

FEDERAL REPUBLIC OF YUGOSLAVIA  
Supreme Defence Council

DEFENCE  
OFFICIAL SECRET  
STRICTLY CONFIDENTIAL

SP No 5-1

Belgrade, 31.03.1995.

Based on Article 135 of the Constitution of the Federal Republic of Yugoslavia, I am convoking the 35<sup>th</sup> session of the Supreme Defence Council with the following

Agenda:

- Adoption of the minutes from the 34<sup>th</sup> session.
- 1. Consideration of the Plan of Providing Supplies and Resources for the Yugoslav Army for the first three months of war.
- 2. Analysis of budget expenditures in the first trimester of the year 1995.
- 3. Other business.

Federal Prime Minister Dr. Radoje KONTIĆ, Federal Defence Minister Pavle BULATOVIĆ, and Chief of General Staff of the Yugoslav Army Colonel – General Momčilo PERIŠIĆ have been invited and they attend the session.

As for the time and place of the session, we will inform you subsequently.

PRESIDENT:  
Zoran LILIĆ  
/signature/

FEDERAL REPUBLIC OF YUGOSLAVIA  
Supreme Defence Council

DEFENCE  
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SP No 5-2

Belgrade, 20.04.1995.

TO: Federal Prime Minister  
Dr. Radoje KONTIĆ  
Mr. Prime Minister,

At the 35<sup>th</sup> session of the Supreme Defence Council that you also took part in, on 13. April 1995, adopted, inter alia, were the conclusions and the realisation of these involves the Federal Government and some of its respective ministries.

1. Federal Government should form an inter-ministerial group that should necessarily include the representatives of the General Staff of the Yugoslav Army. The task of the group would be to consider the overall needs and expenditures of the Yugoslav Army, as well as the structure of its expenditures so far in order to find the most rational solution for funding the Yugoslav Army until the end of 1995.
2. The Federal Ministry of Defence, the Federal Ministry of Economy, the Federal Ministry of Finance, and the General Staff of the Yugoslav Army are tasked with creating a proposal of the plan of wartime economy. The Plan of Providing Supplies and Resources for the Yugoslav Army for the first three months of war should be prepared based on the aforementioned plan. The deadline for creation of these plans is 30 days along with severe control measures in accordance with degree of secrecy – state secret.
3. It has been suggested to the Federal Government to consider the possibility of bank transfers, actually the possibility of transfer of funds from one item to another within the overall approved budget of the Yugoslav Army.

Respectfully,

Secretary of the Council  
Major-General  
Dr. Slavoljub ŠUŠIĆ  
/signature/

SUPREME DEFENCE COUNCIL

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SHORTHAND NOTES

From the 35<sup>th</sup> session of the  
SUPREME DEFENCE COUNCIL  
held on 13. 04. 1995.

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BELGRADE

SHORTHAND NOTES

From the 35<sup>th</sup> session of the  
SUPREME DEFENCE COUNCIL  
held on 13. 04. 1995.

The session commenced at 1330 hrs, and was attended by the President of the Federal Republic of Yugoslavia and Chairman of the Supreme Defence Council Zoran LILIĆ, the President of the Republic of Serbia Slobodan MILOŠEVIĆ, and the President of the Republic Montenegro Momir BULATOVIĆ. The attendants also included members of the Supreme Defence Council: Federal Prime Minister Dr. Radoje KONTIĆ, Federal Minister of Defence Pavle BULATOVIĆ, Chief of General Staff of the Yugoslav Army Colonel-General Momčilo PERIŠIĆ, and Head of Military Cabinet of the President of the SR /Federal Republic/ Yugoslavia Major-General Slavoljub ŠUŠIĆ.

(Shorthand notes taken by Jordan ŽIVANOVIĆ, Higher Debate Stenographer – Sub-editor in the Cabinet of the President of the SRJ /Federal Republic of Yugoslavia/).

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

Zoran LILIĆ:

I suggest we start working now.

You have the proposal of the agenda of today's session.

Do you agree with the proposed agenda? (Approval).

This means that today we are considering the following

Agenda:

- Adoption of the minutes from the 34<sup>th</sup> session of the Supreme Defence Council.

1. Consideration of the Plan of Providing Supplies and Resources for the Yugoslav Army for the first three months of war

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2. Analysis of the budget expenditures during the first trimester of the year 1995.  
This is for your information rather than anything else. I would also add here the material supplied by Minister Pavle BULATOVIĆ. That is information on funding problems.
3. Other business.

All of you have received the minutes from the 34<sup>th</sup> session of the Supreme Defence Council. Does anyone have any objections to the aforementioned minutes? (No)  
I conclude that the minutes were adopted without objections.

Before we start discussing other agenda items, I think we agreed that General PERIŠIĆ should briefly inform us about the current military situation. So I give the floor to General PERIŠIĆ.

Momčilo PERIŠIĆ:

Around 20 May, Muslims launched a small range offensive with the following goals:

Firstly, to draw the attention of the international community to the Bosnian problem and to shift the responsibility for their failure to accept the peace plan of the Contact Group to Serbs. That would be, if I may say so, some kind of their political goal.

Secondly, their military goals were to capture the radio-relay stations in Stolice, Vlašić, and Plješevica, with the help of Croats, all in order to disrupt our command and communications system.

Further on, their goal is also to check out combat readiness of their forces.

Their ultimate goal is to capture certain areas, and thus to create conditions for a large scale offensive.

They failed to achieve those goals. However, they achieved the following:

They attacked Stolice from two directions. Stolice is here (he is showing it on the map), they wanted to cut off these enclaves, which is why they carried out an attack from this direction as well. In the beginning, they partly succeeded because Serbs abandoned their posts. It is unknown why they did so,

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but we can assume that they did so probably due to their internal discord. Nevertheless, once Serbian forces got things into line, they managed to regain Stolice. They even captured two significant facilities in this area (he is showing them on the map). This way, they opened a possibility to capture Teočak, and thus ensure stability of the battlefield for a long time to come. Basically, they did not have any success and Serbs captured two facilities in their counterattack.

They also carried out an attack at the Vlašić battlefield. However, since Vlašić was in an extremely difficult situation, Serbs promptly evacuated all of their equipment. This is where Muslims had certain success. The yellow areas that you can see here are actually the areas that they captured (he is showing it on the map). Now Serbs launched a counter-offensive and they have a chance to repossess this relay. One way or the other, we can say that nothing important, I mean nothing that would disrupt the command and communications system, has fallen into Muslim hands.

In Western Bosnia, Fikret ABDIĆ's forces keep attacking, and they have success. However, the 5<sup>th</sup> Corps took advantage of Serbian negligence and managed to capture a part of the area on the north-west slope of Plješevica Mountain – in the direction of Plješevica relay.

As for the Livno Plain, Croats took advantage of our weak defence on the slopes of Dinara, in the border area between the Republika Srpska and the Republika Srpska Krajina, to get through to the south-west slope of Dinara and conquer the area which is marked with yellow colour (he is showing it on the map).

Most probably, Muslims want to start a large scale offensive after the truce expires. They are already exerting some pressure along the route Gradačac – Orašje and that is where they will strike, probably. At the same time, Croats assist them from the direction of Mostobran near Orašje, and their goal is probably to cut the corridor.

Other than that, some activities have been noticed in the Sarajevo area where a larger number of troops is concentrated. They are trying to connect with their forces in the Goražde enclave. In that sense, they are gathering their troops on Bjelašnica mountain. However, due to poor weather conditions, shortage of troops and equipment, and diplomatic activities, they have not yet decided to start this offensive. Another reason for it may be attributed to the fact that they have not achieved their goals so far.

Croats are carrying out a significant exercise in the area of Nabrđe and Đakovo in Eastern Slavonia. About 8,000 men are

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taking part in the exercise. They invited the European Community Observers to attend the exercise that was finished yesterday. It is interesting that it was the first exercise they carried out in the presence of international observers. The exercise went on quietly without any sort of propaganda spread by their media or anyone else.

