What can Australians do? They used to make radios, TV sets and Volkswagens, writes Jock Given. After 2016, they won’t even be making Falcons.

Australians doing things: Ford Sedan with AWA loudspeaker outside the Sydney GPO in Martin Place, 1937. 
*Hood Collection, Mitchell Library, State Library of New South Wales*

The first motor cars I knew that conquered Australia’s distances were not really Australian. My mother had a brother in North Queensland and a cousin in Sydney. At Easter and Christmas times, they would converge on Brisbane by motoring down the Bruce and up the New England highways in Volkswagen Beetles.

Designed to cruise a network of high-speed autobahns across Germany, the early VWs had become masters of Australian roads as well. They finished first and second in the 1955 REDeX Round-Australia Trial and took the first six places in the Mobilgas event two years later.

When my uncle was single, he’d do the 1500 kilometre trip from Ingham straight through, stopping only for petrol. After he married and had very young children, they’d pack everything in like a ship’s galley and turn the Beetle’s back seat into a playpen. Without compulsory seat belts or baby capsules, the kids rolled about, playing and crying and dozing. I was jealous; it looked a much more exciting carriage for Australian holidays than my family’s Holden station wagon.

The cousin in Sydney also had live luggage, a golden retriever that no doubt required a few more stops on the drive, but was so sweet-natured it would probably have held on till Queensland if you had asked.

VW Beetles, according to Bernhard Rieger, performed this kind of local heroics all over the world. The “people’s car” became “an icon with multiple nationalities.” In Germany, it was the most popular motor vehicle in the 1950s and 60s, solid, reliable and comparatively cheap to buy and maintain, its export success tracking a country emerging from its horrendous recent history and producing something of quality that the rest of the world wanted.

In the United States, the major overseas market, the Beetle became the motor car of the counterculture — compact, cute, unconventional and completely inconceivable in Detroit, where size, power and baroque styling ruled.

In Mexico, where the Beetle was manufactured from the 1960s, the *vocho* or *vochito* started out as the vehicle that the slowly expanding middle class could afford, unlike the much larger cars General Motors and Ford were trying to sell to the wealthy. After tax breaks were announced for cheap cars in the late 1980s, VW cut the price by 20 per cent to get under the fourteen-million-peso threshold (around US$5000). “Together,” it declared, “we are building… a fairer Mexico and a more prosperous future for our children.” Made in Puebla, the hardy, economical, easy-to-repair *vocho* became a “quotidian item,” a “*carro del pueblo* whose technical characteristics appeared to lend the automobile a cultural affinity with everyday life.”

Advertising helped shape the Beetle’s appeal. In an episode of *Mad Men*, one advertising executive is scathing about VW’s 1960s “Think Small” campaign, where a miniscule Beetle sits in an acre of blank space. “No
chrome,” he says. “No horsepower. Foreign.” But another executive reads it differently: “Honesty. I think it’s a great angle.” Don Draper sees it too: “Love it or hate it. We’ve been talking about it for the last fifteen minutes.”

The Beetle became “one of the world’s most recognised shapes,” up there with the Coke bottle, but with locally crafted appeal. Germans started calling it the Käfer, importing the US nickname. Many women in the United States were encouraged to take up driving because there was finally a car that seemed to be designed for them. Mexicans responded to an image of the vocho, shaped as a loaf of bread and as much a part of their everyday lives.

All these nationalities elided the VW’s founding under the Third Reich. The people’s car, like the people’s refrigerator, the people’s television set, the people’s apartment, the people’s tractor and other commodities, was intended to “usher members of the Volksgemeinschaft into a novel era of affluence,” to “turn the average German from a spectator into a practitioner of modernity.” Hitler commended the people’s radio receiver, Volksempfänger, as a model for the Volkswagen. This was a basic radio set, retailing for a quarter less than conventional sets, developed in 1933 by a radio industry consortium formed under Joseph Goebbels’s propaganda ministry.

Hitler launched a prototype of the people’s car in 1938. A big factory was built and used to manufacture motor vehicles during the war, though not the Volkswagen itself. Located in what became the British-controlled zone of postwar West Germany, in a town renamed Wolfsburg, the factory and the design were promising enough to retain, but not so promising as to be worth pilfering by the victors, as happened to some other German engineering developments.

