ANGLO-AMERICAN COOPERATION IN THE MALAYAN AUTOMOBILE MARKET BEFORE THE PACIFIC WAR

This article examines the relationship between American automobile multinational enterprises (MNEs) and British merchant firms in Malaya from the early twentieth century until 1942. American automobile MNEs forged a strategic relationship with British merchant firms in Malaya beginning in the early twentieth century. The “Big Three” automobile MNEs in the United States (US), namely Ford, General Motors (GM), and Chrysler formed dealership agreements with the two largest British merchant firms in Malaya – the Australian Wearne Brothers (for Ford) and the British Borneo Motors Company Ltd (for GM and Chrysler). Although Ford and GM chose to internalise their distribution in the mid-1920s in Singapore and the Dutch East Indies (DEI), respectively, the services of British merchant firms as major distributors of American automobiles in Malaya remained intact throughout the period.

Keywords: Malaya, Automobile market, Merchant firms, Anglo-American Cooperation

Introduction

This paper examines the Anglo-American cooperation in the Malayan automobile market from the early twentieth century until 1942. American-made automobiles had successfully penetrated the Malayan market since the early twentieth century. Automobiles from Europe, including those British origin, have had an earlier start (late nineteenth century). It will be noticed then that the market in Malaya and Singapore were already well exposed to the automobile industry when they first made their appearance. Interestingly too, the Big Three American automobile manufacturers – Ford, General Motors and Chrysler – had quickly entered into agreement with British merchant firms such as the Australian Wearne Brothers (for Ford) and the British Borneo

2 For the purposes of this paper, Wearne Brothers are considered as British since Australia was a part of the British. Interestingly, Australia did not ratify the Statute of Westminster until 1942, thus establishing equal status between the Parliaments of Westminster and the Dominions.
Motors Company Ltd (for GM and Chrysler) to establish a market presence. These two were the largest British merchant firms in Malaya. British merchant firms in Malaya were able to provide efficient sales and marketing and were also responsible for repair and maintenance services. Thus, the Big Three American automobile manufacturers adopted a synergistic approach with the first-movers in the market to enhance their exposure and distribution streams in the supply chain.

A background overview of the growth of American automobile sales in the Malayan market in the early twentieth century is provided in Section I of this paper. The role played by British merchant firms in the Malayan automobile sector is then examined in Section II while Section III discusses the strategies of American automobile MNEs, in particular Ford and GM in Malaya. Section IV concludes the paper.

Malayan Automobile Sector in the Early Twentieth Century

Automobiles made their first appearance in Singapore as early as 1896. In 1903, the authorities in Singapore drafted an Automobile Enactment, regulating the registration of cars and issuance of license plates. That same year saw the establishment of the Federated Malay States Automobile Club and, in 1907, the Singapore Automobile Club. A year earlier, in 1906, the Straits Settlements Blue Books for the first time began to use the term “cars” in place of “wheeled carriages on springs”. Automobile sales in Malaya began on a small scale in the early 1900s with continuing growth throughout the pre-war years. British automobile makes such as Talbot, Arrol-Johnston, Humber, Argyll, Swift, Adam-Hewitt, Albion, Siddeley, Rover and Orlean, were popular. In competition with the British models were the Italian Fiat, Alfa Romeo and Bianchi, the French Citroen, Peugeot, as well as the German Opel. In 1909, Ford Model N – which was the predecessor of the Model T – appeared in Malaya. Until 1910, most automobiles imported into Malaya were from Britain and Continental Europe with some from the US. During World War I, however, production difficulties in the British motor industry led to increased demand for American automobiles. In addition, American cars offered a cheaper alternative to British cars. And thus, American makes began to carve a niche in the Malayan automobile market by the end of World War I.

By the 1920s, a large stock of American automobile products namely Hudson, Hupmobile, Cleveland, Willys-Overland, Reo, and Studebaker were...
readily available in Singapore and Penang. In addition to Ford’s Model T and Model TT (a 1-ton truck), GM products such as Buick, Oldsmobile, Oakland, Pontiac and Chevrolet were also widely distributed in Malaya by the mid-1920s. By then, there were a large number of different makes of cars in the Malayan market, but most remained European-made (predominantly British).

Automobile manufacturers had excellent prospects in Singapore and the Malay States because of the excellent and highly reliable network of roads built mainly to facilitate the transportation of tin and rubber commodities which were geared for export. In 1911, there were 800 miles in the SS of which 100 miles of road were in Singapore, and 3,439 miles in the Federated Malay States (FMS). By the 1920s, it was possible for one to drive from Singapore to Bangkok. The Malayan north-south road was completed in 1922 and by September 1923, the Johore causeway linked Singapore to the Malay states. By 1930, there were 4,735 miles of road serving the FMS, Malacca, Province Wellesley, Johore, and Kedah. Thus, the foundations of Malaya’s road system had already existed before the Pacific War.

Both FMS and Straits Settlements (SS) highway developments which provided conducive facilities for motoring led to increases in the number of registered vehicles in Malaya as a whole: a 400 per cent increase from 1910 to 1915, a 1,000 per cent increase from 1910 to 1925 and a 1,600 per cent increase from 1910 to 1930. Infrastructural developments under the British colonial administration allowed American manufacturers to take advantage of the investment opportunities available in Malaya, as was noted by the American Vice Consul in Penang. The Americans benefited from increased highway activity, mainly through the increase in the sale of American automobiles and

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7 GM, like Ford, had headquarters in Detroit, US and various interests throughout the world. GM acquired Vauxhall Company in the UK in 1925 and bought the Opel works in Germany in 1929. A.D. Chandler (ed.), Giant Enterprise: Ford, General Motors and the Automobile Industry, New York: 1964.
9 The Malay Mail, 4 October 1911.
10 From 1915 to 1920, S$20 million was spent on new roads and maintenance of existing roads. Irvine, “Automotive Markets”, p. 75.
11 For the phases of the development of the Malayan road system, see, Amarjit Kaur, Bridge and Barrier: Transport and Communications in Colonial Malaya 1870-1957, Singapore: Oxford University Press, 1985, pp. 84-99. See also, ’Excellent Road System’, American Vice Consul, Penang, 18 September 1923. Records of the Department of State Relating to the Internal Affairs of British Asia, 1910-1929.
13 ‘Excellent Road System’, American Vice Consul, Penang.
tyres. Furthermore, the increasing sales were made possible by a buoyant prosperity which was fueled by high global prices for tin and rubber.

