

# Bloomberg Businessweek

## What Would Jobs Think of Getting in Bed With IBM?: Opening Line

By C. Thompson  
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Somewhere up there, Steve Jobs has just begun furious work with a bunch of dearly departed programmers on a virtual-reality software called iLive that will restore him among the quick so that he can smack Tim Cook.

“All this,” he’ll screech, “all this I built out of warfare with IBM, and this is how you do me?”

That is surely what many others are envisioning this morning after waking up to the news that Apple will add IBM business software to iPads and iPhones. IBM recognizes that computers are increasingly becoming something you carry, not something you sit in front of, and Apple is realizing, what -- that people want to use Excel spreadsheets on their iPhones? How is that going to work?

There are few corporate rivalries to match the IBM-Apple enmity. Writing in the week immediately following the now-legendary Super Bowl ad for Apple’s Macintosh personal computer, Newsweek referred to their competition as “almost a holy war.”

But like most beliefs, standards, oaths and solemn vows, throw a little money at them and people will see a different side. Apple’s iThings will continue to be expensive gadgets/tools/toys until they figure out how to make them capable of running the world. IBM’s software isn’t going to be worth either the 1s or the 0s if it’s not on the best mobile devices. So it had to happen.

Just, thankfully, not in Jobs’s lifetime.

U.S. economic indicators today include PPI at 8:30 a.m. EDT, TIC flows at 9 a.m., industrial production at 9:15 a.m., the NAHB housing market index at 10 a.m. and the Fed Beige Book at 2 p.m.

Earnings include Abbott Labs, MGIC Investment, Schwab, US Bancorp, BlackRock and Bank of America before the bell. After the bell we'll get Yum Brands, EBay and Las Vegas Sands. During the day, PNC Financial, the Kinders Morgan and Textron.

Brazil's central bank will announce its rate decision at about 6 p.m. EDT.

Overnight, China said second-quarter GDP rose 7.5 percent, beating estimates, as did June industrial production.

A short time ago, the Office for National Statistics said U.K. unemployment fell to 6.5 percent, a 5 1/2-year low.

The House Rules Committee takes up a resolution at 10 a.m. EDT on allowing the House to sue Obama. + Yellen spends a second day on Capitol Hill delivering her semi-annual testimony to Congress, this time before the House Financial Services Committee. + A partially funded spending measure to address the flood of migrant children might escape the House this week with demands to accelerate deportations. + The Senate Banking Committee holds a hearing on how financial institutions are determined to be systemically important. + The House has kicked the can down the road again, approving temporary funding for road and bridge repairs instead of tackling the Highway Trust Fund head-on. + Acting VA Secretary Sloan Gibson testifies before a Senate committee on medical-care shortcomings at the agency. + EU leaders meet in Brussels to appoint the next chairman of EU summits and a foreign policy chief. + At that summit, expanded sanctions against Russia are on the table. + Two former Utah attorneys general have been charged with soliciting or receiving bribes, among other counts. + The FCC's website crashed yesterday after 100,000 comments were posted about the net neutrality regulations before the deadline, which has been pushed to Friday. + Jean-Claude Juncker was confirmed by EU Parliament as European Commission president. + Alan Mulally has joined the board of Google. + The CATO Institute holds a conference on the Dodd-Frank Act of 2010. Why, we don't know. It was four years ago, guys. + Airbnb will hold a webcast at 1 p.m. EDT to update investors on the redesign of its brand, and it might even announce a new product or initiative. + The Delivering Alpha conference takes place at the Pierre Hotel in New York. + A convicted drug trafficker from South Carolina is running for the U.S. Senate. + Dwayne Wade is returning to the Miami Heat. Are we done with the decisions yet? + Typhoon Rammasun has killed at least five in the Philippines. + Still missing: Nigerian schoolgirls, Malaysia Airlines Flight 370

We can see the signs at airport check-in now, just like the ones you find at amusement parks to restrict children on rides by their height, only in reverse:

“You must be this short to ride in coach class.”

Eventually air travel accommodations will devolve into the conditions you find at rush hour on the Lexington Avenue 4-5-6 subway line in Manhattan, when you don't have to worry about being able to hold onto anything because you're a standing sardine anyway. Then the airlines, not satisfied with profit margins of 12 percent because the analysts tell them not to be, will just go full cattle-car on us, or perhaps turn to the designs of those Japanese capsule hotels, except a lot less spacious.

Because how much lower can the air travel industry go, honestly? Boeing has figured out a way to cram 11 more seats into a 737, and if you're anywhere over, say, 5 feet 6 inches tall, you're going to get to know your seatmates even better than you do these days.

Already you can't fit a modestly sized coffee table in the space where three people are forced to sit for hours. Meanwhile, Boeing and Airbus are designing planes to offer more space and more amenities to the wealthy traveler, thus reinforcing, or returning, the wealth gap in air travel.

Maybe one day you'll be sitting in business class as the parade of unwashed trudges by you on the way to coach-class hell, and you'll start noticing some are bringing livestock.

The White House has woken up to the issue of inversions. Treasury Secretary Jack Lew wrote yesterday to Congress's top tax writers calling on them to step in now with retroactive laws that make the tax dodge illegal. He referred to the need for a "new sense of economic patriotism."

The question is whether Republicans in the House feel that the issue is close enough to them yet for some of it to splash on their trousers and whether it would be in their self-interest to act now, instead of hold fast to the position of not taking any action on the tax code -- any at all -- until they can correct all its flaws at once.

In this Congress?

