

The Neoliberal Seduction: Governing-At-A-Distance, Community Development and the Battle Over Regional Financial Service Provision in Australia.

Abstract

This paper is concerned with understanding the reasons for the apparent success of neoliberalism: why the model of the ‘entrepreneurial, self-reliant community’ has been adopted so widely and readily across Australia. It does this through an analysis of two events in the restructuring of financial services provision in regional Australia during the 1990s and 2000s: the John Laws/Australian Bankers’ Association ‘cash for comment’ affair, and the rise of ‘alternative’ financial service providers in the wake of the major trading banks’ financial service withdrawal programmes of the 1990s. This analysis is conducted using the conceptual toolkit of the governmentality literature. In this context, the paper explores the notion of translation – how authorities, agencies, etc. exert control over distant entities, whether these entities be branch staff or a far-flung consumer market. In examining the often fragile character of ‘governing-at-a-distance’ in modern forms of rule, it is argued that some recent advances in the ‘geography of power’ have much to offer in highlighting both the important roles played by space and scale in the execution of power, in its various guises, and the ways in which resistance to the more regressive features of neoliberal philosophy and policy may best focus.

Keywords: neoliberalism, governmentality, space, power, banking, Australia.

Introduction: Of Monsters, Phantoms and Black Boxes

‘Neoliberal’ is predominantly used as a pejorative noun and adjective, referring to all manner of social and economic regression (see Peck and Tickell, 2002). For Gray and Lawrence (2001, 3), for instance, neoliberalism’s inherent social and economic Darwinism threatens the fabric of Australian rural society: “If a change in (economic and policy) direction is not achieved, we face the prospect of creating a small, culturally insignificant rural society which is prosperous and healthy for some but wretched, brutish and despairing for many others”. Neoliberalism has changed the rules of the game (Peck and Tickell, 2002), whether the ‘game’ is the policy terrain of regional development or academic critiques of the same; triggering the search for new concepts and discourses to investigate the new reality. Academics and others have learnt to develop new concepts relating to, for example, communities’ adaptability to externally-imposed change (e.g. the measurement of social capital and the ‘triple bottom line’). There are many cases of localised resistance to the starker elements of state withdrawal, but it is testament to the pervasive influence of neoliberal precepts that all but its most trenchant opponents wittingly or unwittingly reproduce the discourse of ‘roll-out’ neoliberalism – engaging in extra-local competition for resources, the meritocracy of the community-development grant round, auditing their local ‘capital’, etc. This is not intended as a criticism; rather, it highlights the relative success with which neoliberalism has become, in Peck and Tickell’s (2002, 381) terms, the “commonsense of the times”.

This is something of a paradox, because one of the consistent themes of the neoliberalism literature is its emphasis upon neoliberalism's internal contradictions (Gray and Lawrence, 2001; Peck and Tickell, 2002). Yet, for all the talk of its hybridity, fluidity and fragility, there are few accounts in which neoliberalism appears as anything less than an all-conquering force. It appears as either a monster; a large, hegemonic entity (a "juggernaut" (Gray and Lawrence, 2001, 182)); or a phantom, a powerful chimera knowable and tangible only through its effects on policy and places. This is one of the major weaknesses of much scholarship on neoliberalism (see Larner 2000; 2003; Peck and Tickell, 2002). A focus on neoliberalism as an entity that orders and controls individuals across space reifies the complex, multi-form nature of networks at the same time as it places it beyond the reach of political resistance.

This paper is concerned with understanding the reasons for the apparent success of neoliberalism: why its precepts have become the *zeitgeist* of regional development and why the model of the 'entrepreneurial, self-reliant community' has been adopted so widely and readily across Australia (but in other countries also) so that large-scale, central state-initiated intervention in regional affairs has generally come to be seen as unwelcome, wasteful and/or inappropriate. It explores the reflexive processes by which these precepts are transferred, and translated, through space, to their target audiences. It does this through an analysis of two events in the restructuring of financial services provision in regional Australia during the 1990s and 2000s: the John Laws/Australian Bankers' Association (ABA) 'cash for comment' affair, and the rise of 'alternative' financial service providers in the wake of the major trading banks' financial service withdrawal programmes of the 1990s. This analysis is conducted using the conceptual toolkit of the governmentality literature. In this context, the paper explores the notion of translation – how authorities, agencies, etc. exert control over distant entities, whether these entities be branch staff or a far-flung consumer market. In examining the often fragile character of 'governing-at-a-distance' in modern forms of rule, I argue that some recent advances in the 'geography of power' have much to offer in highlighting both the important roles played by space and scale in the execution of power and the ways in which resistance to the more regressive features of neoliberal philosophy and policy may best focus.