The distinctive shape, the rear-mounted air-cooled engine and the torsion-bar suspension all survived. The people’s car became the planet’s, “a prime example of West Germany’s successful postwar reconstruction under American auspices.” The world knew all too well what Germans had done; the Volkswagen showed what they could do now.

AUSTRALIANS do many things. This year, a bunch of them turned a Great American Novel into a Hollywood movie that grossed nearly $150 million at the US box office. Thirty years ago, a few of them sailed a yacht called Australia II to win the America’s Cup. Fifty years ago, one of them won the ladies singles at Wimbledon for the first time; another shared the Nobel Prize for Physiology or Medicine; and many started using the first telephone cable under the Pacific Ocean to speak with the world.

In Sydney, a hundred years ago, a company was formed to take Australia into the wireless age. It would become a big manufacturer of consumer and industrial electronic equipment, but began by merging the small Australasian businesses of two European wireless companies, the German Telefunken and the British company formed by the Italian inventor, Marconi. At first, the main business was maritime, providing communication between ships and shore stations, but entrepreneurs soon imagined stretching the new technology further, to link Australia directly with the far-off hearts of the old European empires.

White Australians cared deeply about conquering this distance. While Amalgamated Wireless (Australasia), AWA, was trying to do it with wireless communication, others were thinking about doing it with air transport. “Australia’s consciousness of isolation from what it has always held to be important, its European origins, has resulted in Australia playing an extraordinary and disproportionate part in the conquest of distance by air,” wrote historian W.F. Mandle. Australian pilots, he says, “were the first to fly over every ocean in the world, save the Atlantic.”

The Germans made it to Australia by wireless quicker than the British did. They built high-power stations at Berlin and Tsingtao, on the Chinese mainland, to communicate with their Pacific colonies, New Guinea and Samoa. The British were slower, surrendering the early lead Marconi’s company had established in long-range wireless. Eventually they conquered the distance to Sydney late in the first world war. A decade later, AWA opened commercial services that Australians used to exchange direct wireless telegrams with people in Britain and North America.

In a 1929 talk, “Bridging the Gulfs of Distance,” for one of Sydney’s first radio stations, AWA’s managing director said, “If we develop wireless possibilities to their fullest extent, Australia’s isolation will be destroyed... No other
country has so much to gain from the fullest development of wireless communication, and I consider that wireless is the greatest gift of science to Australia."

As the second world war broke out, the wireless company opened new headquarters in York Street, Sydney. It was the tallest building in the country for nearly two decades. The flashing red light at the top was the last thing many Australian soldiers saw as they sailed away to the world. After the war, the company expanded its manufacturing of industrial and consumer electrical goods and was a major investor in Sydney's Channel 7 and later Channel 10 TV stations. Only in the 1970s and 80s did various kinds of crisis force the break-up of Australia's great wireless conglomerate and the disposal of its once-imposing wireless tower.

"WHATEVER you do in life," implores Ivan Deveson, "don’t do it all your life." He didn’t, though he spent a lot of time in motor cars. Growing up in Melbourne’s West Coburg, he joined General Motors Holden as a manufacturing cadet in the mid 1950s and stayed with GM for more than thirty years, much of it spent working overseas.

While on a GM Scholarship, Deveson was the 1958 Young Man of the Year in Flint, Michigan and met his future wife, a Mexican-American, who worked at the GM Institute. He was part of a team of Australian expats who set up an engine plant in apartheid South Africa in the 1960s; he managed the Copenhagen plant that was GM's first outside the United States in 1923, and closed it after the oil crisis killed GM’s plans to start manufacturing for export; he had a senior job at GM in Detroit in the late 1970s, before returning to GMH at Fisherman's Bend.

Taking early retirement in 1987, Deveson became managing director and CEO of Nissan Australia, which produced Pulsars, Pintaras and Skylines at the Clayton factory it bought from VW Australia in 1976 when local assembly of Beetles ceased — VW had made 260,000 cars and 75,000 light commercial vehicles there from the 1950s. Thrust into the middle of the Button Car Plan, which cut tariff protection but encouraged Australian car manufacturers to produce and sell at least 40,000 of every model in their line-up, Deveson found himself one of its first casualties. He resigned in 1992 when Nissan’s Tokyo head office decided to cease manufacturing in Australia.