The objective of the exercise was certainly the training of their troops and superiors. Their second objective was to exert some pressure. And the third objective was to use those forces according to developments in the aftermath of the exercise. It is less likely that they will be used towards Eastern Slavonia and it is most likely that they will be used towards Mostobran near Orašje. So, the exercise was over yesterday. The fact that they have forbidden their children to go to schools and kindergartens is indicative of two things. They either intend to carry out some operations or it is because of Easter.

Slobodan MILOŠEVIĆ:

When is Catholic Easter?

Momčilo PERIŠIĆ:

This time exactly. Possibly that is the reason they did it. Along with this, I have to add that they replaced Commander of the Group East who was Russian. The real reason for his replacement is that he allegedly tolerated supply of weapons and equipment from the SR Yugoslavia to Eastern Slavonia. That is what he failed to report to them, even though they do not have a lot of information about it.

They announced that 20 NATO officers would visit the Command of the Group East. Their reason for coming is a bit questionable: do they come for an inspection, or to plan something, or they want to exert stronger pressure on Eastern Slavonia during the upcoming period. They may join the UN forces in Eastern Slavonia in order to command and take part in some activities, which may help Croatian forces.

Slobodan MILOŠEVIĆ:

How big are the UN forces in Eastern Slavonia?

Momčilo PERIŠIĆ:

They have one Russian Battalion and one Belgian battalion.

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The Russian Battalion certainly would not take their side. The Belgian Battalion is well equipped and armed, and it means a whole lot more from inside than from outside. But that is the least likely to happen. This is just my way of thinking.

Mind you, it is very suspicious that NATO officers appear in that kind of mission. Commander LONČAR did not receive them, of course, and he said he would not receive them.

Next suspicious thing that Croats do is the concentration of a large number of troops in the Ogulin area, aimed at connecting with the 5<sup>th</sup> Corps forces. At the same time, they would launch their forces from the Livno Plain in order for them to connect with the 5<sup>th</sup> Corps or to create conditions for splitting the Republika Srpska Krajina in two parts which is less likely to happen. The main indicators, which tell us that this is not likely to happen, are the following:

They have announced the lay-off of 30,000 mobilised soldiers. However, they immediately scheduled a new mobilisation and a new enlistment for 20 April. They are probably sending the aforementioned soldiers to rest.

Next indicator that directly concerns the safety of SR Yugoslavia is the fact that they were capturing posts on Prevlaka two times on which occasion they installed some anti-tank missiles there. It was first established that they were trespassing that area.

Secondly, an unidentified submarine, probably one from the Sixth Fleet, allegedly tasked with providing security to their vessels in the South Adriatic Sea, showed up on the borderline of our territorial waters. I mean those disputable waters. All that happened within two days, yesterday and the day before yesterday. It surfaced for an hour and then it dived in again. They probably wanted to provoke some reaction of our navy which they would later use to impose more severe sanctions on the SRJ or to prevent lifting of the current ones.

There is one more suspicious thing. Observers stationed at the Surčin Airport accused us of accepting of 20 helicopters from the Republika Srpska to our area. They



did it twice, once in March and one time this month. They said it was what they saw on the screen of their radar. Our conclusion is that that is a pure insinuation because they have it all marked on certain maps. Those were probably the Muslim helicopters, which take off from the areas of Tuzla and Zenica and provide whatever they need to provide to

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the Muslim population and army in Srebrenica, Žepa, and Goražde. Since the mountains in Serbia and Eastern Bosnia are such that helicopters must fly at high altitude, they suddenly disappear from the radar screens right there on the borderline. In fact, they hide behind the mountains of Western Serbia and then they head towards Srebrenica, Žepa or Goražde. I understand that their reflection on the radar screen looks as if they entered our territory, but they do not have any written proof of it. They are using this opportunity very skilfully in order to show the world that we keep violating the no fly zone. That probably serves the purpose of adoption of the new resolution on a stricter border control, but in the air space.

We sent this information to ĐOKIĆ. We heard that he already used it for his denial issued in America.

So far, there is nothing else that may be significant for the safety of SR Yugoslavia. I suggest that the measures of combat readiness, which we imposed so far, remain unchanged.

I would like to ask you to withdraw our unit deployed in /?Jabuka/ so that those men rest a little bit. We can send them there again should the situation demand it. That is all.

Zoran LILIĆ:

Are there any questions? General PERIŠIĆ is asking for our opinion regarding the submarine. I think it would be the best to warn them not to do it again.

Slobodan MILOŠEVIĆ:

Does that mean that they do not enter our territorial waters but they are in the borderline waters?

Momčilo PERIŠIĆ:

They are in the borderline waters. If we let them stay there, there is a possibility that the others will come along. I think it would be the best to warn them to get out of there or we can shoot at them. We can do it easily.

Momir BULATOVIĆ:

Yesterday, we received for the first time in public a reconciliatory statement from the Croatian side. KAČIĆ said that Croatia was ready

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to go for international arbitration about Prevlaka. My interpretation of it is that they are actually preparing their public. After AKASHI's visit, we got, for the first time, some determined reaction of the unarmed observers who disarmed and brought to Dubrovnik two of their special force members. I think that now we should not do anything that might look reckless.

Other than that, the meeting is scheduled for 21. AKASHI will come to Dubrovnik personally. I think that it would be good if we request from AKASHI to remove that submarine. It is located in that critical triangle. According to the Croatian version, those are Croatian territorial waters. In our opinion, they are ours. However, should we take any action, we might enter the risk zone.

Slobodan MILOŠEVIĆ:

Does that mean that it is not inside our territorial waters?

Momir BULATOVIĆ:

It is in those disputed waters. Our opinion is that those are our waters, while Croats think they belong to Croatia.

Slobodan MILOŠEVIĆ:

Since it is disputable we should not shoot at that submarine and we should not sink it.

Radoje KONTIĆ:

Momo says that it might as well be a Russian submarine.

Momčilo PERIŠIĆ:

It is possible, but it is less likely though, given its regime of surfacing.

Momir BULATOVIĆ:

I think that Colonel VUKŠIĆ should report about that.

Zoran LILIĆ:

All right, we assign General PERIŠIĆ to sort it out, and he knows what he is supposed to do.

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Let's move on to Item 1 of the agenda.

1. Discussion regarding the plan of Providing Supplies and Resources for the Yugoslav Army for the first three months of war.

General PERIŠIĆ has the floor.

Momčilo PERIŠIĆ:

Until adoption of the new Constitution, the funding of the Army in case of war was regulated by a number of documents. However, since the new Constitution came into effect, it has not been regulated by any document. For example, should the war break out right now, we would not have any plan for the following three months of it.

I am going to show it by this video projector.

This is the plan of Providing Supplies and Resources for the Yugoslav Army for the first three months of war.

The plan of providing of armament and military equipment is what we need actually.

The plan of providing of material and other supplies except for the armament and military equipment.

The plan of expenditures for the purpose of funding the needs of the Yugoslav Army alone.

I will explain only the third item.

I am going to say what is necessary apart from the existing reserves, and you know how big our reserves are, in order to have successful defence during the following three months of war.

Here we have the types resources that what we need, but I am not going to bother you with it. Instead I am only going to say what the total sums are. However, if you are interested in each specific item, I can also tell you that.

This is an overview of the types of expenditures for the funding of the Yugoslav Army during first three months of war. Here we have personal expenditures, salaries of the superiors, other persons, and generally all those who are participating in the war, military pensions, materiel expenditures, etc. That makes a total of 3,125,000,000.

As we knew that the society could not sustain it, we took over 10 % of the planned gross national product, which is about 3,147,600,000 dinars. Our proposal is to allocate those funds for the Army.

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Based on the aforementioned, our overall proposal would be as follows:

The Supreme Defence Council should accept and approve of the plan of expenditures of the Yugoslav Army for the first three months of war in the total amount of 2,147,600,000 dinars.

Secondly, the plan of expenditures for the first three months of war should be delivered to the Federal Minister of Finance so that it can be adopted within the wartime budget of the Federation.

Thirdly, once the plan of expenditures for the first three months of war is adopted, the Chief of General Staff will approve the plan of provision with the NVO /armament and military equipment/ for the Army. He is not going to approve purchase, but only the plan.

