

(continued from page 41)

quirements and the legal costs of meeting other SEC filing requirements.⁷

An argument against international accounting standard harmonization is that the costs of creation and adoption of IAS standards would not be worth the benefits. Goeltz (1991) believes capital markets have already adjusted to the existence of a global market (without a standardization) and investors and issuers have been able to make investment decisions.⁸ The argument follows that full harmonization is probably not practical nor valuable.⁹

Accounting Standards, Capital Markets and International Economic Development

Privatization

Accounting standardization will aid in the economic conversion of the Central European countries, East Germany, China and the Commonwealth of Independent States (CIS). International standards can be adopted to efficiently evaluate businesses to be sold by governments to the private sector. Infant stock markets and banking institutions need sound accounting systems.

International Economic Development

The role of developing nations in global economic development cannot be ignored. As sources of comparative advantage in labor and raw material, it is necessary to harmonize international accounting standards to measure the value of these assets in the world market. Government accounting needs to be standardized to assist in the efforts of inter-governmental economic development cooperation. Additionally, tax law standardization is necessary to minimize tax avoidance and to help create the "level playing field."

Capital Market Internationalization

Technology is increasingly providing the tools necessary to make accounting standardization a reality in the short-term. Telecommunica-

tion and computer technology is making instant financial information a possibility. International accounting standard harmonization is necessary to provide this accurate information. ■

Footnotes

¹Philip R. Lochner, Jr., "The Role of U.S. Standard Setters in International Harmonization of Accounting Standards," *Journal of Accountancy*, September 1991, p. 108.

²Peter D. Fleming, "The Growing Importance of International Accounting Standards," *Journal of Accountancy*, September 1991, p. 101.

³Dennis E. Peavey and Stuart K. Webster, "Is GAAP the Gap to International Markets?" *Management Accountant*, August 1991, p. 31.

⁴Arthur R. Wyatt, chairman of the International Accounting Standards Committee (IASC) in Fleming (1991), p. 102-103.

⁵Lochner, Jr. (1991), p. 108.

⁶Lochner, Jr. (1991), p. 108.

⁷Fleming (1991), p. 104.

⁸Richard Karl Goeltz, "International Accounting Harmonization: The Impossible (and Unnecessary?) Dream," *Accounting Horizons*, March 1991, p. 86.

⁹Goeltz (1991), p. 86.

References

- Beresford, Dennis R., "What's FASB Doing About International Accounting Standards?" *Financial Executive*, May/June 1991.
- Balke, John, "Problems in International Accounting Harmonization," *Management Accountant*, February 1990.
- Economist*, "Balancing the government's books," January 25, 1992.

Fleming, Peter D., "The Growing Importance of International Accounting Standards," *Journal of Accountancy*, September, 1991.

Goeltz, Richard Karl, "International Accounting Harmonization: The Impossible (and unnecessary) dream?" *Accounting Horizons*, March 1991.

Lochner, Philip R., Jr., "Worth Repeating: The Role of the U.S. Standard Setters in International Harmonization of Accounting Standards," *Journal of Accountancy*, September 1991.

Peavey, Dennis, E. and Webster, Stuart K., "Is GAAP the Gap to International Markets?" *Management Accountant*, August 1991.

Sweeney, Robert B., "Ethics in an International Environment: Standards of Ethical Conduct for Management Accountants," *Management Accountant*, February 1991.

Cameron Weber, MBA, is a financial analyst with the U.S. Agency for International Development's Bureau of Private Enterprise. He has recently completed an MBA from the Robert O. Anderson Graduate School of Management at the University of New Mexico in Albuquerque. Other recent article topics include a systems approach to U.S. Government agency accountability, fiscal policy and competitiveness, a strategic plan for the New Mexico Business Innovation Center and establishing joint ventures in the People's Republic of China. Mr. Weber has a BSM in finance, from Tulane University and is a member of the Association of Government Accountants.

Table 1
Major Issues Surrounding International Accounting Standards Harmonization

Groups with Interest in International Accounting Standards

Factors Causing Differences in Accounting Standards

Political Bodies

National Tax Policy

Private Sector and Professional Bodies

Differences in Sources of Business Finance

Regional Bodies

Legal Systems

Special Interest Groups

Economic Environment