Neoliberalism, governmentality and the 'problem' of space

What has become known as 'governmentality studies' emerged from Foucault's concern to document and explain the historical shift, occurring approximately during the 1700s, in the nature of authority in societies; a transition Foucault identified as the shift from "the act of sovereignty" to the "art of government" (Foucault, 1991). In this evolution, government became increasingly concerned with the "conduct (verb) of conduct (noun)", or how to best inculcate within a national population the appropriate moral code, mode of behaviour and standards of comportment compatible with the common weal of emerging capitalist, essentially monotheist societies. This was in direct contrast to earlier epochs in which authority centred on the protection of the sovereign's authority and, hence, the defence of the realm via military violence.

According to Foucault and his followers (e.g. Dean, 1999; Rose, 1999), in the context of the Industrial Revolution in Britain and Western Europe, together with its associated demographic expansion, governments became increasingly preoccupied with the management of two key things: population (society) and money (the economy). These concerns were reflected in the rise to prominence of new, largely secular, fields of technical knowledge and expertise: for example, national population censuses and the concomitant development of demographic analysis (e.g. Ravenstein's laws), efficient workplace management (e.g. Taylorism) and economic theory (e.g. Ricardian comparative advantage). Governments' dependence upon 'technical experts' continues into the present, with Australian Federal and State Governments reliant upon external advice from outside experts like academics in such areas as economic policy, demographic planning, labour market reform and telecommunications. In contrast with some of the liberal and Marxian theories of the capitalist state that emerged during the 1970s and 1980s, the governmentality literature sought to elucidate the complexity of government, including its relationships with civil society, and the many specific tactics, strategies and techniques used to control and/or cajole populations to act and think in a particular way. In this fashion, governmentality studies seek to historically situate advanced liberal (or neoliberal) modes of government by revealing the techniques by which their agencies of authority create and disseminate normative 'truths' in accordance with their particular moral vision. They offer a critique of modern forms of rule by making plain the practical and mundane ways by which we govern others and ourselves, and how we are ourselves governed by others, near and distant. As Larner (2000) has argued, governmentality studies offer a potentially path-breaking way into the analysis of neoliberalism because of their critical attitude towards the putative hegemony of neoliberalism, and because of their explicit recognition of the importance of identity construction and subjectification to the process of establishing rule.

There is now a reasonably substantial body of more or less applied governmentality literature, some of direct relevance to this themed issue. For example, Herbert-Cheshire (2000) analyses Australia rural development – particularly the current fascination with 'community-led' development initiatives – through the lens of governmentality. Higgins and Lockie (2002) do so similarly in relation to Australian natural resource management (NRM), while Gibson (2001) explores the process of identity formation and its pertinence to a heavy industrial region (the La Trobe Valley, Victoria) in decline.

However, for all the valuable insights that this approach provides, there is at least one aspect of governmentality that appears undertheorised and in need of stronger conceptualisation: the role of space and scale in mediating and shaping rationalities and the technologies of rule. Studies of governmentality are sprinkled with spatial references and metaphors – spaces, sites, locales, fields – but, by and large, space remains at this metaphorical level, denied of any real active force or status. Yet one of the ideas central to governmentality deals explicitly with space: *translation*. Translation bundles together the techniques and strategies that allow authorities to "govern-at-a-distance". In Rose's (1999, 48) words:

Translation links the general to the particular, links one place to another, shifts a way of thinking, from a political centre – a cabinet office, a government department – to a multitude of workplaces, hospital wards, classrooms, child guidance centres or homes. Thus national programmes of government can render themselves consonant with the proliferation of procedures for the conduct of conduct at a molecular level across territory.

