

The Chalmers Automobile Newsletter

Published by the Chalmers Automobile Registry, © 2005

In this issue, I present a short history of how Chalmers became Chrysler and it is time for the annual subscription reminder.

CHALMERS CLASSIFIED

The Chalmers Classified listing is intended as a service for members to advertise Chalmers cars and parts that are for sale and/or wanted. Please contact me regarding items that should no longer be listed and pass-on your new wanted and for sale items.

WANTED:

- 1922/1923 hubcaps (posted 4/2000) - contact Bob DuBois (#9).
- 1912-1914 Chalmers Model 12/18 "Six" (also 1910-1912 Model "Forty", 1912-1914 Model "36", or 1914-1915 Model 24/29 "Master Six") (posted 4/2000) - contact John Lehnert (#35).
- 1914 Chalmers Model 24 "Master Six" shop manual (posted 4/2000) - contact Jim and Donna Stamper (#52).
- 1911 Chalmers Model "30" Pony Tonneau complete rear axle assembly (or any parts for it) (posted 7/2001) - contact Fred Hoch (#38).
- 1908-1909 Chalmers-Detroit Model F "30" radiator (posted 10/2001) - contact Alan Leclair (#42).
- 1923 Chalmers Model "Y" Jaxon disc wheels (one or more) for 24" tires (posted 2/2002)- contact Alan Maris (#56).
- 1913 Chalmers Model 36 front wheel hub and left side bail handle sidelight (kerosene and electric) or a matching pair (posted 2/2002)- contact Lloyd Elliott (#26)
- 1915 Chalmers Model 26-C "Six-48" Entz starter/generator, oil gage, distributor, steering wheel, crank, hubcaps, speedometer, and other parts & photos of wood framing (posted 7/2002) - contact Scott Sandersfeld (#69)
- 1912 Chalmers Model 11 "30" ignition switch/key for Splitdorf type ignition (posted 12/2003)- contact Mike Morris (#65)
- 1912 Chalmers Model 11 "30" owners manual and parts list, either original or copy (posted 12/2003) - contact Al Shaw (#25).

FOR SALE: There are no for sale items to list in this issue.

How Chalmers (& Maxwell) Became Chrysler

Hugh Chalmers founded the Chalmers Motor Corporation in 1908. It was known as Chalmers-Detroit until 1910, which was a carry-over from the old Thomas-Detroit firm. In the beginning, Hugh Chalmers was very successful, selling more cars than he could produce. He was not an engineer like many pioneers in the auto-industry, but he had a reputation as a "super-salesman" as Vice President & General Manager of the National Cash Register Company. His early success was due in large part to the efforts of Roy Chapin and Howard Coffin. Chapin was the Treasurer & General Manager and

had auto-manufacturing experience, while Coffin served as the Chief Engineer and was experienced in automobile design and engineering.

In 1909, Chapin and Coffin decided to leave Chalmers-Detroit to form the Hudson Motor Car Company. Unfortunately, Hugh Chalmers was never able to adequately replace the expertise of these two men so instrumental in the early success of his company. In the following years, car sales decreased and Chalmers' increasingly focused on building larger, more luxurious cars. Hugh Chalmers incorrectly speculated that the decreased car sales were the result of production inefficiencies.

By 1915, Hugh Chalmers began to see changes in the auto-business. He soon found himself in a very competitive and widely fluctuating market situation. Company survival was constantly at risk. What was once a hobby-like, new industry led by entrepreneurs and inventors was being transformed into a mature competitive business. The number of automakers operating in the U.S. soared to over 250, the majority of which were located in Detroit. Detroit was quickly gaining dominance over the leading automakers in Europe by a combination of creative marketing and engineering advances. In particular, the low cost Ford Model T tapped into large new markets by enabling the average farmer or factory worker to own an automobile, while victories in prominent racing events around the world demonstrated the reliability of Detroit's products.

