

# American Motors: 1954-1987

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## **The Start**

At a time when, in Germany, the wheel was invented again in every other backyard, when doers like Paul Kleinschnittger with the F125 and Hans Glas with his Goggomobil motorized the western part of the nation, the small independent auto manufacturers of the United States were having major problems. The big disillusionment that caught Germany's scooter mobile makers soon and the small makers of bigger cars soon after was already making the independent auto companies fear about their further existence. The Big Three were just too mighty, and money was too short. Nash (est. 1916) and Hudson (est. 1909) had to face the fact that things could not go on the way they had. Nash's president George Mason had first talked with Packard about a merger, but Packard had refused the offer. Instead they merged with Studebaker to form the Studebaker-Packard Corp. in 1954. The name Packard ceased to exist in 1959. Studebaker went out of business in 1966. Mason started negotiations with Hudson's president Barrit, who didn't see any other solution to his company's money problems and agreed on a merger. On May 1st, 1954 the American Motors Coporation was founded.

One of the first actions to consolidate the new company was to end production of the technically dated and unpopular Hudsons. Hudson's factory in Detroit was shut down. The "new" Hudsons were modified Nashs, they were produced in Nash's factory in Kenosha, Wisconsin (near Lake Michigan, north of Chicago). George Mason passed away in October, 1954, and his assistant Romney took over. In the end of 1955 the plant in El Segundo, California was shut down. Production was moved completely to Kenosha. Despite this cost-cutting step, a loss was reported for 1955.

In 1956, American Motors launched the new Rambler that became its own make. Though it received cheers from the press, it could not hide the fact that AMC's fleet dated back to 1952 – aeons in the fast-living USA. Although American Motors was able to report the 2,000,000th car built after Nash's sophisticated unibody concept, the year ended with: loss.

## **The Fat Years**

The Rambler got a new design in 1958 featuring stacked quad headlights. The names Nash and Hudson disappeared in favor of Ambassador by Rambler. The Ambassador was a restyled Rambler



Figure 1: Nash Ambassador Custom, 1957

riding on a longer wheel base; it was top of the line from 1959 on and available with air suspension as an option. The performance oriented Rambler Rebel was still there, accompanied by the Metropolitan (offered since 1954), a sub compact car that was built by Austin in Great Britain for Nash, later AMC. The gap between the Met and the Rambler was filled by the Rambler American. The American was based on the vintage 1955 Rambler that got only slightly modified and was still powered by the dated side valve six cylinder engine. Recession made the economical Ramblers a good buy, and so 1958 was the first year of a net gain for AMC.

The following years were very successful. The fleet was kept the same with only slight changes, and AMC made good money. More than 422,000 Ramblers were sold in 1960, representing 6.4% of the whole market, the highest share AMC should ever reach.



Figure 2: Rambler Ambassador, 1961

In 1961 the American got a new design. It was narrowed by 13 cm and shortened by 8 cm without losing interior space. No wonder, as the interior stayed exactly the same: economy demanded to keep as much of the existing tooling as possible. The 1961 American appeared as a new car with modern edgy looks, although it still was the old 1950 Nash underneath! It was available as 2- and 4-door, station wagon and convertible and could be ordered with the more modern OHV six, the base power plant of the Rambler. To improve the Ambassador's sales it got a new front that looked kind of bloated and didn't help at all. Sales dropped by half. Nonetheless, the Rambler was number three in 1961 sales statistics.

In 1962 the moderately successful Ambassador was replaced by the new Rambler Ambassador, a luxurious version of the Rambler on the same wheel base. To give it a higher status, the V8 engine was reserved to the Ambo. The Metropolitan was dropped, a short-sighted decision that was based on the claim that the low priced American could take its place but left out that zeitgeist would make compactness the new trend. Volkswagen knew how to use the potential others layed fallow, and so the beetle drew the picture of a whole generation and not a modernized Metropolitan. New base of the marketing campaign was safety: All Ramblers got twin-curcuit brakes, a feature only Cadillac, Rolls-Royce and Mercedes-Benz (300SE) offered at that time, cars that were placed in a much higher segment. In 1962 the Ramblers remained number 3 in sales.

