

1948

THE HOLDEN IS BORN

Like a gigantic brake, the Depression brought motor vehicle production to a virtual standstill in Australia by the early 1930s.

In Adelaide, the country's oldest and most successful motor vehicle body manufacturer, Holden's Motor Bodies Ltd, was fast heading towards bankruptcy as production slumped from 36 000 cars in 1926, to below 5000 three years later, eventually to reach a mere 1651 by 1931.

It seemed that the factory doors would close at any time. Instead, through a takeover by the giant United States General Motors Corporation, a new company was born which, nearly twenty years later, would give Australia its very own mass-produced car — the Holden.

Mid way through the nineteenth century, James Alexander Holden opened a saddlery and later a coach-building business in Adelaide. The advent of the horseless carriage caused him to branch out into experimenting with bodies

for Model T Fords and imported tourers, but production remained very limited until late 1917.

In that year Holden's Motor Body Builders, now headed by the founder's son, Edward Wheewall Holden, won the contract to manufacture bodies for all Dodge chassis brought into Australia — a development forced on motor manufacturers by wartime restrictions on the importation of fully-assembled cars.

When these restrictions were lifted in the early 1920s, the Government continued to protect the body-building industry through high tariffs.

Increased demand for cars after the first World War meant rapid expansion for Holden. By 1923 the company was building over 12 000 bodies a year at a new four-hectare plant in Woodville, South Australia.

The following year E. W. Holden, while on a world tour, clinched a deal to manufacture bodies for all General Motors vehicles imported into Australia. By 1926 nearly 36 000 car bodies a year were coming off the assembly line.

By now General Motors, which was using nearly 70 per cent of Holden's output, was facing strong competition from Ford which, the previous year, had opened a body-building plant at Geelong, Victoria.

But, such was the boom years of the 1920s, that cars were being sold almost as fast as they could be produced. In the 1927-28 financial year, the total production output of the motor and cycle industries (separate statistics were not kept) was worth £9 500 000.

Three years later E. W. Holden, in his address to shareholders recommending acceptance of the General Motors takeover, told bluntly how the Depression had ravaged this once lucrative industry.

‘The future of the company is entirely wrapped up with the destinies of Australia’, he added, ‘but your directors feel that with General Motors Corporation behind them there should be no doubt about the ability to carry on until Australia returns to more normal times’.

As ‘normal times’ gradually returned, the Federal Government began to make clear its determination to see that Australian companies manufactured not only motor vehicle bodies, but also chassis and engines.

Such ambitious plans, however, had to wait until the end of the second World War when the Government asked for proposals from the industry for the construction of motor vehicles in Australia.

Behind this ‘invitation lay long discussions between Prime Minister Ben Chifley and the Chief Executive of General Motors-Holden’s, an English engineer named Laurence John Hartnett. An all-Australian car held great attraction for both men, although for entirely different reasons. As Brian Carroll explains in *The Menzies Years*:

Hartnett wanted to make cars in Australia because of changing production techniques. He knew the old style of building the body and chassis separately was about to give way to integral construction with the body and chassis as one unit. Unless Australia could make complete cars she would have to import them...

Chifley wanted to make cars in Australia because he would need jobs after the war for the thousands of people working in munition factories. He also sensed the possibility of producing a car the Australian working man could afford to buy.

Hartnett's enthusiasm was not shared by his superiors in the United States, who considered the Chifley Labor Government 'dangerously socialist'.

Only when this same government arranged private bank loans for the project — which meant that not a single American dollar had to be risked — did General Motors chairman Alfred P. Sloan give Hartnett a grudging go-ahead.

Then, once committed, Detroit insisted on dictating the 'Australian car' — to such an extent that Hartnett resigned in exasperation shortly before the first Holden rolled off the assembly line on 29 November 1948.

Priced at £675 plus sales tax, the model 48/125 had a six-cylinder, three-speed synchromesh gearbox and engine that promised fuel consumption of 13 kilometres per litre.

Soon there were long waiting lists at Holden dealers for the new car, with some lucky buyers being offered as much as twice the purchase price by many who were anxious to jump the queue.

In the next five years 120 402 of the model 48/125 Holdens were made before they were replaced by the famous model FJ. The demand continued, and the millionth Holden (a model E J) was driven off the factory floor on 25 October 1962.