Malaya’s economic prosperity was derived from being one of the world’s major producers of tin in the late nineteenth century and rubber in the early twentieth century. There was a direct correlation between the prices of rubber and tin and the growth of automobile sales. The automobile sales experienced rapid expansion in the 1920s led mostly by increases in rubber and tin prices as well as increased demand for automobiles in these industries. Rubber was hit by overproduction in 1920 to 1922 and again during the Depression in the 1930s. This, in turn, prompted cycles of decline in automobile sales. As can be seen from Table 1, there was a decline in imports of automobiles in 1921 compared to 1920 (figures for 1922 are not available). A marked decrease could be seen from the US imports in S$11, 622,822 in 1920 to S$2,869,606. As such, merchant firms and dealers were able to use the price of rubber and tin to gauge automobile sales in Malaya. This was because most of the demand for automobiles came from owners and managers of rubber plantations and tin mines (private ventures), shareholders (those who received dividends from the good performance of the tin and rubber companies during boom periods) and salaried executives.14

European and Chinese were the main users of automobiles in Malaya; few Malays, except royalty, owned cars. Europeans formed only a small percentage of the Malayan population, and so the Chinese formed the majority of car buyers in Malaya. By 1938, the Chinese population had outgrown that of the Malays, and was situated mainly in urban areas.

Despite being a small market, comparatively speaking, there was high purchasing power among Malayans compared with their South East Asian neighbours. By 1930, Malaya’s total registration was approximately 165,000 cars compared with DEI’s 85,000, where the ratio of cars to people was 1: 584, whereas in the SS it was 1:93.15 Besides, Malaya’s strategic location provided the avenue for automobile MNEs to tap into the regional market. Hence, in terms of market size, as detailed later in the chapter, automobile MNEs were attracted to the region.

Prior to World War I, the US had become one of the major suppliers to the Malayan automobile market, followed by the UK, France and Italy. As can be seen from Table 1, the US gained majority market share during World War I, reaching a peak of 83 per cent in 1916.16 It is also clear that the US remained as

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14 Pioneer companies which achieved spectacular results paid very high dividends. For instance, the Selangor Rubber Company paid dividends of 287.5 per cent in 1909; the Pataling (Petaling?) Rubber Estates Syndicate, 125 per cent; and Linggi Plantations, 165 per cent. For 1910, these companies paid dividends of 375 per cent, 325 per cent, and 237.5 per cent respectively. Drabble, Rubber in Malaya, p. 63, 63n.
16 In 1921 the US share of Malayan automobile sales dropped to 52 per cent: the 22
Malaya’s major supplier of automobiles, including spare parts and accessories, from 1925 to 1929. Automobiles manufactured by Ford Canada accounted for the Canadian share of total Malayan automobile imports. In 1926, imports of automobiles into Malaya reached a peak of 11,263 units or S$21 million (US$11.8 million), reflecting a significant automobile boom (see Table 2).

Similarly, from the 1920s onwards, British subsidiaries of US firms namely Ford England and General Motors UK, became export platforms to supply the Empire markets. In a speech given by H.B. Phillips, Vice President of General Motors Export Company for South East Asia, he described GM as an international institution that was using its vast resources to promote the products of Vauxhall Motors Ltd. (owned by GM) “all over the world and in so doing is participating in the development of British export trade.” Exports from US-owned firms (regardless of where they were manufactured) obviously retained a stronghold in the Malayan market.

Table 1: Imports of automobiles into Malaya by country of origin, 1913-1921 (in S$)

<table>
<thead>
<tr>
<th>Country</th>
<th>1913</th>
<th>1916</th>
<th>1917</th>
<th>1918</th>
<th>1920</th>
<th>1921</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>907,558</td>
<td>251,646</td>
<td>266,154</td>
<td>57,627</td>
<td>2,409,259</td>
<td>1,470,985</td>
</tr>
<tr>
<td>US</td>
<td>1,281,460</td>
<td>1,844,976</td>
<td>2,287,210</td>
<td>1,024,489</td>
<td>11,662,882</td>
<td>2,869,606</td>
</tr>
<tr>
<td>Canada</td>
<td>n.a</td>
<td>n.a</td>
<td>499,220</td>
<td>245,882</td>
<td>1,001,735</td>
<td>488,953</td>
</tr>
<tr>
<td>Italy</td>
<td>11,000</td>
<td>96,200</td>
<td>18,000</td>
<td>n.a</td>
<td>560,400</td>
<td>297,625</td>
</tr>
<tr>
<td>France</td>
<td>14,096</td>
<td>13,800</td>
<td>n.a</td>
<td>n.a</td>
<td>120,200</td>
<td>359,352</td>
</tr>
</tbody>
</table>

Notes: Total direct imports from country of origin.  

