

## NEWS & VIEWS

### BROADLY SPEAKING

#### IRET SAYS U.S. COMPETITIVENESS IS THREATENED BY TAX POLICIES OF OPERATING OVERSEAS

The Institute for Research on the Economics of Taxation (IRET) has recently issued a Policy Bulletin entitled "Competitiveness and the Taxation of Corporate Income." The thrust of the statement is that the U.S. policy of taxing overseas operations of U.S. corporations as if those operations were conducted in the U.S., places those corporations at a competitive disadvantage. According to IRET, the basis of this policy is the mistaken theory that the total amount of savings and investment is fixed, so that if we invest more abroad, we necessarily invest less at home. According to IRET, serious questions are raised about the corporate income tax in the foreign operations area in the context of pro-growth and pro-competitiveness tax policy. The policy bulletin is available from IRET, 1331 Pennsylvania Avenue, N.W., Suite 515, Washington D.C. 20004.

#### ANNUAL SURVEY RANKS ACCOUNTING FIRMS AND ACCOUNTING PROGRAMS

The results of *Public Accounting Report's* (PAR) Tenth Annual Professors' Survey published in its June 15, 1991, newsletter ranked the 11 largest accounting firms in the eyes of the 91 professors' responding. Arthur Andersen again received the number one ranking, followed by Ernst & Young, Price Waterhouse, KPMG Peat Marwick, and Coopers & Lybrand. According to PAR all firms showed declines in their overall scores from last year's survey. A major reason for the decline appears to be the result of an apparent fall-off in the commitment to hire new graduates, a reflection of the current economic conditions.

The survey also showed that, on average, almost one-third of accounting students head for private industry jobs, although some professors believe the percentage is as much as 50. According to the survey, students go to industry for more money, greater opportunity, and to avoid some of the negative rumors about working conditions and stress.

In rating the schools, Illinois topped the list for both the best undergraduate and graduate accounting programs. Uni-

versity of Southern California, Texas, Brigham Young University, Michigan, Florida, and Ohio State also were rated in the top 10 for both levels. Other schools in the top 10 for undergraduate programs are Notre Dame, University of Miami in Ohio, and Tennessee State University. Rounding out the top 20 undergraduate programs are Oklahoma State, Washington, Alabama, Northern Illinois, Virginia, Michigan State, Wisconsin, Arizona State, Pennsylvania, and Stanford.

The survey results show an average cost of tuition for a four-year degree of \$32,241, with a low of \$3,000 and a high of \$84,000.

#### AACSB ADOPTS NEW ACCOUNTING ACCREDITATION STANDARDS

The American Assembly of Collegiate Schools of Business, at its recent annual meeting approved new accreditation standards for business and accounting education. The new standards state that no more than 25% of the total hours in an undergraduate degree may be in accounting. The notion is to prepare the student for life-long learning by presenting methodologies that emphasize conceptual reasoning and problem-solving skills.

The new standards also are designed to encourage greater diversity in the make-up of accounting faculties. For example some professors may need only to have a master's degree with relevant professional experience. Schools will be required to demonstrate that their professors can "effectively create, deliver, evaluate, and improve instructional programs and make innovations in the instructional processes." The new standards will be fully operational as part of the accreditation process beginning in 1993-94.

#### MORE ON THE FIFTH JERUSALEM CONFERENCE ON ACCOUNTANCY

Yossi Shachak, President of The Institute of Certified Public Accountants in Israel met with editors from *The CPA Journal* to provide the details of the Fifth Jerusalem Conference on Accountancy that was postponed from last year and is now scheduled for November 17-20, 1991. Thirty-six leaders in the profession, from 15 countries, including nine from the U.S., will focus on practice management issues, the structure of the accounting profession, and the harmonization of

accounting principles and auditing standard setting.

Some 1,200 participants are expected, including 400 foreign visitors. Shachak indicated that the weather in historical Jerusalem in November is very pleasant and that even now, visitors are safer there than in most major cities in the U.S. The Jerusalem Hilton is the headquarters for the conference, and a special rate of \$86 dollars per night, double occupancy has been arranged. Contact your state society office or *The CPA Journal* for a registration form and brochure.

### ACCOUNTING & AUDITING ALERT

#### TIC COMMITTEE OF PCPS EXPRESSES CONCERN OVER DEBT EQUITY ISSUES

The PCPS Technical Issues Committee (TIC), in its response to FASB's discussion memorandum on distinguishing between debt and equity, encouraged FASB in future discussions of the issue to consider the impact on small, closely held businesses.

Of particular concern to TIC are the impact agreements with employee-stockholders that require a closely held company to redeem stock upon termination of employment, retirement, or death of the stockholder-employee. The committee itself did not reach a consensus whether this type of agreement should be considered a liability. However, if a future standard were to require such agreements to be recorded as liabilities, TIC believes issues such as the following must be addressed:

- Is a new basis of accountability established?
- How should such agreements be treated when the company has only two stockholders? Typically, the purchase of one stockholder's shares would eliminate or void the obligation on the part of the company to acquire the second shareholder's shares.
- How would the funding of the obligation through insurance affect the accounting for the obligation?
- If fair values enter the measurement of the obligation, how can such determinations be made on a cost beneficial basis?