Ford's Investment in Colonial Malaya, 1926-1957

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The corporate history of Ford in Malaya from 1926 to 1957 reveals Ford Canada’s global strategy to tap new British colonial markets. A combination of factors motivated Ford Canada to set up a subsidiary in Malaya, whose subsequent domestic sales and marketing success depended on maintaining mutually beneficial relations with the local merchant firms and Chinese entrepreneurs. After it was directed by the parent company to restructure its operations, Ford Canada imposed tight control on its own local operations to ensure that it could meet evolving consumer demands in Malaya and across the wider region. However, the company was careful to maintain its ties with these marketing and networking channels.

Ford Motor Company of Malaya, a subsidiary of Ford Motor Company of Canada, began operations in Malaya in 1926 and continued to maintain a presence there, even after Malaya became independent in 1957. Ford Malaya now carries the name it adopted in 1972: Ford Motor Company of Malaysia, Inc. While the literature on the motor industry in postindependent Malaysia is substantial, the story of Ford Malaya’s beginnings and its place among Ford Canada’s other British colonial subsidiaries in South Africa, Australia, India, and New Zealand deserves consideration.¹ Much has been written about Ford’s activities in the

¹“Ford” here is used to refer to Ford U.S. unless otherwise specified. “Malaya” (now Malaysia), a term widely used between World War I and World War II, in this study refers to the...
United States, the United Kingdom, and Canada, but little research has been done on the company’s activities in the developing economies of Southeast Asia, particularly in Malaya. While there is an extensive literature on the motor industry in postindependent Malaysia, the early automobile sector in Malaya, including its business relations, has been largely overlooked.  

To understand the development of Ford Motor in Malaya, it is important to recognize that the policies of the local British administration reflected those of the metropolitan hierarchy, represented by the Colonial Office in London. Thus, policies set in the context of promoting British commercial interests emanating from the Colonial Office would have impinged on the operations of Ford, which was perceived as a business entity whose origins were in the United States. The British practiced a form of protectionism in line with wider interimperialist rivalries. Thus, although Ford Canada had established the Malayan subsidiary, its close association with its parent company, Ford U.S., would have prompted a cynical response by the British. As a result, local conditions were not always favorable to Ford Malaya.

Ford’s history in the United States, the United Kingdom, and Canada has attracted the interest of academics from various disciplines. Recently, scholars have turned their attention to the firm’s activities in Europe and Latin America.

Ford Canada’s operations in Australia have...
also been studied. However, since so little has been written about Ford Canada’s relations with its subsidiaries in other developing countries while under colonial rule, such as South Africa, India, or New Zealand, few comparisons can be drawn between the company’s colonial subsidiaries and its operations in Malaya.

Ford Malaya is a unique case among Ford Canada’s subsidiaries. The Malayan company’s operations can only be properly understood in the context of Ford Canada’s global strategy. In effect, Ford Canada’s strategy for Malaya was an extension of its own plan to expand sales by introducing its automobiles into a larger market. The goal was to establish a close relation between the parent company and a subsidiary that would eventually extend to its downstream operations, particularly in marketing and distribution.

Ford Canada was initially attracted to Malaya because it was also a British colony and thus offered a common legal tradition, an English-speaking administration, relative political stability, a similar regulatory and institutional framework, and a good physical infrastructure. Singapore was an entrepôt whose local merchant firms and Chinese entrepreneurs provided an excellent platform from which to tap the surrounding Southeast Asian regional markets. Ford Canada carefully nurtured its relations with locally established foreign merchant firms and the well-established Chinese enterprises, benefiting from their extensive knowledge of the local market and their networking capacities. The Chinese entrepreneurs complemented the activities of Ford Malaya, helping the firm to expand both its sales and after-sales capacity. Their ancillary services became indispensable assets to the company, helping it to become established as a major automobile supplier in the country. Thus, of all the imperial subsidiaries, Malaya offered the most ideal opportunities.

Ford Malaya’s relations with Ford Canada’s other subsidiaries were determined by their shared colonial link with Britain. Ford Canada was able to exploit Canada’s own connection with Britain, enabling Canadian manufacturers to enjoy preferential tariffs on their products and to use the colonial subsidiaries as conduits for importing American-type cars into other countries with ties to Britain. In this way, Ford Canada often

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had an indirect but instrumental role in developing the automobile sectors in the subsidiaries’ host countries.

The increasingly global competition between Ford and General Motors (GM) was another influence on Ford Canada’s strategy for its subsidiaries in British colonial markets. Both companies, for example, had ventured into Australia, Malaya, and South Africa as the U.S. market became saturated. GM built production plants in Australia and South Africa in 1926, but its plan to set up an assembly plant in Singapore in 1927 was ultimately blocked by the British government.

The subsidiaries also made different choices about which direction they wished to follow. In 1926, for example, after Ford Canada set up a manufacturing plant in Australia, none of the others followed suit. Their managers decided not to invest in a plant in Malaya (including Singapore), because they did not think the country had reached a sufficient level of technological progress. Establishing a production plant in Malaya would have affected Ford Canada’s plans for importing auto-body parts from overseas manufacturers. While the lack of ready local technical expertise influenced Ford’s decision to limit its activities in Malaya to assembly, Malaya had strong strategic value to Ford Canada.

I open with a historical account of the Canadian parent company, and its Malayan subsidiary, covering its relations with Ford U.S. The manner in which Ford Canada was established and the relative autonomy in which it was allowed to operate determined many of the company’s decisions, including the idea of establishing a subsidiary in Malaya. I describe Ford Canada’s direct involvement in the local market and outline its initial Malayan marketing venture before analyzing the firm’s early penetration of that market and its subsequent shift in export strategy. The subject of business links between foreign and local businesses and their impact on the automobile sector has not been explored in other studies of international business in colonial Malaya. In the next section, I consider the relation between Ford Malaya and the merchant firms and Chinese entrepreneurs as an example of supply-chain consolidation and market segmentation.

To conclude, I argue that the history

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5 As in Malaya, Ford Australia was more likely to be concerned about the GM threat to sales of the Model T, which was not superseded by the Model A until 1928. See Conlon and Perkins, Wheels and Deals, 28–29.

6 In the same year, GM alternatively set up an assembly plant in Batavia (Jakarta), Dutch East Indies (Indonesia), although its sales subsidiary and regional administrative office for the Far East was established in Singapore. Address delivered by James D. Mooney at the Exports Managers Club, New York, 20 Mar. 1928. James D. Mooney Papers, Lauinger Library, Georgetown University, Washington D.C. See also GM, Annual Report, 1927; Editorial, Straits Times, 4 Jan. 1927.

