



**FROM  
BANKING  
TO THE THORNY  
WORLD OF  
POLITICS**

**SHAUKAT  
AZIZ** WITH ANNA  
MIKHAILOVA

FROM  
BANKING  
TO THE THORNY  
WORLD OF  
POLITICS

SHAUKAT  
AZIZ WITH ANNA  
MIKHAILOVA



QUARTET

First published in 2016 by Quartet Books Limited

A member of the Namara Group

27 Goodge Street, London W1T 2LD

Copyright © Shaukat Aziz 2016

The right of Shaukat Aziz to be identified  
as the author of this work has been asserted

by him in accordance with the

Copyright Designs and Patents Act, 1988

All rights reserved

No part of this book may be reproduced in  
any form or by any means without prior  
written permission from the publisher

A catalogue record for this book  
is available from the British Library

ISBN 978 070 437 399 0

Typeset by Josh Bryson

Printed and bound in Great Britain by  
T J International Ltd, Padstow, Cornwall

To the people of Pakistan,  
my parents,  
my wife Rukhsana  
and my children, Lubna, Abid and Maha

# CONTENTS

	Introduction: The Phone Call	1
1	A Tale of Two Coups	12
2	Under Attack	24
3	Bin Laden: Who Knew What?	40
4	America's Transactional Relationship	51
5	Fighting Our Allies in Afghanistan	70
6	Gaddafi's Surprise	91
7	The Cold War on Terror	98
8	Nuclear Peace with India	114
9	A Barbecue with Putin	142
10	Turning the Economy Around	148
11	Wall Street: The World's Best School for Politics	183
12	Growing Citibank in Saudi Arabia	205
13	America's Back Channels with Iran	216
14	'The Lion of China is Awake'	221
15	Benazir's Return	242
16	Lessons in Governance	252
17	Pakistan: The Way Forward	276
	Acknowledgements	301
	Chapter Notes	304
	Index	313

## INTRODUCTION

# THE PHONE CALL

News of the coup came at half past five on a crisp October day. I was sitting in my executive office in 399 Park Avenue, with New York bustling fifteen floors below me. As the head of global wealth management for Citigroup, I was part of the inner sanctum of one of the biggest banks in the world. But, that afternoon, all my attention was focused on the television screen in front of me.

A man in a camouflage commando uniform with red lapels appeared on CNN. He sat behind a plain wooden desk with a portrait of Pakistan's founder, Quaid-i-Azam Mohammad Ali Jinnah, behind him and the national flag to his right. General Musharraf's eyes flickered behind rimless glasses as he read out his speech. It was short and to the point – his plane had not been allowed to land after three fire trucks had blocked the runway in Karachi. Nearby airports had also been shut. As his PK805 started running dangerously low on fuel, its options for a safe descent narrowed. The army stepped in, cleared the runway and seized the control tower at Karachi airport. There was just seven minutes-worth of fuel to spare when the plane finally landed.

By 2 a.m., the coup was a done deal and General Pervez Musharraf made his announcement on air, ousting Nawaz Sharif, the elected prime minister, from power. The general declared martial law in a loud, clear voice, his punchy and brief sentences ringing out on television screens across the

world. He vowed the military would ‘preserve the country’s integrity to the last drop of our blood.’

My first thought was whether there would be any violence. Concern for my homeland and the family I had back in Pakistan put me on edge. At the same time, I could not help feeling disappointed: in more than five decades since independence, Pakistan had still not managed to find a way to constitutionally replace governments. Its short history already included three periods of military rule and no democratically elected government had ever completed a full term. I also wondered what would happen to Nawaz Sharif – I had known the deposed prime minister since my early days in Citibank. When I was head of its Lahore branch, he and his brother Shahbaz Sharif would come in to negotiate credit facilities for their steel business.

But, after watching the television report, I got on with my life. It was 1999 and only a year after Citibank had gone through the biggest merger in history, with Travelers Group. The face of Wall Street was rapidly changing, and we were leading the way. The Glass-Steagall Act was repealed that year, paving the way for banking ‘supermarkets’ that provided everything from loans to insurance. I was the head of Citigroup’s global private bank, in charge of managing ultra-high net worth business. My corner office – Wall Street shorthand for having made it – used to belong to Walt Wriston, the bank’s legendary chairman who had built its reputation in the 1970s and 1980s. It was here that, two days after General Musharraf’s television announcement, my life completely changed. I was halfway through a meeting when my secretary Pamela rushed in and said: ‘I’ve got a general on the line. The one on the news the other day.’

