PERIŠIĆ:

BOJOVIĆ is an outstanding man – he is honest, honourable, he knows the territory, his intellect and so on. But, unlike his brother, he's not so brave.

Slobodan MILOŠEVIĆ:

He's not brave?

Momčilo PERIŠIĆ:

I didn't say he wasn't brave, but he's less brave than his brother, who fought from Debelo Brdo all the way to Slano. His soldiers adore him. Milovan is entering a stage when he should act quickly and energetically, but he's a bit slow. A professional soldier must take responsibility at a moment's notice. I say this purely from a military aspect. Otherwise, I completely agree with you.

Slobodan MILOŠEVIĆ:

He's got VUKADINOVIĆ who's somewhat "fiercer" than him.

Momčilo PERIŠIĆ:

VUKADINOVIĆ is "fiercer" than him, he fought in Vukovar, and he will be replaced by his brother so we'll lose nothing as regards quality. We'll give credit to BOJOVIĆ – he's going to be the Chief of Staff. I agree with you to promote him, and the other army commanders.

Slobodan MILOŠEVIĆ:

I mentioned him for several reasons. First of all, the Priština Corps is the biggest corps in the Army and it carries a lot of responsibility – with the "R" formation partially on the borders of Kosovo and the "A" formation exclusively in Kosovo. Second, according to the years of service, he's the oldest major general, except for Mile MRKŠIĆ. He's a good officer.

I personally think he would be better as a Corps Commander than an Army Chief of Staff where he wouldn't have such a broad range and he does know Kosovo like the palm of his hand.

Momčilo PERIŠIĆ:

All right, we'll do it that way.

Slobodan MILOŠEVIĆ:

Therefore, I'd rather keep him there, don't change him and give him the rank of lieutenant general. I fully agree with the remark that there's no sense in promoting him to lieutenant general while the army commander is a major general. However, if we trust the men, there is no reason to keep any of the army commanders as major generals.

I think SAMARDŽIĆ has a drinking problem and you should tell him.

Momčilo PERIŠIĆ:

I called him up and told him already. He's changed. He doesn't drink much; he has a drink occasionally – maybe once in two months, believe it or not, a small /?glass/ and he's finished!

Zoran LILIĆ:

Does that mean that he gets drunk often?

Slobodan MILOŠEVIĆ:

You must root that out with the commanding officers holding top positions – this tendency to drink.

Momčilo PERIŠIĆ:

He and the sailors are somewhat of a problem. The others are not prone to drinking.

Slobodan MILOŠEVIĆ:

The sailors have the "bar" close by!

Momir BULATOVIĆ:

When we visited ISAKOVIĆ, he said there was no alcohol on the ship, but Zoran counted two and I saw three bottles of whiskey. (Laughter).

Momčilo PERIŠIĆ:

So, leave BOJOVIĆ there as the commander?

Slobodan MILOŠEVIĆ:

And promote him to the rank of lieutenant general.

Momčilo PERIŠIĆ:

I'd like to ask that we resolve another matter which I didn't mention here, but it would be fair if we did it for a number of reasons.

In view of the fact that, tentatively speaking, RAKIĆ has been accepted as a minister of the Republic of Serbian Krajina and has now been brought back here, the only way I can resolve his status is as follows: I first have to appoint him as my aide, in the Navy and then as a commander. However, since ISAKOVIĆ is the commander there, and he is supposed to leave by the end of the year because he fulfils all requirements for retirement, I'd leave him there until September and then deal with RAKIĆ. We have to decide about him by September, because I only have him and ZEC. Who's the better choice?

What's wrong with RAKIĆ? His problem is what we have just said. But, he's very responsible and energetic, and a good soldier. His faults are that he's a bit arrogant – he's not a diplomat; but he knows how to deal with sailors and people value him greatly.

Slobodan MILOŠEVIĆ:

Is ZEC an admiral or a general?

Momčilo PERIŠIĆ:

They're both admirals, but I may be mistaken. I'm speaking off the top of my head.

RAKIĆ was divorced before the war; he has two children and they're now in Ploče. They brought his children to Pula, threatening to kill both his sons, who are twins, if he didn't hand over the unit he was charged with. He didn't back down, they all left, and so on.

What's the story with ZEC? He's just as good, less energetic than RAKIĆ but a better diplomat. His daughter is married to a Croat and lives in Korčula.

There's no one else, only the two of them. You can see that there are other good naval captains, RADOVIĆ for example, but that wouldn't make any sense now.

Zoran LILIĆ:

You'll find RAKIĆ a post now and we'll wait until September for this.

Momčilo PERIŠIĆ:

He'll have to wait until September, Mr. President, and then we'll solve his problem by pensioning off ISAKOVIĆ since he's fulfilled all the requirements. By that time, we'll have to choose one of them – one will be the commander and the other the deputy. Or, if we find a better solution, there's SUNARIĆ who is outstanding – how should I put it, he outshines them all. But he's a Croat from Zaječar and it would be very unwise to have a Croat at the helm of the Navy although he hasn't shown that he's more for Yugoslavia than anyone else.

Zoran LILIĆ:

That's the one he told us about.

Can we finish the discussion on promotions?

I'd like to make a conclusion and please correct me if I make a mistake.

Momir BULATOVIĆ:

I'd like to say one thing. I skimmed over Slobodan's proposal and I support it although I don't know all the details. We should set a principle to promote army commanders to the rank of lieutenant general.

The other thing which I'm particularly interested in is General PERIŠIĆ's opinion of Admiral RAKIĆ, which differs from mine. He not only tends to drink but he's also a radical and that's why we sent him there in the first place. They did us a favour by asking for him.

Zoran LILIĆ:

So we didn't appoint the wrong man as commander. That's what I requested.

DRAFT TRANSLATION

Momčilo PERIŠIĆ:

I didn't know that.

Momir BULATOVIĆ:

So, there's no dilemma. Believe me when I say that he does not enjoy any respect in Herceg Novi. ZEC is the best possible solution we have right now.

I don't think it would be wise, for political reasons also, to appoint someone as the Navy deputy if that person wasn't accepted in the Republic of Serbian Krajina. If he fulfils all the requirements, pension him off.