To Rose's and others' credit, they allude to many examples of translation (e.g. discourses of efficiency that came to permeate most strata of British society under the Thatcher Government). Yet despite governmentality theorists' preference for asking 'how' rather than 'why' questions in their investigations, they are surprisingly coy about how, for example, discourses of efficiency are constructed in, and issued from, the political centre to the public, and how these discourses are recognised, internalised or resisted (Gibson, 2001).

As Allen (2003) observes, this relative silence on the practical operation of power across space stems from the way in which actor-network theory (ANT) has been imported into the governmentality literature. This is not the place for a lengthy exposition of ANT (see Law, 1986; Callon, 1991; Murdoch, 1995; Whatmore and Thorne, 1997) but broadly speaking it seeks to explain how power relationships, embedded in networks of institutions and agencies, individual humans, non-human artefacts and biological beings, are aligned, etc. and charged to carry meaning and authority, with greater or lesser degrees of success (defined according to the extent to which the centre's meaning is transmitted clearly to the periphery). In Allen's view, ANT, and translation in the governmentality literature, tend to conflate resources – the existence of actants in the form of people, maps, graphs and the institutions of authority – with the actual exercise of power, so that the remote objects of authority follow the dictate of the centre. He highlights two ways in which 'governing-at-a-distance' might fail, even where power resources exist in abundance.

First, the process of devolution – essential in networks of any length and breadth – introduces an element of uncertainty to a network. This is simply a recognition of the potentially destabilising influence of local context upon adherence to centrally-ordained commands and ideas. Second, the larger and longer networks become the more difficult it is for the centre to maintain authority over all enrolled within the network and prevent its members from drawing resources from competing networks (Allen, 2003; also see Schoenberger, 1999).

Allen's criticisms focus on two key issues. First, translation appears largely silent on what he terms "modalities of power" other than authority or domination. What is needed, in Allen's eyes, is a more broadly cast sense of how distant agents are enrolled by the neoliberal centre; one which gives due attention to the important role played by other "modalities of power" like seduction and manipulation. These are much more likely to be employed in advanced liberal societies in which individual liberty, freedom of choice, open and organised economic competition and freedom from coercion are enshrined (albeit unevenly) as basic normative underpinnings of that society.

Second, the critical roles played by proximity, co-presence and reach in interactions between centre and periphery are under-explored and under-played. Allen praises the ANT and governmentality literature for its emphasis upon the essentially mediated nature of power relationships but is critical of their inadequate acknowledgement of the role of face-to-face contact and close personal proximity in ensuring compliance. Where such a 'policing' function is absent there is simply no guarantee that the remote targets of ruling authorities will choose to recognise and comply with their missives. As Allen (2003, 148-149) puts it:

... what I am suggesting is that the authority-recognition relationship is less effective – not ineffective – as it is more complexly mediated, more distant. Certainly in comparison to seduction, or manipulation for that matter, neither of which emphasizes the internalisation of norms, authority's constant need for recognition implies that the more direct the presence, the more intense the impact. In which case, proximity and presence have a significant part to play in the successful mediation of authority relations when confronted with a diverse and dispersed civic population.

In order, then, to answer the question at the core of this paper – what explains the relative success of the neoliberal model of regional development – we need to closely study the insidious and mundane techniques of seduction and manipulation which attempt to inculcate, for example, notions of individual sovereignty and economic individualism among a populus. However, true to the oft-repeated remarks of governmentality theorists, we also need to explicitly highlight and incorporate the hybrid, messy and, at times, contradictory nature of what we currently call 'neoliberalism'. In other words, we need to understand better the process of subjectification: the complex ways in which subjectivities are moulded (Larner 2000). In the following section, I attempt this task via two contrasting case studies, both instances from the ongoing reregulation of the Australian banking sector following its 'deregulation' during the 1980s: the Laws/ABA affair, and the rise of the Bendigo Bank's 'community bank' concept.