7 While acknowledging the importance of such links, this paper differs from, and expands on, Wilkins and Hill’s work on the stories of individual countries by focusing on the secondary market of Malaya.
of Ford Malaya affords a rare example of strategic collaboration with diverse local parties and highlights the company’s unique position among Ford Canada’s other colonial subsidiaries.

Ford Canada and Ford Malaya

Ford Canada’s formation as a relatively independent entity within the worldwide Ford family influenced how it set up and operated its Malayan subsidiary. Ford Malaya, representing the Southeast Asian region, was a crucial part of Ford Canada’s ambition to export automobiles across the British Empire.

An agreement crafted on August 7, 1904, by the Canadian auto manufacturer Gordon M. McGregor, Ford, and Ford dealers in Detroit incorporated the Ford Motor Company of Canada Ltd. with a capital investment of US$125,000. McGregor had proposed setting up a company for the manufacture of the Model A within Canada and importing only the parts, in order to reduce the tariff burden.8 The agreement stipulated that Ford Canada, for a fee, would receive all the patents, plans, drawings, and specifications, including those for “proper mechanical construction,” that were needed to assemble Ford automobiles. The Ford–McGregor agreement also provided for Henry Ford’s services. In return, Ford U.S. was to hold 51 percent of the company, leaving the Canadian shareholders with 49 percent.9 The agreement between the two companies proved to be a milestone, because it gave Ford Canada the opportunity to secure distribution and manufacturing rights in the British colonies, possessions, and dependencies, including South Africa, Australia, India, Malaya, and New Zealand. Ford Canada—not Ford U.S. or even Ford England—would become the parent company and the source of design, parts, and technical and managerial expertise for the five wholly owned subsidiaries in the British Empire, which by 1926 were worth $6 million.10

The historian Dimitry Anastakis argues that the Canadian company, owing to “its extensive Canadian ownership, its Canadian management, and its own overseas empire,” was a distinct entity, acting “largely independently of Ford U.S.”11 As the second Ford plant to be established in British-administered territory, the Canadian company had first-mover advantages. Ford U.S.’s wholly owned subsidiary in the United Kingdom,

8 A 35 percent duty rate was imposed on ready-built cars. Wilkins and Hill, American Business Abroad, 18.
9 Ibid.
11 Anastakis, “From Independence to Integration,” 216, 220–21.
Ford England, was not set up until 1911. Despite the geographic advantages Ford England derived from its physical proximity to the metropolitan colonial government, Ford products continued to be exported from Ford Canada, which held distributorship rights.

The huge market potential of the Canadian company was boosted by economies of scale and by the preferential tariff imposed on products and materials produced in the British Empire. Ford Canada’s strategy was to adapt to the imperial conditions under which each of its five subsidiaries operated. While some colonial governments, including Australia’s, demanded the right to produce their goods locally, the British colonial government in Malaya pursued a “Buy British” campaign and thus was concerned about the ascendance of Ford cars in the local automobile market, particularly in the 1920s, when Canadian imports were associated with their U.S. origins.\(^\text{12}\) Even in Australia, press and industry reports expressed similar sentiments about the U.S. manufacturers’ exploitation of imperial preference through their Canadian subsidiaries.\(^\text{13}\) The perceived threat from U.S. automobile makers was a factor in the British colonial government’s rejection of General Motor’s bid to build an assembly plant in Singapore in 1927.\(^\text{14}\)

The Ford Motor Company of Malaya Ltd. was incorporated as a private limited company on November 9, 1926. Five hundred capital shares were distributed at S$100 (US$56). Ford Canada then held 498 shares, and the directors in Malaya, Roy S. Milliken and Clement Everitt, owned one share each. The Chartered Bank of India, Australia, and China was appointed to act as the company’s banker.\(^\text{15}\) In line with Ford U.S.’s practice in its European subsidiaries, no shares were offered to the Malay public. However, in 1929, following the reorganization of Ford U.S., a limited number of shares were offered by its European subsidiaries. Ford Canada, on the other hand, took up all the new shares issued (except the two held by its directors) when the number allotted increased to a total of 998 shares by 1931.\(^\text{16}\) This was similar to the practice it followed in the other overseas subsidiaries.\(^\text{17}\)


\(^{13}\) Conlon and Perkins, “Protection and Canada’s Role,” 81–103.

\(^{14}\) For an overall perspective behind the reasons for the rejection, see the Straits Times, Editorial, 4 Jan. 1927.

\(^{15}\) Director’s minutes, Ford Malaya, 12 Nov. 1926, Ford Motor Company of Canada Ltd., Oakville, Ontario.

\(^{16}\) Ibid.

\(^{17}\) Anastakis, “From Independence to Integration,” 32n.
At the time of its incorporation, Ford Malaya employed executive personnel from the Canadian headquarters and factory. Ford’s main intention was “to bring resources and facilities of the Ford organization closer to the owners in the [E]ast.”18 Like its forerunner, Dodge & Seymour, Ford Malaya emphasized regional distribution. The company announced in the Straits Times that Ford Malaya was formed in order to supervise the supply and distribution of Ford products, such as Lincoln automobiles and Fordson tractors, in Malaya, Burma, the Dutch East Indies, and Thailand. The company continued to rely on its principal distributor, Wearne Brothers, and its dealers to conduct retail sales and supply services to consumers.19

The close connection between the parent company and its subsidiaries was the result of Ford Canada’s policy of placing its own personnel in important positions throughout its worldwide affiliates. A hierarchy of managers was created to manage routine operations, coordinate, and plan, an arrangement that Alfred Chandler describes as an example of first-mover advantage.20 Ford U.S. officials at Dearborn headquarters

18 Straits Times, 20 Nov. 1926.
19 Ford Malaya was a few months behind Ford India, which was set up in July 1926.
20 Alfred D. Chandler Jr., Scale and Scope: The Dynamics of Industrial Capitalism (Cambridge, Mass., 1990), 36.
were seldom called on to solve problems in Malaya or in other Canadian affiliates. The Canadian personnel in the Malayan subsidiary operated somewhat independently due to their geographic distance from headquarters, but they were required to consult Ford Canada’s home office about vehicle prices, dividends declared, purchase of property, and employee remuneration.\textsuperscript{21} Country managers commuted frequently to Canada to give reports and to discuss future policies.\textsuperscript{22}

Managers were also moved around within the network of affiliates (horizontal rotation), as well as within Ford Canada (vertical rotation). In this way, they gained useful experience in setting up businesses in foreign localities. Ford Canada’s managers were occasionally sent to Ford England to exchange ideas and to pool expertise. H. A. Denne, who had handled Ford’s business in India while working at a subsidiary named Russa Engineering, met with Wallace R. Campbell, the head of Ford Canada, while on a visit to London and was offered a position in Singapore, where he launched the Malayan business.\textsuperscript{23} Thus, experienced Ford personnel from other subsidiaries of Ford Canada were appointed to managerial positions in Ford Malaya.

