

WHY STUDEBAKER ?

Studebaker in Canada:
Is it a step backward
to make a leap ahead?
And why, after 111
years, did they have to
close down South Bend?

by Michael Lamm
Managing Editor

SOUTH BEND to Hamilton, Ontario, is about 11 hours' driving. Coming back the other way, though, could take another 111 years, five more wars, several depressions, four mergers, and an industrial revolution. These are all in Studebaker's almanac—the company survived more than a century's troubles—yet after the second-biggest sales year in automotive history, they've had to shut down their South Bend factory and have moved across Lake Erie to Canada.

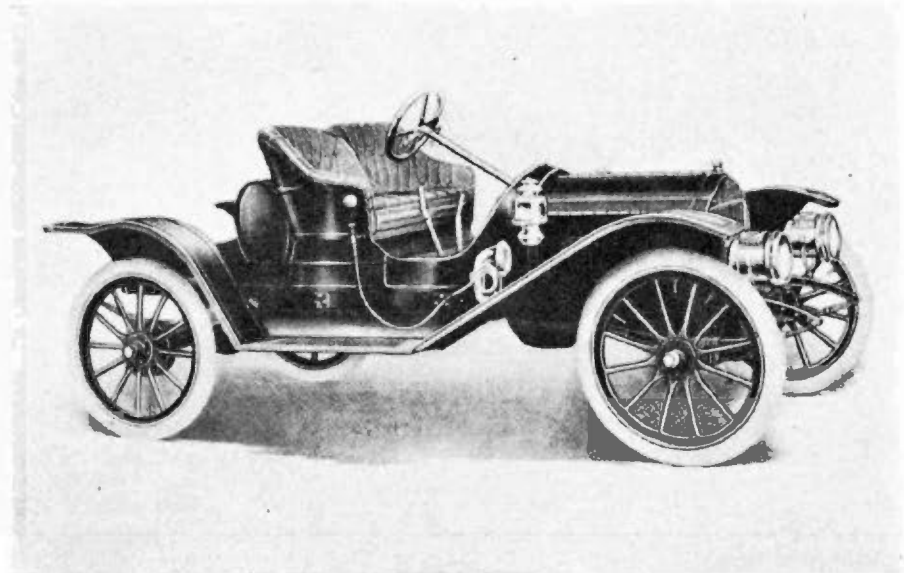
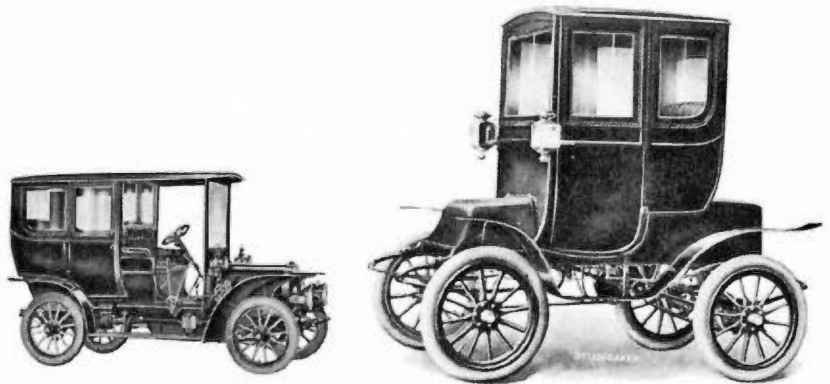
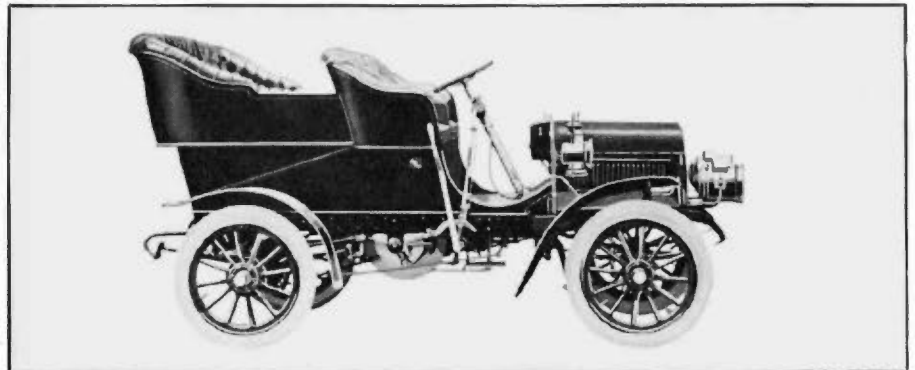
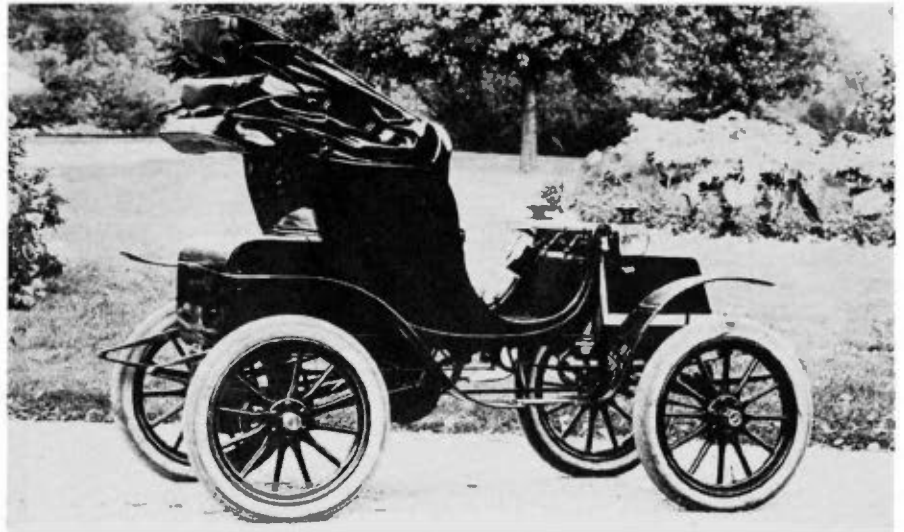
It all started when Henry and Clem Studebaker scraped together \$68 in working capital and built a wagon. They sold it that year—1852—for \$175. They felt it was such a killing that they built another, then another, until by 1857, they'd added carriages to their line.