I was taken aback. The army is the most powerful institution in Pakistan – the reputation of its reach and effectiveness

precedes it. But, until then, I had lived my life without coming into contact with it. I had never met General Musharraf or any of the serving generals who made up his corps command. I had not set foot inside army headquarters or any other military buildings in Pakistan. As I walked over to my desk, I wondered what the army chief might want. Drawing a blank, I tentatively picked up the phone.

I listened patiently while General Musharraf launched into a monologue about his vision for Pakistan and the myriad of problems it faced.

‘I want to get the country on the right track,’ he said, adding that the economy was a major part of this. He was building his team and wanted to meet me. Could I come to Pakistan for a chat?

Surprised, I asked for time to think about it.

I went to see my Citigroup bosses, the two co-CEOs of the bank, John Reed and Sandy Weill. John encouraged me to hear what the army chief had to say. Sandy was excited for me and exuberantly suggested I take the bank’s plane. Thinking this would draw too much attention – Musharraf had told me to keep the purpose of my visit quiet – I boarded a commercial flight to Islamabad.

## **A suit among uniforms**

And that is how I found myself on a mild day in Rawalpindi, sitting in front of half a dozen generals in khaki-coloured uniforms. After getting a night’s sleep in my hotel, I had been promptly driven to the army’s General Headquarters and led into the Chief of General Staff’s office for this meeting. My unfamiliarity with the military meant they all looked the same to me – a panel of upright figures with closely-cut black

hair. The one face I would have recognised from the news – General Musharraf – was distinctly absent. It was the first of several surprises during my initial encounter with Pakistan's new leadership.

As I sat drinking their sweet, hand-stirred coffee, the generals began to ask me questions. Among them were General Aziz Khan, Chief of General Staff, and his deputy, General Orakzai, as well as General Ehsan ul Haq, head of military intelligence. My jetlag quickly disappeared.

General Aziz led the discussion. He asked me: 'What do you think about Pakistan's economy and how quickly can it be fixed?'

Thinking on my feet, I replied: 'Pakistan has tremendous potential, good human capital and a wealth of natural resources – but because of frequent changes of government and the absence of a reform agenda, it has struggled.' They asked what could be done and I told them there were no instant solutions and some tough decisions would undoubtedly have to be made.

However, the meeting soon became dominated by questions about me. It felt like a job interview for a government position I had not applied for. There are always people who lobby for government posts – regardless of who is in power. I was suddenly conscious of looking like this was the purpose of my visit. 'I came under the impression that General Musharraf wanted to see me for my advice,' I said, feeling increasingly uneasy about his continued absence.

'General Musharraf will receive you at his private residence for dinner tonight,' one of the commanders said. I politely explained I could not stay the night – I had a plane to catch back to New York. We agreed to have a quick discussion before my flight instead and General Aziz accompanied me to Army House.

I was not sure what to expect. The last I'd seen of Musharraf was at the end of his television announcement, when he climbed into the back of a black Mercedes and sped away with his security detail in tow. On entering Army House, I sat down on a sofa in the traditional-looking waiting room. The army chief's principal secretary, Tariq Aziz, was there, along with General Mahmud, the head of the ISI, Pakistan's intelligence service. Finally, General Musharraf walked in, dressed in a casual shirt and trousers. Gone were the uniform and dark army cap.

'Welcome! I am just in the middle of writing my speech to the nation,' he said. Perhaps it was the contrast with seeing him in uniform, but my first impression was that he was quite humble and down to earth. He gave me a warm reception and asked what I thought of Pakistan's economy. I repeated the points I had made to the generals – the country's foreign exchange reserves were at an all-time low and, to make matters worse, markets would not react well to his military coup. But it could be improved if the government was willing to create an enabling environment for growth and reform.