I've met five or six Navy officers and we have some brilliant men there. We can plan some steps by September, perhaps RADOVIĆ, there are really some excellent men there.

The only problem with SUNARIĆ is that he's a Croat, a Croat from Zaječar. He's highly professional and an expert.

Momčilo PERIŠIĆ:

Yes he is!

Momir BULATOVIĆ:

However, we should count on him for a professional side post.

And, we shouldn't enter into any such combinations with RAKIĆ.

Slobodan MILOŠEVIĆ:

Second, he was a negotiator on behalf of the Republic of Serbian Krajina in Zagreb.

Zoran LILIĆ:

We accepted at once that we directly interfered in that. I think Momo's proposal is the most sensible.

Slobodan MILOŠEVIĆ:

MARTIĆ replaced him mainly because of his drinking.

Momir BULATOVIĆ:

He had other preferences as well. (Laughter).

Zoran LILIĆ:

He had many vices.

Momir BULATOVIĆ:

Our job is to decide in principle and General PERIŠIĆ will see whether a person meets certain criteria. We cannot know whether someone drinks, fools around or steals. But, the logical thing is to have a lieutenant general, VELIČKOVIĆ for example, at certain establishment posts. Why not?

Slobodan MILOŠEVIĆ:

Yes, the Air Force Commander.

Zoran LILIĆ:

Thank you, that's what I wanted to say. So, we'll promote the following to the rank of lieutenant general: Major General Savo PUSTINJA, Blagoje KOVAČEVIĆ, Mile MRKŠIĆ, Božidar BABIĆ, BOJOVIĆ, Dušan SAMARDŽIĆ and Ljubiša VELIČKOVIĆ.

In doing that, we agree that in future all army and service commanders are lieutenant generals. Is that right?

Momčilo PERIŠIĆ:

Yes!

Zoran LILIĆ:

The following men will be promoted to the rank of major general: Colonel Miodrag SIMIĆ, Milan ČELEKETIĆ, whose appointment will not be made public, Lazar STAMENKOVIĆ, Dragiša MILETIĆ and Miloš KOSIĆ.

Momčilo PERIŠIĆ:

Who's about to retire.

Zoran LILIĆ:

Yes, and to accept the regulation of the situation in the service in keeping BOJOVIĆ as the Priština Corps Commander.

That could, on the whole, be the conclusion.

Regarding RAKIĆ, I think Momo's proposal is fully acceptable, as far as I'm concerned, since I know the whole story. The best solution would be, in view of the fact that he participated in the negotiations and that he fulfils pension requirements, is to pension him off and to look for a solution in the Navy because I think and we have seen that there are good men there.

Can this be our conclusion regarding the promotions?

Slobodan MILOŠEVIĆ:

PERIŠIĆ had a good idea about ĐOKIĆ, to transfer him to the Army. I heard that he has "varied" views regarding some extremist stands.

Why don't you promote JOVIČIĆ to major general since that's his establishment post? He's been a colonel for a long time.

Momčilo PERIŠIĆ:

You're completely right. We've discussed this in detail. However, that would offend some who have been colonels longer than he and who are just as good. The army personnel policy does not allow for a mistake which might result in a chain reaction. That's why.

Slobodan MILOŠEVIĆ:

But he's a deputy chief. When VOJVODIĆ was chief, I know that BIJELIĆ who was deputy chief at the time, was a major general.

Momčilo PERIŠIĆ:

Yes, he was.

Zoran LILIĆ:

Does BIJELIĆ meet the requirements to become a lieutenant general?

Momčilo PERIŠIĆ:

He does, prior to his retirement.

Slobodan MILOŠEVIĆ:

Yes, he should be promoted before he retires.

Momčilo PERIŠIĆ:

Mr. President, the VMA is a very important institution, we all know that. However, the question is why couldn't it be the Chief of Staff of the Priština Corps or Negoslav NIKOLIĆ, who is the Corps Commander and whose job is definitely more demanding than Mr. JOVIČIĆ's.

Slobodan MILOŠEVIĆ:

Why don't you promote VUKADINOVIĆ, who is the Chief of Staff of the Priština Corps?

Momčilo PERIŠIĆ:

We shouldn't work in spurts and promote too many men at once. We have found a balance of sorts.

Slobodan MILOŠEVIĆ:

All right, we'll respect your pace. That's not a problem.

Zoran LILIĆ:

Agreed!

Momir BULATOVIĆ:

What's the conclusion about TERZIĆ?

Zoran LILIĆ:

I had a remark about TERZIĆ. It is a fact that the current composition /of the Supreme Defence Council/ pensioned him off. It was our suggestion when he had to go back to work, to give him a job at which he wouldn't, in any way, have any

influence in this military section or in the civilian one linked to the army. He's been appointed Chief of Civilian Affairs. Isn't that right?

Momčilo PERIŠIĆ:

Deputy Chief of Civilian Affairs.

Zoran LILIĆ:

I think we should stand by our previous decision. However, if you think he should be appointed, I won't be against.

Pavle BULATOVIĆ:

I'd like to ask something: Does the Supreme Council believe that the Chief of Sector for Civilian Defence should be an active serviceman or a civilian?

The predominant opinion in the Serbian district organ is that he should be a civilian.

Slobodan MILOŠEVIĆ:

Is Mile PAREZANOVIĆ there and are you working with him? He's in charge of Civilian Defence in Serbia. What was it like before?

Momčilo PERIŠIĆ:

It was a serviceman. Before, because the Federal Ministry and the General Staff were one, very many top officials were soldiers.

Slobodan MILOŠEVIĆ:

Momir and Zoran are opening up a question. TERZIĆ was pensioned off and then taken back as an advisor. The question is should he remain an advisor to the Minister of Defence or should he be transferred to the post of Chief of Civilian Affairs?

Momir BULATOVIĆ:

Bearing in mind the chronology, if you recall, we haven't made many changes in our stand and there was no reason to change it. We only had to rectify an injustice done to the man. Perhaps there is a way to keep him as an advisor.

Personally, it feels right for a civilian to head the civilian sector. Let's try and if it doesn't work we'll put someone else.

Slobodan MILOŠEVIĆ:

Let him stay as an advisor.

Zoran LILIĆ:

That's my opinion exactly.

