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In this brief monograph, which constitutes the proceedings from a symposium held at the United Nations on March 21, 1992 sponsored by Oxford University, Ed Kane develops themes familiar to readers of the last two issues of The Carroll Research Report (see “The S&L Mess,” Winter 1992 and Spring 1993). But there is greater sting in Professor Kane’s tone as he suggests what needs to be done.

As the series editor, Donald Harris, remarks in his introduction, “The social sciences raise fundamental questions about the law which traditional legal scholarship tends to overlook: how are legal rules made? Are they in fact complied within the real world? If not, why not? Who tries to enforce the rules against rule-breakers?” Kane applies this set of questions to recent, and impending, messes in deposit insurance.

Kane disposes of three inadequate explanations of the origin of the deposit-insurance problems. To blame “deregulation” of deposit interest rates overlooks the fact that “taxpayer losses antedated the deregulation.” To accuse “bad apples” of ruining the situation ignores the fact that government has rarely prosecuted individual wrongdoers in a manner commensurate with the size of the overall loss. To shrug one’s shoulders and ascribe the situation to “bad economic luck” begs the question as to “why these losses were not arrested while the uninsured creditors and the stockholders could bear them.” All three inadequate explanations point the way to a more satisfactory one: the mess occurred because of “misregulation” or what Kane calls “desupervision.”

What to do? Kane argues that “the financial sector needs to expand self-reporting obligations and to adopt market-value accounting principles for measuring performance and loss exposure at all levels. This entails penalizing parties that can be shown at any time to have willfully provided less than their best estimate of their enterprise’s market value.” But he is not sanguine about the prospects that government will reform itself. Who shall guard the guardians? “To complete the reform process, we need reliable outsiders to review the compliance of politicians and bureaucrats with disclosure and action-forcing rules.” If our house is to be kept clean, we will need to share the housework.


Universities justly celebrate those moments when faculty members cooperate across disciplinary boundaries, draw on the resources of several sciences and usher in the creation of something new and useful. The article under review points to one of those moments at Boston College.

James Gips and Peter Oliveri of the Carroll School’s Computer Science department, in conjunction with their colleague Joseph Tecce of the Psychology department, are exploring ways to “expand the human computer interface.” Specifically, the team has developed a prototype system where information is directly input to a computer via electrodes, placed around the eyes, which measure “the electro-oculographic potential (EOG), the variation in the standing potential between the retina and the cornea, which is a function of the position of the eye relative to the head.”

Since the electrical signal recorded measures eye position relative to the head, “the system basically tracks eye movements.” Imagine yourself seated before a computer with electrodes attached about your eyes and the electrode leads attached back to amplifiers which are in turn connected to an analog-to-digital board in a computer. The amplified signals begin to play a cursor-like function as, for example, a user directs his or her attention to a grid of letters displayed on the screen: lingering over a particular letter for a period of time amounts to “selecting” it.
But, asks the skeptic, does it work? Gips, Oliveri and Tecce report that new users take only a few minutes to adjust to the system and that proficiency comes quickly. "After a session or two," they write, "the whole process becomes automatic...and performance in spelling out messages is close to flawless."

What direction next for the developers? Miniaturization of the hardware, to get beyond the present limitations of stationary equipment, tops the agenda. But they are also "working on algorithms for dynamic calibration and tracking in the software ... to permit better translation of "the electrical signals into cursor placement on the screen." They are also exploring applications, ranging from games and virtual reality to vehicle control, as the research proceeds.

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