Table 2: Imports of automobiles into Malaya by country of origin, 1925-1929 (in units)

<table>
<thead>
<tr>
<th></th>
<th>1925</th>
<th>1926</th>
<th>1927</th>
<th>1928</th>
<th>1929</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>2,064</td>
<td>2,621</td>
<td>2,495</td>
<td>1,759</td>
<td>2,207</td>
</tr>
<tr>
<td>US</td>
<td>5,570</td>
<td>4,705</td>
<td>2,100</td>
<td>2,233</td>
<td>2,708</td>
</tr>
<tr>
<td>Canada</td>
<td>n.a</td>
<td>2,618</td>
<td>2,411</td>
<td>1,183</td>
<td>1,412</td>
</tr>
<tr>
<td>Italy</td>
<td>527</td>
<td>667</td>
<td>253</td>
<td>316</td>
<td>831</td>
</tr>
<tr>
<td>France</td>
<td>200</td>
<td>453</td>
<td>491</td>
<td>100</td>
<td>138</td>
</tr>
<tr>
<td>Others</td>
<td>635</td>
<td>199</td>
<td>303</td>
<td>139</td>
<td>113</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,996</strong></td>
<td><strong>11,263</strong></td>
<td><strong>8,053</strong></td>
<td><strong>5,730</strong></td>
<td><strong>7,409</strong></td>
</tr>
</tbody>
</table>

Notes: Total imports include re-exports from the SS (mainly Singapore) to other areas in the region.  

In a statement released by the Public Works Department in 1921, it was claimed there was an ascendancy of vehicles of US and Canadian origin in the FMS and SS which is evident from the figures in Table 3.

per cent difference was caused by a large surplus from 1920 being carried over into 1921. Irvine, “Automotive Markets”, p. 73.

17 The Straits Times, Singapore, 15 November 1929.
Table 3: Number of passenger and commercial vehicles registered in the SS and FMS, 1921

(a) Registration in the SS

<table>
<thead>
<tr>
<th></th>
<th>Cars (British)</th>
<th>Cars (Foreign)</th>
<th>Lorries (British)</th>
<th>Lorries (Foreign)</th>
<th>Canadian Ford cars</th>
<th>Canadian Ford lorries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>565</td>
<td>2,459</td>
<td>185</td>
<td>342</td>
<td>885</td>
<td>84</td>
</tr>
<tr>
<td>Penang</td>
<td>230</td>
<td>769</td>
<td>48</td>
<td>13</td>
<td>343</td>
<td>24</td>
</tr>
<tr>
<td>Malacca</td>
<td>158</td>
<td>88</td>
<td>25</td>
<td>7</td>
<td>511</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>953</td>
<td>3,316</td>
<td>258</td>
<td>362</td>
<td>1,739</td>
<td>121</td>
</tr>
</tbody>
</table>

(b) Registration in the FMS

<table>
<thead>
<tr>
<th>Country of Manufacture</th>
<th>Cars</th>
<th>Buses</th>
<th>Lorries</th>
<th>Vans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Britain</td>
<td>462</td>
<td>24</td>
<td>96</td>
<td>14</td>
</tr>
<tr>
<td>Canada</td>
<td>1,606</td>
<td>30</td>
<td>86</td>
<td>6</td>
</tr>
<tr>
<td>USA</td>
<td>1,432</td>
<td>13</td>
<td>74</td>
<td>-</td>
</tr>
<tr>
<td>Italy</td>
<td>18</td>
<td>-</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Germany</td>
<td>33</td>
<td>-</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>France</td>
<td>114</td>
<td>1</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Belgium</td>
<td>33</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
</tbody>
</table>

Notes: (a) Foreign here refers to vehicles mainly of American makes, as the directive given to local authorities was to produce statistics on American vehicles.

Source: Panel (a) Government House Singapore, 29 March 1922, HCO, 259/1922.
Panel (b) Public Works Department, Kuala Lumpur, 28 August 1922, HCO, 259/1922.

This ascendancy was described by J.H. Robson, a member of the Federal Council of Malaya, in *Illustrated Guide to the Federated Malay States* in 1923:

Ford cars are in the majority. Hupmobiles, Overlands, Dodges, Buicks, Chevrolets and other American cars are very much in evidence. The more expensive English and Continental cars are not in such general use, although a certain number of Wolseleys, Austins, Napiers, A.C’s and so forth are still to be seen. 18

British Merchant Firms

This section evaluates the role played by British merchant firms in the Malayan automobile sector. By the early twentieth century, merchant firms began to diversify into automobile distribution, providing services for foreign

automobile MNEs. In the case of automobiles, merchant firms acted largely as distributors. This role was vital for the automobile sector in Malaya, because the survival of the automobile sector depended on its distribution facilities. The capital-intensive nature of these merchant firms’ business through the need to invest in showroom and repair facilities, and keep stocks at hand, placed them at constant risk of losing contracts from automobile manufacturers once a market was established.¹⁹ However, these merchant firms were invaluable partners because not only did they provide sales and distribution services but also the services of maintenance and repair services.

Most leading automobile manufacturers from Britain, continental Europe, and the US relied on merchant firms which held various agencies to distribute their automobiles. By 1928, there were 16 merchant firms representing 10 automobile manufacturers distributing 58 different automobiles and trucks in Singapore.²⁰ Table 4 identifies the three largest merchant firms: Wearne Brothers, Borneo Company Limited (BCL) and Cycle & Carriage (C&C) represented both British and American makes in Malaya. This shows American automobile manufacturers’ reliance on (mainly British) merchant firms.