Momčilo PERIŠIĆ:

But put a civilian who really does have some experience.

Zoran LILIĆ:

All right, following consultations about nominated candidates.

Momčilo PERIŠIĆ:

Perhaps it would be good, when we propose the structure of the Federal Ministry, to decide which posts would be occupied by soldiers and which by civilians and then decide. Perhaps you want to do it now or at the next session.

Zoran LILIĆ:

Let's do it at the next session. We'll first have a look at it together.

Slobodan MILOŠEVIĆ:

In the report I saw that the ratio is about 25 : 75.

Pavle BULATOVIĆ:

Yes, according to the current situation.

Zoran LILIĆ:

Let's move on to the question of MILITARY ATTACHES.

DRAFT TRANSLATION

Momčilo PERIŠIĆ:

You've probably read the report. It contains information about all of them.

Momir BULATOVIĆ:

Is this urgent?

Zoran LILIĆ:

No!

Momir BULATOVIĆ:

If it's not urgent, perhaps we could postpone it for next time. I had difficulty following this. I was pleased to read the assessments since they show we have superb men.

Momčilo PERIŠIĆ:

It is urgent because of two things: first of all, we have to decide about Brussels because that's where all the decisions are taken. We don't have a military attaché there and we would consult with the Foreign Ministry and incorporate our man who would in fact perform the duties of a military attaché without being found out. That's where all the action is and we don't have anyone to give us information.

Second, we have to appoint a man to China since there are prospects for economic cooperation. I don't know if you know about this. The Chinese will not enter a business arrangement unless they have some sort of military guarantee. They want to order some every expensive projects for airports from *Avio-Inženjering* which have proven excellent at the airports we built in Iraq. All other airports have been destroyed except ours. There was no damage to the airports although they were hit, and the Chinese were impressed. They discussed this with ŠAINOVIĆ and with me. That is why we might need a military attaché. However, if we plan to do this next month, it can wait.

Radoje KONTIĆ:

We must do it this month.

DRAFT TRANSLATION

Momir BULATOVIĆ:

I don't get this. Look: the Russian Federation, Moscow – three candidates; the first candidate, in order of priority, is Jovan MILANOVIĆ; he's been proposed by the General Staff; the NATO headquarters in Brussels – again Jovan MILANOVIĆ. Are there two Jovan MILANOVIĆs?

Momčilo PERIŠIĆ:

It's one candidate. If he doesn't pass here, he could go there.

Momir BULATOVIĆ:

He's one candidate for two posts.

Momčilo PERIŠIĆ:

It's the same man. Strašimir DAŠIĆ has also been nominated for two posts.

Slobodan MILOŠEVIĆ:

I don't see a problem in approving this. I don't know any of the candidates.

Momir BULATOVIĆ:

The way I see it, the problem is that the Yugoslav Army General Staff should have set out a proposal which would be accepted as is. That's the way it should have been done.

Momčilo PERIŠIĆ:

No, we nominated three candidates, Mr. President, so that you could choose. Otherwise, had I proposed one candidate for each post and you disapproved, then I would have been in a tight spot.

Momir BULATOVIĆ:

All right, I know that. But, wouldn't it be better if the Yugoslav Army General Staff presented in a package, without having the same candidate both for Moscow and Brussels.

If you want, we'll agree on candidates for one or two posts right now.

Slobodan MILOŠEVIĆ:

Let's fill the posts he asked for.

Momir BULATOVIĆ:

We have good men here.

Slobodan MILOŠEVIĆ:

The problem is that none of us know them. Therefore, our criterion will be the candidate suggested by Momo.

Zoran LILIĆ:

We can fill the posts in Peking and Brussels.

Momir BULATOVIĆ:

That's fine with me!

Momčilo PERIŠIĆ:

Whatever you say.

Slobodan MILOŠEVIĆ:

Who do we have in Moscow now?

Momčilo PERIŠIĆ:

Brano KRGA.

Slobodan MILOŠEVIĆ:

What's he like?

Momčilo PERIŠIĆ:

He's great.

However, I don't have a chief of the Intelligence Administration which is a weak spot.

Slobodan MILOŠEVIĆ:

And you'd put him there?

Momčilo PERIŠIĆ:

We've already agreed to put him in the Intelligence Administration and have someone fill his place.

That's why you have MILANOVIĆ. The current deputy chief is Uroš GRGIĆ. However, since he went to school there, we don't know whether he has any links with the KGB. There are no indications that he does. But, the usual practice is that if someone goes to school there, he is recruited in one way or another. That's why we are cautious and opted for MILANOVIĆ.

However, if MILANOVIĆ is not accepted for the post there, then we would send him to Brussels because he's better than PETKOVIĆ.

According to our parameters – that's how we nominated our candidates: the most eligible, the second best and the last choice, and so on.

Slobodan MILOŠEVIĆ:

You're also questioning the second one as well.

Momčilo PERIŠIĆ:

Uroš? No, I'm not.

Zoran LILIĆ:

He has 40 years of service.

Momčilo PERIŠIĆ:

That's why I didn't nominate him for the post of the Intelligence Administration Chief, because he's not the type.

Zoran LILIĆ:

Uroš was born in 1939 – that means he has 40 years of service. He should be pensioned off. There are younger men who could work there.

Slobodan MILOŠEVIĆ:

What's MILANOVIĆ like? How old is he?

Zoran LILIĆ:

MILANOVIĆ was born in 1942, he's from Kuršumlija. He's good.

Momčilo PERIŠIĆ:

He's great, he's from Kuršumlija.

Slobodan MILOŠEVIĆ:

Let's send him to Brussels because you need someone there urgently.

Who's your choice for China?

Momčilo PERIŠIĆ:

Slobodan TEJIĆ.

Zoran LILIĆ:

He's a Naval Commander and was born 1946 in Novi Sad.

Slobodan MILOŠEVIĆ:

Let's agree to send MILANOVIĆ to Brussels and TEJIĆ to Peking and you review the others. Momir is right in saying that there are younger men, more capable, intelligent and who surely speak a foreign language.

Momčilo PERIŠIĆ:

We find it very important to send to the countries where strategic decisions are made men who can really connect on the strategic level since we could send the wrong men - someone who couldn't follow events or fit pieces of the puzzle in tactical sphere, and so on.