Despite being a relative latecomer to the region, Ford, unlike other U.S. or British manufacturers, quickly became a pioneer in the Malayan automobile sector by extending its local representation in Malaya and establishing an assembly plant in 1926. As Ford’s first assembly plant in the Southeast Asian region, it produced a range of Ford passenger and commercial cars in a small warehouse. Like Ford’s other early assembly operations around the world, the Malayan plant was quite primitive.

H. A. Denne, the Malayan director, promoted Ford distributorships among British merchant firms, sometimes encouraging them to accept dealerships by highlighting the threat posed by potential Chinese com-

\textsuperscript{21} In 1920, for example, the sales manager of Ford Canada, A. N. Lawrence, stated that Ford dealers worldwide, including Wearne, had no say in determining the price of vehicles and that a percentage of profit was given to dealers to cover the investments costs. However, Lawrence did add that dealers could suggest to Ford Canada an increase in car prices if there was depreciation in the exchange rate. Interview with A. N. Lawrence, \textit{Straits Times}, 14 Feb. 1920.

\textsuperscript{22} “Cable from Ford Canada Approving the Amount of Dividends Declared for the Year 1927,” director’s minutes, Ford Malaya, 28 Dec. 1928; letter from the president of Ford Canada to Ford Malaya, 2 Oct. 1933, stating the amount of remuneration for Mr. Stevenson at $1,500 (US$739) per month, minutes of General Meeting of Directors, Ford Malaya, 1 Dec. 1933. Both items from Ford Motor Company of Canada Ltd., Oakville, Ontario. See also, Wilkins and Hill, \textit{Ford on Six Continents}, 299–300.

\textsuperscript{23} Roy Stanley Milliken was appointed temporary director of Ford Malaya on 30 November 1926. A month later he became the chairman. H. A. Denne was assisted by another director, Basil Stevenson of Ford Australia, probably because of the relatively close proximity of the two countries. Director’s minutes, Ford Malaya, Singapore, 22 Dec. 1926 and 30 Dec. 1926, Ford Motor Company of Canada Ltd., Oakville, Ontario; Wilkins and Hill, \textit{Ford on Six Continents}, 129.
petition to their market share. Denne was keen to take advantage of the networking and marketing opportunities he perceived in these merchant firms, which subcontracted with ethnic Chinese entrepreneurs to distribute automobiles in Malaya. These distributors in turn attracted ethnic Chinese buyers.

Ford Malaya was responsible for marketing all Ford automobiles and supplying parts and accessories. The ready availability of parts contributed to the surge in sales of Ford models in Malaya. The company also ensured that only genuine Ford spare parts from Ford Canada were provided to Ford car buyers. To guard against infringement on the Ford trademark and trade name, it placed a notice in one of Singapore’s major newspapers. This procedure had to be followed by British and foreign firms in order to protect their patent rights, as they had to wait until February 1, 1939, before a bill providing for trademark registration in the Straits Settlements was enforced by the Straits Settlements Legislative Council. Ford also used advertisements as a marketing tool in Malaya. In addition to those placed by Wearne Brothers, Ford placed its own ads in the local newspapers, usually with the objective of introducing new models or publicizing them in the Malayan market.

Wearne Brothers’ advertisements continued to dominate the company’s representation of its range of British and U.S. automobiles in the late 1930s, and Ford models “retained their pre-eminent place in the firm’s sales figures.” From 1935 to 1940, Ford Malaya’s sales increased as commodity (rubber) prices improved, and it reached close to 80 percent of the Malayan market share in 1939. Yet there was strong competition from continental European and home-grown British automobile firms. For instance, Morris, a British firm, captured 25 percent of the market in Malaya in 1936. Canada’s declaration of war on Germany in September 1939, unlike the same announcement in Europe, had little effect on overall production. Market demand was fulfilled by Ford Canada, which shipped automobile parts abroad for assembly in Malaya. Although Ford Canada was the main source of Malayan imports from the 1920s to the 1950s, the British subsidiaries of U.S. automobile companies, Ford England and General Motors U.K., also became major exporters to imperial markets. (See Table 1.)

24 While Wilkins and Hill mention Dutch companies as Ford distributors, none were to be found in Malaya at that time. As noted earlier, Gadelius was a Swedish company. Wilkins and Hill, Ford on Six Continents, 129–30.
26 Fyfe, Wheels in Malaya, 111–12.
27 Wilkins and Hills, Ford on Six Continents, 321–22.
28 In an address, H. B. Phillips, vice president of General Motors Export Company for Southeast Asia, described GM as an international institution, stating that the company was using its vast resources to promote the products of Vauxhall Motors Ltd. Straits Times, Singapore, 15 Nov. 1929.
In 1941, to meet the demand for Ford vehicles, Ford Malaya moved its operations to its new assembly plant in Bukit Timah, Singapore, and the company began body assembly for the first time in its history. In the years leading up to the outbreak of the Pacific War in December 1941, an average of 50 percent of Canadian total sales (reaching a record of 62 percent in 1942) was shipped to the company’s subsidiaries in South Africa, Australia, New Zealand, India, and Malaya.\(^\text{29}\) However, during the Occupation (1942–45), the Japanese commandeered Ford’s plant for the purpose of assembling Toyoda and Nissan trucks to be mobilized for the war effort.\(^\text{30}\) Ford never managed to recover after the disruption of its operations during the war and did not ever regain its dominant position in the Malayan automobile market. The Canadian manager of Ford Malaya returned from North America in January 1946, but by then the British Military Administration had assumed control of the plant and did not re-lease it back to the company until April 1947.\(^\text{31}\) By the end of that year, Ford Malaya had resumed operations and re-opened its assembly plant in Singapore.