Fourthly, an overview of additional funds allocated for the provision with the NVO as well as an overview of materiel expenditures should be kept together with the approved plan of expenditures and used depending on realistic circumstances under which the Yugoslav Army and SR Yugoslavia exist.

Fifthly, the Federal Ministry of Finance should deliver an extract from the approved plan of expenditures to the National Bank of Yugoslavia for the purpose of regulating the funding of the Yugoslav Army units.

Sixthly, the Military Economy Sector of the Federal Ministry of Defence, based on the approved plan, should consult the Federal Ministry of Industry in order to provide raw material for the production of armament and military equipment approved by the plan. Of course, working organisations planned to undertake wartime production should be prepared in that sense.

Radoje KONTIĆ:

What does conclusion number 5 mean?

Momčilo PERIŠIĆ:

Extract from the approved plan of expenditures.

Slobodan MILOŠEVIĆ:

Item 5 is not needed at all, because the National Bank of Yugoslavia has nothing to do with the Army. The Army operates solely through the Ministry and the state budget and it has nothing to do with the National Bank of Yugoslavia.

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Momčilo PERIŠIĆ:

Mr. President, the budget has been approved for the Army at the time of peace.

Slobodan MILOŠEVIĆ:

I know, but even if the budget is to be changed, crucial roles will be played again by the Ministry and the Government.

Momčilo PERIŠIĆ:

Excuse me, perhaps I am wrong. We can cross out this thing; you decide about it.

Radoje KONTIĆ:

We do not have a Federal Ministry of Industry, but we do have the Ministry of Economy.

Momčilo PERIŠIĆ:

Mr. President, our proposal is to regulate these issues by law because it seems completely unregulated at the moment.

Zoran LILIĆ:

Our duty is to adopt the plan based on Article 41 of the Law on Defence.

Pavle BULATOVIĆ:

The Federal Ministry of Finance discussed this three-month plan of the wartime budget. Their position is that it is possible in this situation to take average an peacetime budget and increase it by 50 %, which makes a total of 604,000,000 dinars.

Slobodan MILOŠEVIĆ:

Let us be clear about one thing. We do have complete armament and military equipment for our Army in wartime, don't we?

Momčilo PERIŠIĆ:

Yes.

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Slobodan MILOŠEVIĆ:

Therefore, the question is whether we would start producing 7,62 mm rifles, machineguns, and whatever else was mentioned here within the first three months of

war, if we do have complete armament for our Army in wartime with appropriate reserves?

Momčilo PERIŠIĆ:

Mr. President, we have every sort of weapon that an army might need in wartime. However, we do not have any petrol, actually we have enough of it only for the first two days of war. We do not have enough ammunition and many other things. That is actually all that we are counting as daily expenditures. In case of war, no matter how many supplies we have, the reserves will get smaller on a daily basis.

We must not be left without a part of our resources after three months of war. Instead, we must rely on our production, which is the main source of provision of supplies in wartime, in order to replenish our supplies. From that point of view, we have done as little as we could.

This is all in order to provide the funds and to regulate them by law.

Momir BULATOVIĆ:

This is the document that we need to adopt in accordance with law, but it does not become effective until we are in that kind of situation.

Zoran LILIĆ:

It becomes effective on the day when the state of war is proclaimed.

Momčilo PERIŠIĆ:

But it creates preconditions for that thing to be able to become effective as soon as it needs to come into effect.

Slobodan MILOŠEVIĆ:

There is that Item 6 that says that the Ministry of Defence along with the Ministry of Economy prepares raw material together with the organisations and they basically handle it.

There we need to see what is the part of work that must be funded now. We cannot think that nothing is being funded now. Even now, we must plan something regarding the stockpiles of those raw materials.

Momir BULATOVIĆ:

I think that we should discuss Item 6. We are to adopt the document for the first three months of war. Phase one – period of sabotage actions in the duration of half a month, and phase two – period of aggression from the air space in the duration of two to two and a half months.

The proposer suggests that the first two phases can be handled with deployment of the peacetime composition of the Yugoslav Army.

Do we really need to adopt that document at the moment when war operations begin – we hope it is not going to happen – which means a budget eight times as big as the one we have in peace? For the first three months, which is quarter of a year, 2,147,000,000 dinars are required and that is more than our budget now.

I think that the document should correct this inaccuracy. For, in that case we would opt for a wartime army and thus we would have to allocate the assets which are eight times as big as the ones in peacetime.

If this calculation of the Federal Finance Minister were correct, then we would have to find a compromise solution that would assess the needs of the Yugoslav Army and the needs of the General Staff. However, we should estimate how big increase of army potentials should be once it transfers from the peacetime to the wartime composition. I think that neither Republika Srpska increased the budget of its army by eight times in such situations.

Momčilo PERIŠIĆ:

It does not even have it.

Slobodan MILOŠEVIĆ:

We must take a realistic look at all those things.

Firstly, the entire gross national product cannot cover those expenditures! We must not be irresponsible and make a decision that we will spend more than the entire Yugoslav national product amounts to.



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The overall budget, including pension, health, education and other funds as well as budgets of the two republics and the federation is nearly 14 billion dinars and the gross national product is about 20 billion.

This budget does not fit into that space physically and mathematically. For administrative reasons, we can say that we made the plan according to our legal obligation. However, we would be completely irresponsible and we would be aware that we made a plan, which is a flat out illusion. The reason for it is very simple. Our gross national product is way smaller than the needs required by the plan. Of course, we would love if it were bigger. We hope it will grow, but at this moment it is like that. It will be a major success if it increases by 10 % this year. All of us will be very happy about it, but even if it increases that much, it won't be enough to cover this budget.

Radoje KONTIĆ:

These figures refer to enterprises because they plan their production costs etc.

Slobodan MILOŠEVIĆ:

If we want to have a serious war plan, we must create a more probable situation. Once a war occurs, there will be no more other sorts of manufacture. There will be no retirements and salaries. There will be collective meal tickets, rationalising of provisions. Money will not be allocated for salaries! No salaries for the superiors! I mean, there will be no salaries even for the workers, doctors or anybody else. Everybody will go for rationalised production, distribution of flour, potatoes, etc. Do not mention salaries, that is a nonsense. Because we cannot maintain peacetime living standards including salaries and market economy, on the one hand, and, on the other hand, wage a war and fund military operations. At that point everything else just ceases. No market economy, no financial transactions, we go for wartime economy, rationalisation of provisions, provision of what is necessary for the citizens, using reserves available from our economy and our state.

This idea was conceived without any realistic thinking.

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Momčilo PERIŠIĆ:

I think and speak as a soldier. I insist on this thing because we should not address this issue once the war breaks out, though we hope it won't. Please, the Constitution has been adopted, but no law or a legal document has regulated this matter, and I can read out for you how it was before that time.

(He is reading the rules of the Army of the former SFRJ /Socialist Federative Republic of Yugoslavia/).

Slobodan MILOŠEVIĆ:

As for the papers, it was regulated so that the lockers and drawers were full of paper.

Momčilo PERIŠIĆ:

Mr. President, it was regulated and the entire JNA /Yugoslav People's Army/ had reserves for three months of war. At the moment nothing is regulated.

Slobodan MILOŠEVIĆ:

Momo, I am not sure that you understood what I said? I think it is good that we put this item on the agenda. We must regulate it as serious and responsible men and not as bureaucrats, who would put this plan in their drawers, knowing that the plan itself is nonsense. It is not because there is no money, but it is because the conception of the plan is wrong.

That plan is based on the assumption, that in case of war, we shall have a peacetime economy in addition to the wartime economy! If the war starts, there will be no peacetime economy. There will be no financial transactions or merchandise. There will exist only wartime manufacture.

If we want to show any responsibility towards our job, we must make a plan of wartime economy, which implies that everything is subordinated to the combat operations and that all the supplies are to be allocated to the Army and population.

Momčilo PERIŠIĆ:

Yes, but we must put someone in charge of it.

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Slobodan MILOŠEVIĆ:

Yes, but not in this way.

Momčilo PERIŠIĆ:

I did not speak about the way it should be done, I only said it needed to be done.