Zoran LILIĆ:

How many colonels and lieutenant colonels are there?

Slobodan MILOŠEVIĆ:

There are 1,800 colonels.

Zoran LILIĆ:

Then ask for another ten good colonels.

Momčilo PERIŠIĆ:

Yes, Mr. President, but if they don't speak a foreign language, don't have any experience in intelligence work and haven't completed the right schools – it's like giving an ordinary worker, a supermarket manager, the post of company director.

Momir BULATOVIĆ:

You can reassign the men you have.

Zoran LILIĆ:

Yes, you can reassign them and solve the problem.

Momčilo PERIŠIĆ:

Yes, that's a possibility, of course.

Zoran LILIĆ:

Let's conclude: We accept the nomination of Naval Commander Slobodan TEJIĆ for Peking and Jovan MILANOVIĆ for Brussels and see about the others.

The next item on the agenda: CURRENT ISSUES.

Momčilo PERIŠIĆ:

I need your advice because I'm really in an unenviable position and I can't decide without you. It's about the military service of national minorities.

Zoran LILIĆ:

That's a tough one.

Momčilo PERIŠIĆ:

We annually have around 19,000 *šiptars* /derogatory for Albanian/ recruits eligible for the compulsory military service.

Slobodan MILOŠEVIĆ:

We've read all that.

Momčilo PERIŠIĆ:

We can't find a legal loophole and make them respond to the recruitment. I think that, at this time and in view of the /?security situation/, it would be detrimental if we drafted them. However, it is very damaging and they should in some way make amends for not serving their military term.

Slobodan MILOŠEVIĆ:

It's no use, there's nothing we can do.

Momčilo PERIŠIĆ:

I consulted Ratko MARKOVIĆ and the others. There's no way we can force them.

Slobodan MILOŠEVIĆ:

They are now doing us a favour by not reporting for their military service. We have to watch on those who do report.

Momir BULATOVIĆ:

According to this report, I think that only the third option is acceptable – to selectively, following a full security check, recruit between three and five percent of other soldiers to certain units of the Yugoslav Army.

Slobodan MILOŠEVIĆ:

Yes!

Momčilo PERIŠIĆ:

They would be there and no one could say there aren't any, but we wouldn't give them weapons.

Slobodan MILOŠEVIĆ:

But the internal rules have to specify that the commanders must not jeopardise the units by assigning them to guard duty and so on.

Zoran LILIĆ:

That's possible.

Momčilo PERIŠIĆ:

And apply the same principle to Muslims and Hungarians.

Zoran LILIĆ:

One ones from Sandžak!

Momčilo PERIŠIĆ:

That's more or less the way it should be done.

Slobodan MILOŠEVIĆ:

There's no other way.

Momčilo PERIŠIĆ:

They will undergo training and go for target practice under strict supervision, but they can't stand guard duty or have unchecked access to weapons and ammunition. There's no alternative in this situation.

Slobodan MILOŠEVIĆ:

They shouldn't have ammunition. I don't know whether things have changed in the army, but I know that weapons are stacked outside dormitories. Therefore, everyone has access to them. If someone buys three bullets and puts them in his pocket, he can load any rifle.

Momčilo PERIŠIĆ:

I think there's a way to do that.

Zoran LILIĆ:

What else is there?

Momčilo PERIŠIĆ:

We have to adopt a stand, at this level, because I'm under a lot of pressure from all sides.

If you allow me, I'd like to explain. Both presidents know and their position is such that they can no longer wage war without our help. They are losing territory because their superiority so far solely relied on the technical factor which in turn, together with the materiel factor, has affected the quality of the human factor. If we stop helping them in the area of education, financing of educated personnel and material assistance for certain combat operations, they'll start losing territories. If they lose territories, combat morale will gradually decline and the enemy will achieve its goal. If the enemy achieves its goal, everything they've done so far will be irrelevant and besides – we can't stop the war from spreading to this area.

This means that we have to help them somehow. We don't have anything to give them in these budget conditions because that would directly affect our reserves. If we reduce our reserves, which are minimal, we would put ourselves in danger in case of a conflict on the southern borders towards Albania or in Kosovo itself. We would be in a position of being unable to carry out the task.

If that happens, in the eyes of the people and society, I'll be the first to take the heat for failing to carry out my task, and so will you. Therefore, in choosing the lesser of two evils, we have to choose the easier and better solution.

In that sense, I'll point out the basic problems they insist on and it's up to you to decide. I'll do whatever you say.

Perhaps the best solution would be to force their political leaderships and governments to form a budget and say how much they have earmarked for the army and how much they need in aid. So far, believe it or not, they didn't earmark any funds for the army, they did this only superficially. They have no laws or a defined budget for the army and so on. They rely solely on us and come to us with demands. However, when something has to be thought up, which could have decisive consequences, they often take counter-productive decisions.

These are some of the problems caused by Republika Srpska and the Republic of Serbian Krajina and I cannot decide without your approval.

The first problem is their demands for replenishment of food, clothes, footwear, ammunition and so on. We propose the following: this should be resolved by their governments and we'll help them only with what you specify – spare parts and ammunition. This means, the spare parts and supplies we have apart from those in the formations and only the ammunition you approve. The reason for this is as I said: reserve supplies have been depleted and we have no money to buy new ones. On the other hand, we can't leave them to their own devices.

The second problem is payment of repair costs. Most equipment has to be repaired and we do that. This requires considerable funds which we do not have. We propose that they find a solution - we will do the repair, but they have to reimburse the costs either as compensation or otherwise. These costs have amounted to 560,000 DEM in 1993. They haven't paid a single penny of this amount.

The third problem is relinquishing of spare parts for weapons and military equipment, and so on.

Slobodan MILOŠEVIĆ:

They'll never relinquish them, even if they don't need them – they'll never relinquish them. The first time they captured Goražde, we asked Radovan to move the equipment to *Prvi Partizan*, which was the only plant in Yugoslavia which produced cartridges for infantry ammunition. They don't have a factory for infantry ammunition.

Their principle is – what's ours is ours and theirs, but what's theirs is only theirs. We can use every trick in the book but they won't give us anything. They have spare parts for which they have no use.