Another important occurance took place at the time when the 1962 line up went bestselling. This time an all too human one: Ed Anderson, designer of the Ramblers and thus responsible for their success to a high degree, requested what he considered to be due, his promotion to Vice President of Design. Sadly, Anderson had come in the way of some egos at AMC who paid him back now. If he didn't like his position he should feel free to go elsewhere, he was told. Hurt and annoyed, Anderson took his hat and left. He went to Chrysler in Detroit, where nobody wanted to entitle him VP of Design either, whereafter Anderson finally went on his last job as pensionary in warm Mexico. Chairman/president/CEO George Romney also wanted to leave AMC, though he didn't want to head south but higher: His aim was to become governor of Michigan. His successor as Big Boss was Roy Abernethy, former sales manager. New chairman was Richard Cross, and thus there was for the first time a two man top at AMC. Still there was a vacancy in the design department. A new director of styling was found in Richard Teague whom Anderson brought to AMC in 1958. Teague, a graduate of California's Art Center School, had been chief of design at Packard until it went down. His unique style influenced the cars from Kenosha until AMC's end in 1987. (By the way, Teague received the title of VP of Design in 1964.)

## The Fourth of the Three



Figure 3: Rambler Classic 770, 1963

The all-new Rambler (Classic and Ambassador) that replaced its (since 1956) basically unchanged predecessor in 1963 had been created by Anderson and Teague together. Its trapezoidal body shape mirrored the typical style of the post-tailfin era, and like it has been usus until today, it was a bit

larger than the old one. With its clear lines, big windows and unpretentious interior it was a hit. And it had to be one, as it would have to last a similarly long time as its ancestor without looking old too soon. Money for new developments still was short. The v-shaped grille was an eye-catcher, a positive one, as the new Rambler sold like hot apple pie (presuming hot apple pie sells well). Finally an AMC product got a reward. The Rambler was Motor Trend's "car of the year". Now the time was due to renew the rest of the fleet. A facelift in 1963 was followed by a totally new Rambler American that got the shortened platform of the Rambler Classic to save costs, and shared many other parts with its big brother. Without a doubt, the new American was the most beautiful compact American car, and at the same time it was AMC's first car with tunneled headlights, a design favorite of Dick Teague.

Regarding businesses run by families you can sometimes hear the word: "The first generation starts the business, the second one brings it up, and the third one busts it." Be this word reality-proof or not, looking at AMC it seems to bear some truth. George Mason had founded American Motors, George Romney had brought it into profit zone, and Roy Abernethy probably was the one to ruin the company. Although being a stock corporation and no family business, AMC had always been run kind of dictatorial, not at all to its harm, and that barely changed when Abernethy took the sceptre but had to hand the orb over to Cross. There was a reason why Abernethy had been sales manager: he was a salesman through and through, and like he had been persuading the dealers to order another truckload of Ramblers he now persuaded American Motors' management of his ideas.

In the middle of the 1960s AMC was in a safe position. Romney had given an identity to the Rambler line, an image that was far beyond the loser status the names Nash and Hudson were associated with. The Rambler was something like an American Mercedes. A bit more expensive than the competition of Chevrolet for example, it offered a better bang for the buck, was far better built and did not object itself to short-lived trends. (Even the line-up with Rambler Classic and Ambassador sharing the same base reminds in a striking way of Daimler-Benz's strategy of "one body fits all" in the tailfin era!) So AMC called for a more conservative clientel, that wanted solidity and a little extravagance. A clientel that, in Germany, would have placed a 190Dc or 220S in the driveway of their private estates.