Documents obtained by the New York Times undermine General Motors's statements to regulators that they were unable to determine the cause of a Saturn Ion's fatal crash in 2004. A month earlier, a GM engineer had found the car probably lost power.

It's not just that they said they were unable to determine the causes of the crashes they were being asked about. It's that they sidestepped or stiff-armed regulators with half-answers, non-answers and outright refusals to answer, all while having been aware for years of sudden power losses in the car models that crashed, the Times reports.

Which dovetails perfectly with our story today in which GM top lawyer said, essentially, "mistakes were made." His comment is part of written testimony to be delivered before Congress tomorrow, GM's fourth appearance over the matter.

Why does Reynolds want Lorillard? For the Blu e-cigarette and for the Newport brand of menthol cigarettes.

E-cigs have a future, but menthol smokes may not. That cooling sensation makes smoking more palatable and thus more difficult to quit, critics says, and given the ubiquity of menthol cigarettes among blacks smokers, activists within the black community are among the loudest voices calling for a ban on the additive.

Congress started taking steps toward banning menthol cigarettes four years ago, ultimately giving the FDA the authority, which has not yet been exercised. So the issue is an overhang for

Lorillard, which as of a couple years ago was getting 90 percent of its sales from the minty smokes.

Reynolds says it's unconcerned that the FDA will move to ban the flavoring, but when we covered the tobacco industry in the mid-1990s, every single analyst we spoke to said tobacco companies would never be regulated by the FDA, that tobacco companies had never lost a court case and that they would never lose a court case.

Executives' use of swear words on conference calls has been quantified by our Jeff Green, who, ironically -- or perhaps not -- is as close to saintly as you're going to find in a journalist.

In the potty-mouth hall of fame, Green lists Scotts Miracle-Gro's James Hagedorn, Ryanair's Michael O'Leary and Emerson Electric's David Farr as those most likely to become an NFL coach in their next careers.

Green analyzed 10 years of conference call transcripts and found the use of expletives rose and fell with the condition of the U.S. economy.

While there are few kids exposed to these limited vocabularies on conference calls, except for Bloomberg News's summer interns, the phenomenon of blue language in business meetings is more broadly emblematic of how language used by adults trickles down. Green cites a researcher who found children start parroting adults in this regard around the age of 8, based on data gathered on 1,187 curse words over heard from children 1 to 12 years old.

Wait, there are 1,187 curse words?

How much time should be allotted to make amends for some of the most heinous state-government sponsored policies in U.S. history?

That's the question before North Carolina's Legislature in facing up to the forced sterilization of about 7,600, most of them black women, from 1929 into the 1970s. A reparations fund passed last year for the 1,800 still living set a deadline of June 30 to notify the state of one's eligibility, and in that time only 700 or so victims have come forward, Margaret Newkirk reports.

The logic employed by those in the Statehouse against extending the deadline for just another three months is elusive. They suggest that trying to find more victims to help would lead to a longer wait and less money for those who did file by the deadline.

Newkirk's story says the law budgeted \$10 million for reparations that would give \$50,000 to each victim. Our calculator says  $700 \times \$50,000 = \$35$  million. If they had intended for all 1,800 to come forward, and had offered \$50K to each, that would amount to \$90 million, right? Maybe the schools aren't too good down there.

Opponents to any reparations cite concern it would set a precedent for slavery and victims of civil-rights abuses. But that boat has sailed.

“If we do something like this, you open up the door to other things the state did in its history,” one detractor says. “And some, I’m sure you’d agree, are worse than this.”

Oh yeah.

One woman was sterilized for being lazy, another for passing love letters at school, Newkirk finds. Eugenics was a theory that advocated controlling reproduction to improve the population’s genetic makeup. Sound familiar?

How much time should you spend to get it right? All of it, and then some.

We haven’t read comic books in a very long time. So long, we missed the part where some of them became known as graphic novels. Many idyllic afternoons went by with benign comics until we got a little jaded around 9 years old and moved on to Mad magazine, which was just a gateway drug to National Lampoon.

One of our early-childhood favorites was Archie and the Gang, because they were in high school, an exotic and exhilarating concept for a third-grader.

Comics have changed.

Archie’s dead now, and it’s not just that he’s dead but how he got dead that reveals how strange these once innocuous, wholesome stories have become. Remember that 40 years ago a typical storyline would involve Archie in quandary about whether to take Betty (who adored him) to the dance or to go after Veronica, the stuck-up rich girl who was more indifferent.

Today, Archie gets shot to death. He steps in front an assassin’s bullet. The killer’s target was Archie’s best friend. Archie’s best friend was a married, gay military veteran now in the Senate and fighting for gun control.

What the. When did comics get this dark? Next you’ll tell us Beetle Bailey developed a heroin habit while stationed in Germany in the 1970s and Richie Rich grew up to become David Koch, or that Thor is a woman.

The American League won the Major League Baseball All-Star Game, again, beating the National League 5-3. The Baseball Light league has won 14 of the past 18 games, with one of them ending in that ignominious tie back in 2002.

It was a good send-off for the Yankees’ Derek Jeter, who, at 40, went 2-for-2 with a single and a double and a run scored. Hat’s off, old man.

The Tour de France resumes today after a rest day yesterday. Stage 11 is 187.5 kilometers (116.5 miles) from Besançon south to Oyonnax as the riders, what’s left of them, get ever closer to Savoie and the Alps.

Vincenzo Nibali remains in the race leader's yellow jersey with a gap of 2'23'' over Richie Porte.