<table>
<thead>
<tr>
<th>Merchant Firms</th>
<th>Subsidiaries</th>
<th>Passenger Cars</th>
<th>Commercial Vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wearne Brothers</td>
<td>Universal Cars</td>
<td>Ford</td>
<td>Fordson tractors</td>
</tr>
<tr>
<td></td>
<td>Lyons Motors</td>
<td>Hillman, Buick, Durant</td>
<td>Rugby, Reo</td>
</tr>
<tr>
<td></td>
<td>Federated Motors</td>
<td>Dodge, Vauxhall</td>
<td>Morris, Humber, Hillman</td>
</tr>
<tr>
<td></td>
<td>Malayan Motors</td>
<td>Morris, Humber, Hillman</td>
<td>Morris, Dennys</td>
</tr>
<tr>
<td>BCL</td>
<td>Borneo Motors</td>
<td>Austin, Riley, Plymouth, Chrysler</td>
<td>Bedford</td>
</tr>
<tr>
<td></td>
<td>Borneo Chevrolet</td>
<td>Buick, Cadillac, Chevrolet, Oldsmobile, Pontiac</td>
<td>Chevrolet</td>
</tr>
<tr>
<td>C&amp;C</td>
<td>Straits Motor Garage</td>
<td>Hudson, Essex, Renault</td>
<td>Willys, Renault</td>
</tr>
<tr>
<td></td>
<td>Eastern Auto</td>
<td>Oldsmobile</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Oriental Motors</td>
<td>Pontiac, Oakland</td>
<td></td>
</tr>
</tbody>
</table>

Source: Automotive Chart, 1929; The Malay Mail, 3 December 1926.

C.F.F. Wearne and Co. was founded by brothers Charles and Theodore

J.B. Wearne on 1 April 1906 with initial capital of S$700. In 1912, they formed Wearne Brothers Limited (Wearne) with an initial capital of S$275,000. For some time at the beginning of the twentieth century, none of the merchant firms in Malaya dealt solely with an individual automobile manufacturer. Separate companies were formed, however, when automobile manufacturers insisted on individual distribution or when sales volume increased. Wearne Brothers, which held the franchises of several, mainly British, motor manufacturers, set up a separate company exclusively for Ford products due to the rapid growth of its Ford business.

Wearne’s success as a Ford distributor was evident when at their Annual Meeting in 1926, the company proposed establishing a separate company for Ford products given the brand’s popularity and rapid growth. This led to the formation of Universal Cars Limited. Another subsidiary, Malayan Motors became a limited company. Both these subsidiaries handled several aspects of the organisation including sales, employment, and service facilities. This restructuring exercise allowed Wearne Brothers Limited, as the parent company, to further promote the sales of Ford automobiles as an entirely automotive financial concern providing hire purchase, and lending facilities with reasonable rates of interest.

BCL diversified into automobile distribution in the early 1900s and was among the pioneers in Malaya. In 1905, BCL held the Foden steam wagons agency, adding two additional agencies, the Humber and Sizaire-Naudin, by 1909. Car agencies were at that time secondary to its other trading activities. By 1925, BCL diversified further into motor distribution and set up Borneo Motors Limited (BML), which became one of the largest overseas distributors for its Austin, Chrysler and General Motors (GM) franchises. Like Wearne, Borneo Motors set up a subsidiary, Borneo-Chevrolet to exclusively cater to GM’s products in Malaya. In 1938, the group had thirteen distributing centres in Thailand, Malaya, and North Borneo.

21 Borneo Company Limited (encl.) 50 years progress celebrated by Wearne’s, The Straits Times, 16 December 1955. Borneo Company Archives, MS 27236, Guildhall Library (hereafter GHL).
22 This was proposed at its annual meeting in December 1926. The action allowed Wearne to be an entirely automotive financial concern providing hire purchase and lending facilities with reasonable rates of interest, inadvertently promoting the sales of Ford automobiles. Annual Report, Wearne Brothers, 1926.
23 Wearne Brothers Annual Report 1926; Fyfe, Wheels in Malaya, 59-60.
24 The Borneo Company Ltd. was registered in London in 1856 mainly to conduct a range of business in Sarawak under the rule of Sir James Brooke. In 1868, new branches were established at Calcutta, Singapore, Batavia, HK, Shanghai and Bangkok. In Singapore, they became owners of the Teluk Blanga Singapore wharves. The BCL Centenary Celebrations (encl. Indian Daily Mail, 28 October, 1956), Borneo Company Archives, MS 27186, GHL.
25 Fyfe, Wearne Brothers, passim.
26 Their main business concerns were general shipping merchants and agents, mines and estates agencies, insurance agencies and general imports business.
27 Borneo Company Ltd., Report on the Finances of Borneo Motors, Ltd., of Singapore
Initially, in the early 1900s, when car agencies were secondary to their main business interests, and the low trading volumes presumably discouraged investments into distribution, merchant firms made arrangements with other motor firms (mainly Chinese automobile distributors) to use their showrooms for display purposes. BCL and Guthrie used the Straits Motor Garage showrooms to display their automobiles.\textsuperscript{28} Other merchant firms operated in a similar manner; Syme and Company displayed their automobiles at the Singapore Motor Car Company (another Chinese distributor).\textsuperscript{29} In Malaya, apart from merchant firms, the ethnic Chinese also played an important role in the automobile business. As early as 1914, Chinese firms were distributing both British and American makes and placing automobile advertisements in the local newspapers. One leading example was Cycle & Carriage (C&C).\textsuperscript{30} Among the first motor distributorships acquired by C&C in the early twentieth century were smaller ones from American companies, Willys-Overland, Chandler, Hudson, and British producers (B.S.A., Singer). Later, it added the French de Dion Bouton and German Opel, C&C (just as other companies were doing so) set up branches in major cities throughout Malaya including Ipoh (1906), Penang (1914) and Singapore (1916), and by 1926 the company was also dealing with GM products such as Oldsmobile, Pontiac and Oakland, as indicated in Table 4.\textsuperscript{31}

C&C was the first motor distributor appointed by GM. In 1920, United Motor Works Ltd. (UMW), a Chinese merchant firm in Singapore, was appointed GM’s first exclusive distributors for accessories and spare parts in Malaya and Thailand.\textsuperscript{32} UMW began selling Ford T spare parts in 1916.\textsuperscript{33} By 1951, UMW had branches and warehouses in Malacca, Kuala Lumpur, Ipoh, Penang and Bangkok as well as 200 automotive parts dealers in all these areas supplying over 30 bus companies and truck fleet owners, car dealers, garages, government and Municipality departments and airline companies.\textsuperscript{34} Table 5 shows the long ties between UMW and US automobile, tyres and automotive parts manufacturers.