Exactly that was what caused a severe heartburn inside bold Abernethy. He wanted to get rid of that granny image, away from the niche AMC had seated itself most comfortably in for years, and where it was able to prosper, away to bigger cars with more prestige, more luxury, more power. He wanted to get where Detroit's manufacturers had been sitting thick and fat for decades, companies that could afford to fit a differently curved grille, a bigger engine, a new body style to their cars every other month, companies for which a flop was nothing more than an "Oops!" and no existential problem. Romney knew that AMC would be mouse in the cat's box in that environment, and Abernethy might have known that, too, but, on the other hand, bigger cars are supposed to return bigger profits, and make the smaller ones look more attractive.

The first step to the new direction was the possibility to order the Rambler Classic with V8 engine from 1963 on. Before that time the engine had been reserved for the Ambassador. Of course people started asking themselves, "Why buy an Ambo then?", and because nobody was able to give a pleasing answer, a new Ambassador was due.

This one came in 1965. The year before had brought some minor face lifts and a limited series



Figure 4: Rambler American 220, 1965

Rambler hardtop called Typhoon, wherein the the newly developed 3.8l OHV six torque command had its premier, which would become the base for all AMC sixes until the bitter end (its 4.0l short block can still be found in Chrysler's Jeep line, only slightly changed).

The year 1965 showed the turn-away from everything that had made AMC's fleet stand out before. No sign of parts sharing strategy. There was practically no similarity to the 1963 models. While the American remained basically unchanged to the previous year, the Rambler Classic was an all-new vehicle, five inches longer than the previous model, although riding on the same wheelbase. The Ambassador in turn, not only got a new body, but also a longer wheelbase than the Classic. Everything was available, from station wagon to convertible, and advertisements proudly claimed:

New! 3 different sizes of cars!

New! 3 different wheelbases!

New! 7 spectacular powerplants!

New Torque Command Sixes – world's most advanced engines! Big V-8s!

This "most advanced engine" had camshaft in block and lifters, while every Mercedes engine had overhead camshaft and Alfa Romeo offered state-of-the-art DOHC powerplants. Well... The new brochures featured the luxury models and put the volume sellers like station wagons in the back, a fact that didn't help to keep the regular customers. Abernethy took the dropping sales of the Americans and six cylinder Ramblers as proof he was going the right way.

Right in the middle of the model year a totally new car was added to the line-up: the Marlin. This sport coupe was intended to compete with the Ford Mustang, a car with rocketing sales numbers. The prototype of the later Marlin had been conceived by Dick Teague to be mounted on the American's platform. When Teague came back from a visit to Europe he had to find that his concept was considered too small, partly because there was no V8 for the American. Abernethy had ordered to pump it up to the Classic platform. That megalomania didn't help the looks of the car. The Marlin looked different at best. Besides that it had moved from Mustang class up to a competition like the nice Plymouth Barracuda and the Dodge Charger. The strange Marlin flopped greatly. In the first year, 10,327 were sold. In 1966 the Rambler Marlin was called the Marlin, sans

Rambler. 4,547 Marlin keys went over the counter. It was decided to seek refuge in attack. The 1967 Marlin got front end and platform of the 67 Ambo and grew to 5 meters 12. 2,545 were sold, and that was the bottom line.

Why didn't the Marlin sell as it should have? Motor Trend said the interior was excellent, and Hot Rod wrote that "the Marlin was probably one of the most comfortable cross-country cruisers ever produced". The problem was simple: The young people the Marlin was aimed for didn't want a fat cruiser with a gadget list several miles long, they wanted a sporty coupe. And the Marlin was as sporty as the coupe of the current S-Class (which is by the way one of the most comfortable cross-country cruisers ever).

## Going Down ...

Like said before, the Marlin got its own brand. That was because Abernethy felt the name "Rambler" that was standard only since 1963 for AMC cars, was sub-standard for his top models. So the name Ambassador stood alone too. The American got a new front which fit it quite nicely. A luxury model, called the Rogue, was added. It came better equipped and featured a new engine, a 4.75l V8 that could be combined with a manual 4-speed floor shift. The Classic received a facelift and its hardtop version got a new name, the Rebel.