Momčilo PERIŠIĆ:

Well, that's what we want.

Slobodan MILOŠEVIĆ:

Well, they won't give you! Don't even think you'll get it.

Momčilo PERIŠIĆ:

We have the examples of *Hadžići*, *Kosmos*, *Rudi Čajavec* and others which aren't giving us what they can. I ask you to put pressure on them to give us that.

Slobodan MILOŠEVIĆ:

It'll be just like the cartridge factory, they'll say they'll do it but they won't.

Momčilo PERIŠIĆ:

Another example is reimbursement for fuel. They come here, we give them fuel but we are not reimbursed.

There's also the matter of medical treatment of fighters and wounded soldiers. When we projected the health insurance budget, we didn't envisage a large influx of the wounded. We could have planned it but, at the end of the day, we didn't have the money. Now, we have an enormous influx of wounded soldiers and not only them but other patients undergoing medical treatment. This is automatically a burden on the health insurance of military insured persons, especially soldiers.

If there's anything you could do about that and the personnel issue – on which I need you to adopt a stand. They have appointed 155 non-commissioned officers as officers, meaning that we need 29,000 for the difference in salaries. We could, somehow, reimburse that. However, they have promoted 195 officers and 158 non-commissioned officers in Republika Srpska and 31 officers and 125 non-commissioned officers in the Republic of Serbian Krajina. For this we need a million. We have no other choice but cut salaries to reimburse this or to find new funds.

The third point is that there are 208 pupils and students completing their education here now, 143 are from Republika Srpska and 65 are from the Republic of Serbian Krajina; 161 of them are Serbs and Montenegrins and 32 are Yugoslavs. Following an additional check, we established that among the Yugoslavs there are three Muslims, one Croat and 28 Serbs. There are eight Muslims who

declare themselves as Muslims, four Croats, one Macedonian and two of other nationalities. First of all, if we promote them – which can be done only by the President of the Republic, they can't do it – it would be logical that we pay them, but we don't have money to do that. Second, and this is very important, if we send the Muslims there, they'll kill them. If we don't send them and deploy them here, that'll result in hostility among our people.

My proposal is, and this would be the best solution, not to commission them and commission the others but send them back, noting that Republika Srpska and the Republic of Serbian Krajina should provide for their salaries because we are not in a position to do so.

They're also asking for the KUB /?Russian-made anti-aircraft/ system about which we had reached a decision and then suspended it.

Slobodan MILOŠEVIĆ:

Well, let them ask.

Momčilo PERIŠIĆ:

I don't want to do anything without your knowledge and approval. But, I ask you to call the presidents, try to persuade them and place them on a higher level of responsibility.

Slobodan MILOŠEVIĆ:

The reserve supplies in the Yugoslav Army are at the lowest tolerable level. I think it would be extremely irresponsible of us if to go below this level of reserves of the Yugoslav Army.

Momčilo PERIŠIĆ:

That's right!

Slobodan MILOŠEVIĆ:

And this isn't the first time we tell General PERIŠIĆ - what he has already explained them - he can't continue to deplete the reserve supplies. The securing of these has to be defined by means which would not burden the Yugoslav

Army and exhaust its depleted reserves. I think there's no other logical way to think about this. I don't understand how it is possible that there aren't any funds from here for military needs! Absolutely none!

Pavle BULATOVIĆ:

Mr. President, if you allow me, I'd like to say that a meeting with the assistant ministers of Republika Srpska and the Republic of Serbian Krajina was held last week at the Ministry regarding the procurement, or rather the production of necessary equipment which can be made in our special purposes factories. A calculation was made which would cost Republika Srpska around 33 million and the Republic of Serbian Krajina 3.5 million. They said they would provide the necessary funds.

Next week, I intend to invite the Ministers of Defence to finalise these guarantees and see what funds they depend on for this. They said they had the necessary funds.

Zoran LILIĆ:

They said the same thing last time, and before that and every time. I think there is no point discussing this at all.

Momčilo PERIŠIĆ:

They're not giving anything.

Momir BULATOVIĆ:

There is a simple logic involved here which Slobodan mentioned: what we can't give them what we don't have.

Zoran LILIĆ:

We can't give them what we don't have.

Momir BULATOVIĆ:

We have already discussed the issues which General PERIŠIĆ mentioned just now, you remember, and they always came back as a boomerang in certain situations.

Rajo will /?brief/ us about the currently central issue. We cannot even provide for the level of expenditure in Yugoslavia in keeping with what has been declared in this country. We have resolved the matter of /?accessibility/ since we can't get a single bullet for free. So we decided that we had to overcome this under the same conditions.

Minister BULATOVIĆ said that they claimed they had the money, but we know that they won't raise it.

However, we mustn't be completely biased and irresponsible because we're all working on the same thing and we're all in the same situation. We can't spend the little money we have now in the direction where we have no control, cooperation and coordination. If anything happens here tomorrow, we won't be able to defend ourselves.

Slobodan MILOŠEVIĆ:

They'll say: you depleted the reserves and knowing there were none you waited for Kosovo to rise up and you have nothing to fight with – you've betrayed the country. Of course it would be a betrayal of the country if you left the army with no reserve supplies and ammunition. You have no need for an army then, disband it.

Zoran LILIĆ:

I think the conclusion is clear. We have already discussed this matter and adopted a conclusion which is identical to what President MILOŠEVIĆ and President BULATOVIĆ are saying. Briefly, we can't give you what we don't have. If they have the means for production, the Minister of Defence is here.

Pavle BULATOVIĆ:

Does that mean that I can give my approval only on condition that they finance the production.

Zoran LILIĆ:

Absolutely!

Momir BULATOVIĆ:

Let them pay for it. We can wait 15 days or a month.

DRAFT TRANSLATION

Zoran LILIĆ:

Then we would enter a new production cycle.

Momir BULATOVIĆ:

But they can't get anything with promises that they'll give the money. Have them pay first.

Slobodan MILOŠEVIĆ:

However, the question of the KUB system is not a question of whether or not to give something but whether we, as the Supreme Defence Council, can decide that there is no danger from the air from the south because the system is located in the Niš area, and do that while U.S. aircraft are constantly violating our airspace on the border with Macedonia?

Momčilo PERIŠIĆ:

We can't!

