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The corrosive effects of neoliberalism on the UK financial crises and auditing practices: A dead-end for reforms

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Original Articles

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Abstract

The UK's financial sector has been the subject of frauds and crisis during every decade since the 1970s. The crisis has been fuelled by neoliberal ideologies which emphasise light-touch regulation, individualisation, excessive faith in markets and pursuit of private profits, with little regard for social consequences. Auditors are expected to flag matters of concern to shareholders and regulators, but that did not happen in the events leading to the 2007-2008 banking crash or any of the other headline scandals. Despite the failures, banking and auditing reforms continue to be grounded in neoliberal ideology and are unlikely to address the crisis.

Q Keywords: Financial crisis

Notes

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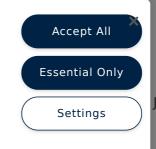
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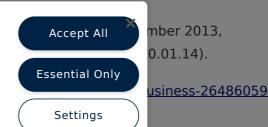
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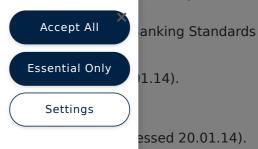
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75 The following exchange took place in the UK House of Commons. Austin Mitchell: To ask the Chancellor of the Exchequer what the notional value of derivatives held by the banks regulated by the Financial Services Authority is; and what information is held about the maturity and exposure of such derivatives. Greg Clark: This information is not currently available. The shortfall in information available to regulators on derivatives during the financial crisis led the G20 in 2009 to propose that all over the counter derivative trade information should be reported to Trade Repositories. This requirement, which is expected to enter into force in the EU by the start of 2013, will allow information on all derivatives trades to be made available to the relevant authorities. (Hansard, House of Commons, 22 October 2012, col. 620W.

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