Translation and subjectification: governing-at-a-distance in the Australian financial services sector

The Australian banking industry, like any sector that markets its services directly to the public, has always had in its collective mind an idea of the kind of subjectivities possessed, and needed, by its customers. In the two decades since the deregulation of the financial system and the banking sector, financial institutions have consistently marketed their products and services to an ideal type consumer: the rational, self-interested individual (*homo economicus*), able to pick and choose between the increasingly wide range of investment and loan products on offer; and/or the rational self-interested shareholder, able to realise that, for example, the restructuring of service levels and the retrenchment of service staff is necessary to lift the institution's worth and, hence, shareholder value; and/or the technologically-sophisticated, information-rich financial consumer who uses the Internet and other technologically-intermediated sources to manage their financial affairs. The cultivation and promotion of these particular subjectivities was consonant with, and indeed essential to, the Australian banks' attempt

to attain 'world's best practice' in institutional management stakes, covering such key 'benchmarks' as low cost-income ratios and branch densities (McIntosh and Baring, 1996; Financial System Inquiry, 1997). They are also symptomatic of the aggressive pursuit of freer markets in banking services, by banks and governments alike, through the removal of cross-subsidies within and across different segments of the market

However, other contrasting subjectivities are implicated in the contemporary financial services sector: the financial 'victim'; the financially-excluded; the community-minded financial consumer; the socially-just shareholder. This latter group of subjectivities was borne out of the well-publicised problems that have beset the sector since deregulation in 1984: foreign currency loans; face-to-face service level declines via a swathe of bank branch closures and staff retrenchments; perceived 'over-remuneration' of senior bank officers (particularly CEOs), simultaneous with service erosion and increased fees levied on service. A 1998 Federal Parliamentary Inquiry into rural bank branch closures acted as a lightning rod for a growing welter of public antipathy towards the banking sector (House of Representatives Standing Committee on Economics, Finance and Public Administration (HORSCEFPA), 1999). According to an industry insider, banking is "...the most hated industry in Australia" (Hand, 2001). Hand's perception was supported by The Bulletin Morgan Poll of August 1999, which found that banking was the least popular industry in the nation (Hand, 2001), and a 22 per cent increase in complaints to the Australian Banking Industry Ombudsman during 2000 (Batt, 2000).

In this context, the banks, both as individual institutions and as a sector, faced the need to more tightly control the information flow between themselves and their customer base, on the one hand, and their branch staff, on the other. In a business and institutional setting in which banks have extensive backwards (e.g. to international money markets, national and international regulatory agencies) and forward linkages (e.g. regional and local branches, cheque and loan processing centres) spread across space, maintaining the integrity of communications between the corporate centre and its remote outposts is obviously fundamental to the success of the firm, regardless of historical juncture and accompanying standard of technology. In the case of a consumer market, however, the direct transmission of authority cannot be expected to be an effective public relations tool; quite the reverse. More subtle tools are required, and space plays an important role in how these operate.

The John Laws/ABA 'Cash for Comment' Affair

During the latter half of 1998, the Executive Committee of Council of the Australian Bankers' Association (ABA) agreed on a strategy to sway public opinion in favour of the banking sector. In addition to the issues described above, the 'Big Four' major trading banks were also drawing criticism from one of Australia's most widely-known and popular talkback radio hosts, John Laws, of Radio 2UE. At this time, Laws was doing 'live read' advertising for non-bank mortgage provider, RAMS Home Loans; much of it very critical of the banks (Australian Broadcasting Authority, 2000).

In the first half of 1998, Tony Aveling (the Chief Executive Officer of the ABA), with fellow ABA employee, Chris Stewart, had attempted to interest Laws in a commercial agreement whereby Laws would air a pre-recorded, scripted series covering key topics of

Australian history during his programme. These short episodes would act as a Trojan horse for positive messages covering, for example, the banking industry's role in Australian economic development. These overtures were unsuccessful. However, from September 1998, the ABA and an advertising agency, Australia Street Consulting Pty. Ltd., began negotiations to allow the 'history' series, together with more general material favourable to the banking industry, to air on Laws' programme. The managing director of Australia Street, Bob Miller, was a close personal friend of Laws but the latter was only indirectly involved in the deal at arms length via his firm, Smith Smyth and Jones Pty. Ltd., which was contracted to run the radio mini-series and do the 'live reads' (Australian Broadcasting Authority, 2000).