Slobodan MILOŠEVIĆ:

Needs are something else. I even think that the needs have not been specified well here. We should slowly and in peace prepare a plan of how to enlarge our wartime reserves in order to make them sufficient for a three-month period. We should see how we are going to provide reserves that would be enough for us to wage war for three months.

Further on, in case of war, what will happen to our economy and the rest? If we are in war, then the companies, money transfers, stock exchange etc., won't work as well as shops and boutiques. In that case, everything is being rationalised, everything is distributed per each citizen because people have to live even though everything is subordinated to combat operations.

So what we have to do is make a plan of our wartime economy. However, this is not the plan of wartime economy. This is the plan of peacetime economy that includes some figures that may become relevant in case of war, as if the war is being waged in another country. If the war starts here, there will be nothing left of present peacetime living and production.

Momčilo PERIŠIĆ:

I only say that we should create legal and other preconditions for each man or institution to know what they are supposed to do if the war breaks out. Should we wait to do it only after a war has broken out, it won't do any good.

Momir BULATOVIĆ:

I think that you both think the same, but you do not understand each other. The biggest point in this amount of 2,147,000,000 are personal expenditures. I understood that President MILOŠEVIĆ does not question the fact that we should be

preparing war reserves. At least not with these, but with more realistic figures. If that is the case,

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nobody will be receiving his/her salary, the market won't work, etc. We will not be helping either the RSK /Republika Srpska Krajina/ or the RS /Republika Srpska/, but we will go for wartime economy.

Slobodan MILOŠEVIĆ:

Then there will be no one to help us.

Momčilo PERIŠIĆ:

It is like that in all countries. I am very sorry for initiating some issues on several occasions, which is obviously my mistake.

Zoran LILIĆ:

Momo, this initiative is good and it is good that we have put it on the agenda.

Slobodan MILOŠEVIĆ:

Please, we do not understand each other at all.

Momo, I will vote in favour of this plan right away. But do you know what you can do with that plan? You can stuff it! Is there any way we can actually use it?

Momčilo PERIŠIĆ:

Since you are the presidents, in case a war broke out tomorrow, you would have to be able to say what each of us will produce, what each of us will do. Work organisations must be ready for work,

And as per the question of whether the salaries will be paid or not, they will get as much as we can pay them. Nevertheless, here we have presented a normal state of affairs.

Slobodan MILOŠEVIĆ:

There is no normal state of affairs in wartime. Normal state of affairs in wartime is actually an abnormal state of affairs.

I am saying that we do not have a concept of wartime economy in this country. This is a peacetime concept calculated for wartime circumstances. The expenditures were calculated and it cannot be like that.

Momčilo PERIŠIĆ:

You can call it whatever you like, it does not matter to me. What matters to us is to be able to provide our soldier with what it takes to fight against the enemy tomorrow even after the reserves that we have now are exhausted. We should avoid the situation in which we would be looking around to find some petrol or other things that our organisations do not have.

Slobodan MILOŠEVIĆ:

That is a big question. We do not have a concept of wartime economy. That is indeed a difficult task and we must take it seriously.

We can adopt this plan, but at the same time we would be aware that it is ridiculous. If we want to be as serious as the level of our responsibility demands, we must take it all seriously, including the goal that you are talking about. That goal is to have reserves and to be able to fight. This way we do not have anything except the plan, which is utterly ineffective.

Momčilo PERIŠIĆ:

Who is supposed to make the plan of wartime economy?

Slobodan MILOŠEVIĆ:

It should be made by one team from the Army and the Government. I do not mean only the Defence Ministry, but also the Ministry of Finance and the Ministry of Economy.

Momo, we now have a market economy. In case of war, it becomes economy with payments in kind. In that case, it does not matter if a bullet costs this much or that much. What matters is how much we are able to produce. In war, you do not think of the market price of brass that you need to manufacture cartridge cases, but you think about where and how you will find enough brass to manufacture those

cartridge cases. You care about how many cartridge cases you will be able to collect along the frontline so that you can make new bullets out of them, etc. So you go for economy with payments in kind. Then your needs have a more natural sense to them. Then you care about how much grain you have in order to produce bread for the people, instead of thinking about the price of flour in the supermarket. In case of war, every supermarket ceases the trade based on the rules of free market. It gets rationalised meal tickets for every citizen.

Therefore, if we want to really feel what would happen in case of war, we must create a system of wartime economy.

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Momčilo PERIŠIĆ:

Mr. President, it is only important that you make a decision that it should be done. There are institutions able to do it such as the Federal Government, various ministries, and other institutions from top to bottom.

Slobodan MILOŠEVIĆ:

There is the General Staff as well!

Momčilo PERIŠIĆ:

The General Staff will give our needs based on our experience. That will be my initiative.

Slobodan MILOŠEVIĆ:

The General Staff should complete their work with what they think is necessary for the first three months of war.

Momčilo PERIŠIĆ:

And it is mentioned herein.

Slobodan MILOŠEVIĆ:

The Ministry of Economy must check out the tasks of special purpose production. It has to check its maximum capacity and provide sufficient amount of the raw material for the beginning. It also needs to bear in mind the raw material that we have in our war reserves and work organisations. We would not be buying it but we would just take it. What would happen? You cannot take steel from Smederevo because you have not provided the fifth copy of the receipt and it cannot be sent to the *Prvi Partizan* factory. That should be done immediately, loaded on the trucks, and shipped off. Nobody will ask you if you have a letter of credit or if you have already paid for it. If there are 10,000 tyres in *Miloje Zakić* then you just put them on a truck and you take them to the units which need them!

So we must have a concept of wartime economy and we must not think that we can have war and peace at the same time. Peacetime economy won't work in wartime.

Zoran LILIĆ:

Can we conclude this discussion?

Pavle has the floor.

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Pavle BULATOVIĆ:

I think that we should accept President MILOŠEVIĆ's concept as per how to make the plan. But it should also be brought down to some reasonable possibilities. In case of war or imminent threat of war, our state cannot count with customs income or sale tax, etc.

Radoje KONTIĆ:

Yes, that would be ceased, that is the wartime economy.

Slobodan MILOŠEVIĆ:

Wartime economy is a concept of economy with payments in kind. That is not a market economy anymore nor is there some kind of connection between money and merchandise. You are not interested in what the price of a bullet is – you are only

interested in the number of bullets. You do not get into the economy of bullet manufacture.

That economy must ensure that production of all means of war that we have goes smoothly.

Pavle BULATOVIĆ:

And it does not refer to that kind of companies only. The Federal Government passed a decree on companies, which have special significance for our defence. We make contracts with them and plan production, i.e. services which should meet all our needs.

Slobodan MILOŠEVIĆ:

Do you remember how ŠPER /as written/ did it in Germany, and he was by far the most efficient minister of economy. They captured half the world. Wartime organisation of the Ministry of Economy in relation to the needs of let us say the Army, does not involve market relations or currency values any more. It must be as follows. ŠAINOVIĆ, who is Minister of Economy, must have a plan. And then he says – officer in charge of the ammunition production is obliged to provide this and that amount of brass, this and that amount of some raw material, this and that amount of lead, this and that amount of copper, etc. That is a daily, weekly, monthly amount needed for unhindered operation of the factory. Then he knows what he gets from *Bor* and what is the dynamics of supply. He knows what he gets from *Kablovi*, what he gets from steelworks, etc. He makes an overview of what he is supposed to receive in kind. That is where counting of prices stops because there is no economy.

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War is not economy, but, at the same time, it is the largest economy because everything must be rationalised.

Therefore, here it is not the question of whether we respond to those needs, but if we do not respond to the needs adequately, it is the same as if we have not responded at all. If you simulate that you have resolved something, then we would



adopt this plan and we would say all right because we were responsible for it. In that case, we would be extremely irresponsible because the proposal of this plan is based on an illusion that there is a peacetime production and vibrant peacetime economy under wartime circumstances.

That plan must include the exact structure and organisation of the entire logistics and provision of the rear part of the Yugoslav Army.

Momčilo PERIŠIĆ:

I know, but the Army cannot do it.