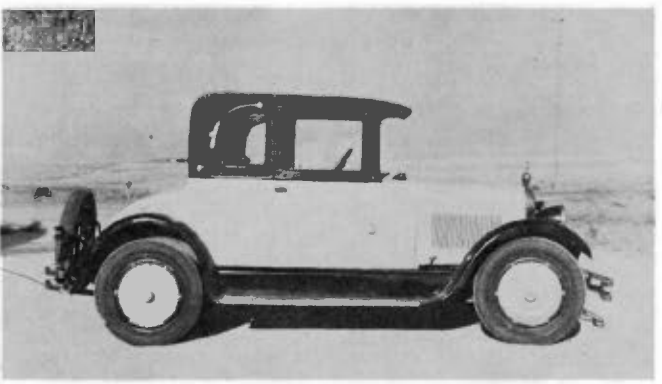
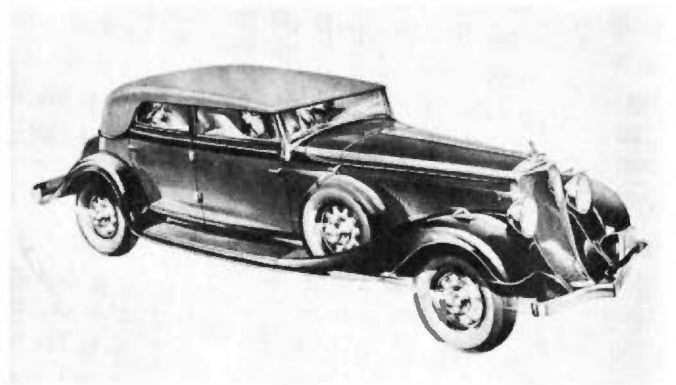
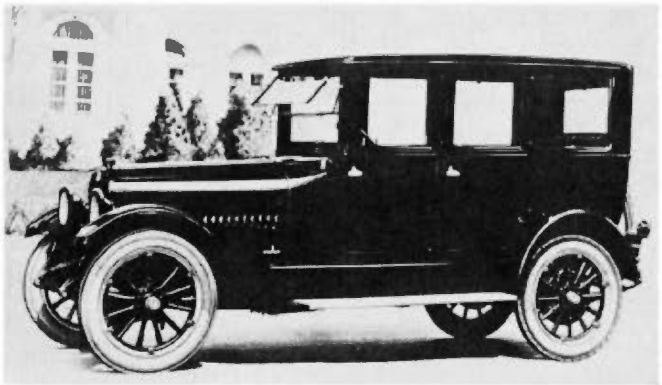
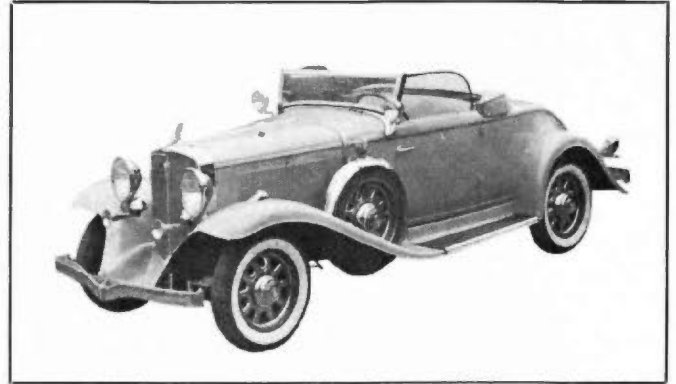
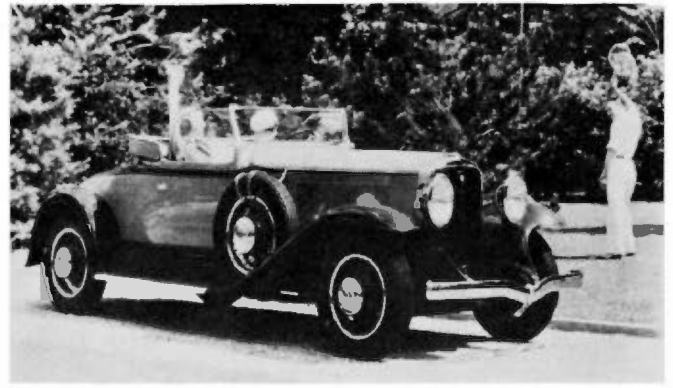
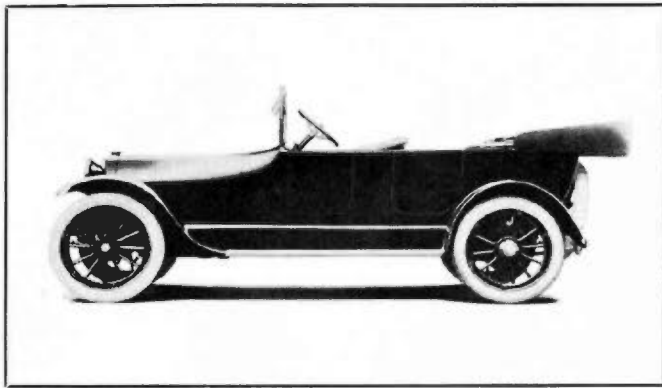
In 1860, a younger brother, John, came home from California and offered up the \$8000 he'd made selling wheelbarrows to goldrushers. That meant expansion in the biggest way, and it turned out later that large sections of the Union Armies rolled on Studebaker wheels.