In a confidential memo to the ABA Council, dated 8 October 1998, Aveling outlined the basic details of the Australia Street/ABA proposal, and its potential benefits to the ABA's members. In return for a \$1.2 million investment, to be shared amongst the banks in proportion to their individual worth, the entire banking sector would gain access to Laws' audience, via him, to give their side of the many issues troubling the banking public:

This proposal targets the largest and broadest radio audience in Australia – two million listeners in metropolitan, regional and rural Australia, male and female, in age groups 18-24 (40,000) 25-39 (420,000), 40-54 (560,000) and 55 plus (980,000). This audience has long been encouraged to hold negative attitudes towards banks (ABA, 1998, 2).

The purpose of the deal was:

...to reduce the negative comments about banks by John Laws from the present average of four a week to nil; concurrently, to receive positive comments from Mr Laws (over and above the paid advertisements); and by doing so, to shift Australians' perceptions of, and attitudes towards, banks. This shift would be measured by the ABA's ongoing tracking research (ABA, 1998, 2).

By early February 1999, the deal between the ABA, Australia Street and Laws' firm had been finalised. For \$1.35 million – with \$500 000 to go to Laws' firm and the remainder to Miller's agency – Laws would read the 150 scripts conceived by Stewart and would refrain from broadcasting "any advertisement that denigrated Australian banks or the Australian banking industry" (Australian Broadcasting Authority, 2000, 139). These commercials, titled "The Whole Story", involved Laws reading out a short excerpt about a notable Australian historical incident. During the middle of the 'read', Laws would interrupt himself to inform his listeners that " 'speaking of the whole story [I] had checked out the whole story on a particular banking issue of the moment and had been very interested to discover the whole story about the issue'" (Australian Broadcasting Authority, 2000, 138-9, emphasis in original).

For approximately five months following the establishment of the agreement, Laws complied fully with its terms and content; in fact, he went beyond the original terms, willingly giving airtime to Aveling in a small number of live telephone interviews¹. For the bankers, though, the deal with Miller and Laws was a first step in a broader but

potentially more tightly geographically focussed campaign to redress the strong ill-feeling held towards the banks by rural customers who, it could be argued, had borne the brunt of the sector's service restructuring. According to the confidential ABA memo of 8 October 1998:

Getting Australia's most influential third party with the greatest audience reach on our side is a necessary step before moving on to lesser but still important influencers of public opinion.

...

To be genuinely on the front foot will require resources devoted to promoting industry messages by credible third parties. Individual banks will then be able to leverage off this more solid platform of banking credibility by promoting their own brands and differing strategies (ABA, 1998, 2, 4).

The next phase of the ABA's public relations campaign was revealed in the Media Watch programme of 19 July 1999. In a document titled, "Communications Strategy – ABA – Banks – Third Party 'Laws' – Third Party 'other': Communications – Implementation", the ABA listed a range of media outlets and presenters it would target, presumably in a similar way to the Australia Street/Laws arrangement:

Third party – 'other'
"ABC regional radio"
"ABC television current affairs"
"Neil Mitchell, 3AW"
"Jon Faine, 3LO..."
"Howard Sattler WA"
"Wayne Roberts, Qld" (Media Watch, 1999, 6).

According to the Media Watch programme, three ABC regional announcers had been approached by the ABA, but none had accepted (Media Watch, 1999, 6). This strategy coincided with the release of the final report of the Federal Parliamentary Inquiry into rural branch closures.

Ironically, the ABA/Australia Street/Laws deal was terminated on 19 July 1999 amidst a wave of controversy and ensuing bad publicity, emanating out of the 'Media Watch' programme airing the details of the agreement on 12 July 1999 (Australian Broadcasting Authority, 2000, 50). The Media Watch programme contextualised their investigations into Laws' dealings with the banking sector by directly contrasting Laws' strongly anti-bank statements on-air just prior to the agreement, and his apparently radically different views about banks after February 1999. Radio 2UE, and Laws' programme in particular, received numerous calls from bemused listeners, concerned at the credibility of the announcer whose views they had come to trust.