<table>
<thead>
<tr>
<th>Year</th>
<th>From Ford Canada</th>
<th>From Ford England</th>
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</thead>
<tbody>
<tr>
<td>1936</td>
<td>1,656</td>
<td>914</td>
</tr>
<tr>
<td>1937</td>
<td>2,922</td>
<td>2,419</td>
</tr>
<tr>
<td>1938</td>
<td>2,213</td>
<td>n.a.</td>
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<tr>
<td>1939</td>
<td>2,380</td>
<td>1,418</td>
</tr>
<tr>
<td>1940</td>
<td>2,919</td>
<td>944</td>
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<tr>
<td>1941</td>
<td>3,532</td>
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<td>1942–45</td>
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<tr>
<td>1946</td>
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</tr>
<tr>
<td>1949</td>
<td>1,226</td>
<td>2,004</td>
</tr>
</tbody>
</table>

\(^{\text{a}}\)In units.  
\(^{\text{b}}\)Due to the Japanese occupation.

\(^{29}\) General Accounting and Financial Analysis, Overseas Division, Ford Motor Company of Canada Ltd., Oakville, Ontario; Wilkins and Hill, Ford on Six Continents, 442.  
\(^{30}\) “Singapore Falls,” Ford Times, 18 Feb. 1942.  
\(^{31}\) Ford Graphic 22 (15 Dec. 1952). At that time the Australian Ford program remained under the auspices of Ford Canada in Windsor, and Ford Australia continued to control the Ford subsidiaries in Malaya, New Zealand, South Africa, and India. See also Wilkins and Hills, Ford on Six Continents, 351–52.
From 1926 to 1948, Ford Malaya was fully owned by its Canadian shareholders, who largely controlled its operations, although developments in Ford U.S. influenced the company's direction and outlook and, by extension, affected the course followed by its Malayan subsidiary. The relation between parent and subsidiary changed in 1948, when Ford U.S. established an export division in New York, Ford International Inc., in order to offer “coordination, advice, and assistance to all Ford International activities.” By then, Ford U.S. had acquired a majority stake in Ford Canada, enabling it to modify the agreement Ford had made with McGregor in 1904 and to curtail the Canadians’ operational independence. Management of the imperial subsidiaries was shifted to Ford U.S., which adopted a new global direction that culminated in 1949 with the revocation of Ford Canada’s exclusive rights in the British territories, including Malaya.

Although by 1950 Ford Canada no longer controlled its overseas subsidiaries and had lost its position as a leading exporter, the Canadian headquarters continued to participate in the management of Ford Malaya. For example, the Canadian vice president of overseas operations appointed the managing directors of Ford Malaya and determined their salaries.

In contrast to Ford Canada’s relatively independent status vis-à-vis Ford U.S. before World War II, Ford Malaya was tightly controlled by its Canadian parent company during that period. Ford Canada adopted a centralized, top-down management style in order to promote organizational uniformity and cohesiveness and to be able to respond quickly and decisively to market conditions, to smooth negotiations with strategic partners, and to observe capital flows. This turned out to be a good strategy, as Ford Malaya continued to reap profits from the Malayan

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33 Anastakis, “From Independence to Integration,” 222–23.

34 The company met management challenges by appointing well-qualified and experienced managers from the Canadian parent company to launch Ford products in Malaya and to service Southeast Asia as a whole. Given the complexity of the region, the approach taken by Ford U.S. to allow existing managers from Ford Canada to oversee the Malayan operations is relevant. The managing directors of Ford Malaya continued to come from the Canadian company. The managing director of Ford Malaya from 1947 to 1951, Gordon Withell, for example, had been an employee of Ford Canada since 1935. However, he was also monitoring Ford’s subsidiary activities in Southeast Asia and South Asia. Similarly, from 1951 to 1957, E. A. Sully, who replaced Withell, was also from Ford Canada. Minutes of General Meeting, Ford Malaya, Singapore, 23 Apr. 1955, Ford Motor Company Canada Ltd., Oakville, Ontario, *Ford Graphic* 13 (15 Dec. 1952); interview with Gordon Withell, managing director of Ford Malaysia from 1947 to 1951 and 1957 to 1964, 1985. Ford Malaysia, Shah Alam, Selangor, Malaysia.
automobile market. In 1954, Ford Malaya’s total sales and net profit amounted to 2,405 units and M$1,218,055, which increased to 3,384 units and M$1,199,950, respectively, in 1956. In the following year, there was a slight decrease in the units sold, to 3,176, but the net profit rose to M$2,023,793.

Historian Geoffrey Jones describes how Ford in Malaya capitalized on the advantages presented by the existence of robust, dynamic, well-diversified merchant firms, enabling it to penetrate the Malayan and Southeast Asian markets. The success of its export strategy, which depended on unique partnerships with merchant firms in Malaya, raises the question of what motivated Ford Canada to invest in an assembly facility. Why did the company consider this a viable option when its main dealer, Wearne Brothers, the largest automobile firm in Malaya since 1916, had been assembling Ford parts at several of its own workshops? What rationale led Ford Canada to maintain two assembly facilities in different locations in Singapore?

Malaya’s Strategic Value

As part of the British Empire, Canada had access to imperial markets, prompting Ford Canada to expand beyond its North American borders. International business scholar John Dunning has detailed the locational factors that explain why Malaya, in contrast to other Southeast Asian countries, was viewed as an attractive host economy for multinational automobile enterprises.35 The country’s location offers access to the Straits of Malacca and the South China Sea, both vital communication routes for trade and commerce and gateways to the Indian Ocean, the Atlantic Ocean, and, by extension, to the Far East. Malaya’s ethnic composition reflects the dynamic of migratory trends across the Straits of Malacca. Middle Eastern and Indian traders have long visited the ports of Malaya, especially Melaka, an established entrepôt and emporium in the region. Similarly, Javanese, Bugis, Achenese, and other settlers from the Indonesian archipelago have frequented Melaka, Penang, and other coastal sites on the west side of the Malay peninsula to engage in trading activities. The Chinese are also part of the migration pattern, as they have a long history of contact with Malaya. The country’s established transport network, the existence of merchant firms and local entrepreneurs (largely Chinese), as well as access to an expanding regional market, ensured a competitive environment for automobile multinationals by the beginning of the twentieth

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century. Similar geographic advantages did not exist in other parts of Southeast Asia, whether in British colonies such as Burma (Myanmar), the U.S.-ruled Philippines, the independent Kingdom of Siam (Thailand), or the Dutch East Indies.