\textsuperscript{28} The Straits Motor Garage was later acquired by C&C in 1926.
\textsuperscript{29} Fyfe, \textit{Wearne Brothers}, passim.
\textsuperscript{30} This Chinese trading concern was founded by Chua Cheng Bok and his four brothers in 1899. \textit{Eric Jennings, Wheels of Progress: 75 years of Cycle & Carriage}, Singapore: Meridien Communications, 1975, p. 24.
\textsuperscript{31} Jennings, \textit{Wheels of Progress}, passim.
\textsuperscript{32} United Motor Works Limited to Bureau of Foreign and Domestic Commerce.
\textsuperscript{33} Chia Yee Soh founded this firm in 1902. This Chinese family firm evolved from bicycle to motorcycle and finally automobile repair works. United Motor Works Limited to Bureau of Foreign and Domestic Commerce, Department of Commerce, 20 March 1951, (Washington DC) RG 84, Singapore Consulate, 1950-1952, Box 19, NARA.
\textsuperscript{34} Ibid.
Table 5: UMW: selected US agencies held and year established.

<table>
<thead>
<tr>
<th>US firms</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Motors</td>
<td>1920</td>
</tr>
<tr>
<td>Electric Autolite Company</td>
<td>1925</td>
</tr>
<tr>
<td>Prest-O-Lite Battery Corporation</td>
<td>1925</td>
</tr>
<tr>
<td>Carter Carburettor Corporation</td>
<td>1930</td>
</tr>
<tr>
<td>The Pennzoil Company</td>
<td>1930</td>
</tr>
<tr>
<td>The Fisk Tire Company</td>
<td>1932</td>
</tr>
<tr>
<td>B.F. Goodrich Tire Company</td>
<td>1935</td>
</tr>
<tr>
<td>Brunner Manufacturing Company</td>
<td>1935</td>
</tr>
<tr>
<td>Globe Hoist Company</td>
<td>1935</td>
</tr>
<tr>
<td>The Aro Equipment Corporation</td>
<td>1935</td>
</tr>
<tr>
<td>Universal Chemical Company</td>
<td>1946</td>
</tr>
<tr>
<td>Trico Products Corporation</td>
<td>1946</td>
</tr>
<tr>
<td>Borg-Warner International Corporation</td>
<td>1948</td>
</tr>
</tbody>
</table>

Note: Most of the agencies held by UMW matched the listing in the Singapore and Malayan Directory, 1933, 495.


There were other merchant firms involved in automobile distribution, including Guthrie, which acquired agencies for Swift, Phoenix and Daimler from 1905 to 1908. In the late 1920s, Guthrie expanded further by adding the Buick, Renault and the Rudge-Whitworth (motorcycles) agencies.35

In the early twentieth century, with the increasing purchasing power and stiff competition, automobile advertisements were a constant feature in local newspapers. By the 1920s, automobile advertisements were placed regularly by long-established agents extolling the features of all kinds of different makes; namely, Ford, Daimler, Chevrolet, Morris and Austin. These agents included, among others, Borneo Company Ltd., Wearne Brothers, C&C, and Guthrie & Company.

Newspapers provided an excellent medium to reach potential consumers. There were publications in the three main languages spoken in Malaya – English, Chinese, and Malay. Among the widely-circulated English language newspapers where automobile advertisements could be found were The Singapore Straits Times, Malay Mail, Singapore Free Press, The Malaya.

However, Guthrie’s motor department closed in 1929. Jones, Merchants, 109-110; Fyfe, Wearne Brothers, passim.
Tribune, Penang Straits Echo, Penang Gazette, and Times of Malaya. The Chinese newspapers, The China Press, Sin Chew Jit Poh, Chung Shing Jit Pao, also provided advertising opportunities. Another important medium used to reach customers were publications on the tin and rubber industries. The Malayan Tin and Rubber Journal, The Times of Malaya and Planters & Miners Gazette, for instance, carried motorcar advertisements. There was also a widely distributed motor journal, Motors in Malaya, that became an avenue for these advertisements.

![Image of an advertisement](image)

Figure 1: Advertisement of GM’s Chevrolet by Borneo Motors, The Straits Times, 23 November, 1926

Strategies of American automobile MNEs in Malaya

This section discusses the strategies of American automobile MNEs, in particular Ford and GM in Malaya. Of the three largest automobile manufacturers in the US, only Ford invested in Malaya. GM invested in Batavia (now Jakarta), DEI when their investment attempt was blocked by the British authorities in Singapore. As with Chrysler, none of the British automobile firms invested in Malaya despite being early movers into the Malayan market.36

Ford Motor Company of Malaya (Ford Malaya)

After World War I, Ford US took an international approach in its automobile business and its worldwide operations were highly integrated across borders. Ford England was set up in 1911, but was preceded by Ford Canada in 1904, which soon set up affiliates to handle the British Empire markets: Ford South Africa (1923), Ford Australia (1925), Ford India (1926), Ford Malaya (1926), and Ford New Zealand (1936). At the time Ford Malaya was founded, it was the only automotive assembly plant in Malaya and the South East Asian region.