Over the next twenty years, Deveson got on with those other things he hadn’t been doing all his life. He served as a director of companies including the Commonwealth Bank and Mount Isa Mines, and as chairman of the Seven Network when it was floated out of receivership in the early 1990s. He became foundation chancellor of RMIT University and lord mayor of Melbourne for three years from 1996. Watching the collapse of General Motors in the 2000s, he worried that he and his colleagues should have done some things differently during the company’s golden age.

THE young AWA took Ivan Deveson’s career advice for a short time. After starting out in marine wireless communications, its founding chairman looked around for other business opportunities and settled on motor cars. He persuaded the board to acquire the local dealership for Chevrolet while a critical director was overseas. The Marconi wireless men, still the biggest shareholders, were unimpressed and eventually forced the chairman’s resignation. His shares were sold and ended up mainly in the hands of shipping companies, AWA’s major clients. The wireless company would stay a wireless company.

Wireless led it to motor cars anyway. In the 1920s and 30s, AWA started selling two-way radios to police, ambulance, fire and other emergency vehicles, to taxi-cabs and to delivery trucks. As the one-way communication business of radio broadcasting grew and private motor car ownership expanded, AWA made and installed car radios: soon enough, a car wasn’t really a car without one.

All these new applications of wireless technology stimulated demand for wireless devices and equipment. Just a few months after Wall Street’s Black Tuesday, AWA announced the acquisition of a site on Parramatta Road at Ashfield, about eight kilometres from central Sydney. Then being used to assemble Dodge motor cars, the site had previously been the location of the failed attempt to produce the “Australian Six,” a motor car “Made in Australia, by Australians, for Australia.” (There is one in Sydney’s Powerhouse Museum.)

The Ashfield Radio-Electric Works, with its many new workers, was opened by a grateful prime minister James Scullin in 1930. It became the home for AWA’s much-expanded electrical manufacturing and fared a good deal
better than the industry it replaced. Motor vehicle registrations did not reach their 1926–27 peak again until after the war, but the number of new radio listener licences grew even more strongly in the 1930s than it had after the birth of broadcasting in the early 1920s. AWA landscaped the Ashfield grounds, christened the site “An Australian Factory in an Australian Garden,” and installed a bust of Marconi out the front.

**THE VW Beetle ceased production in West Germany in 1978 but was made until 2003 in Mexico. A “Beetle” can still be seen in showrooms around the world but it is a New Beetle, a front-wheel-drive sedan built on the VW Golf platform since the late 1990s. Its shape echoes the original people’s car, but the retro concept was dreamt up in California and the car has always been manufactured in Mexico.**

The AWA that is celebrating its centenary this year is an information technology services company, turning over around $40 million in annual revenue and employing about 300 full-time staff and 700 agents in country Australia. It is a very different organisation from the large, vertically integrated industrial and consumer electronics business that existed until the 1980s, but it still uses the red-and-white circle logo that used to glow in neon on the AWA Tower. Market research found Australians still felt the name and brand implied values the company wanted to preserve: “established, Australian, solid.”

The crises that rocked AWA in the 1970s and 80s are still being debated. Some tell a story of suicide, of a company that lost sight of its founding mission to bring wireless and electronics to Australia. Others see business as usual, an enterprise that changed direction because it found a more profitable business to be in (gaming, which ended up with Jupiters and eventually Tabcorp), and buyers that valued the older business units more highly than did the existing shareholders. Others recall a foreign exchange trading scandal reported to have cost the company $50 million: a former employee finally pleaded guilty last year to four charges of falsely obtaining a (much smaller) financial advantage.

Others, still, see the hand of policy. They blame governments that eliminated the long-standing mechanisms of public support they think Australia needs if it is to have a strong domestic manufacturing sector. The chief target is the Whitlam government, which started the long program of tariff reduction by announcing a 25 per cent cut in all tariffs in 1973, soon after AWA had entered into a joint venture with European consumer electronics giant Thorn, to manufacture colour TV sets. Of course, for the opponents of protection, Whitlam’s dramatic decision was a breakthrough to be celebrated, the beginning of the end of the wrong turn taken early in the twentieth century when Melbourne’s protectionists crafted more of the industrial policy of the Australian federation than did Sydney’s free-traders.

IAN McLEAN is not so sure about the completeness of the “wrong turn.” His wonderful economic history *Why Australia Prospered* argues that, in the light of recent research evidence, “a more nuanced assessment of the impact of the tariff may be in order.”