Malaya was also perceived as a springboard to the wider region, in contrast to other subsidiaries in British-controlled territory, where operations were limited by country borders. Its strategic location was an important factor in Ford Canada's assessment of Malaya's market potential. The company's decision to invest there was helped by the fact that Singapore was already a prominent hub for international trading activities, featuring an export-oriented economy that could capitalize on the natural extension of the Malayan hinterland. Such an advantage was not available to Ford Canada’s other imperial subsidiaries. For example, New Zealand was far from any significantly populated land mass (except Australia, which had its own subsidiary). The regions of India, on the other hand, although densely populated, had not yet attained enough physical infrastructure or achieved the degree of socioeconomic development that would qualify them as viable regional business leaders.

Another crucial draw was the Malayan transportation system, one of the best in the region. It had been built by the British colonial government to support the extraction of natural resources and the maintenance of a plantation industry, principally in rubber. Malaya's economic prosperity in the early twentieth century derived from its place as one of the world's major producers of tin and rubber, providing the impetus for the expansion of roads and increasing the demand for automobiles. Because the Malayan economy’s dependence on tin and rubber resulted in a direct correlation between the prices of these commodities and automobile sales, merchant firms and dealers used these prices as

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36 By 1870, Singapore was the hub of the world’s communications network. Upon completion of the Singapore–Madras submarine cable in 1870, Singapore was in direct communication with India, continental Europe, Britain, and America. Chiang Hai Ding, A History of Straits Settlements Foreign Trade, 1870–1915 (Singapore, 1978), 39.

37 Together with the highly efficient port facilities in Singapore and, to a lesser extent in Penang, the rail and road networks facilitated Malayan tin and rubber exports. In 1909, the Penang–Singapore railway link was completed, while the north–south highway was finished in 1922. By September 1923, the Johore causeway linked Singapore to the Malay states, and by 1930 there were 4,735 miles of road serving the Federated Malay States, Malacca, Province Wellesley, Johore, and Kedah. U.S. Consul General Quarterly Report, 31 Mar. 1919, Records of the Department of State Relating to the Internal Affairs of British Asia, 1910–1929, NARA. Thus, the foundations of Malaya’s road system existed well before the outbreak of World War II and became a major factor in the growth of the Malayan automobile sector. 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, 1985), 84–99; “Excellent Road System,” U.S. Vice Consul, Penang, 18 Sept. 1923, Records of the Department of State Relating to the Internal Affairs of British Asia, 1910–1929, NARA.
barometers for the country’s automobile sales. Thus, Malaya’s position as a major producer of the two resources that were essential to the automobile industry, and its proximity to Singapore, made it a promising location for investment.

There were several potential sources of demand for cars: owners of rubber plantations and tin mines, salaried executives, shareholders in tin and rubber companies, private traders, and importers. Unlike the Chinese, most of the Malay population lived in rural areas, working in the paddy fields, operating small rubber holdings or fishing, and thus they were unlikely to be able to afford a car.

However, Malayans had more purchasing power than their Southeast Asian neighbors. By 1930, Malaya’s total car registration had reached approximately 165,000, with a car-to-person ratio of 1:93 in the Straits Settlements; in the Dutch East Indies, by comparison, 85,000 cars were registered, for a ratio of 1:584. Strikingly, levels of ownership in the Straits Settlements, and even in the Dutch East Indies, were much higher than in Japan, where there was one car per

38 Pioneer companies achieved spectacular results. For example, the Selangor Rubber Company Ltd. paid dividends as high as 288 percent in 1909. See Desmond J. Muzaffar Tate, The RGA History of the Plantation Industry in the Malay Peninsula (Kuala Lumpur, 1996), 218.

39 Wilkins and Hill, Ford on Six Continents, 44–45.

40 Conlon and Perkins, “Australian Governments and Automotive Manufacturing,” 381; Wheels and Deals, 17.

41 This was due in part to the large population of Chinese in the major wealthy cities: as high as 35 percent overall, compared to 48 percent Malay in the 1921 census. For example, in the cities of the Straits Settlements, the wealthiest states, the Chinese outnumbered the Malays 5 to 1. In the next wealthiest states, the Federated Malay States, Chinese and Malays were equal in number. In the most rural states of the Unfederated Malay States, they were a minority. In 1938, the Malayan population figures (including Singapore) showed that the Chinese had become the majority at 42.1 percent compared with 41.8 percent Malays, 14.1 percent Indians, 0.5 percent Europeans, and 1.5 percent others (Japanese, Arabs, Armenians, etc.). Bureau of Foreign and Domestic Commerce, U.S. Department of Commerce, Library of Congress, Washington, D.C. (hereafter LoC); William Irvine, “Automotive Markets in China, British Malaya and Chosen,” Special Agent Series, No. 221 (1923), 69; R. B. Willmot, Report on Economic and Commercial Conditions in Malaya (London, 1939).

1,136 people. High rates of car ownership, mainly in the Straits Settlements and Singapore, encouraged automobile multinational firms to use Malaya as a base for tapping into the regional market.

Despite the advantages offered by the location, there were also challenges for U.S. automobile companies. While British investment in infrastructure often helped to open up the Malayan automobile market to U.S. companies, sometimes the British presence limited American opportunities, depending on the current policy at the Colonial Office in London. Canadian-manufactured Ford automobiles initially entered Singapore under the Imperial Preference Act of 1917, which allowed them to pay duties that were 15 percent less than those imposed on continental European and U.S. imports, an advantage that was similarly enjoyed by British-made automobiles but was not available to continental European and U.S. imports. However, once British authorities came to regard Canada as a corridor that U.S. automobile manufacturers were using to avoid duties, they introduced measures to assist British manufacturers directly. In the late 1920s, the British authorities in Malaya were directed by the metropolitan government in London to favor automobiles made by British-owned firms in Britain. The Colonial Office claimed that the “home producer has the first and producers in other Dominions the second claim” to the imperial market.

At this time, the British merchant firms began to diversify into automobile distribution, providing services for foreign automobile manufacturers. Ethnic Chinese entrepreneurs were major purchasers of automobiles, and they further enhanced the market by offering marketing and repair services. In addition, merchant firms used Chinese business facilities to showcase automobiles. In 1926, imports of automobiles into Malaya reached a peak of 11,263 units, or S$21 million (US$11.8 million), creating an automobile boom. (See Table 2.)

In that same year, Ford Canada took over control of its subsidiary in Malaya. In the next section, I will trace Ford Canada’s initial direct involvement in Malaya and describe how it forged links with local merchant firms and Chinese entrepreneurs.