36 Elsewhere around the world, there was a lack of British automobile foreign direct investment because they opted for exporting.
Prior to investing, Ford started exporting to Malaya in 1909, benefiting from Malaya’s locational advantages – British rule, Singapore’s strategic position, and the distribution facilities provided by the British merchant firms and Chinese traders. Beginning in 1911, Dodge & Seymour, an American trading intermediary based in New York started handling the sales of Canadian Ford models in India, Sri Lanka, Thailand, Burma, Dutch East Indies, Borneo, Malaya, and as far away as Aden. The Dodge brothers approached Wearne & Company, an Australian merchant firm, with a contract to sell 12 Ford cars in the state of Perak.37 Other parts of the country were covered by Gadelius & Company and Paterson, Simons Company Limited of Penang.38 Apart from representing other American makes such as Reo, Studebaker, and Oldsmobile, the Swedish merchant firm, Gadelius, was the first sole Ford agent.39

According to the Dodge brothers, Wearne became one of their most-prized agencies, while for Wearne, the Ford agency gave impetus to its automobile sales.40 The agreement provided Ford the avenue it needed to break into the Malaya market. Wearne Brothers was made Ford’s sole agent in 1911. From that point Wearne played an active role in promoting Ford cars in the Malayan market (see Figure 1).

![Figure 2: Wearne Brothers’ 1909 Model Ford Genevieve in Singapore. Source: National Archives of Singapore](image)

Apart from continual advertising of Ford products, the firm produced a booklet containing tips on how to care for and maintain Ford cars and also staged demonstrations of new Ford models.41 By 1913, Wearne had established several

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37 Borneo Company Limited (encl.) 50 years progress celebrated by Wearne’s, *The Straits Times*, 16 December 1955. Borneo Company Archives, MS 27236, GHL.
38 Fyfe, *Wheels in Malaya*, p. 27.
39 Ibid., p. 28.
40 Wilkins and Hill, *Ford on Six Continents*, p. 44.
41 Fyfe, *Wheels in Malaya*, p. 32.
branches in Malaya; the first in Ipoh, followed by Kuala Lumpur and Penang, providing not only the avenue needed to showcase Ford Model T’s, but also the company’s repair garages. In 1919, Wearne became agents for Fordson tractors and ran an advertisement in the local newspapers along with staging a demonstration of the model in Singapore. In the following year, the firm was appointed sole distributor of Fords in the DEI islands of Banka and Billiton (now known as Bangka and Belitung). In 1921, the company acquired Ford Motors (Burma) Limited, which held the Burmese Ford agency. Wearne was an extremely successful agent for Ford, promoting and facilitating Ford sales not only in the Malayan market but also in the non-British Empire markets of South-East Asia.

Wearne also set up its own car assembly in 1924, and by 1927 a wide range of Ford models (where all the parts were sourced from Ford-Canada due to the lack of locally produced components) were assembled. Repair works were also provided by a well-stocked modern service garage. At their Singapore branch alone, in 1927, Wearne stocked over US$112,360 (S$200,000) worth of spares. The firm also provided innovative after sales service. For instance, an advertisement placed in the *Singapore Free Press*, announced that a Ford buyer “gets a book of 365 coupons, each coupon entitling him to a ten minutes’ job in the workshop.”

As evidenced in the relationship between Ford and Wearne, the merchant firms proved to be invaluable partners not only in providing sales and distribution, but also with their maintenance and repair services. While Wearne tended to emphasise Ford products because of local demand, the firm was also holding the franchises of several of Ford’s, mainly British, competitors, such as Hillman, Wolseley, Morris, Vauxhall, Daimler, Lanchester, Humber, Rover, BSA, MG, and Rolls Royce, as well as, to a lesser extent, American competition, including Buick, Dodge, Packard and, until 1927, Studebaker. It is probably a fair assumption that Ford was not wholly comfortable with this situation and would have preferred Wearne to concentrate solely on Ford products. However, at the beginning of the twentieth century none of the merchant firms in Malaya dealt solely with an individual automobile manufacturer.

Later, separate companies were formed when automobile manufacturers began to insist on individual distribution or when sales volumes increased. This was particularly so in the case of Wearne and Ford-Malaya. Due to the rapid growth of its Ford business, Wearne, at its Annual Meeting in 1926, decided to establish a separate company exclusively for Ford products - Universal Cars Limited. A second Wearne subsidiary, Malayan Motors, also became a limited company. Both subsidiaries handled important aspects of...
the business organization, including sales, employment, and service facilities. This restructuring exercise allowed Wearne Brothers Limited, as the parent company, to further promote the sales of Ford automobiles as an entirely automotive financial concern, providing hire purchase and lending facilities with reasonable rates of interest.\textsuperscript{46} Yet, five years ahead, when Wearne secured the Rootes Limited agency to distribute Humber and Hillman for the small car market, the company used the facilities and network provided by Universal Cars that was meant to exclusively distribute Ford products. In 1933, out of the 33 makes of new cars available in Malaya, Wearne owned an amazing 21 agencies.\textsuperscript{47} Clearly, while Ford-Malaya enjoyed the many advantages from its main dealer – distribution, sales and after-sales services as well as repair and maintenance facilities - it was still vital for Ford to ensure greater control over the distribution of its products and services throughout Malaya and South-East Asia.

For Ford Canada, the British presence and the distribution services provided by both the merchant firms and the Chinese entrepreneurs led the company to adopt an export strategy as its mode of entry into the Malayan market. Despite the success of its agency agreements, Ford Canada in 1926 decided to take direct control of its Malayan activities. The Head of Ford Canada, Wallace R. Campbell, sent his Export Manager, Roy Stanley Milliken, to affect the takeover from Dodge & Seymour. Dodge & Seymour was accommodating and willing to accept the loss of the Ford agency because they handled other areas of business. Consequently, there was a smooth transition and Ford Canada took on their employees, including 250 Ford dealers and service stations throughout Singapore and the Malay States.\textsuperscript{48}

Despite being a latecomer, Ford became the pioneer in the Malayan automobile sector after extending their local representation in Malaya and founding a Ford assembly in a leased two storey shop house plant in Singapore, in 1926. Ford began operations with wheel fitting and touch up jobs on Model Ts, as the launch pad for distribution in the Malay States and DEI. It was here that Ford Malaya’s first office was set up. In 1929, Ford’s “plant” moved into a bigger premise; a warehouse located along Prince Edward. It was Ford’s first assembly plant (although on a very small scale) in the South-East Asian region and the only automotive assembly in Malaya assembling different models of Ford passenger cars and commercial vehicles.\textsuperscript{49} It is important to note that, as in other developing markets, Ford was not manufacturing but just operating an

\textsuperscript{46} Annual Report Wearne Brothers 1926; Fyfe, \textit{Wheels in Malaya}, 59-60.
\textsuperscript{47} Fyfe, Wheels in Malaya, p. 110.
\textsuperscript{48} Director’s Minutes, Ford Malaya 1926-27; Wilkins and Hill, \textit{Ford on Six Continents}, p. 44.
assembly plant in Singapore.