All that did not help much – sales were dropping, not only because American Motors had to call a higher price for the grown cars, but also because Mr. Big caused a new member with a high salary to employ himself at AMC, Mr. Short Commons, and this guy was no marketing genius. The press started to call AMC "struggling" or "financially ailing", and that didn't help improve sales. Another important thing went south at the same time, image. AMC didn't have any strong image anymore. On one side it was still "Economy King", on the other side luxury and sportiness were now linked to the name, and those two ingredients were like strawberries and garlic. In the middle of 1966 management and stockholders finally recognized a change had to happen. Chairman Richard Cross was replaced by the largest stockholder, Robert Evans, who planned to get AMC back on track. Roy Chapin jr., son of one of the founders of Hudson, and experienced in various parts of AMC management, was entitled Executive VP and Automotive General Manager.



Figure 5: Rambler Rebel SST, 1967

The 1967 model year brought facelifts for American and Ambassador. The Rambler Classic was replaced by a new model that also got a new name, the Rebel. The Rebel finally got something like a modern rear axle, a solid axle on push rods. Its predecessor had to live with a torque tube construction, something the school book for automobile mechanics in Germany of 1966 only mentioned in a historical context.

The new models were released in fall of 1966 (including the enlarged Marlin) and did not sell well. In January of 1967, money finally was so tight that management met to talk about crisis-handling and make the necessary changes. Roy Chapin was appointed chairman and chief executive, Robert Evans remained as a director, and luck-lacking Roy Abernethy was forced to retire. He was replaced by William V. Luneburg.

Now AMC had new people. Still missing were new cars, but there were some surprises on schedule for 1968.

## **...and Up Again**

First there was a strong need for cash. And that cash was provided by the sale of one of AMC's subsidiaries, Redisco, a manufacturer of refrigerators which had belonged to AMC from the beginning. The government made a donation by ordering 4000 Ambassadors for the postal service. Around the same number of AMC employees got dismissed. Thus the company employed only 23,704 people in the end of 1967, more than 11,000 less than in 1963. AMC's products were good – the cars were still high quality and at a moderate price. The image on the other hand left much to be desired.

Roy Chapin wanted to improve it, and so he signed a contract with a new marketing agency that got the job to draw the right picture of AMC. Chapin and his staff headed the hard way along. In the following months they were everywhere, visited dealers to gain their trust again, calmed investors who had started fearing about their investments, and gave loads of press conferences.



Figure 6: Javelin, 1968

AMC's nose job was accompanied by a new car: The Javelin, a much smaller successor of the unlucky Marlin. The Javelin was a cute 4-seater coupe and conceived as competition for the Chevrolet Camaro. Like the Rebel and the Ambassador (both now without any mention of the Rambler

name), it could be ordered as SST (Super Sport Touring) with stiffer suspension and Go-package (5.6 liter V8). Spring of 1968 brought forth the most desired AMC of today: the AMX. Based on the Javelin it was even shorter (4.50 m) and a 2-seater. It was intended to compete with Chevrolet's Corvette and thus was offered with three different V8 engines, manual four-on-the-floor or 3-speed auto, front disc brakes and twin-grip differential. In 1969 Karmann in Osnabrück, Germany (maker of the Beetle Convertible, Karmann Ghias, BMW 6ers and various other cars) made some 200 Javelin SSTs for the European market, sadly without big success. Only very few are known to have survived until today (the author only knows about 5, scattered all over Europe). As bad as Karmann Javelin sales were, American Javelin and AMX sales were great. 35,000 sales had been planned, more than 65,000 were actually sold. Or given away – an all pink AMX was given to Playboy's Playmate of the Year, Angela Dorian. She still owns the car, but she seems to like the Rolling Stones, as she since painted it black.

