

## Catch up: Draghi's plans for the EU's economy; air strikes in Syria



In a keenly awaited report **Mario Draghi**, former head of the European Central Bank, proposed a set of policies to make the European Union more competitive. He called for common borrowing in the EU, a joint plan for decarbonisation and more aggressive trade policies to reduce the bloc's dependence on America and China. The report also proposes measures to boost the tech sector, such as making it easier for researchers to commercialise ideas. Mr Draghi outlined his plan in a [guest essay](#) for *The Economist*.

Air strikes killed at least 18 people in **Syria** and injured 32 more, according to the Syrian Observatory for Human Rights. The suspected Israeli attack caused a fire at a military research centre for chemical arms production near the town of Masyaf in western Syria. A team of [Iranian](#) military experts involved in weapons production were reportedly working in the site, according to Reuters.

**China's** consumer price index rose by 0.6% year-on-year in August, falling short of the 0.7% expected. Meanwhile, the producer price index, which measures the cost of goods at factory gates, fell by 1.8% year on year, the most in four months. The results will do little to alleviate concerns over deflation in [the world's second-largest economy](#).

Thousands of people took to the streets in several **Mexican cities** on Sunday to protest against controversial [constitutional reforms](#) to the judiciary. Under the proposals all federal judges would be fired and replaced by popular vote, supplanting a system of professional exams. Senior members of the judiciary have attended recent demonstrations, including Norma Piña, the president of the Supreme Court.

**Israel** closed its border with **Jordan** after a Jordanian gunman killed three Israelis at a West Bank border crossing. The assailant was also killed. Israel and Jordan signed an American-backed peace treaty in 1994. Separately, an Israeli air strike killed Mohammad Morsi, the deputy director of the Civil Emergency Service for northern Gaza, according to local health authorities.

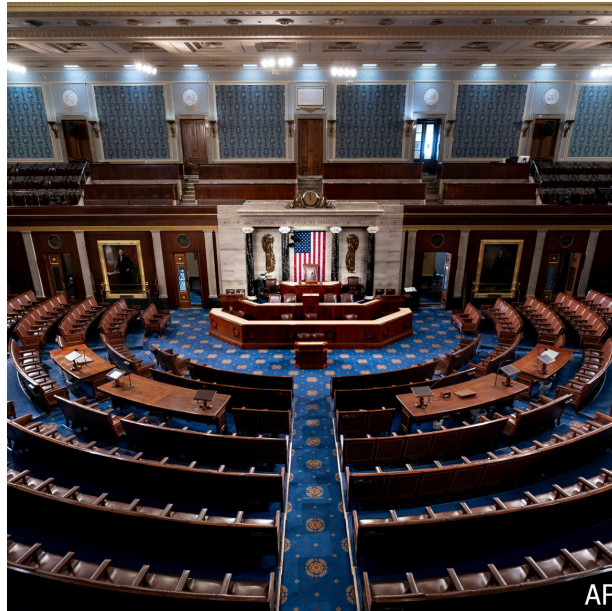
**Midea Group**, the world's largest maker of home appliances, said it plans to raise up to \$3.5bn with an IPO in Hong Kong, which would be the city's biggest listing since 2021. The Chinese company said previously that the IPO would help to fund research, develop new manufacturing systems and boost its global sales. [Hong Kong](#) fell four positions to 13th place for global IPO markets in the first half of 2024.

**Edmundo González**, the rightful winner of Venezuela's presidential election in July, said he would "continue the fight for freedom and democracy" after being told his asylum application in Spain would be accepted. Mr González, who fled to Spain over the weekend, trounced the autocratic incumbent, Nicolás Maduro, in

the election. But [pliant authorities](#) declared Mr Maduro the winner. Mr Maduro has since been trying to round up his opponents.

**Minus \$14.8bn**, the amount of foreign direct investment in China in the second quarter of this year, a record low. [Read the full story](#).

# Congress's autumn agenda



After a six-week recess, America's Congress returns to work on Monday. One item will dominate the agenda: a [funding package](#) to keep the government working past September 30th, when federal agencies run out of money.

