

**WAL-MART'S MOMENT | THE NEW FACE OF FORECLOSURE**

# BusinessWeek

PLUS

CLOUD COMPUTING 2.0

## INNOVATION, INTERRUPTED

How America's failure to capitalize on innovation hurt the economy—and what happens next

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## 012 EXECUTIVE SUMMARY

pondering a bid for Lufthansa, though not anytime soon. He also plans to add 40 aircraft to his fleet and slash ticket prices by an average of 20%. O'Leary, who likes to say that any publicity is good publicity, added that he's dropping an idea he floated a few months back: charging overweight passengers extra. The notion was widely denounced, and now he says it would be tough to enforce.

▶ "Ryanair Goes into the Red and Mulls Bid for Lufthansa" [businessweek.com/magazine](http://businessweek.com/magazine)

## TECHNOLOGY

## HIRING HANKY-PANKY?

Federal sleuths wonder whether U.S. tech titans are engaging in a practice of "Don't hire, don't tell." According to *The Washington Post* on June 3, the Justice Dept. has launched a probe into whether a wide range of high-tech companies violated antitrust laws by agreeing to avoid actively recruiting each other's employees. The inquiry focuses on Google, Yahoo, Apple, Genentech, and many other tech outfits. The probe is said to be in the early stages, with no certainty that a lawsuit will be filed.

## GOING AFTER MICROSOFT

Critics call it a rearguard action and meddling by a power-mad bureaucracy, but fans argue it will level the playing field. *The Wall Street Journal* on May 30 said the European Commission, a longtime Microsoft antagonist, may force the software giant to reinstall Web browsers from rival makers, such as Firefox, Chrome, or Opera, onto Windows computers sold in Europe. The goal would be to

boost alternatives to Internet Explorer, thus trimming Microsoft's power to dictate standards for Web sites. Both the company and the commission declined to comment.

## LEADERSHIP

## MERKEL'S BLAST

German Chancellor Angela Merkel reinforced her street cred as a fiscal conservative when she hosed the U.S. Federal Reserve, the Bank of England, and various other international institutions for flooding the world with liquidity. On June 2, Merkel complained to an audience in Berlin that the "all-powerful" Fed had pressured a reluctant European Central Bank to make bond purchases to encourage more bank

## DREAMING BIG IN TURKEY

A "mad genius." That's what *BusinessWeek Turkey* dubbed designer and architect Hakan Gursu in its May 31 cover story. Gursu's Ankara-based firm Designnobis has racked up scores of awards in the past couple of years. Among its creations are the Fire Knight vehicle, which sprays soil instead of water to extinguish forest fires, and Volitan, a "sailboat" powered by solar energy. Now Gursu is dreaming on a much bigger scale. He has drafted a blueprint for a mini city in Ankara, Designopolis, that will house research and development laboratories and light manufacturing, along with residential units and such amenities as health clubs and restaurants. Gursu is already signing up investors. The price tag? A cool \$1 billion-plus. If it gets off the ground, Designopolis could help Turkey overcome its reputation as a laggard in innovation.



Merkel lambasted the U.S. Fed and other central banks for loose monetary policy

lending and pleaded for "a return to a policy of reason." Otherwise, she warned, "in 10 years we'll be back in exactly the same place." Merkel seems still to be sore that the financial crisis forced Germany to bail out many of its banks, widening a budget deficit she had spent much of her term trying to eliminate.



## THE CEO CONUNDRUM

The great debate over how much chief executives matter rages on. One landmark study from 1972, for instance, found that decisions by CEOs explained just 14.5% of the variance in corporate profits among a sample of 167 companies. More recent research seems to show that leadership matters less in old-line industries, where the pace of change is slow, than in, say, the tech sector. Such bosses as Steve Jobs of Apple are the furthest thing from titular figureheads: They have the power to make or break a company. Also, studies show that having the right man or woman in the corner suite may be more important in bad times than in good.

▶ *The Atlantic*