Not decipherable was the image gain. The sports cars helped a lot to improve public opinion about AMC. AMC even got plenty of free advertising as Javelin and AMX were often found on the front pages of automotive magazines. The paid advertisements mirrored the new spirit in the house of AMC:

Either we're charging too little, or everyone else is charging too much!  
Its price is much less than Mustang's, yet you get much more (Javelin)  
It's the best dollar value in the automobile business (Rebel)  
It's the only car made in America priced under \$2,000 (American)  
The only American line of cars with air conditioning standard (Ambassador)

1968 was the first year since a long time that AMC made profits again. To get more capital for necessary investments another subsidiary was sold: Kelvinator (household stuff), which left AMC as a mere car manufacturer.

The fleet for 1969 had already been decided by Abernethy, no changes were possible. Most models remained unchanged, but the Ambassador was bigger (again!) and a top league car now. The advertisements said:

It will remind you of the days when money really bought something!

In the middle of the year AMC blessed the world with a special: The most powerful engine of the house was shoehorned in the smallest car, the American with 2.70m wheelbase. A little monster called SC/Rambler alias Hurst Rambler was born. Red/white/blue paint scheme and fat tyres showed clearly that this guy was almost too powerful to run. 1512 "Scramblers" were made (only 500 were planned originally).

Still AMC wasn't over the top. Sales numbers were good, but proceeds were low. The upcoming decade would have to bring lots of new cars, and development costs were high. Roy Chapin recognized the small profits wouldn't be enough to save AMC's future. But he already had a plan. On June 30, 1969, when the last Rambler ever left the assembly line (4,204,925 cars with that name had been sold), the deal was near perfect.



Figure 7: Rambler Rogue, 1969

## Addition to the Family

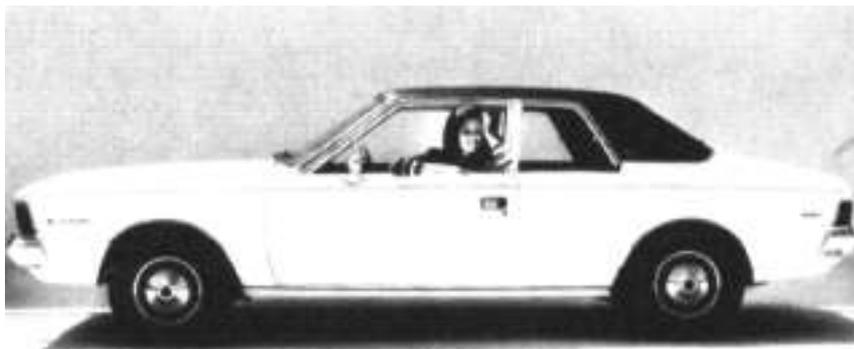


Figure 8: Hornet SST, 1970

There was lots of news in 1970. The American was replaced by a completely new car, the Hornet. It had a modern body with long hood and short rear like many Japanese cars of the late seventies would have.

The Hornet showed AMC's turn back to niche politics. Not only was it available as a stripped and cheap base model, but also a long list of options was offered, and that's what made a difference from the competitors. Everything from base with 3.3l six, vinyl seats and rubber floor mats to luxurious top model with 5 liter V8, cloth interior and carpeting was possible. Even auto trans, disc brakes, air conditioning, reclining bucket seats and vinyl roof could be ordered. The Hornet also brought back the strategy of parts sharing. 2- and 4-seater were identical up to the roof, and even front and rear bumpers interchanged.

Of all days, it had to be April Fool's day when the Gremlin was presented, the first sub compact car produced in America to compete with the most successful imports, especially the Volkswagen



Figure 9: Gremlin, 1970

Beetle. The Gremlin was half a year ahead of Ford's and GM's offers in that class – too short a time to sell lots of units, but sufficient to get attention. The Gremlin was a Hornet with the rear cut off (Kamm-back). Remarkably it was only offered with six cylinder engines in a class where the competition almost exclusively had economical four-bangers, but at first that didn't harm the Gremlin's success.

