

Opening Statement for June 7, 2001 Capital Markets, Insurance, and Government Sponsored Enterprises Subcommittee Hearing Entitled: "Promotion of International Capital Flow Through Accounting Standards" from Rep. Frank Mascara

I would like to thank Chairman Baker for calling this important hearing. This is a very important subject that deserves sustained attention.

As global markets become more interdependent, it is vital that we reach an international consensus on accounting principles. The adoption of an international standard will enhance investor confidence, encourage further global investing, provide greater transparency in global markets, and reduce volatility.

The U.S., through regulations promulgated by the Federal Accounting Standards Board (FASB), adheres to the Generally Accepted Accounting Principles (GAAP). The U.S. employs the most rigorous and respected accounting principles of any country in the world. As a result of our high standards, our capital markets are the most trusted by global investors.

The International Accounting Standards Committee (IASC) has been working on adopting an international standard. They are doing their best to reconcile different national standards, customs, and practices in the accounting industry. It is a difficult task that requires patience and diplomacy.

While U.S. investors and companies widely support adopting uniform accounting standards, they want to ensure that any internationally adopted standard adheres to the same rigorous U.S. standards. The adoption of a global standard should raise the bar, not serve to lower it.

In my former life I was a practicing accountant. I have tremendous respect for FASB rules. In fact, as a former member of the National Association of County Commissioners, I participated in the formation of the Government Accounting Standards Board. Given my background, I know first-hand the importance of maintaining high international accounting standards. As the IASC continues its work, this Committee will continue to monitor their progress to ensure that their final product adheres to the same high standards we have come to expect in the U.S.

Again, I thank Chairman Baker for holding this hearing and look forward to the testimony of the witnesses.