General Musharraf listened patiently. After a long pause, he asked: 'If we decide to take you, can you start next week?' He had not yet chosen which position to offer, but it was between finance minister and a few other possible roles. He also made it clear that I was not the only candidate.

Realising that this was all more serious than previously anticipated, I felt a rush of excitement and anxiety at the prospect of having to take charge of a troubled economy of nearly 140 million people.<sup>1</sup>

I drove to the airport in a half-daze, consumed by thoughts of the day's events. During a brief transit stop in Karachi, while rushing to get from one gate to another, I almost collided with

a tall figure coming quickly towards me. We both stopped in our tracks and, to my surprise, he called out: 'Shaukat!' It was Imran Khan, the cricket legend turned politician – I knew him from attending fundraisers for his cancer hospital in Lahore.

'What are you doing here? Don't tell me you're meeting Musharraf!' he exclaimed. I just smiled. I knew my body language could not lie, so I quickly told him I had to catch a flight and rushed along. But news of my trip was already starting to get out.

Back in New York, I told John Reed and Sandy Weill about my meeting with General Musharraf and asked them to prepare a contingency plan, in case I was offered the position. But there was no word from the new chief in Islamabad, so I went back to business as usual. I travelled to Evian in France for our annual budgetary review of the European private bank division and hosted twenty-five executives who ran our European, Middle East and Africa wealth management businesses. Looking out on the peaceful shores of Lake Geneva from the Hotel Royal, I had time to reflect. I had a number of concerns about joining a military government. The international community was bound to frown upon a coup, and there was the question of how the courts would look at the takeover, namely whether it would be deemed constitutional. Even if it was, could I uproot my family and leave a thirty-year career in a respected global institution like Citibank for an uncertain future?

The journey back from Evian involved a brief stop in London for a day of meetings. To my surprise, General Aziz called me in my hotel room.

'How did you know I was here?' was one of the first things I said.

‘We have ways of finding out,’ he laughed before quickly getting to the point. ‘We want you in the new cabinet, as minister of finance and commerce.’

I asked when he would need me to start.

‘Immediately,’ he replied. I told him I required at least two weeks – I had about 3,000 people working for me in Citibank and leaving abruptly was not exactly simple.

‘OK, give us a date as soon as you can,’ he said and hung up.

How do you pack up your life in two weeks? By taking that call in October, I had pressed the reset button for my family and myself. I discussed General Musharraf’s offer with my wife, Rukhsana, and we weighed up the pros and cons of making the move. Citigroup, in particular John Reed, was fully supportive.

I met with Bob Rubin, the former US Secretary of the Treasury and then a senior executive of Citigroup, to ask for his thoughts on the task ahead. We talked through the main issues facing Pakistan and he gave me valuable advice on how to deal with deficits, build the country’s credibility and raise money. I also consulted several friends, including Paul Collins and Richard Huber, my former bosses in the bank, as well as Shuaib Ahmed and Shahzad Husain, former Citibank executives I had worked with in Pakistan. I had no illusions about the challenges ahead. Pakistan’s economy faced slow growth, low reserves, a mountain of debt and an absence of any clear strategy. I also knew that, as a technocrat parachuted in by the new leader, I would be seen as an outsider by many others in government and the country.

But the decision itself was easy. Even though I had been living outside Pakistan for more than twenty years, I welcomed the opportunity to serve my country. I always had a strong

sense of being a Pakistani and I was proud of my identity and heritage. I had fond memories of going to the Republic Day military parades with my father, invited as the chief engineer of Radio Pakistan. I remember the excitement I felt as a boy watching the soldiers march past and the air force fly overhead, filling me with national pride.

I was also more than an observer of the country's economy. Both Nawaz Sharif and Benazir Bhutto had asked me to advise them in the past. It started with Nawaz Sharif – the first time he was prime minister, in the early 1990s, he came to New York and asked the embassy to arrange a meeting with a group of prominent Pakistanis working on Wall Street. We were not academics but we understood how markets and the real economy worked, we had experience of dealing with the finances of nations across the world. The prime minister invited us to fly to Islamabad and give presentations to him and his main economic advisers. The government suggested paying our airfare and hotel costs but I insisted on covering my own expenses. On each trip, the prime minister gave several hours of his time and we provided him with a game plan for reform. However, I felt that there was not enough buy-in from his team, so our proposals were not completely taken up.