Slobodan MILOŠEVIĆ:

Momo, it is your characteristic to call in question each and every thing. That can be good sometimes. What you do not understand here is that this is the only way to resolve it even though it looks much harder. Because, what was proposed here is not the way to resolve this issue. This is the way not to resolve it. This is good if you want to have a useless paper in your drawer.

Further on, there is the Ministry of Traffic. You must requisition all the lorries and other means of transport. You cannot ask any more what's the price of something.

Then, it should be the Ministry of Supplies and not the Ministry of Trade that controls the reserves. It is known exactly how much flour goes per each region. The same applies to corn, meat, oil, etc. It is known how it is to be transported, how it is to be distributed, etc.

21.

Momčilo PERIŠIĆ:

At the moment, it has not been regulated by law at all. What I am saying now is purely out of desire to start resolving it in accordance with the Constitution. And who knows Mr President, maybe it will be just as you say! I could not have solved it. If I could have solved it, I would have done it and proposed the solution to you.

Slobodan MILOŠEVIĆ:

Momo, you are not on the agenda.

Momčilo PERIŠIĆ:

I just want this organ to issue an order to a legal authority in charge of drafting this, exactly as you have said, nothing else!

I presented it in such a way, as an estimation, just to see what the figures would be. Maybe it can be done without money transaction, as you said. But for example, a firm needs to produce tyres. Now we need to have a solution in the peacetime and to say: “in case of that and that, the means are to be allocated from that and that, you must have such and such reserves, you deliver that and that, there and there”. If we wait for outbreak of war to do that, it will be too late!

Slobodan MILOŠEVIĆ:

Momo, that is the only thing not disputable here. It is not disputable “whether to do it or not” but “how” and this “how” must be realistic!

Please, before and during the Second World War, in America, at the time when it was the biggest economic power, women were taking off their wedding rings and were giving them away as a contribution to the gold collection action, so that raw materials for some products could be bought and imported. There is no market economy anymore – the entire machinery got involved in the wartime production. There is no steel at the market anymore, all that “State Steel “ produced was for the wartime production. The question was how to provide coke and enough iron ore, and not how to pass the budget where the primary issue is the amount of someone’s salary!?

No salaries, no way! A must is to ensure that the people make ends meet, that they have food, clothes and health care. Everything must be aimed at wartime production! There are no private cars any longer,

22.

private fuel, no trade, but supply only. The life will come down to three-four basic things: to provide food, clothes and necessary firewood while the rest is to be turned to the wartime production for the army and the front. Therefore, the plan on our war economy must be made. Our war economy must be planned and must look much clearer than some military budget for three months.

Pavle BULATOVIĆ:

Just so that it does not look like nothing has been done. There are plans for various material liabilities in each enterprise. In case of that state, it is well known that for example, "Marko MARKOVIĆ", as a founder must be deployed in a foundry and not somewhere else.

Slobodan MILOŠEVIĆ:

While at that state, the labour rights are different, the working hours are different, supply and transport too!

Momir BULATOVIĆ:

I think that this is completely clear and that we can start with conclusions.

Zoran LILIĆ:

Fine, based on the aforementioned, I would suggest the conclusions:

The Supreme Council tasks the Ministry of Defence, the Ministry of Economics, the Ministry of Finance and the General Staff of the Yugoslav Army to draft a plan on war economy which will be the basis for the plan of material supply of the Yugoslav Army for the first three months of war.

I think that a realistic deadline for this could be 30 days.

Slobodan MILOŠEVIĆ:

A part of information related to the Army needs is included there; possible firms are also included to some extent.

23.

Zoran LILIĆ:

I think that the Ministry of Defence should be in charge of all the tasks.

Slobodan MILOŠEVIĆ:

But an inter-department working group should be established, which would prepare the entire plan. Yet, it would be under tightest supervision since this is the most important state secret. Afterwards, we would discuss it. A few of our closest associates would be involved in this; we must involve the Prime Ministers, Ministers of Economics, Ministers of Agriculture.

Pavle BULATOVIĆ:

I suggest that the same working group that the Government formed for financing and supplying issues, should be in charge of this too.

Momčilo PERIŠIĆ:

No, I think that this must be regulated by law.

Pavle BULATOVIĆ:

What “by law” means – the Federal Government is in charge of this by law, that is to say, the Federal Ministry, because the defence is exclusively the function of the federal state. I myself, ZEBIĆ, ŠAINOVIĆ, Minister of Trade and others, including the General Staff representatives, are in that group.

Zoran LILIĆ:

I think that we can make such conclusion.

Slobodan MILOŠEVIĆ:

The material balance sheets must be made, so that we see exactly what we have in our reserves and what our production quantity of main raw materials is, such as copper, steel, chemical materials necessary for explosives, gunpowder etc. We must import some things so that we have them in the reserves.

Radoje KONTIĆ:

We formed the group for current issues. It has to finish this job. Of course, there must be an active involvement of the General Staff in this matter.

24.

Momčilo PERIŠIĆ:

The issue of supply for the population must be included in it too...

Slobodan MILOŠEVIĆ:

It should be made in such way so that we can see how the country would function in the state of war!

Zoran LILIĆ:

It is clear. I think that 30 days are enough to do that.

Slobodan MILOŠEVIĆ:

All salaries and pensions are to be cancelled; the basic necessities are to be determined per a household member; rationalised supply of employees – everything must be included. Furthermore, the food, necessary clothes, medicines must be included too! There are no more shopping, selling, trade; black marketers are to be arrested and executed by firing squad!

You say here, “ first 15 days of terrorist...” and you act with 130,000 /sic/. You don't act with 130,000 people, you have additional 100,000 police forces that will act in terrorist and other situations, special police units – they will all act together with the Army.

Momčilo PERIŠIĆ:

Fine, I thought that I was not in charge of proposing all that?

Slobodan MILOŠEVIĆ:

Yes, I understand. But all this must be interrelated.

For example, the most beautiful town in Kosovo, the one in which the Šiptar /derogatory for Albanians/ separatists invested the most, i.e. the Đakovica group, is Đakovica. There is no prettier, richer or more organised town in Kosovo than Đakovica is. It is situated in the most beautiful place, and there is a former barracks a bit uphill, currently abandoned.

25.

An armoured motorised unit should be relocated there so that they know that their treasure will under attack tomorrow if something that must not and need not starts happening. They need to know that the army exists and that it is there.

Momčilo PERIŠIĆ:

But Mr. President, we have a barracks there.

Slobodan MILOŠEVIĆ:

You have nothing there!

Momčilo PERIŠIĆ:

I have a battalion there.

Slobodan MILOŠEVIĆ:

No you don't, you don't, you have an empty barracks!

Momčilo PERIŠIĆ:

What kind of Chief of General Staff would I be if I did not know that? Mr. President, I have a battalion in Đakovica, at the exit towards Đapa Prušica, on the left side. I have been there for three times since I have been appointed Chief of General Staff.

Slobodan MILOŠEVIĆ:

What is up with that barracks uphill Đakovica, why is it abandoned?

Momčilo PERIŠIĆ:

It has been abandoned for a long time now.

Slobodan MILOŠEVIĆ:

I don't mean that you abandoned it, but I am saying that it has been abandoned for a long time.

Momčilo PERIŠIĆ:

Someone has deserted it, I don't know why, I was in Croatia at that time.

26.

Every town in Kosovo has a barracks and the army. But I do not have enough soldiers.

Slobodan MILOŠEVIĆ:

Kosovo is our safest territory! We sent 9,000 students there to study at the Priština University; the Serbian daughters who are their parents' only child, can walk alone in Priština in the middle of night! They figured out that it was not good thing to do, they saw what happened in Bosnia! But it is good to have it there, that you have them there and that is functioning. It is well known that "the fear keeps the house safe".

Zoran LILIĆ:

Can we adopt the conclusions that I have proposed? (Approval).

Let us move on to the second item on the agenda:

## 2. THE ANALYSIS OF DISBURSEMENT OF THE BUDGET IN THE FIRST QUARTER OF 1995

This is presented for information only. I would suggest that Minister BULATOVIĆ introduce the problem of financing more comprehensively. The Federal Government Commission has already been formed and they need to answer some of these questions, establish the costs structure etc.