For months Donald Trump, the Republican presidential nominee, has warned, baselessly, that non-citizens will vote in the election, helping Democrats. On Friday Republicans in the House of Representatives released a draft bill. Tacked onto the funding proposal was a section that would require people to provide proof of citizenship to register to vote in federal elections. They also want the bill to expire in March 2025, when they hope that Mr Trump will be back in the White House. Democrats want to keep funding at existing levels until the end of the calendar year, so it can be renegotiated before Joe Biden leaves office. With November's election looming, lawmakers will probably come to some agreement. But expect a lot of wrangling first.

# Japanese households are feeling the pinch of inflation



Japan's economy is bouncing back. GDP figures announced on Monday showed the economy grew by an annualised 2.9% for the second quarter of 2024—just a slight downward revision from the preliminary figures, 3.1%. Relatively strong private consumption, which accounts for half of GDP, has contributed. And real wages grew by 1.1% in June, the first increase in just over two years. (They also grew by 0.4% in July.)

How long wage growth will last is unclear. And households are feeling the pinch of inflation, which was 2.7% in July. The political implications are significant. Kishida Fumio's [recent decision](#) to step down as prime minister was partly due to anger over rising living costs. His Liberal Democratic Party is set to elect their next leader, and thus the new PM, on September 27th. A poll conducted in August showed more than half of voters consider inflation the most urgent issue.



# Mexico's judicial reform advances



Mexico's upper chamber must start considering a [crucial decision](#) this week: whether to approve a constitutional change to overhaul the judiciary. Andrés Manuel López Obrador, the outgoing president, wants to replace a system of professional exams for federal judges—including those of the Supreme Court and electoral courts—with elections. The bill was approved by the lower chamber last week.

Mexico's justice system needs reform. But academics, diplomats and business groups (both Mexican and foreign) have warned that electing judges would increase the influence of the dominant ruling party, corrupt actors and organised crime over the judiciary. And, they claim, it threatens Mexico's relationship with the United States and the North American free-trade deal. The reform seems almost certain to pass all hurdles. Claudia Sheinbaum, who becomes president on October 1st, will have to deal with the fallout.

# Apple bets on AI



On Monday Apple unveils its new iPhone 16 models. They will be jam-packed with artificial-intelligence features, including an upgrade to Siri, Apple's previously dimwitted digital assistant. (Though the full software update probably won't be available until later this year). True to Apple's love of design, the whole screen will glow colourfully when active.

Apple hopes that new [AI features](#) will encourage users to upgrade. iPhones account for half of the firm's revenue, though sales growth has slowed in recent years as competition intensifies and markets become saturated. But investors' perception of Apple as an "AI stock" has given it a boost. Since announcing the iPhone's new features in June, the firm's share price has risen by 14%, compared with 3% for the S&P 500, an index of big American firms. That said, a recent survey suggests new features rarely convince iPhone users to upgrade. Nevertheless, Apple will hope its new iPhones get glowing reviews.

# Protecting Australia's most pristine territory



Heard Island and the McDonald Islands are some of Australia's most remote wildernesses. The territory is some 4,000km from the western edge of the mainland, in the middle of the Southern Ocean. The volcanic sediments of Big Ben, Australia's highest mountain, nourish a rich marine ecosystem largely devoid of human-introduced species. Wetlands support up to 4m birds.

Yet [climate change](#) and overfishing threaten the territory's habitat. An agreement to protect the landscape expires this year. Australia's government is proposing to replace it with a deal to expand the marine protected reserve by 400%. It also wants to promote sustainable fishing, including for Patagonian toothfish, or "Chilean sea bass". Still, some conservationists have argued the scheme does not go far enough. The Australian Marine Conservation Society, a non-profit group, claims that 77% of the fishing grounds used by vulnerable macaroni penguins will remain unprotected.



## Daily quiz



*The Economist*

We will serve you a new question each day this week. On Friday your challenge is to give us all five answers and, as important, tell us the connecting theme. Email your responses (and include mention of your home city and country) by 1700 BST on Friday to [QuizEspresso@economist.com](mailto:QuizEspresso@economist.com). We'll pick randomly from those with the right answers and crown three winners on Saturday.

**Monday:** Which Hollywood legend won the best actor Oscar for his performance in “The African Queen”?

**Minus \$14.8bn**

*The amount of foreign direct investment in China in the second quarter of this year, a record low.  
Read the full story.*

**To despise money, one must have plenty of it.**

*Cesare Pavese*