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43 For a wider perspective, in 1930 every fifth person in the United States owned a car (186 cars per thousand people); in Canada, every tenth person owned a car (103 cars per thousand people), a rate five times higher than in Britain (23 cars per thousand people). In Germany and Italy, the average person-to-car ratio was 130 and 224 people per car, respectively. W.W. Rostow, *The Stages of Economic Growth* (Cambridge, 1960), 171.

44 Mainly, but not exclusively, General Motors products.

45 “Motor Cars: Position of Canadian Manufactured Ford Cars,” 1928, CO323/1005/2, PRO; see also “Motor Industry: Discussions with U.K. Trade Organisations,” 1938, BT59/24, PRO.

46 Fyfe, *Wheels in Malaya*, 97.
Ford Canada’s Marketing Venture

Ford Canada, like most multinationals at the time, adopted a more centralized management structure in order to impose tighter control on their subsidiary markets. Company policy was dictated from Canadian headquarters in Ontario, and the firm’s marketing and networking strategies reflected its top-down approach.

Automobile sales in Malaya began on a small scale in the early 1900s and grew steadily through the years leading up to World War I. In 1909, the Ford Model N, the predecessor to the Model T, appeared in Malaya. Until 1910, most automobiles imported into Malaya were either British or European. There were only a few American models.

Table 2
Imports of Automobiles into Malaya by Country of Origin, 1925–1929

<table>
<thead>
<tr>
<th>Country</th>
<th>1925</th>
<th>1926</th>
<th>1927</th>
<th>1928</th>
<th>1929</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>2,064</td>
<td>2,621</td>
<td>2,495</td>
<td>1,759</td>
<td>2,207</td>
</tr>
<tr>
<td>United States</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>Total</td>
<td>8,996</td>
<td>11,263</td>
<td>8,053</td>
<td>5,730</td>
<td>7,409</td>
</tr>
</tbody>
</table>


In units.

Total imports include re-exports from the Straits Settlements (mainly Singapore) to other areas in the region.

Automobiles manufactured by Ford Canada accounted for the largest Canadian share of total Malayan automobile imports. Automobile manufacturers used Singapore as an export platform to reach the regional market. Consequently, imports into Malaya include those into areas like Borneo, Dutch East Indies, Thailand, Ceylon, and Burma. Since 1911, Ford Canada referred to them as a single market unit. Figures for Ford Malaya, 1926–29, include shipments to Thailand and the Dutch East Indies. See Wilkins and Hills, American Business Abroad, Appendix 6. Actual figures for Malaya (Singapore, Penang, Kuala Lumpur, and Borneo) are as follows: 1926: 2476; 1927: 694; 1928: 924; 1929: 853.

47 Ibid., 22.
48 British automobiles, such as Talbot, Arrol-Johnston, Humber, Argyll, Swift, Adam-Hewitt, Albion, Sideley, Rover, and Orlean, were popular. Competing with the British-made cars were those of continental European design, such as the Italian Fiat, Bianchi, and Alfa Romeo, the French Citroën and Peugeot and the German Opel. Irvine, “Automotive Markets in China, British Malaya and Chosen,” 89.
Ford Canada appointed an export agent, which collaborated with local dealers and distributors in Malaya’s major cities to distribute Ford’s products. In 1911, Ford Canada appointed Dodge & Seymour, an American trading intermediary based in New York, to handle the sales of Canadian Ford models in India, Sri Lanka, Thailand, Burma, the Dutch East Indies, Borneo, Malaya, and Aden (Yemen).49 The firm also appointed agents to its subsidiaries that were located in the rest of the British Empire. In 1911, two representatives, V. A. Dodge and Henry T. Dodge, arrived in Malaya with a sample Model T Ford.50 The Dodge brothers approached Wearne & Company with a contract to sell twelve Ford cars in the state of Perak.51 Other parts of the country were covered by the Swedish firm Gadelius & Company and by Paterson, Simons Company of Penang. Gadelius, the first Ford agent, also represented other American makes, such as Reo, Studebaker, and Oldsmobile. In its first local Ford advertisement, which ran in Singapore’s leading newspaper, the Straits Times, Gadelius extolled Ford’s competitive price.

Later in the same year, at Wearne’s request, the Dodge brothers drew up a contract with Wearne, commissioning it to act as their sole agency for Singapore and Malaya and guaranteeing sixty cars a year.52 Wearne promptly placed a large advertisement in the Straits Times on November 4, 1911, announcing its appointment as the only agent for Ford cars in the Straits Settlements and the Malay States, beginning on October 1, 1911. Wearne’s acquisition of Ford as a client coincided with a boom in tin and rubber prices, which helped to boost demand for Ford automobiles.

In addition to Singapore and the Malay States, Dodge & Seymour exported to both British (Borneo, Burma, and Sri Lanka) and non-British regional territories (Thailand and the Dutch East Indies), as well as to Aden and India. In March 1924, the company established an office in Singapore. By 1926, when Ford Canada took direct control, Dodge & Seymour had laid the foundation for its successful entry into the small but competitive Malayan automobile market.53

50 Not to be confused with the Dodge brothers, makers of Dodge automobiles. Wilkins and Hill, Ford on Six Continents, 44–45.
51 C. F. F. Wearne and Co. was established on 1 April 1906 with initial capital of $700 (U.S. $229). The founders were Charles Wearne, who first arrived in Singapore in 1889, and his brother Theodore J. B. Wearne, who came in 1893. In 1912 they formed Wearne Brothers Ltd. (Wearne) with an initial capital of $275,000 (U.S. $89,870). “50 Years’ Progress Celebrated by Wearne’s,” The Straits Times, 16 Dec. 1955, Borneo Company Ltd. (enclosure), MS 27236, Guildhall Library, London.
52 Fyfe, Wheels in Malaya, 28.
53 Chandler, Scale and Scope, 36.
The head of Ford Canada, Wallace R. Campbell, had sent his export manager, Roy Stanley Milliken, to Dodge & Seymour to oversee the takeover of the company. Dodge & Seymour was accommodating, since it had interests in other types of businesses as well, and the transition went smoothly. Ford Malaya hired Dodge & Seymour employees and took over the 250 Ford dealers and service stations throughout Singapore and the Malay States.\(^{54}\)

International business scholar Stephen Nicholas points out that opportunism and contract monitoring were the major transaction costs for a multinational manufacturing company, thus encouraging the shift from intermediaries, such as agents, to hierarchies, such as sales subsidiaries.\(^{55}\) Nicholas also suggests that firms appointed local agents in order to benefit from their knowledge of the market, as exemplified in Ford Canada’s appointment of Wearne Brothers. However, when Ford Canada shifted to the local assembly plant, it diverged from Nicholas’s paradigm. Rather than displacing the local agent in the host country, the firm ended the previous arrangement it had maintained with its home agent in New York, Dodge & Seymour, from 1909 to 1926. Retention of a local agent during such a transition was an unusual step, one taken by the firm only in its Malayan automobile business. Indeed, it was a practice peculiar to Ford Canada’s other subsidiaries and to Ford U.S.

