## Headlines:

- **Chile Joins the Unrest Club**
- **Arab Spring to Come to Pakistan?**
- **Half the world's banks are too weak to survive downturn**

## Details:

### Chile Joins the Unrest Club

Chile, considered one of the most developed economies and most stable nation in Latin America has now joined a long and growing list of nations experiencing riots and looting. Chile has been gripped by a nationwide movement against high living costs and inequality. President Sebastian Pinera declared a state of emergency on Saturday 19th Oct, with curfews issued in some parts of the country. Chileans are frustrated with the increasing cost of living, as well as low wages and pensions, a lack of education rights, a poor public health system and crippling inequality. Chile has now joined Egypt, Lebanon, Iraq, Algeria and Sudan where economic failure, corruption and a system that favours the top 1% are key grievances.

### Arab Spring to Come to Pakistan?

Pakistan Prime Minister Imran Khan lauded his economic team for turning around the country's economy within a year. In a post on Twitter on Friday Oct 18, the prime minister said foreign direct investment witnessed an increase of 111.5% while foreign private investment surged by 194% during this period. In a press conference on October 12, Hafeez Shaikh, the adviser to PM on finance, revenue, and economic affairs, said that the harsh steps taken by the government have improved the country's economy. The situation of our foreign reserves is better now, he remarked. Imran Khan's selective use of statistics belies the reality where growth has been halved, inflation has tripled and millions more have been pushed into poverty. Former Finance Minister Hafiz Pasha, an economist, estimates that by the end of Mr. Khan's second year, two million workers will have lost their jobs and up to eight million people will be pushed into poverty. "You have the makings of an Arab Spring in this country," said Mr. Pasha, "This is a bomb waiting to explode."

### Half the World's Banks are too Weak to Survive Downturn

A new survey from consultancy McKinsey & Co has found that a majority of banks globally may not be economically viable because their returns on equity aren't keeping pace with costs. The study looked at 1,000 banks in developed and emerging countries and found that just over a third had made a return on capital of just 1.6 percent over the past three years. This compares to returns of just over 17 percent for top banks over the same period. "Nearly 35 percent of banks globally are both sub-scale and suffer from operating in unfavourable markets", as well as having flawed business models, said McKinsey. Many of the banks returned to speculative investments after being bailed out by there respective governments. With a global recession upon us, the banking industry will be looking for another re-set in the system.