The commercial deal between the ABA and John Laws, via the intermediary of Australia Street, was an audacious attempt to wrest the balance of public opinion towards the banking sector and away from the loose coalition of consumer advocacy groups, community representatives, academics, politicians and others campaigning for a more

socially-just approach to financial service delivery. The ABA/Laws deal, while not an exemplar of neoliberal strategy, was certainly aimed at inculcating within the banking population the long term value of policies of an aggressive free market approach – the costs of which had been borne directly by regional communities and individuals – for the banking industry and individual consumers. In this context, the ‘Whole Story’ strategy could be seen as a reasonably rational approach – short of addressing the many concerns of the banking public – to the odium attaching to the sector. After all, who better to sing the praises of banks than the person who had been such a trenchant critic?

Yet, as an exercise in ‘governing-at-a-distance’, the Laws/ABA compact failed. It did not collapse because of any technical deficiencies in the quality of the medium, the intermediary, or the forms of knowledge necessary to carry off the ‘education’ programme – indeed, all of these ‘tools’ were technically optimal. The ABA had cannily chosen a medium that gave it a substantial potential reach – across space and socio-economic and demographic status – and harnessed this to a ‘trusted’ vehicle in Laws. This approach was to be followed up by similar such arrangements with purely rural broadcasters and presenters (i.e. ABC Regional Radio) as well as other highly influential presenters in cities other than Sydney, thus adding an element of closer proximity and local and regional context to the overall strategy. The ABA’s attempt at translation ultimately failed for at least two reasons: 1) it aroused suspicions, at least in some quarters, that rather than being an open and honest advertising campaign it was instead a cynical act of manipulation – even deception; and 2) despite using the trusted ‘brand’ of John Laws to reach into households across the country, the virtual presence of Laws and his pro-bank message could not compete with the day-to-day experiences of fee increases, branch closures and other nagging problems that rural and outer suburban bank customers experienced.

The Bendigo Bank ‘community bank’: resistance to or compliance with neoliberalism?

The well-publicised growth of the Bendigo Bank’s ‘community bank’ model, together with the rise of a small number of community-based financial institutions, essentially arose out of the swathe of bank branch closures across rural and metropolitan Australia during the 1990s, described above. The Bendigo Bank ‘community banks’ have been established in 125 locations (at June 2004) across rural and metropolitan Australia since the first trial branches were opened in the Wimmera region of Victoria in June 1998. This popularity has been achieved despite (or, rather, because of) the substantial community investment – in front-end investment capital, local organisation and commitment – required to establish a community bank. Local investors need to provide approximately \$400 000 as seed capital, and also need to be able to establish and manage the company that itself controls the branch functions (i.e. employment, marketing, use of annual surpluses for community services). Yet such has been the success of the concept has – particularly in rural and suburban localities which have lost all face-to-face banking services during the mid- to late-1990s - that many of the ‘community bank’ branches recouped their start-up costs and turned a profit within the first year of operation (Hawes, 1999).

The popularity of the 'community bank' model rests, primarily, upon the simple fact that it provides a replacement service for one removed, often with little or no consultation, and at least partly redresses the negative multiplier effects triggered by a local bank branch closure. Yet the actual experience of service loss, followed by the preliminary stages of establishing an alternative banking service, seems to galvanise sectors of the affected community into a defensive posture in favour of 'their' community and against 'big capital' and 'big government'. A key spokesperson for the East Gosford Community Bank, located in a high growth zone of Sydney's Central Coast, stressed the local economic benefits of the area's new service (established August 2000):

Neil: And as you're saying, you're seeing already that it's (the community bank branch) performing well. So, what do you think are the advantages and disadvantages of this sort of type of model over the traditional bank branch?

Spokesperson: Oh, there's much more advantages. Number one is the profits aren't going to head office to get wasted or put to wherever they want to do. We know that our profits are going back to the community. That's the, I guess the major benefit of having a community bank. And secondly, you know because of the franchise agreement that we'll be there for the long term. People of East Gosford know that we'll be there because of our agreement with Bendigo Bank to maintain banking services there. We won't be having an announcement on our front window in a week's time saying we're closing. So, they can be reasonably certain that their banking needs will be met in the long term... It's really a community operation; it's something like about 150, 160 shareholders and they're the ones who control it and, you know, most of them are locals (East Gosford Community Bank Interview, February, 2000).