Pavle BULATOVIĆ:

I think that there is no need for me to repeat what this information already covers.

The fact is that the Army is faced with the inflow problems. In the first quarter, although planned, 10 million have not been allocated. Yet, I think that those 10 million would not have significantly improved the situation.

What we should think of is - how shall we face the end of the year? The dynamic of disbursement in the first quarter in certain budgetary items is relatively high. Already in August or September, by some assessments, we can face the situation where certain budgetary items will be exhausted.

27.

That could question the survival and functioning of the Yugoslav Army.

Here, I will disseminate the table where the parallel charts are given for what has been planned in the first quarter and the percentage of realisation for the first quarter. This parallel chart shows that certain items are totally exhausted, i.e., it has been spent much more for the first quarter than it has been planned for the entire year.

Slobodan MILOŠEVIĆ:



Yes, but those are minor items.

Momčilo PERIŠIĆ:

Here, you can see on the projector, the chart on approved means separated by their purpose in the period from 01.01.1995 to 31.03.1995. You see, “supply of weaponry and military equipment”, this amount is higher because there are liabilities created in the last year; we entered this year with the debt of 70 million and now we have to pay that.

Furthermore, the war material reserves, you see the plan, and we spent more than 368 /sic/.

As you can see, we could have raised the earnings, but we have not done that. The current situation is that we lack 48 % of funding for this month salaries!

We see the solution in what we have already submitted to the Federal Government. Pursuant to Article 10 – we will allocate planned income of 10 million and fulfil our liability, but if we earn over that amount, the Government should make a decision to leave that to us so that we can survive.

Zoran LILIĆ:

What is the problem with this, why can't we accept this?

Radoje KONTIĆ:

I don't see this as a tragedy at all. The fact that we exceeded for 100 % or 300 % in some budgetary items, should not be considered as a tragedy, because the entire quota of the budget has not been exceeded.

28.

Momčilo PERIŠIĆ:

Here, take a look at the Realisation of the Annual Plan from January 1<sup>st</sup> through 31.01.1995; this amount was approved, this was planned (showing at the slide), which

is 27.20 % of the plan in total. There is 25.10 % for the current costs, 62.80% has been planned for the transformation of the army. It means that we have no time to spend it! The costs of the Federal Ministry are 20.50%. This is the entire plan on hitherto expenses.

Pavle BULATOVIĆ:

The question is now: what to do in September?

Zoran LILIĆ:

This Commission that was formed need to discuss this and act accordingly.

Radoje KONTIĆ:

The key issue is how to preserve the total funding quota. The Federal Government is entitled to do a pre-transfer, i.e., to transfer the means from one item to another – the Federal Government has unlimited right to do that. The truth is that the opposition tried to prevent that but the proposal did not pass.

Therefore, these items exceeded their limits, other items are not exhausted. So, there is no transfer.

Therefore, it is not a tragedy to have 300 % excess here. The most important thing for me is this last number here – 121, but that is not a tragedy either. Why? Because we exceeded the realisation of the budget for 10 % in the first quarter. Thus, the Army should have got 404 million for the first quarter, but it got 349 million; or, according to our plan, it should have got 358 million. If this were 404, then the difference would be 404 less this amount, it is 3,8 % in total. So, here we would not have 120, but it would be another figure, for example, excess of 10-12 %, not more.

Therefore, this is not a tragedy.

There will be no deductions from the budget for the second quarter – you have 404 million and we will try, if we get any income, to allocate you arrears from the first quarter, i.e., 10 million. It means that there will be 404 million, plus 10 million and therefore, you will have 414 million in the second quarter.

Yet, your needs are much bigger. We are obliged to work on resolving the issue of the budget. That is why we formed the Commission whose members are two vice-presidents. However, their goal is not to present the General Staff and the Army with the bills but to form a group that will analyse the costs structure of the Yugoslav Army and total costs, all with the aim of their rationalisation and finding the solution. Therefore, we will not say, “ you have a billion and 600 million, let us increase it to 2 billion and we will find 400 million somewhere”. We want that too, but first we want to see what is the best we can do to help the Yugoslav Army.

This is the third part of the task – what Pavle has just said; this group will be tasked with making analysis and suggestion accordingly, taking all these problems into account and within a reasonable deadline. Of course, they cannot do that without an active participation of the General Staff and analysis of the entire structure of the Yugoslav Army.

Zoran LILIĆ:

I think that we can conclude that we discussed the Information of the Federal Ministry of Defence and that we accept the proposal given by Prime Minister Radoje KONTIĆ. Of course, the General Staff will actively participate in the work of the Commission, in order to find the adequate solution that must be within existing economic potential.

Momčilo PERIŠIĆ:

I kindly ask you to make a decision, pursuant to Article 10 – to allocate those 10 million, which present the income, and all means exceeding it, are to be used in order to improve the state of our reserves and other items.

Zoran LILIĆ:

I think it would be good to enable this.

Radoje KONTIĆ:

People, it cannot be done; I have explained this for hundred times, nothing will be solved in this way!

30.

Mr. President, we keep going back to the same thing; it is a futile exercise.

Zoran LILIĆ:

But if they can earn more, why wouldn't they?

Radoje KONTIĆ:

They can earn more, no problem.

Zoran LILIĆ:

For example, why the VMA /Military Medical Academy/ would not work extra hours and admit civilians; or there are 500 wounded persons hospitalised there but there are no reimbursement of expenses.

Radoje KONTIĆ:

We gave them the entire reimbursement last year. The least costs are personal incomes. Much higher costs are the medicines and the rest.

Zoran LILIĆ:

The VMA has enormous costs – I don't know how General BIJELIĆ and those people there are dealing with it at all!

Momčilo PERIŠIĆ:

Mr President (addresses KONTIĆ), can I convince you of a most simple thing? You gave us a billion and 600 million; the society cannot allocate more and we understand that.

If we know – “either working or not, we'll get a billion and 600 million”, then there is no a motivation. But if you give us a 50 % of our excess earnings, then 50 % goes to

the budget and the rest goes to us to improve our standard or whatever. It is a huge motivation.

Radoje KONTIĆ:

But Momo, the budget allocates a billion and 600 million. We can earn 2 billion and 600 million, but we cannot spend more than a billion and 600 million! We can do whatever we want with a billion and 600 million!

31.

Pavle BULATOVIĆ:

We can do it through the compensations.

Zoran LILIĆ:

Rajo, for instance, the peasants want the Army to build a road, and they pay them in the petroleum and other things. Why wouldn't we make that possible for the Army? They train their soldiers in this way, the machines are busy, not rusting and they benefit from it too?

Momčilo PERIŠIĆ:

I would like to read what it says in Article 10:

“The incomes that the organs and the FRY organisations earn by offering their services, leasing of moveable and immovable property, sale of their own products are to be separately entered in the records as income in the federal budget. And in accordance with the decision of the Federal Government, they may be used for covering of the manufacture costs, providing of the services based on which the income was earned, as well as financing other needs”.

You just make such a decision and you will enable us to support ourselves in many things! If you don't want to do that, you will force me to be a beggar or to avoid the law!

Radoje KONTIĆ:

The budgetary way of financing is different, it has its own logic. The same question can be posed tomorrow by the inspectors, flight controllers, customs officers, “give me this and that – that is within the budget and all extra earnings are for me”. It cannot be done in that way. The case here is; everything to the budget, everything from the budget.

Zoran LILIĆ:

Please, let us not rush into decision. Let this group that Pavle proposed see what the possibilities are to accept this what General PERIŠIĆ said.

32.

Slobodan MILOŠEVIĆ:

There are 13 % of means that were spent and that exceed their fund. It is not a big excess!

Radoje KONTIĆ:

It is not 13 %, it is only 3% - we gave them 10 % less for the first quarter. Therefore, they exceeded it for 3-4 % , not more.

Slobodan MILOŠEVIĆ:

You appeared like a decent person there but you must have messed somewhere else!

Momčilo PERIŠIĆ:

Yes, decent, but stupid too!