The distinct phases that Ford Canada went through in making these arrangements were initiated in response to cost considerations, and they enabled the company to save on freight charges and to increase their sales volume in the Malayan and regional markets.\(^{56}\) The firm also restructured itself in order to protect the intangible assets associated with product development, branding, and advertising. Ford adopted almost the same strategy in continental Europe and Britain.\(^{57}\) Still, it is important to note that Ford Canada was not manufacturing in Singapore, but was operating an assembly facility.

\(^{54}\) Director’s minutes, Ford Malaya, 1926–27, Ford Motor Company of Canada Ltd., Oakville, Ontario; Wilkins and Hill, *Ford on Six Continents*, 44.


\(^{56}\) As Wilkins points out, Ford built assembly plants worldwide to cut freight charges, since it was cheaper to export parts than an assembled car. Wilkins, “Ford Among Multinational Companies,” 79–83.

Merchant Firms and Chinese Entrepreneurs

The merchant firms and local Chinese entrepreneurs provided crucial marketing and networking channels to Ford Malaya. The participation of Chinese entrepreneurs acting as the marketing and distribution force was unique among imperial subsidiaries.

 Merchant Firms. By the early twentieth century, merchant firms began to diversify into automobile distribution and providing services for foreign automobile multinationals. Most leading British, European, and U.S. automobile manufacturers relied on merchant firms to distribute their automobiles. By 1928, there were sixteen such firms representing ten manufacturers and distributing fifty-eight different automobiles and trucks in Singapore.58 The largest was Wearne Brothers, followed by Borneo Company Ltd. and a Chinese family firm, Cycle & Carriage, which represented both British and American makes.

Merchant firms, in particular British firms, provided secretarial-services agencies, and they sometimes produced rubber and tin in Malaya. In the case of automobiles, however, they acted largely as distributors, a function that was vital to the automobile sector, as its survival depended on the existence of reliable distribution facilities. The capital-intensive nature of the automobile business, which required firms to invest in showrooms and repair facilities and to keep stocks at hand, meant that they were in constant financial risk of losing contracts with automobile manufacturers.59

After becoming Ford’s sole agent in 1911, Wearne Brothers energetically promoted Ford cars in the Malayan market. Apart from advertising Ford products, Wearne produced a booklet containing tips on caring for and maintaining the cars and staged demonstrations of new Ford models.60 By 1913, Wearne had established several branches in Malaya. The first, in Ipoh, followed by branches in Kuala Lumpur and Penang, provided showcases for Ford Model Ts and garages for repairs.

In 1919, when Wearne became the agent for Fordson tractors, it ran an advertisement in the local newspapers and staged a demonstration of the model in Singapore.61 In the following year, Wearne was appointed the sole distributor of Fords in the Dutch East Indies islands of

58 “Automotive Chart of Malaya,” Office of Trade Commissioner, Singapore to Director, 22 Apr. 1929, Records of the Bureau of Foreign and Domestic Commerce, 1914–58, box no. 2405, RG 151, NARA.
59 Jones, Merchants to Multinationals, 248–49.
60 Fyfe, Wheels in Malaya, 32.
61 Straits Times, 26 May 1919.
Banka and Billiton (now known as Bangka and Belitung). In 1921, the company signed a contract with Ford Motors (Burma) Ltd., which owned the Burmese Ford agency. Wearne was a highly successful agent for Ford, promoting and facilitating Ford sales not only in the Malayan market but also in the markets of Southeast Asia that were not part of British Empire. Like Dodge & Seymour, Wearne Brothers treated the Southeast Asian automobile market as a single area. They probably did so because the countries comprising the region did not constitute core markets, as cars were still luxury goods for a narrow income bracket and were sold in comparatively lower volumes. Thus, despite the fact that Malaya’s income levels were comparatively high in the region, Wearne’s approach to sales, like Ford Malaya’s later on, was largely generic.

Wearne had also set up its own car-assembly plant in 1924, and by 1927 it was assembling a wide range of Ford models using parts supplied by Ford Canada. Repair work was carried out in a well-stocked modern service garage. In 1927, at its Singapore branch alone, Wearne stocked over US$112,360 (S$200,000) worth of spare parts and offered 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 exemplified in the relations between Ford and Wearne, the merchant firms proved to be invaluable partners. While emphasizing Ford products in response to local demand, Wearne also held the franchises of several of Ford’s (mostly British) competitors, such as Hillman, Wolseley, Morris, Vauxhall, Daimler, Lanchester, Humber, Rover, BSA, MG, and Rolls Royce, as well as, to a lesser extent, those of American competitors, such as Buick, Dodge, Packard and, until 1927, Studebaker. It is a fair assumption that Ford would have preferred Wearne to concentrate on Ford products. However, at the beginning of the twentieth century, none of the merchant firms in Malaya dealt with only one automobile manufacturer. Later, separate companies were formed as automobile manufacturers began to insist on individual distribution or as sales volumes increased. This became the arrangement for Wearne and Ford Malaya. Due to the rapid growth of its Ford business, at its annual meeting in 1926 Wearne decided to establish a separate company, which it called Universal Cars Ltd., that dealt exclusively with Ford products.

62 Fyfe, Wheels in Malaya, 35–42.
63 “Modern Car Assembly,” Straits Echo, 15 Mar. 1927.
64 Annual Report, Wearne Brothers, 1926.
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. By restructuring, Wearne Brothers, as the parent company, was able to act as an entirely financial concern and to promote the sales of Ford automobiles by providing installment-purchase and lending facilities with reasonable rates of interest. Yet five years later, when Wearne secured the Rootes agency in order to distribute Humber and Hillman for the small-car market, it used the facilities and network of Universal Cars that had been established to distribute Ford products exclusively. In 1933, Wearne owned twenty-one of the agencies that handled thirty-three makes of new cars available in Malaya.