*Why Australia Prospered* is both expansively ambitious and narrowly precise. McLean wants answers to the big puzzle of Australia’s persistent prosperity over more than two centuries. Why did Australia get rich and stay rich? He is more interested in very long-term factors than those that determine economic fortunes from week to week or year to year, and much less in the fate of particular enterprises or the reputations of their CEOs. As an economist he needs a metric, so he interprets his task as “accounting for the variation across time in Australia’s average level of income, and its changing relationship to the levels of income in other countries.”

Industry protection is just one of many issues that McLean explores — though, given its significance in Australian economic policy, it is a crucial one. He does not dispute the now “orthodox view” that Australia’s high tariff and non-tariff barriers after the second world war reduced economic growth, so agrees that the lowering of protection following the 1970s improved productivity and living standards. But while only offering “an interim assessment” of the implications of the recent research, McLean thinks it is not clear that freer trade before 1914 and then between the wars would have resulted in greater prosperity. That’s potentially an important qualification for the manufacturing activities established and publicly supported at that time.

He judges that “there was limited scope for Australians to protect their prosperity from the severity or duration of negative impact of… international shocks” between 1914 and 1939. With the country carrying a heavy debt after
the first war with Germany, confronting increasing international political tension and a broken global trading system, and burdened by a narrow industrial base, McLean finds it “difficult to see how a significantly higher level of prosperity could have been attained in Australia in the 1920s under an alternative growth strategy.”

McLean is a meticulous analyst and a calm judge, comfortable with unorthodoxy and big turning points if that is where the evidence leads. He is sceptical about neat, single-issue explanations of Australia’s long record of economic prosperity. “The economist’s preference for parsimony when building theories of complex phenomena” has to be relaxed for any “satisfactory account.” He assigns a “prominent role” to abundant natural resources, but is curious about how Australia avoided the “resource” curse that inflicted other countries: corrupt allocation of those resources, adverse impacts on other sectors, lack of investment in education.

He notes moments of “luck” — finding gold in the 1850s near the already-developed port and town of Melbourne rather than, say, in the remote Pilbara — but thinks the incidents where chance contributed to the prosperity of a “lucky country” need deep analysis before concluding that luck is all it was. He thinks distance mattered but not that it was a tyrant: “the exceptionally long-distance economic relationship with Britain was integral to sustaining Australia’s high level of prosperity for almost one and a half centuries.”

Being a subject of British imperialism was not necessarily a drag: for the measured economic prosperity of the early settlers, it was a boon. They took land from the original owners, labour from the convicts and subsidies from the British taxpayer. Their descendants, of course, paid the price fighting the Empire’s twentieth-century wars, and GDP per capita is a poor measure of the human trauma wreaked on the people who gave over the land and labour.

Reflecting on why Australia was, and remains, so rich, McLean thinks two themes are central. “First, the interactions between the principal determinants of growth have been more important to the outcomes than the role of any one factor — such as investment, institutions or resources. And second, it is precisely due to the shifting basis of its prosperity that Australia has managed to sustain its status as a rich economy over so long a period and despite numerous negative shocks.”

Yes, Australia’s prosperity has often come from primary industries, but they have shifted between farming and mining, and “within each of these among a range of foodstuffs, fibres, minerals and energy sources. And for part of the twentieth century, when commodity-based prosperity proved elusive, manufacturing played a supporting role.”

What can Australians do? They do many things. They adapt.

OUR relatives didn’t drive Beetles all their lives. Three growing kids pushed my uncle’s family beyond the capacity of even an ingeniously packed one. My mother’s cousin bought one of the first Golfs when VW introduced them to Australia in 1976.

Our last family car was the first new one. It was not a Holden, but it was made in Australia: a Ford Fairmont, the fancy version of the Falcon. We drove it up the Queensland coast in the January of the 1974 floods and it rained and rained. A few nights were spent in a beach house at Yeppoon, staring through the deluge at a grey Coral Sea, before it all got too much. A few more were spent getting on each other’s nerves in a motel in Rockhampton, waiting for the rain to stop, then another, stuck with dozens of cars on the north bank of the Calliope, waiting for the river to go down.

When it did, my father, a cautious driver, inched through the flowing water, tapped the brakes a few times on the other side to dry them out, then flattened it. We couldn’t get back down the Bruce Highway fast enough. I don’t remember talking much; maybe we listened to the radio a bit. The Ford Fairmont was magnificent. This was what Australians did. •