Slobodan MILOŠEVIĆ:

They are violating our airspace with helicopters but when they start flying aircraft, what will you fire at them? They'll know that you have weapons with which to fire at them. I think they're not violating the border with aircraft now because they know that we have what it needs to take them down. But tomorrow, if you have nothing to take them down with, they'll be parading and shattering windows by the breaking sound barrier and the strikes, and laugh at you.

I don't think we can decide that there's no need for it in the south and to relocate it.

Zoran LILIĆ:

That's perfectly clear!

Momčilo PERIŠIĆ:

The probability is currently higher from there than from up here, but we need it down there as well.

You should know, and this is not contained in the report, that in Republika Srpska we support and pay for 4,173 persons, or 7.42% from the Yugoslav Army, and in the Republic of Serbian Krajina 1,474 persons or 2.62% from the Yugoslav Army; that's a total of 5,647 persons. We allot around 14 million for them each year and we need the same amount for next year, and that's just for their salaries. That's a great help to them.

Radoje KONTIĆ:

Does this number appear in your overall figure?

Momčilo PERIŠIĆ:

Yes!

Zoran LILIĆ:

This could cause chaos in salaries.

Momčilo PERIŠIĆ:

This is just for your information.

Next, here's some information about financing.

A total of 1.264 million has been approved for the military budget. Of that amount, by 1 June, 460 million has been spent or 36.39%. This is what we need until the end of the year. That means that until the end of the year we need another 1.241 – the reason is that the salary base for the increase in the army was 35 and it was 50 in administrative bodies. Our salaries might now stagnate drastically which could result in social unrest or, as it already went when we exceeded /the budget/ by 50%. That's the first point, we have exceeded. The second point is that we have not met our last year's obligations. The third point is that excise tax has been introduced and we are now paying all sorts of taxes. Up to now, the army did not pay excise tax on fuel and other derivatives or taxes on services.

Therefore, by the end of the year, apart from what we already have, we need another 437 million over the overall amount. That means, not 1.264 million, but over 1.600.

Slobodan MILOŠEVIĆ:

Exactly 1.700.

DRAFT TRANSLATION

Momčilo PERIŠIĆ:

That was, in fact, our first minimal request but we reduced it, relying on fixed salaries and that there would be no increases in municipal and other services.

Radoje KONTIĆ:

It was 2.200.

Momčilo PERIŠIĆ:

Therefore, that's what we need to round off the process, however we must note that it could be reduced if we were exempt from all municipal taxes and taxes for various purchases, namely farm products and so on. But, there's no difference because we're talking about the same budget.

Since you asked about some other things, I'd like to say something about the salaries.

Slobodan MILOŠEVIĆ:

We've read it.

Momčilo PERIŠIĆ:

We're not sure about May. The lowest salary, of a non-commissioned officer, is 169 dinars; and the highest salary – that's mine – is 448 dinars. Soldiers under contract have much less, a Sergeant has 150 and a Sergeant 1<sup>st</sup> Class has 157 dinars.

Zoran LILIĆ:

Momo, does this figure include all the allowances?

Momčilo PERIŠIĆ:

Including all the allowances.

I must honestly say that compared to many other structures and according to the qualifications, they are very low.

However, I guarantee that if the army is given 5 or 10 dinars, and if the other structures are the same, I will motivate them and they'll live with it /as printed/. But, there shouldn't be a great disparity.

There are two or three other matters.

It's about those who left the Yugoslav Army last year and this tendency is likely to continue because of the low standard. A total of 670 men, 357 of whom were officers and among the best ones we had. There is another occurrence – experts are leaving. For example, outstanding experts are going to the MUP /Ministry of the Interior/ because salaries are higher there. A soldier is like a St. Bernard – when given a bigger piece of meat, who knows to whom he'll go next time.

About the inflow of approved funds, this figure was only 30% in January, 62% in February and 93% in March, then there was a sudden increase in April because you intervened and in May it was around 106%. It would be good if this continued, with just one remark: we have rationally spent the funds in the first six months because you said that we should not exceed 40% of the approved amount. This means that we have many unpaid obligations.

Slobodan MILOŠEVIĆ:

Production is increasing now and that'll mean an increase in income. I saw that customs revenues were 50 million last month.

Momčilo PERIŠIĆ:

That's 424 million of which just for salaries – if we take the salary base of 35, would be 134 million needed for the whole fund and if we take the salary base of 50, then we would need around 190 million.

Zoran LILIĆ:

Rajo, go ahead, you wanted to say something about this item.

Radoje KONTIĆ:

Yes, I wanted to say something about the salaries in Yugoslavia and the incomes for last month, that is, for May. The personal income trends in May and early June threaten to break our economic stabilisation program.

I will give an example of a specific problem regarding the Yugoslav Army. There are two issues – one involving war reserves because we shouldn't go under the minimum reserves under any circumstances.

On the other hand, the threat to the country's security is not in keeping with the available level. However, I hope we discuss this soon.

General PERIŠIĆ told us just now that his needs are greater than what we planned for this year (400 million), that's 1.7 billion. I hope that we'll put this on the agenda very soon because any relocation of budget funds within the budget will jeopardize other decisions, particularly the question of income in the Yugoslav Army.

About the income, specifically. The Federal government is adjusting its income and thus the income in Yugoslavia with what is happening in Serbia. We make advance payments and then wait for Serbia to set the salary base for the previous month and then we coordinate this at the level of the federation, that is, coordinate payments for the

Yugoslav Army. It is a fact and we did this together, that we set the salary base for the Yugoslav Army of 35 dinars because there were insufficient funds in the budget within the approved 780 million dinars and we reduced these items for the Yugoslav Army while the salary base for the Federal Administration was of 50 dinars, but over the past five months payments were made with the same base.

If we continued to make payments from April to the end of the year, the Army would be without any funds by September in relation to the planned amount, while the federal administration would have funds until November. The salary base for the last payment would be of 43 dinars both for the Yugoslav Army and the Federal Administration, while it would be 56 dinars in the Republic of Serbia – there is a difference in the coefficient, but that's the same. The government of the Republic of Serbia has raised the coefficient for payments for the previous month to 81 dinars, that is, in relation to April it increased the May salaries in the Republic of Serbia by 30%. We do not have the money for a 30% increase in the federal administration and let alone in the Yugoslav Army.