The community bank concept has a strong 'local' appeal because it combines a sense of trust and security, based upon the close proximity between the customer base, shareholders and local office bearers of the company, with an impression of the appropriate scale of the enterprise, i.e. in contrast to the global metaphors employed by the major trading banks during the late 1990s and early 2000s (see Argent, 2002). Indeed, the Bendigo Bank's CEO has explicitly highlighted the link between the provision of face-to-face banking services and regional development (Hunt, 2002); a stark contrast to some fellow bank leaders who expressly disavowed any notion of banking incorporating social responsibilities, particularly to localities (see Pollard, 1996). Bendigo Bank's status as a relatively small regional bank, with a brand untainted by the controversies (including the ABA/2UE 'cash for comment' scandal) that befell the sector during the 1980s and 1990s makes the concept all the more appealing to 'branchless' rural and urban communities who have had little difficulty finding members to take on the roles and responsibilities of local entrepreneurs and venture capitalists in defence of local financial service provision, local employment and the local appropriation of the surplus from regional capital circulation.

Conclusion

Under neoliberalism, the devolution of delivery systems and the continued churning of policy strategies tends to (over)stretch the capacities and diffuse the energy of oppositional movements, rather than opening up the space for more progressive local initiatives (Peck, 2001, 452).

This paper has attempted to show the key role of spatial concepts - proximity, co-presence, reach – in influencing the translation of relationships of authority, seduction, manipulation and deception from the (neoliberal) centre out. In this, it provides some clues as to why at least some ‘community-led’ development programmes have drawn considerable support at the local scale. There can be no denying that the kind of ‘mopping-up’ exercise that many communities have been forced into is a particular instant of the long-run impact of the neoliberal reform of Australia’s financial and banking systems during the 1980s. Yet, the growing number of towns and suburbs that have gained increased sovereignty over an important element of their *collective* futures in the form of local banking is proving to be empowering, seductive and potentially critical for these communities’ futures. The Bendigo Bank ‘community bank’ example also demonstrates that relationships of trust, responsibility and care, reinforced by the co-presence and close proximity of other community members, are critical to mobilising local action. ‘Governing-at-a-distance’ *can* shape and control subjectivities but it cannot conjure them out of thin air, as the Laws/ABA affair shows.

Of course, governments’ increasing reliance upon this model as the template for regional development strategy (see Beer *et al*, this volume) opens up the very real possibility that those communities and regions unable to purchase their position on the mainstream financial infrastructure network may become part of a permanent underclass of regions (as prophesied by Gray and Lawrence, 2001); left to their fate because they lack the requisite ‘entrepreneurial spirit’. It is understandably easy to label such ‘community-initiated’ development as just another example of “regulatory dumping” (Peck and Tickell 2002, 386) in which communities gain responsibility but little power in the process of regional abandonment (Peck, 2001). However, the Bendigo Bank ‘community bank’ concept cannot accurately be characterised as neoliberalism in action, even though elements of it resonate with neoliberal ideology (e.g. devolution of once centrally-controlled services to the ‘self-reliant community’), for it also incorporates some aspects of collective provision and social redistribution.

Legitimate concerns remain over the effects of neoliberal ideology and policy upon rural and suburban regions. Yet the two contrasting case studies just discussed highlight that what we have come to know as neoliberalism is not as hegemonic as we have been accustomed to believe; almost as fragile and prone to failure as it is to dominance. The ABA/Laws deal and the ‘community bank’ phenomenon are two admittedly small instances in the ongoing reregulation of the Australian banking sector. What they highlight, though, is the often unpredictable and, at times, counter-intuitive path of political reform; a process which can throw open occasional, if small, spaces for liberatory political action.

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¹ In some of these telephone conversations, Aveling spoke in some depth about the banking sector's support of the family farming sector, discussing amongst other issues, banks' understanding of farmers' cash flow problems in the context of the widespread and protracted drought in the eastern states (ABA 2000).