As no comparison to Detroit's products was possible, AMC had a hard time pricing the Gremlin. A placative base price of \$1879 was decided. The buyer got an over-stripped car for this money, with front bench seat, rubber mats, and no rear seat – a "business coupe". The main purpose of those business coupes was to be able to claim an extremely low price. Not many of those were ever sold. In 1970 only 879 Gremlins were business coupes. The Gremlin was an instant success and attracted mostly younger people.

The rest of the fleet stayed the same. Most interesting newbie was the Rebel Machine, a wiry sports coupe with 6.4l V8 (340hp SAE) aka "Flying Brick". But: something else, something decisive for AMC's fate happened:

The American Motors Corporation (now with new logo, see above) bought Kaiser Jeep for the total sum of \$70 million, of which \$10 million was cash. Kaiser wanted to abandon the automobile business, and AMC needed a truck. Jeep was a losing company, but Chapin saw its potential, and he was sure that synergy effects of a united development and production would help both companies.

The purchase brought AMC near the debtors' tower again, and Chapin found himself criticized harshly, but his opinion that Jeep would be an advantage for AMC turned out to be all true in the following years. The work on unification and technical compatibility was begun immediately. First the production of military and governmental vehicles was separated to an own division, AM General (which was sold later and still produces the Hummer!).

"If you had to compete with GM, Ford, and Chrysler, what would you do?" asked AMC in brochures

and TV ads, and provided the answer for each model instantly:

You'd introduce the Matador. A car that even the dollar-conscious family man would find hard to resist.

You'd start a small car revolution by coming out with America's first subcompact: the Gremlin.

You'd give the Hornet standard features you wouldn't find on the Maverick.

You'd make the Ambassador the only car line in America with air-conditioning and automatic transmission as standard equipment.

You'd make the Javelin the hairiest looking sporty car in America, even at risk of scaring some people off.

You'd design the Sportabout. A car that could do more for the American housewife than all the haircoloring, lip gloss and false eyelashes put together.

Imagine one of the last two in a commercial of today! These statements leave nothing to say short of a few details:

The Javelin got bigger (and sold worse, seems they still hadn't learned their lesson) and now featured humpster fenders; the AMX was degraded to a mere variant of the Javelin. The SC/360 Hornet was presented to line up in a row with SC/Rambler and Rebel Machine. The 3.3l six was discontinued which made the 3.8 the base engine. The latter was accompanied by the 4.2 six, same engine, but longer stroke. The Gremlin was offered with "X-Package", a hot seller. It consisted of front bucket seats, carpeting, alloy wheels, painted grille and sidestripes and made a little racer out of the car.

What didn't fit into the picture were relicts of former times like 3-speed manual trans with unsynchronized first gear and those infamous vacuum wipers.

The new thing of the Matador was its name. It was basically the good old Rebel and offered in body styles hardtop coupe, 4-door and station wagon.

Jeep's productivity was improved, engine program was AMC-ized, and from now on Jeeps were sold by American Motors dealers. The appreciated styling was kept.

Also kept was the whole line for 1972. Most important changes happend below the surface and in marketing. "Quality, value, costumer satisfaction" were the key words. The dated Borg-Warner transmission was replaced by a modern Chrysler unit, wipers were electric now. The stripped base models were dropped. Instead the Gremlin could now be had with 5.0 V8. A new quality management was introduced to reduce warranty claims. Heavily advertised and generally appreciated was the Buyer Protection Plan. It consisted of:

- a strong guarantee
- more thoroughly checked cars
- a loaner car when necessary



Figure 10: Jeep Commando, 1972

- a toll free hot line to Detroit (AMC headquarters)

This quality offensive came to the right time, because many Americans were fed up with the horrible quality of domestic products and more and more decided to buy Japanese and German. With this plan AMC was able to gain a better place in the market and go into 1973 with excellent numbers.