I am having great difficulties – how and when to pay the salaries to the Yugoslav Army for May and for the federal administration. It's somewhat easier for the federal administration, but very difficult for the Yugoslav Army. We would, in fact, now have to pay 30%, which is 80% of the April salaries for May. We would leave 20% as a stagnation of salaries of sorts. However, instead of stagnating, Serbia gave a 30% increase. We now have to pay 20 plus 30 in order to bring them into line with the salaries in the Republic of Serbia. We don't have that kind of money!

Until the end of the year, that would mean 250 million dinars for the Yugoslav Army.

Slobodan MILOŠEVIĆ:

No, we can cut down the salaries in Serbia. The government has opted for restrictions, to reduce and control them, and to stop the non-commercial sector and so on.

Radoje KONTIĆ:

That's why I stopped payments in the Army and the administration. I don't know what to do?

Slobodan MILOŠEVIĆ:

Don't make any payments, and we'll give it back.

Radoje KONTIĆ:

Second, regarding veteran and disability allowances – you'll probably be having protests – we should have increased them by 42%. Unfortunately, we don't have the funds in our budget and have made a 18% increase.

Serbia's 30% increase is disastrous for the federal budget. I must admit that I'm in a position of not knowing what to do? Should I pay as much as Serbia, but then again, we don't have the money!

Slobodan MILOŠEVIĆ:

Don't make payments for which you don't have funds!

Radoje KONTIĆ:

I do have the money now, but what'll I do later?

Slobodan MILOŠEVIĆ:

I spoke to MARJANOVIĆ – as far as I understood they are "halting" this, they have to set it back! I know nothing about that.

Radoje KONTIĆ:

It was announced that the salary base was 81 dinars.

The highest salary in April in the federal administration was 430 dinars – that's what President LILIĆ and I have, plus our years of service. This should now be increased by 30% - that's 560 dinars for May, plus years of service. We don't have that!

I've put a stop to it all. I'm in the most difficult situation regarding the Army. They have already paid 81 dinars. A professor's salary was 600, 700 and even 800 dinars last month! We can't pay that.

Slobodan MILOŠEVIĆ:

Don't pay it because you don't have the money!

Momir BULATOVIĆ:

As members of the Supreme Defence Council, we have asked for exact information about the salaries. I have two pieces of paper in front of me. It looks as if we have two armies, the Ministry of Defence has given an overview of salaries for professional soldiers for April 1994 and the General Staff has given its overview of salaries and military allowances for professional soldiers for April 1994. According to the Ministry of Defence a lieutenant general received a total of 487 dinars and according to the General Staff he received 470 dinars. There are differences in all segments.

Momčilo PERIŠIĆ:

There is an explanation in the footnote. It says that the allowance was not included, or something or other. I gave you the amount which is paid out.

Momir BULATOVIĆ:

It doesn't tally anyway! According to one source, the military allowance for a lieutenant general is 103 dinars and 86 dinars according to the other source?! Military allowance is a military allowance!

Zoran LILIĆ:

Please prepare a joint report where you will coordinate the figures so that we don't have to waste our time here.

Momir BULATOVIĆ:

We asked for a report last time but we didn't get it – we got two different reports.

Second, the main problem is what we discussed last time – where do we find the funds we are lacking at this rate of spending. The Serbian Prime Minister

has publicly said that Serbia doesn't have a budget deficit. The Montenegrin Prime Minister publicly said that, if nothing else, he would earn the 34 million he is short so that he could pay out the average salary at the rate of 50 dinars!

According to the logic of the report I read, and I am familiar with financial matters, it's the same logic which we had in the period of hyperinflation. If we proceed with it, we'll last a month and then the devil will come to get his own! If we are to stick to the restrictive measures, then it's impossible, on the one hand, to create an obligation and settle it after a month or two.

General PERIŠIĆ, please don't be offended, but we don't have 420 million in this country right now! I don't know where we'll find the 75 million which are currently in dispute. We can start with deficit financing, but what'll happen then?

Slobodan MILOŠEVIĆ:

We can't allow that! If we start with deficit financing, the salaries will again be two dinars.

Momčilo PERIŠIĆ:

Mr. Presidents, all I'm doing is presenting the problem. I repeat, we will motivate the Army and it will be in the function of the state. It can get 10 dinars, but not if the other structures are getting 80 dinars! I can't explain such a large disproportion to the people! Please, we'll respect any decision you take. Please try to understand. It's not my job to determine the salaries or explain financial matters to you, I'm in charge of combat readiness! And because of the fact that I'm doing some things which I shouldn't be doing, I'm not there where I'm needed and then we have omissions.

Please help me because I'm presenting the problem realistically since I can't resolve it!

Momir BULATOVIĆ:

The governor of the National Bank is a public figure. He's in Montenegro now and he's saying that our wages are outrageously low. That's true, they really are low – no one

can live on them, but you can't say increase the wages if we're adhering to the budget. The budget framework is as it is.

Slobodan MILOŠEVIĆ:

We must adhere to the budget. I don't think there can be any other conclusion. The hassle in Serbia will be cleared up – there's no other way!

Radoje KONTIĆ:

Yes, but it's difficult to maintain the difference in salaries of 30%!

Slobodan MILOŠEVIĆ:

The difference will not be maintained – they'll have to cut back! We have to adhere to the budget!

If we find an additional source, we'll settle the matter then. Until then, we cannot finance anything without coverage.

Momčilo PERIŠIĆ:

Mr. President, you know and AVRAMOVIĆ has said that we have been frugal and we'll see this to the end. But let's not create any tensions over the existing disproportions because they can only further complicate the situation.

Radoje KONTIĆ:

I don't know what you discussed with AVRAMOVIĆ, but the letter he sent you says differently: "For the first six months, you spent 500 times two, that's a billion. This means that you still have more than 250 million to increase the salaries. Therefore, everything's OK in the Army!"

Further on, at a Meeting of the Governors they decided to start payments on foreign currency deposits of 30 DEM per lot and they decided to make them from the federal budget?! That's 350 million dinars for the second half of the year, divide that by two and it means that the federal budget should allot 180 million dinars and my whole budget is around 300 million?!