Slobodan MILOŠEVIĆ:

Maybe we all are stupid!

Momčilo PERIŠIĆ:

I don't understand this, you cannot break free due to bureaucracy? I cannot do anything that is for the benefit of the Army.

Slobodan MILOŠEVIĆ:

Like what?

Momčilo PERIŠIĆ:

For example, we can achieve bigger income than 10 million and 200 thousand, which goes to the budget. We have no benefit from it.

Slobodan MILOŠEVIĆ:

Rajo, let us approve this to him; why do you prevent this every time!?

Radoje KONTIĆ:

But, no way, it cannot be done!

33.

Slobodan MILOŠEVIĆ:

How come it cannot be done – it can! Why do you behave as a bureaucrat!?

Radoje KONTIĆ:

I am not a bureaucrat, that's the law!

Slobodan MILOŠEVIĆ:

What law, leave him his income!

Yesterday I received the entire Kosovo leadership. I wanted to suggest you something. There is a revival of manufacture in Kosovo at the moment. There are lot of uncultivated plots of land, there is a fishpond at Kosovo Polje and so on. Let the Corps Logistics take that, let them cultivate it and arrange it. With little investment, they will have food for the army, superior officers and others.

Manager of the Steel Company has 12,000 workers and you have never heard of them being on strike. Within the Steel Company compound, he reserved a plot of land of 35 hectares towards the Danube River. He cultivated it, sowed it with different seeds, so that he has food for the workers' restaurant and other things. There are so many abandoned plots of land that were confiscated but not allocated to anyone.

I would order BOJOVIĆ to give them that so that they can work. It will be great. BOJOVIĆ has a free labour. What's wrong about that if the soldiers work on the fishpond. They could have 100 wagons of trout this year – they can feed half of the Yugoslav Army!

I think that we can accept Momo's proposal but also give him direct income because thus he will stimulate his people; it is not huge money in comparison with the budget. Jovo ZEBIĆ is a good bookkeeper; he'll make it look good in the books.

Radoje KONTIĆ:

It is not a problem to consider this. What President MILOŠEVIĆ is saying is another issue; they are producing for themselves there, it stays with them etc.

But the principle is: everything goes into the budget and everything goes out of the budget.

34.

But if we decide to do so, we must not include it in the budget records, we must find another way.

Slobodan MILOŠEVIĆ:

Momo, what are your objects that would provide the income?



Momčilo PERIŠIĆ:

There are the VMA, Military-Technical Institute. For instance, I have an engineering unit for digging the wells. I can involve the unit in digging a well for a peasant and charge him for that, but I can also dig somewhere else in a meadow and just fill it in afterwards, because a soldier must practise too!

Zoran LILIĆ:

We have Article 10 in the Law according to which it is possible to do it!

Radoje KONTIĆ:

It can be done but the quota cannot be exceeded! What can he do in the VMA? One can only earn a salary there. But he cannot earn for the medicines, hospitalisation, amortisation!

Slobodan MILOŠEVIĆ:

It was said earlier what is written in Article 10: “.....those incomes are to be registered individually.....” etc.

You approve a special account for them, so that they can keep a record on it, as an income in the federal budget and simultaneously, you will approve them to use those means registered as income in a special item within the federal budget, for financing their needs.

Radoje KONTIĆ:

But within the entire quota of a billion and 600 million dinars! I can give it all to him, I am not preventing any of that. It can be done in that way until the quota is reached but once the quota is reached – he cannot exceed it!

Slobodan MILOŠEVIĆ:

Why not?

Radoje KONTIĆ:

Because the Parliament adopted the budget for this year in the amount of a billion and 600 million.

Slobodan MILOŠEVIĆ:

You do not allow him to earn any income!?! You are motivating him in this way, by not letting him earn any income!

Slobodan MILOŠEVIĆ:

Rajo, it is not like that – it says here that it can be done! After all, leave the stupid law aside, man! Give him that!

Momčilo PERIŠIĆ:

We are the only institution that is banned from earning!

Radoje KONTIĆ:

It is not true!

Zoran LILIĆ:

Let him cover the budgetary costs and leave the extra amount to him!

Radoje KONTIĆ:

It is 20 %. No problem!

Zoran LILIĆ:

In Novi Sad, they are producing some chemical that is poured into the batteries and it extends their duration to 3 years. He wanted to gift it to the Army so that they can refill 500,000 batteries, to save 100,000 batteries but in VTI /Military – Technical Institute/ said, “No way, I don’t care, it means nothing to me!”.

Slobodan MILOŠEVIĆ:

Why didn’t you do it?

35 a.

Momčilo PERIŠIĆ:

I can order him to do that, Mr President, but he will sue me then. I want the Army to act in accordance with the law, and to follow your decision; or not to work at all and it is not working at all at the moment!

Slobodan MILOŠEVIĆ:

Rajo, it says here that it is possible if the Federal Government makes such a decision, “the Army can make a profit by providing certain services that are not in contradiction to its functions and do not diminish combat readiness nor do they endanger the integrity and reputation of the Yugoslav Army etc. The Army is allowed to dispose the money as it likes, either for covering the costs of the services provided or other costs related to the Army”. Rajo, this is workable and you have to give it to them!

Radoje KONTIĆ:

There is nothing disputable here.

Slobodan MILOŠEVIĆ:

I know it is not disputable, but then you say “but, all within the quota!” (laughter). It is not true! This is not within the federal budget, that is it; separate those things!

Radoje KONTIĆ:

I agree that we look for the solutions, but the way it is here, this is within the federal budget!

Zoran LILIĆ:

Fine, Rajo, but find the suitable solution.

Radoje KONTIĆ:

I agree that the Commission search for the solution. But it is a big illusion if you think that the Army can earn so much money!

Zoran LILIĆ:

We can give them a chance.

36.

Slobodan MILOŠEVIĆ:

They don't have to earn much, let them earn 100 million at least!

Radoje KONTIĆ:

The amount of 100 million is out of question – they cannot earn even 10 million!  
But we will find the solution for it, it is not a problem. That is the reason why we formed the Commission. The Commission will be tasked to solve that. Yet, there should be no illusions that there will be much money.

Slobodan MILOŠEVIĆ:

Please, Momo, check this out with the district commanders and garrison commanders, where there is land available. Why wouldn't the Army do that ?

Momčilo PERIŠIĆ:

For instance, the Požarevac Municipality has 18 plots of land that they are not using at all. People say, " give us that plot of land and you will get five apartments", and the response is, " no, I have no legal right to do that and you can't do anything about it". And my superior officers are living at the barracks!

My commanders, whom we assigned 5, 000 people and the biggest treasure, we gave them at least 5 billion in property, have no rights to record even this chair as expenditure according to the current Law on Financing and Economic Operations of the Yugoslav Army! It is a death penalty!

This situation now is forcing me either to avoid the law in order to save the Army or to passively watch my Army dying!?

Slobodan MILOŠEVIĆ:

Your Army is not dying, don't be so dramatic!

Momčilo PERIŠIĆ:

How is it not dying? If you would pay a visit and see where the superior officers are sleeping, you would ask yourself if it is possible that in this century the warriors are living in such conditions!?

37.

Radoje KONTIĆ:

This should not be considered as a tragedy. We will find a solution, but you will see that these are insignificant means.

Slobodan MILOŠEVIĆ:

It is insignificant comparing to what the state must provide for but it will strengthen their will and improve their motivation.

Secondly, it would be fantastic if they take this uncultivated land where their garrisons are, if they link with the district commanders and if they give them those plots of land for their use!

Radoje KONTIĆ:

In that case, they would keep it for themselves and there's no need to include it in the budget.

Slobodan MILOŠEVIĆ:

There is no need to include that in the budget.

Pavle BULATOVIĆ:

The military farms have been closed down.

Slobodan MILOŠEVIĆ:

You could establish an economic-military farm. For example Kosovo; you have great possibilities there, you have it in the inland too.

Zoran LILIĆ:

I could even invite the district commanders to sort this out.

Slobodan MILOŠEVIĆ:

It would be very good.