Despite the booming pre-World War I automobile economy, sales of Chalmers' cars continued to slide. Hugh Chalmers worked energetically on improvements to his manufacturing process to try to reverse the downward trend. A new model was introduced in mid-1916. This car had impressive engine performance and an improved body design, and it's sales boosted Chalmers' production ranking from 14th to 12th place among automakers. However, despite the great potential of this new model, car sales did not improve sufficiently and by late 1916 the company was floundering on the brink of bankruptcy. Hugh Chalmers' solution to this problem was two-fold, reorganize and lease the under utilized factory space. In September 1917, Chalmers was reorganized into the "Chalmers Motor Corporation" and they entered into 5-year lease agreement with the Maxwell Motor Company.

The Maxwell Motor Company, like Chalmers, was an early pioneer in the automobile industry. It was started in 1904/5 by Benjamin & Frank Briscoe and Jonathan Maxwell as Maxwell-Briscoe in Tarrytown, NY, later relocating to Detroit under the Maxwell name. Maxwell needed the additional manufacturing space. Under the proposal, Maxwell was to lease all of the Chalmers facilities for five years while maintaining production of the Chalmers car, and Chalmers gained some much needed operating funds. Walter E. Flanders, president of the Maxwell Motor Company, also served as president of Chalmers with Hugh Chalmers moving "upstairs" to become Chairman of the Board of Directors for the new Chalmers Motor Corporation.

Coincident with these events was America's involvement in World War I, and Hugh's departure for Washington, D.C. to serve on the National Automobile Chamber of Commerce (NACC) (see page 4 for 1917 newspaper


announcement). The NACC's mission was to organize the mobilization and production of war material manufactured in Detroit's auto plants. Many of Detroit's industrialists served on the NACC including Henry Ford, Howard Coffin, and Roy Chapin - all collectively called "dollar a-year-men" as they were paid one dollar-a-year for their services. While he did participate in some Chalmers business decisions while serving on the NCAA, by the time Hugh arrived back in Detroit in 1919, the Maxwell 5-year lease agreement had turned into an unfriendly merger and both companies were experiencing financial problems.

In mid 1920, the bank creditors began to get nervous about their investment and ordered a reorganization committee to look into the Chalmers-Maxwell problems and find a resolution. Coincidentally the same creditors, Chase National Bank, were involved in a rescue of Willys-Overland Company. Hugh Chalmers' old friend and confidant, Walter P. Chrysler, was in charge of the Willys recovery, and Chase asked Chrysler to also head the reorganization committee in the Chalmers-Maxwell salvage (see next page for unsigned reorganization document). Although Chrysler now had two "white knight" rescues, he spent most of his time on Maxwell because this effort was complicated by the lease-merger arrangement with Chalmers. These complications included lawsuits and counter-lawsuits amounting to several millions of dollars. The relationship between Chalmers and Maxwell had degenerated into an adversarial one. The Chalmers-Maxwell reorganization committee soon found, from a legal perspective, that the lease agreement was very loose and poorly contrived. The committee went to work; making several attempts at new restructuring plans to complete a merger of the two companies, which was finally accomplished in 1922. Chrysler then deliberately forced both Chalmers and Maxwell into bankruptcy to forestall most of the lawsuits, bought back the assets of both from the bankruptcy judge, and formed a new company, the Maxwell Motor Corporation.

Some historians claim that this was Walter Chrysler's plan all along, because he yearned to get back into the auto-business and put his name on a car. In fact, he was out bid by William Durant (his old Buick/General Motors boss) when Willys-Overland went on the auction block just prior to the Maxwell buyout.

In January 1923, an announcement in the *Automobile Trade Journal* stated "... the Maxwell interests [Maxwell Motor Corporation with Chrysler in command] are now in full control of the Chalmers Motor Corporation, having taken over the physical properties of Chalmers. The business of the Chalmers company will go on as in the past." Chalmers production continued through most of that year, then abruptly ceased in late 1923. In early 1924, the first Chrysler rolled out of the old Chalmers plant replacing the proud Chalmers, and Maxwell continued production for one more year. Thirty two thousand Chryslers were sold by the end of the end of December 1924 setting a new sales record in the industry for a first-year startup automaker. Finally, in mid-1925, the Chrysler Corporation succeeded Maxwell Motor Corporation.

TUESDAY, NOVEMBER 20, 1917.