continued

(QUESTION MARK OPPOSITE) Custom bodywork on Stude chassis was offered in 1926 by Dietrich, LeBaron, Fleetwood, and Phillips. Coupe is 1933 Rockne, a lightweight, six-cylinder car that died during Depression. Below that stands '42 President Big Eight. Then in '50s, torpedo nose of '51 turned abruptly into blunt grille of the '59 Lark.

(THIS PAGE, TOP TO BOTTOM) Studebaker's first motorcar was an electric in 1902. By 1904, the company built this gas buggy. Closed coachwork in 1906 differed in the gas (left) and the electric offering. At bottom is 1911 EMF Series 20. Many said EMF meant Every Morning Fix-it.





(TOP TO BOTTOM) Studebaker in the 'Teens and Roaring Twenties.

1915—Seven-passenger touring car carried a sturdy six-cylinder engine, jump seats that folded into floor, and a \$1450 price.
1919—Studebaker showroom in Oakland, California, had gasoline autos, electrics, and horse-drawn wagons standing side by side.
1920—Series Twenty tradition was carried on with this roomy, gloomy coach. What it lacked in way of frills it made up in sales.
1925—Five years later, all had changed. Frills included a set of false landau bars, disc wheels, and two-tone paint job.

(TOP TO BOTTOM) Studebaker in the Depression days of the '30s.

1931—Sport roadster borrowed golf-bag doors from Pierce, its newly acquired cousin. These cars were handsome and powerful.
1932—In a bid to recapture lost sales, Stude restyled often, here changing door opening, and adding artillery metal-spoke wheels.
1933—Again, an appeal was made to the luxury-minded customer with Studebaker's President Eight four-door convertible sedan.
1938—By now, money was circulating again. Rochester (seated), Phil Harris, and Jack Benny (right) drive customized touring.

Pioneers heading westward stopped by South Bend to pick up their new covered wagons. General Lee's troops made their getaway from Gettysburg in captured Studebakers.

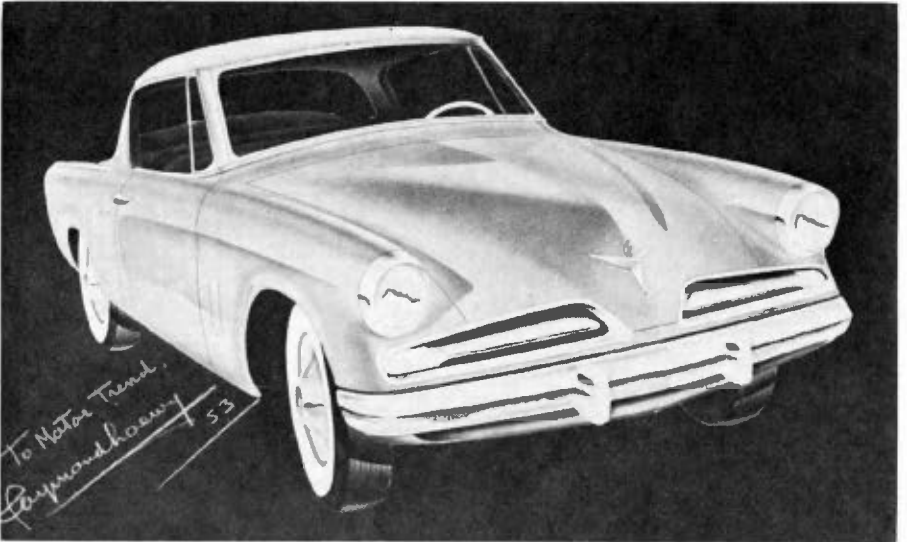
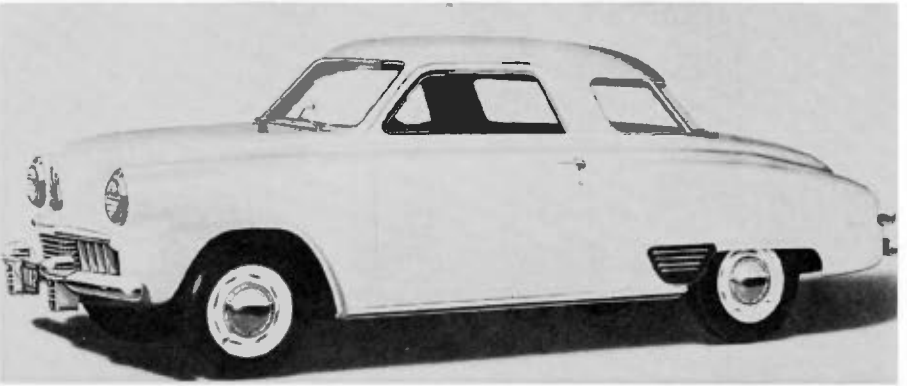
By 1875, Studebaker was the largest wagon builder in the world, with annual sales of more than \$1 million. And by 1900, the South Bend plant was turning out 75,000 phaetons, landaus, broughams, and buggies a year. But it wasn't until 1902 that they made their first car — an electric. Two years later, they'd built and sold a gasoline-engined car, a 16-hp job with two cylinders.