I also knew Benazir Bhutto from my Citibank days, and always found her good-humoured and disarmingly warm. I remember one occasion in Singapore during her first term as prime minister. I was heading the bank's corporate and investment banking business in Asia-Pacific at the time and she had come on an official visit. Over a dinner hosted by Pakistan's ambassador, one of her entourage, who had previously been a guest in my Citibank residence there, turned to Benazir Bhutto and asked:

'Have you been to Shaukat's house?'

Benazir jokingly said: ‘He hasn’t invited me.’

I replied: ‘Prime minister, you are always welcome.’

The next day, I was at home having dinner with my family. We lived in a colonial black and white villa on Swiss Club Road. As we were finishing off, a call came from the chief of protocol in Singapore. He told me Prime Minister Benazir Bhutto would be at my home in seven minutes, adding: ‘The police will be coming before that, so don’t panic when you see them.’ Everybody rushed around, trying to make themselves presentable. Meanwhile, the advance Singapore police team arrived in its usual prompt manner.

Dressed in a bright yellow silk shirt, Benazir Bhutto arrived with her husband, Asif Ali Zardari. She wanted to spend some time in a relaxed environment after a long day, and told the Pakistan ambassador and most of her staff to go, leaving her military secretary, one security officer and an aide with her. They sat in my study while she and her husband were in the living room with us. We chatted over a light second dinner and ice cream.

About a year later I saw her again, this time while she was visiting New York. Her brother, Murtaza Bhutto, had just been killed in Karachi and she was in mourning. I made my way to her room at the Waldorf Towers, after our consul-general called me and said the prime minister wished to see me. Benazir was there with her mother and sister and I paid my condolences. But she wanted to talk about our country. It was living precariously, with low reserves, modest growth and a heavy debt burden.

‘The IMF are coming to see me later today,’ she said. ‘Give me your advice on how to handle them.’ I gave her my views about what should be done to get the economy back on track and how the IMF could help with this objective. Despite Be-

## INTRODUCTION: THE PHONE CALL

nazir's good intentions, her two terms in government were steeped with numerous challenges that prevented her from being able to implement the necessary changes. While she was highly educated, with degrees from Oxford and Harvard, and had much of the political insight and judgment associated with her father, her lack of experience of governance when she first came to power set her back.

After years of observing Pakistan and sharing my views with Nawaz Sharif and Benazir Bhutto, I felt it was time to do more than advise and welcomed an opportunity to convert my ideas into practice. The country's many complexities and centres of power could impede potential progress. I was putting my reputation on the line, acutely aware the probability of failure was high, but welcomed the challenge nonetheless. I was still in New York when the announcement was made: I would be joining Pakistan's new government as its finance minister.

And so I said goodbye to friends and colleagues and prepared for the big move. 'Pakistan's gain is Citibank's loss,' John Reed said in his farewell speech. One of the last things I did in New York was stock up on CDs in the usual place, a shop called Nagma House on Lexington Avenue. I have always loved music and find it therapeutic – something I suspected I would need, considering the task ahead.

Needless to say, I had to say goodbye to my corporate lifestyle and my executive corner office at 399 Park Avenue. For many, power is perceived as being a means to enrichment; I was proud that in my time in government my earnings substantially went down and I had no time to look after my personal finances. I went from a senior banker's compensation package to earning a very modest government salary, and my lunches in the Citibank executive dining room gave way to a perfunctory KFC Zinger at my desk.

Perhaps naively, I thought that I could get the economy on the right track in three years and move on. I soon realised there was a mountain of work to do to get Pakistan back on its feet. At times it seemed daunting. My hours shot up from twelve to sixteen a day and I had to forget about the concept of weekends and holidays. In my eight years in government, I do not recall taking a day off – from the moment I touched down in Islamabad, it was non-stop all the way. But I refused to let the huge task we faced demoralise me – in fact I felt energised.

End of this sample book.

Enjoyed the preview?

Buy from [Amazon](#)

or

find out more about the book by  
visiting the [Shaukat Aziz website](#).