I don't understand these decisions and how they are taken? It's an extraordinary monetary effect. It's inadvisable to confront AVRAMOVIĆ because then he'll lay into you. But these things are counter-productive to the Program. I'm in a great dilemma about what to do.

We have 411 million, apart from the Army, we have reduced by 20% as agreed, so that means that we went with 360 million and he's planning 180 million to cover foreign currency savings from the budget in the second half of the year?!

Momir BULATOVIĆ:

He brought his family to Budva and he's going around Montenegro saying that power stations should make their calculations for major maintenance and submit them to the National Bank! He's acting like the Prime Minister. I don't doubt his good intentions, but some things should be explained to him.

Radoje KONTIĆ:

Had he only divided it somehow – a portion to be paid by the republics, the banks and the National Bank, but no – everything from the federal budget! That's not a solution.

Zoran LILIĆ:

The National Bank was a guarantor, not the Federal Government?!

Radoje KONTIĆ:

Yes, but he said he'll give the Federal Government a loan! Never mind, I didn't want to discuss this today.

Momir BULATOVIĆ:

I don't know what the 81 dinar salary base in Serbia is founded on? Serbia has to count on a multiplier effect through the federal budget because it determines its salaries according to the salaries in Serbia. It's no problem to get by with 50 or 40 dinars in Montenegro – it's a small specimen, but if there is an increase in Serbia, then these problems should be taken into account.

Slobodan MILOŠEVIĆ:

The Federal budget must not be exceeded and we'll cut back in Serbia, we have to do it!

Pavle BULATOVIĆ:

I see here that the Army's only realistic source of financing in future is from outstanding foreign debts which amount to around 350 million Dollars.

Zoran LILIĆ:

I don't have a conclusion to offer about this matter – I think the conclusion is obvious!

Momčilo PERIŠIĆ:

I am in an amazingly tight spot – we reckoned with a salary base of 35 and now it's 50; what do we do now?

Slobodan MILOŠEVIĆ:

There's something wrong with the settlement mechanism. A budget is made and everyone should adhere to it.

Momčilo PERIŠIĆ:

Yes, Mr. President, but do you know about the salary increases in other institutions?

Slobodan MILOŠEVIĆ:

I don't know – I received 400 dinars several days ago. I don't know the salaries in Serbia. Who has such high salaries in Serbia? I'm talking about salaries in the non-commercial sector, not in the commercial one.

I asked the Serbian Government to stop the uncontrolled rise in salaries in the non-commercial sector. That was on the front page of *Politika* /daily/ the other day – it implemented restrictions, prohibited wage increases in the non-commercial sector, limited increases in banks and local self-management, etc. The salaries of some municipal are 600 – 700 dinar salaries and the Government has cut them down

to the level of the state administration. Now he says Serbia has raised the salary base to 81 dinars – I'll clear that up!

Several days ago, the three of us went together and warned about the uncontrolled salary increases in the non-commercial sector. In any case, the federal administration should not follow suit, and we'll put an end to it in Serbia; there's no discussion about that!

In December and early January we thought it would be great if salaries reached 100 or 200 dinars because they were two or three dinars. Now we're already talking about figures which were at the time enormous while expenses decreased. The responsible ministers and the prime minister submitted a report yesterday about that. We are now opting to reduce the prices of PTT /Post, Telegraph and Telephone/ services, further decrease the prices of utilities in order to stabilise the situation. We want to fix the price of electricity – there will be no increase although the electric power industry is demanding one!

A decision will be adopted today to declare *Matroz* a public enterprise so that we can control newsprint. When the price of newspapers jumps from 30 paras to 50 paras, the farmer says: it's no longer five eggs for a dinar, but three. These prices must not increase: the press, electricity, telephone and so on – goods which are an indicator to the citizens that inflation is starting.

It's news to me that they have increased salaries separately. My salary has not increased, except if something happened today! Rajo must not exceed the limits of the federal budget, we must not bust the federal budget.

Momir BULATOVIĆ:

It can be paid out as an advance, the problematic part, until the final settlement of accounts, and then pay an amount to give the people at least something. The people are waiting for it anxiously.

Slobodan MILOŠEVIĆ:

Rajo must not bust the federal budget!

Radoje KONTIĆ:

Well, I can't even if I wanted to, how can I bust it!

Momir BULATOVIĆ:

What is this 81 dinar?

Radoje KONTIĆ:

That's the coefficient in Serbia for calculation. For example, a minister has a coefficient of 5, times 81 dinar, that's 405 dinars, plus the years of service.

Slobodan MILOŠEVIĆ:

That's something new, my salary was 400 dinars and I have a coefficient of 7 and he has 5?

Radoje KONTIĆ:

You only received the advance payment for May, it's gone up by 30%.

Momir BULATOVIĆ:

That's not in connection with that deal of ours?

Radoje KONTIĆ:

No!

Momir BULATOVIĆ:

That's only an internal bureaucratic coefficient?

Radoje KONTIĆ:

Yes. The whole non-commercial sector is paid according to these coefficients. What we've been talking today, that's the federal state, I mean, the administration, the Army and the National Bank of Yugoslavia. The Payment Transactions Service has much higher salaries because its coefficient is calculated differently! For example, holiday cash grants in the National Bank of Yugoslavia are 400 dinars!

Slobodan MILOŠEVIĆ:

Why don't you invite the ministers of finance and the prime ministers and coordinate this?

Radoje KONTIĆ:

We're having a meeting this afternoon. We don't have the money to coordinate this. I'm saying this because of the Yugoslav Army, not because of us. Montenegro is 60% below this!

Momir BULATOVIĆ:

Well, we can't go on like this! Even the existing salaries, where a research fellow in an Institute receives 120 dinars, we are 35 million dinars short. I got 290 dinars, including my years of service.

Slobodan MILOŠEVIĆ:

The coefficients here range from 0.8 to 7.0. Only I have 7, the Prime Minister has 6 and the ministers have 5. The coefficient of a cleaner in the government is 0.8 – multiply that by 8 and that's 64 dinars.

Zoran LILIĆ:

I propose that we continue this conversation over lunch.  
Do you agree? (Approval).

(The session ended at 1610 hours).