John Studebaker, who never cared much for horseless carriages, lived until 1917, and despite his dislike, he pushed for better and more reliable cars. By the time he died, the company had become a corporation, which as early as 1911 had assets of \$57 million. It was also during John's lifetime that Studebaker merged with EMF and built cars under that and several other names. Most of Stude's early automotive success, though, came from the low-priced, well built, and highly salable Studebaker Twenty, introduced in 1909.

Popularity kept climbing through the years, and Studebaker stayed no less than competitive — often far ahead of the field. They bought out the Erskine Car Company in 1922, two years after building their last wagon, and made a pleasant success of that as well. In 1928, sales touched \$177 million, 90 per cent of which went into stockholders' dividends in 1929. Studebaker's management had a wild penchant for generosity in those days, a virtue that almost put them out of business a few years later.

Then came the Depression. It immediately spelled the end of the Erskine and almost the end of the company. Studebaker had bought a controlling in-

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(TOP TO BOTTOM) 1939's Champion pulled corporation out of two-year receivership. War years saw development of Studebaker's Weasel tracked vehicle. After WW II, an abrupt and popular restyling by Raymond Loewy brought 1947 buyers flocking into Stude showrooms. By 1953, Loewy brought to light a low-slung sport coupe, one of the most impressive of modern cars. It changed Detroit's thinking to lower lines. By 1957, that same basic body had undergone several transformations, including this Silver Hawk coupe. Final big push was Sherwood Egbert's ill-starred Avanti.

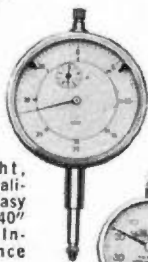
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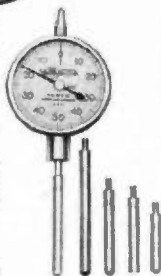
Model B, Right, Range of .400" calibrated in .001". Easy to read dial of .040" per revolution. Includes tolerance marks.

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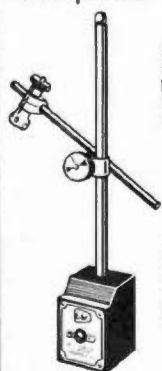
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terest in Pierce-Arrow in 1928. By 1932, Studebaker had a working capital of only 3.5 million, yet management was giving away money by the bushful. At a time when other companies were holding tight just to break even, Studebaker was declaring dividends that equalled 506 per cent of their profits plus those of Pierce. The company quickly plunged into the red, then almost as quickly went into 23 long months of receivership, during which they owed many, many people millions of dollars and weren't able to pay any of it. Still and even so, Studebaker kept on expanding, and at a time when other manufacturers could barely keep their janitors on salary, Stude was building toward the future.