Similar to the challenges faced by Ford England, Ford Malaya began to face stiff competition from its competitors, mainly British, which in the mid-1930s were able to capture a significant percentage of the Malayan automobile market. Ford began introducing new models in the market, several of which were displayed during the British Trade Fair held in Singapore in May 1936, with the Ford V-8 (10 and 8 HP models) among the most popular. At the same time, the Lincoln Zephyr was introduced with 10 HP and a V12 engine. Ford advertisements continued to dominate over Wearne Brothers’ representation of other makes of British or American cars, and Fords “retained their pre-eminent place in the firm’s sales figures.”

Throughout 1935 to 1940, sales increased for Ford Malaya as commodity prices improved. Yet, Ford failed to regain its dominant position in the Malayan automobile market post-World War I. In 1936, for instance, Morris captured 25 per cent of the automobile market in Malaya.

In 1938, there was an overall decline in vehicle imports due to lower tin and rubber exports and this was reflected in Ford’s performance. However, Ford captured a significant share of the Malayan market in 1939, reaching a peak of almost 80 per cent due to war disruption that had led to the dwindling supply of British and Continental European automobiles. Although Canada declared war on Germany in September 1939, unlike in Europe, there was little effect on overall production. Hence, market demand was fulfilled by Ford Canada, which continued to export automobiles, shipped in completely knocked-down condition (CKD) for assembly in Malaya.

In 1941, to meet the demand for Ford vehicles, Ford Malaya moved its operations to its new S$500,000 (US$236,000) assembly plant in Bukit Timah, Singapore. In October 1941, with more than 400 men employed, the company began body assembly for the first time in its history. However, the Pacific war broke out two months later and Singapore fell to the Japanese on February 15, 1942. The Japanese occupied Ford’s plant assembling Toyoda and Nissan trucks during the war. Only in 1947, did Ford Malaya resume

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50 The Straits Times, 2 May 1936. For advertisements on new Ford models, see The Straits Times, 7 May 1936.
51 Fyfe, Wheels in Malaya, pp. 111-2.
52 Ibid.
54 Wilkins and Hills, Ford on Six Continents, pp. 321-2.
55 Borneo Motors Limited also reported a larger profit. This was due to the higher price for rubber and tin and a larger release of the commodities by the authorities. “Auditors Report on Accounts” 31 March 1940, 13 Nov. 1940. Borneo Company Archives, MS 27186 (GHL).
56 “Singapore Falls”, Ford Times, February 18, 1942.
operations and reopen the Singapore assembly plant.

Merchant firms also took the initiative to revive the industry, directly promoting automobile sales. In a rare move, Wearne Brothers formed a trading partnership with its old rival Borneo Motors, holding a 60 per cent share of the joint venture known as Wearne – Borneo Motors Service (Malaya) Limited. They acquired premises and properties, undertook repairs to military vehicles, and with the assistance of the Colonial Office, secured the importation of both passenger and commercial vehicles. These actions helped rejuvenate the automobile sector in Malaya in 1945 and 1946. However, the two merchant firms ended the partnership and had gone their separate ways by 1 April 1946.\(^{58}\)

By the mid-fifties, Wearne Brothers was by far the top distributor of passenger cars in Malaya, easily outstripping its closest competitor, the BCL group. Wearne and its subsidiaries (often operated by Chinese entrepreneurs) held a large number of rival agencies. Indeed, Chinese firms were increasingly commanding a greater share of the Malayan automobile market, holding agencies from the US, Britain and continental Europe. George Lee, for example, held a diverse range of agencies from the Italian Fiat, the British Alvis and Armstrong to the American Packard and Nash.

**General Motors (GM)**

GM, like Ford, had its headquarters in Detroit, US and various interests throughout the world. GM acquired Vauxhall Company in the UK in 1925 and bought the Opel works in Germany in 1929.\(^{59}\) The same desire to establish a regional export platform in Malaya can be seen in GM’s (albeit failed) plan to build an assembly plant in Singapore.

Despite the excellent services provided by the merchant firms and Chinese traders in distributing GM’s products and the possibility of exporting through the UK, GM sought to set up an assembly plant in South East Asia. This reflected GM’s policy in the 1920s of endeavouring to develop a worldwide production network. GM had a different international strategy from Ford, incorporating a foreign division as part of its organisation.\(^{60}\) As early as 1911, the General Motors Export Company had been formed. Beginning in 1922, under the leadership of James D. Mooney, GM’s Vice President, GM expanded aggressively into foreign markets.\(^{61}\) Mooney, in his capacity as the President of the General Motors Export Company in the late 1920s, stressed the importance of international trade to American businesses, and in particular,
the American automobile industry.\textsuperscript{62} GM set up an assembly plant in Jakarta in 1927. However, the company’s regional administrative office for the Far East (which controlled its Java, India and Japan plants) was located in Singapore due to its “rather unique geographical situation, its exceptionally fine transportation facilities for the movement of the members of the regional staff to and from various plants, and also because of its dominating position in the commercial activity of the East.”\textsuperscript{63}