Momčilo PERIŠIĆ:

I have no problems in the field, I can easily arrange it with them, but I am telling you once again that I am not able to do it.

Slobodan MILOŠEVIĆ:

But your hands are free now, you can do it!

Momir BULATOVIĆ:

But the military farms have been closed down.

Slobodan MILOŠEVIĆ:

But this land lays uncultivated!? It should be arranged on a temporary basis – we are in crisis, we have sanctions imposed on us and our land just lays there uncultivated! Why wouldn't we improve our standard? The pensioners just take a part of lawn in Vidikovac and they cultivate peppers, tomato –why couldn't the Army do the same?

Radoje KONTIĆ:

Please, Momo, just tell me what you want to do, write that down as a formal letter and we will look for a solution within this group. There are no problems, just write down a formal request and we will find a solution.

Zoran LILIĆ:

Fine, we agreed that this Commission should do this, find the solution and that the General Staff is to get involved in this too.

Pavle BULATOVIĆ:

Does the Commission have the authority to go deeper into the structure?

Radoje KONTIĆ:

Of course it does, it must be authorised for that!

Momčilo PERIŠIĆ:

For instance, Macedonia is very interested in our planes which we are not using; Kraguj, Jastreb, Utva etc., and for the infantry weaponry of older manufacturing year, rifle 7,9, mortars, ABH /as written/ means etc.

39.

Can we give them that? In return, they would give us the products we lack: kerosene, solidly charged batteries etc.

Slobodan MILOŠEVIĆ:

Of course, you can!

Radoje KONTIĆ:

You can do it, no problem about it – it should not go into the budget or out of the budget!

Zoran LILIĆ:

Fine, we agreed on that too.

Let us move on to the third item:

### 3. MISCELLANEOUS

Under the item miscellaneous, I presented three information. I suggest that we just discuss the first one among those three:

THE INFORMATION OF THE FEDERAL MINISTRY OF DEFENCE  
REGARDING THE REFUSAL OF REPUBLIKA SRPSKA MINISTRY OF



DEFENCE TO ALLOW US TO USE ONE PRODUCTION LINE FOR THE  
MANUFACTURE OF ROCKETS ENGINES

They have three production lines and they do not need all three of them. Anyhow, a production line costs 2 million marks and we need one production line. It would be good if we could persuade them to give us one.

Slobodan MILOŠEVIĆ:

Momo, have you talked about this and requested it from MLADIĆ?

Momčilo PERIŠIĆ:

It has been requested, but they refused it.

Slobodan MILOŠEVIĆ:

And is this common!? He did not want to give the machines for primers in Goražde and in the end the Muslims took them!

40.

Radoje KONTIĆ:

Maybe we can somehow compensate it to them, so that we can get that?

Zoran LILIĆ:

I would close this session with this issue. I have nothing else under the current issues. Does anyone have something to say regarding current issues?

Momčilo PERIŠIĆ:

In March, the Jugopetrol Company delivered 419 tons of kerosene to us out of the planned 1,550 tons; there are 950 tons in the reserves but they do not want to give them to us since we owe them money.

I kindly ask some kind of solution in this matter.

Zoran LILIĆ:

ZEBIĆ said that he would pay in 2 million. I will call ZEBIĆ again.

Momčilo PERIŠIĆ:

Furthermore, we have premises in the Vrnjačka Spa, it is the property of the Government of Serbia, in which we should install the equipment that we already possess and which costs 10 million dollars. It is the equipment for aerospace surveillance and at the moment, we are not in a position to build new premises. We really need something in that area.

Zoran LILIĆ:

We already made a decision that you should talk with Miki MARJANOVIĆ.

Momčilo PERIŠIĆ:

We have already talked. They told us that they could not give us that because they were already using it for other purposes. If we could solve this in our favour, it would be great.

Slobodan MILOŠEVIĆ:

I think it belongs to the MUP /Ministry of the Interior/ !?

41.

Momčilo PERIŠIĆ:

The MUP has just partially entered the premises.

Slobodan MILOŠEVIĆ:

However, a big part of the property of the TO /Territorial Defence/ was handed over to the Army, actually, almost everything.

Momčilo PERIŠIĆ:

I have one more question. It is the decision on those educated in Republika Srpska and the Serbian Republic of Krajina. The decision on their promotion was made.

Zoran LILIĆ:

We have a complaint.

Momčilo PERIŠIĆ:

It would cost us 4 million dinars per year.

Slobodan MILOŠEVIĆ:

Which cases are those, what is it?

Momčilo PERIŠIĆ:

These are non-commissioned officers and officers who finished the school in Banja Luka last year.

So, in order to prevent KARADŽIĆ from signing it, they request now, they say that that he educated them /sic/.

Slobodan MILOŠEVIĆ:

He will sign it either way! Whose complaint is that?

Slavoljub ŠUŠIĆ:

This is the complaint of Rade BAKIĆ, Sergeant 1<sup>st</sup> Class from Knin, VP /Military Post/ 9000.

Momčilo PERIŠIĆ:

There is also this PAVIĆEVIĆ.

42.

Zoran LILIĆ:

What decision should we make regarding the General PERIŠIĆ's proposal for 4 million? We have the decision – we are financially supporting those who are studying here but we cannot pay for those who are studying there.

Momir BULATOVIĆ:

Why should we change the decision?

Zoran LILIĆ:

There are some new aspects.

Slobodan MILOŠEVIĆ:

I think that MLADIĆ is more bothered because of that dispute that he is having with his political leadership. Although the whole situation is not clear to me, I think that this is the issue.

Momčilo PERIŠIĆ:

That is the essence of it.

Slobodan MILOŠEVIĆ:

The issue is whether they should get the same treatment as the other ones?

Momčilo PERIŠIĆ:

That is the essence. He wants those people to be equal with others by the level of education, so that he, actually we, have more influence than KARADŽIĆ. Because KARADŽIĆ's aim is to infiltrate into the Army as many SDS /Serbian Democratic Party/ officers as possible, so that he can have biggest possible influence on the Army while MLADIĆ wants to prevent that. That is the essence.

Slobodan MILOŠEVIĆ:

Have we ever made any decision about that?

Momčilo PERIŠIĆ:

Yes, you promised him this.

43.

Zoran LILIĆ:

Should we declare ourselves regarding this issue or to wait until we get a better insight into it?

Momir BULATOVIĆ:

It is still not clear to me. But if President MILOŠEVIĆ promised that, then it is fine.

Zoran LILIĆ:

It relates to additional 27 non-commissioned officers and officers in the Serbian Republic Krajina.

Slobodan MILOŠEVIĆ:

It is related to the issue we discussed, to give them the revenues.

How many of them are there?

Momčilo PERIŠIĆ:

There are 194 candidates for unlimited duration; there are 910 in Republika Srpska and there are 580 of those in Krajina in total. The total number is 1,490 people. The total costs for that is 4 million and 466 thousand dinars per year.

Radoje KONTIĆ:

It is not a lot for a year and it is too much for a month?

Momir BULATOVIĆ:

This drastically differs from our attitude so far and that is that we conscientiously got involved in this, sacrificing a lot, just so that we can control it somehow. But I don't think we control anything.

We will make a decision to pay off those 900 people and tomorrow there will be 3,000 of them. These are good guys, good soldiers. But there is no a guarantee that a next generation will not show up in the forthcoming period.

Slobodan MILOŠEVIĆ:

I think we should discuss this when he comes, so that we analyse it in detail and make a decision accordingly.

44.

Zoran LILIĆ:

Fine, we have finished our meeting with this.

Momčilo PERIŠIĆ:

If you allow me to say, it would be good to have an insight into the Book of Rules on the Federal Ministry in our next session.

Slobodan MILOŠEVIĆ:

You should deliver us the documentation.

Zoran LILIĆ:

We oblige Minister BULATOVIĆ to present the Organisation of the Ministry of Defence for the next session of the Council.

Another conclusion:

General PERIŠIĆ is to deliver the list of additional tasks that the Army wishes to perform and the ways of their realisation to the Federal Government.

Do you agree? (Approval.).

I conclude the session of the Supreme Defence Council.

(The session ended at 1540 hrs).