The ill-starred Rockne, named for Notre Dame's coach, had been introduced and became a coach of another sort. Despite Knute's popularity and his own efforts at promoting the car, no one could afford even this give-away model. If Studebaker had gone out of business in those days, no one would've wondered. In 1964, it's something else again.

Nineteen-thirty-five marked the end of Stude's lean years. New capital came in and the company climbed up off its knees. Studebaker had built a long series of big cars, the President Eights, which became their mainstay from 1935-38. But by 1939, management again sensed a market for less expensive transportation and in that year, the Champion was born, selling for a base price of \$705. The success or failure of this car would also mean the success or failure of the company, and luckily the Champion was an instant hit. Studebaker had new company sales records in 1939, 1940, and 1941.

During World War II, they built engines and parts for us and our allies. They also developed the Weasel, a light, tracked, go-anywhere vehicle that proved very successful.

And at war's end, Studebaker offered the first completely redesigned passenger car for 1947 — a Raymond Loewy body that had people waiting in long lines around Studebaker showrooms. Part of the reason they were waiting was because strikes cut back production to a number lower than 1940-41. But the boom was on, and by 1950, Stude had hit its all-time sales peak.

Four years later, the company was in the red again. One out was seen as their merger with Packard in 1954, but that only hindered sales. The last Packard, a Studebaker with different trim and a different nameplate, rolled sadly off the assembly line in 1958, the same year the Lark got started.

Here was a brief respite. Lark was a

success, but a bit too late. By the time Studebaker started riding the crest of the compact wave, GM, Ford, AM, and Chrysler were all building smaller cars. Studebaker was edged out again, this time for good. Their Avanti, while an exceptional car, missed success when production lagged behind publicity. And the Hawk, for some reason, never found nearly the buyers it should've had. Still, there's no discounting Studebaker's major advances, namely disc brakes, standard seat belts, a built-in roll bar, and a sun-roofed station wagon. Also, in the area of design, no one can dispute the graceful lines of Stude's 1953 coupe — probably the most beautiful production car built since WW II.

The question of why Studebaker had to shut its South Bend doors remains largely unanswered. The only reason most people can give is, "... because people wouldn't buy them." Yes, but why wouldn't people buy them? Partly, we're ashamed to say, because everyone *thought* Studebaker was going out of business, and this at a time much earlier than the company was thinking about it.

This sort of thinking, too, contributed to Studebaker's low resale value. And low sales here meant low sales of new cars, because no one wanted to be stuck with an orphan at trade-in time. It turned into a downhill run from used cars through their new ones. The restyling came a couple of years too late — it may have helped in 1962.

Then there was Studebaker's outdated factory. The main plant had its original dirt floor until the early 1950s. Their investment was so heavy in South Bend that Studebaker couldn't afford to modernize by building new facilities (as younger companies have often done, without the bother of revamping existing space or machinery).

Studebaker's move to Canada falls along a pattern, or at least fits into one. All the following manufacturers went out of business *after* restyling their cars and *after* an abortive attempt to start a new model year: DeSoto sold 606 units in its last year, 1961. Kaiser sold 959 cars in 1955. Hudson sold 1345 in 1957. Packard sold 1745 cars in 1958. And Edsel sold an undisclosed few hundred in its final year, 1960. There are no figures yet for Studebaker, but again, they went through the expense and work of retooling just before quitting their old facilities.

Studebaker's demise leaves us with four major car companies in this country. These four produce 27 makes — 27 left out of a grand total of 3161 built since 1893. Ninety-nine per cent of the cars started in this country have gone out of business. So the question seems to be not, *Why did Studebaker shut its doors?* but rather, *How have the other four managed to keep theirs open?* JMT