In 1927, a decision was made (with a slim majority of eleven to nine) by local British authorities, the Municipal Commissioners of Singapore, to reject the application of GM, one of the Big Three American manufacturers, to set up a central assembly plant in Katong, Singapore, to serve the neighbouring regions. The reason given was that a motor assembly plant employing 400 men would spoil Katong, a seaside suburb, which should be preserved for at least another twenty-five years. However, the site proposed by GM was, at the time of its application, an abandoned godown of the Pacific Trading Company within the specified industrial area. There were other factories in the vicinity, including pineapple processing plants, rubber plants and sawmills. Furthermore, a new power plant had recently been completed in the area to serve local industrial needs, and GM would have made a good customer for the plant.\textsuperscript{64} There was also concern about GM’s readiness to pay high wages that would set a standard for increased wages among all classes of employees involved in the automobile sector.\textsuperscript{65}

GM had chosen Singapore as a site for a new plant because of its shipping facilities and liberal tax policies. For Singapore, the establishment of a GM assembly plant would have provided several benefits: freight income, employment, profits to the municipal authority from the sale of power from the new plant, and, finally, good advertisement for future investments.\textsuperscript{66}

It should be noted that the British authorities did propose other sites, but these were deemed unsuitable by GM in comparison to the advantages offered by the Katong site. As stressed by GM, if their proposal was rejected they would take their investment to the DEI; but “many regarded this as a bluff, for Singapore offers advantages in the shape of freedom from taxes which are not to be found in the Dutch territory.”\textsuperscript{67} However, true to its word, GM went on to establish a plant in Batavia (Jakarta) despite the taxes imposed by the DEI government. According to the GM Manager, the import duties would not

\textsuperscript{62} Address delivered by James D. Mooney at the Exports Managers Club, New York, 20 March 1928. James D. Mooney Papers, Lauinger Library, Georgetown University, Washington DC.

\textsuperscript{63} The Straits Times, 15 November 1929.

\textsuperscript{64} The Straits Times, Editorial, 4 January 1927.

\textsuperscript{65} The Straits Times, Editorial, 20 January 1927.

\textsuperscript{66} Annual Report GM, 1927; The Straits Times, Editorial, 4 January 1927.

\textsuperscript{67} The Straits Times, 20 January 1927.
“adversely affect the scheme.” He reiterated that the DEI government was more liberal and astute in its investment policies and that the authorities in Jakarta had met them in a spirit of friendly cooperation’. 68 This was supported by the statement of one of the Commissioners involved in the Municipal decision-making process: “if they did not come here they would go to Samarang or Soerabaya, and the Dutch were making very heavy inducements to them to do that”. 69

The GM plant in Jakarta, Java, was intended to serve other areas in the region, the DEI, the SS, the Malay States, Indochina, Borneo and Thailand, demonstrating that American MNEs had come to invest with the regional market in mind and not one particular country. 70 The General Motors Export Company set up its own subsidiary in Singapore in the 1920s to handle its products: Chevrolet, Oldsmobile, Oakland and later Vauxhall. In summary, the small markets in a geographically extensive area did not deter US investment in the region.

The discussion in this section, clearly shows that the British merchant firms had played a major role as distributors of American automobiles. This role was vital for the automobile sector in Malaya, because its survival – in the early years – depended on reliable distribution and marketing facilities. In general, most automobile manufacturers chose to rely on merchant firms as the need to invest in showroom and service facilities discouraged forward integration into distribution. For the merchant firms, the capital-intensive nature of their automobile business, due to the necessity of investing in showroom and repair facilities and keeping stocks at hand, placed them at constant risk should they lose contracts from automobile manufacturers once a market became established. 71

The setting up of local assembly lines, on the other hand, would also incur extra costs, making the final product much more expensive than imported vehicles. Both forward integration into distribution and local assembly plants require high sales volume in order to ensure profit margins and return on investment which in turn would allow for economies of scale. Thus, most automobile MNEs exploited the ready availability of distribution facilities and the market access (for the Malayan and regional markets) provided by established merchant firms. However, there is significant divergence between Ford and GM in that their market strategies differed. In addition to exploiting the excellent distribution facilities provided by the merchant firms, they chose

68 The Straits Times, 3 January 1927 carried details of the debate in the municipal meeting.
69 Ibid.
70 Imports from the GM assembly plant in Jakarta were considered imports from the US in British sources, whilst in American sources they were listed as imports from DEI. ‘Automotive Statistics in Middle Asia’, 2 April 1928, File Number 531, US Dept of Commerce, Bureau of Foreign and Domestic Commerce.
71 Jones, Merchants to Multinationals, 248-9.
to set up an assembly plant in Singapore and Batavia (now Jakarta) respectively.

**Conclusion**

This paper highlights the positive and dynamic role played by British – and to a lesser extent Chinese – merchant firms in the development of the US automobile sales in the Malayan market. The scenario exemplified a business strategy that sought to leverage on “first mover” advantage (in relation to the *supply chain* position of the British and Chinese firms) and establishing market presence through cooperation rather than competition. In other words, this type of Anglo-American cooperation in Malaya was more of a case of securing *initial* market presence through the popularity of the automobile *itself* rather than any particular brand. The services provided by the British merchant firms, and to a lesser extent the Chinese firms, demonstrated the importance of such cooperation in the expansion of the automobile business of Ford, GM, and Chrysler. Ethnic Chinese entrepreneurs played a pivotal role in introducing American automobiles in Malaya with their close connections with and access to ethnic counterparts that constituted the major share of the automobile market.

This cooperation enabled US automobile manufacturers to save costs in downstream activities such as market exposure and distribution. However, as trading volumes increased in the market, the US manufacturers i.e. Ford and GM, unlike their British counterparts, sought to forward integrate into distribution. Ford also established local assembly plants. Nonetheless, the Anglo-American synergy continued until the Japanese occupation of Malaya and Singapore in 1942.

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