**Prominent Detroiters in the Administrative
Department of the War:**

HENRY FORD
In Consulting and Administrative Capacity with the United States Shipping Board

M. E. FARR
Member of Foreign Trade Council

HOWARD E. COFFIN
Executive Officer in the Mechanical Engineering Board

EDWIN S. GEORGE
Staff Officer in the Quartermaster's Department

MAJOR CHARLES B. WARREN
Provost General's Staff

CAPTAIN WALTER C. PIPER
Quartermaster's Department Officers' Reserve Corps

CAPTAIN JOHN W. CHANDLER
Quartermaster's Department

JESSE E. VINCENT
Inventor of the Liberty Motor, Mechanical Engineering Board

COL. SIDNEY WALDON
Staff Officer Aviation Division Signal Corps, Stationed in Washington

CAPTAIN JOSEPH C. GOSS Quartermaster's Department	WARREN BLAUVELT National Code Licetator
MAJOR GEORGE F. GILLETTE Ordnance Supply Department	TRUMAN H. NEWBERRY Advisory Board
MAJOR E. E. HARTWICK Quartermaster's Department	PAUL WEADOCK Provost General's Staff

CAPTAIN W. M. CHAMBERLIN
Quartermaster of Property, Camp Pike, Little Rock, Ark.

CAPTAIN WALTER B. COLE
Quartermaster's Department

MAJOR H. W. ALDEN
With the Engineering Department in France

CAPTAIN DEXTER M. FERRY
Quartermaster's Department, San Antonio

CAPTAIN HENRY B. JOY
Under Col. Waldon, in Signal Corps

HUGH CHALMERS
Member of Automobile Industries Committee

JOHN R. LEE
Member of Automobile Industries Committee

A. W. COPLAND
Member of Automobile Industries Committee

ROY D. CHAPIN
Chairman of Highway Transport Committee

**1917 Newspaper NACC
Announcement**

7

XVII. The respective Syndicate Subscribers on signing this agreement shall set opposite their respective names their respective addresses and the amount of their respective subscriptions and shall be liable ratably only for, but in no event exceeding, the amount of their respective subscriptions. Nothing herein contained or otherwise shall constitute the Syndicate Subscribers partners with the Syndicate Managers or with one another, or render them liable to contribute more than such ratable amounts as aforesaid.

For convenience, this agreement may be signed in any number of counterparts or copies, with like force and effect as if all of the signatures were put to one part or copy thereof.

IN WITNESS WHEREOF, the Committee has caused an original to be executed in its name and on its behalf by its Chairman or Vice-Chairman, and the Syndicate Managers have executed said original, and the Syndicate Subscribers have set their names and their addresses, with the amount of their respective subscriptions, to said original or a counterpart thereof as of the day and year first above written.

<p>WALTER P. CHRYSLER, J. R. HARBECK, ELDON BISBEE, JAMES C. BRADY, HARRY BRONNER, LEO M. BUTZEL, HUGH CHALMERS, GEORGE W. DAVISON, B. F. EVERITT, HENRY V. POOR, E. R. TINKER, RALPH VAN VECHTEN, Committee acting under Plan and Agreement dated September 1, 1920.</p> <p style="text-align: right;">by</p> <p style="text-align: right;"><i>Chairman.</i></p> <p style="text-align: right;">BLAIR & Co., INC., <i>Syndicate Managers.</i></p> <p style="text-align: right;">by</p>	<p>Actual 1920 Chalmers-Maxwell Reorganization (unsigned) Document, Page 7</p>
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SUBSCRIPTION RENEWAL REMINDER

Your personalized subscription status key has been printed on the envelope for this newsletter. It is located in the upper right corner of the address block and shows your subscription status/expiration date. If the date is 4/30/04, it means your subscription will expire on that date and you should renew it to continue receiving the Chalmers Automobile Newsletter for another year. Renewal is not necessary if your subscription status key has a different (future) date or the words "Life Member" (for pre-2001 members). To renew, please send \$5 (cash or a check made payable to D. C. Hammond) to:

D. C. Hammond
110 Sourwood Drive
Hatboro, PA 19040

That's all for now and I hope you found the article about the demise of Chalmers interesting. As always, forward any questions, comments, or other items of interest for the next newsletter.