While Ford Malaya enjoyed many advantages through its association with Wearne Brothers, the agency’s lack of brand loyalty drove Ford to seek more control over the distribution of its products and services throughout Malaya and Southeast Asia. Though setting up an assembly plant in Malaya facilitated greater economies of scale, slashed transportation costs, and allowed for a greater supply of spare parts, the increasing popularity of British, German, and French automobiles, as well as those of fellow U.S. carmakers such as GM, caused the region’s distributors to reduce their dependence on the sale of Ford vehicles. Nonetheless, the lack of statistical data on Ford’s sales in the region makes it difficult to establish a clear link between regional growth in sales and the establishment of an assembly plant in Malaya.

**Local Chinese Entrepreneurs.** Although historical sources on early Chinese businesses are scarce, evidence of their engagement can be seen in the numerous and regular appearance of advertisements by Chinese traders in major newspapers. These ads are one of the main sources of information on the involvement of Chinese traders in the Malayan automobile market.

In the early 1900s, Chinese firms were already distributing British, U.S., and continental European makes and running automobile advertisements in the local newspapers. By the mid-1900s, these Chinese companies were placing advertisements in major newspapers to publicize their expertise in repair services. Chinese firms also distributed spare parts and accessories, a critical component in the automobile-services sector. United Motor Works Ltd. (UMW), a merchant firm in Singapore that had begun selling Ford Model T spare parts in 1916, helped to

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expand Ford’s sales in Malaya by offering after-sales service. GM also used the services of UMW, appointing the firm as its first exclusive distributor for accessories and spare parts in Malaya and Thailand in 1920. Over time, Ford Canada and Wearne turned increasingly to Chinese dealers in major cities throughout Malaya. Elsewhere, particularly in secondary markets like India (where Ford ceased its operations in 1954), no such local entrepreneurship existed.

Despite the lack of statistical evidence regarding Ford Malaya’s dealer networks in colonial Malaya, an evaluation of advertisements carried at the time suggests that Ford developed complementary relations with local enterprises by giving franchising opportunities to ethnic Chinese and, to a limited extent, to Malays. In 1950, the name of a Malay dealer in Kelantan, M. Jaffar Ltd., began to appear in its advertisements. By the early 1950s, Ford was carrying advertisements in major newspapers announcing the presence of its dealers in the larger cities throughout Malaya, including in North Borneo and Sarawak, as well as in cities in Thailand and Indonesia.

While Ford Malaya relied on merchant firms and related Chinese enterprises as service partners, the firms themselves gained much needed financial security from the extended contracts offered by Ford Malaya, since showrooms and garages were expensive to maintain. The value that Wearne Brothers attached to Ford Malaya’s business was epitomized by its creation of Universal Cars Ltd. The interdependent relations between automaker and merchant firms created an environment conducive for selling Ford cars, ensured a healthy supply of spare parts, and added to the perceived benefits of purchasing a Ford automobile in Malaya. Ford Canada’s attention to local dealerships and local businessmen, particularly the Chinese business community of Malaya, in managing Ford Malaya indicates an astute sensitivity to business opportunities. Both protagonists demonstrated networking skills, and their participation in business ventures related to automobiles made them likely partners. These unique relationships conferred mutual economic benefits: while the Chinese entrepreneurs served as dependable

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68 Chia Yee Soh founded this firm in 1902. This Chinese family firm evolved from bicycle to motorcycle and finally to automobile-repair works. United Motor Works Ltd. to Bureau of Foreign and Domestic Commerce, Department of Commerce, 20 Mar. 1951, Records of the Foreign Service Posts of the Department of State, 1945–55, Singapore Consulate, 1950–1952, box 19, record group 84, NARA.

69 United Motor Works continued to play an important role as GM’s parts representative and was the largest single importer of U.S. automobile parts until the 1950s. “Singapore and Federation of Malaya Auto Parts from U.S. for 1951: Revision in Estimates and Recommendation for Allocations,” 24 Mar. 1951, Records of the Foreign Service Posts of the Department of State, 1945–55, Singapore Consulate 1950–1952, record group 84, NARA.

70 Straits Times, 8 Apr. 1950.
local suppliers of Ford vehicles, the entrepreneurs gained invaluable business from the large multinational firms.

Conclusion

Like Ford U.S., Ford Canada appointed independent agents to enter new markets. However, while Ford U.S. allowed its Canadian subsidiary considerable independence, Ford Canada chose to closely monitor its Malayan and other foreign subsidiary operations, a strategy that Ford U.S. followed in its European operations. Ford Canada adopted this strategy because it wanted to make Ford Malaya a base for the Southeast Asian market, which differed sharply from the more developed markets in the United States and Europe. In order to dominate the region, Ford Canada needed to make capital investments in assembly and to establish strong relations with dealers and merchant firms. Yet its close control of Ford Malaya and the active engagement of its distributor networks were not enough to secure Ford Canada’s market share in the region.

The Ford Malaya model was not universally applicable in Southeast Asia. Most Southeast Asian markets did not have an extensive distributor network, geographic advantages, or, most critically, the entrepreneurial expertise of Chinese dealers. The strong links among Chinese entrepreneurs, merchant firms, and Ford Malaya was not replicated in the wider region. The pivotal role of merchant firms, especially of Chinese entrepreneurs, was unique. Other subsidiaries, with the exception of India, had large European populations that were more likely to use automobiles and had more purchasing power than the local populations.

Although the policy of strong parent-management control by Ford Canada suggests that strategic reasoning originated in the parent company, rather than in its subsidiaries, Ford Canada did adjust its business strategy according to the subtleties of the prevailing market conditions in each subsidiary country. For example, the high tariff imposed on imported motor bodies allowed Ford Australia to become an independent manufacturing base. Ford Malaya’s management style was similar to the firm’s oversight policy in South Africa and India, which it achieved through close monitoring and by rotating top management among subsidiaries.

The broader significance of Ford Canada’s formation of Ford Malaya emerges from the example it provides of lessons regarding a multinational firm’s mixed practice, which combined cooperation with intermediaries and tight central control. Ford Malaya was an exercise in
local adaptation for the parent company. Ford Canada’s gradual increase in involvement in Malaya—from exports to assembly—indicates a cautious expansion strategy. Ford Canada’s management philosophy stands in stark contrast to the strategies adopted by today’s multinational firms, whose managers view centralization as resulting in an inflexible organization that responds slowly to change, particularly in local markets. In the context of Ford’s international empire, the story of Ford Malaya is a solitary example of cooperation with both local and colonial parties that was used as a strategy for gaining a foothold in the developing automobile market. Despite its eventual decline, Ford Malaya for decades acted as a hub that facilitated Ford’s entry to and participation in the wider Southeast Asian region.