## The Climb to the Precipice

Roy Chapin's credos for the following years were: philosophy of difference and diversification. The first one meant that AMCs had to be different to be able to survive on the market, the second one reminds of the ideas of a certain Mr. Edzard Reuter who would a decade later also be of the opinion that a car manufacturer needed to go into other markets to survive. Had he taken a look at AMC, maybe some things would have turned another way for Daimler-Benz.

AMC's Devis consisted of AM Data Systems and American Motors Leasing Corp., instead of AEG they had the plastics companies Evan Products and Winsor Plastics. The pendant to DASA wasn't a plane manufacturer but a steel casting company, Holmes Foundry Ltd., Canada.

AM General just had started developing busses, a field so far left alone to GM and Flexible and promising to grow, considering crowded streets, polluted air and dated fleets of the providers of public transportation.

The Hornet got a new body variant that thus far only foreign manufacturers had been offering: the Hornet Hatchback. The old 3-speed was replaced by a fully synchromesh one. The Levi's Gremlin was presented. It featured an interior made of jeans cloth (or at least something that looked like that). The Hornet Sportabout was offered as Gucci Sportabout with an interior designed by star-couturier Aldo Gucci.

The pony car market was nearly dead, thus Javelin and AMX were continued, but no longer subjects of major changes. The Javelin, too, got a touch of pret-a-porter: a fancy interior by Pierre CARDIN made it the Cardin Javelin.

Matador and Ambassador were continued without letting any maestro touch their interiors.

Subjects of the most thorough changes were the Jeeps. New instrument panels caught the eye, but more importantly the permanent all-wheel drive Quadra Trac was introduced in J-series pickup and Wagoneer (predecessor of the Grand Cherokee). The CJ was available with a powerful V8 as an option.



Figure 11: Matador Coupe, 1974

1974 was a year of change. Matador and Ambassador were due to retire. The successors should share the same platform and get a new look that just started getting popular in the USA: Mercedes-look.

Despite that role model the new Matador got one of the most ugly cars ever to roll off the assembly lines as Kenosha. Dick Teague had lengthened the hood by far, but to save costs the fenders had to remain. The sum of these parts looks funny at best.

But where had all the money gone? Well, market research had discovered that the public in times of recession didn't desire anything more than a pretty middle class coupe, and that the Matador Hardtop was being too conservative. AMC's leaders noted that fact and immediately junked all the experience they should have made in the past. An all-new coupe was designed, a car that shared no single body part with others and thus was extremely costly to design and produce. The Matador Coupe received the title "1974's best styled car" by magazine Car & Driver and not only got AMC's second biggest flop but also one of the two cars that in the end broke the neck of the company. It sold well at first, but never well enough to pay back its costs. And there was no further money for the facelifts necessary later on.

All other cars didn't change much. The Jeeps sold fine and earned the money that was wasted for the other vehicles. The new Cherokee was a best seller from the beginning, and the Wagoneer was alone in its class. .

The increase in Matador Coupe sales that was expected for the following year didn't come. But there was another ace hidden in AMC's sleeve that all efforts concentrated on: a new compact car between the Gremlin and the Hornet, a car unlike any other car, a car representing AMC's philosophy of



Figure 12: Hornet Sportabout, 1975

difference like no other: the Pacer. In its first year the car sold so hot that production couldn't cope. All other models hit 1975 like they left 1974. Gremlin and Hornet were already six years in production and prone to go to auto heaven, but had to be carried over. The Ambassador was discontinued, big AMCs now went by the name of Matador. Javelin and AMX were dead.

Sales numbers of the Matador Coupe already decreased, short of the Pacer the dealers sat on a pile of cars they could hardly get sold. Chapin reacted by severe cost control management. The Gremlin got a minor facelift and was positioned as lowest priced car produced in America. The new Jeep CJ-7 was introduced. It was a bit longer than the CJ-5 and thus allowed to be equipped with permanent AWD and automatic transmission. AM General made good profits with busses and military vehicles, and subsidiary Wheelhorse Tractors was successful, either.



Figure 13: Gremlin, 1976

In 1977 nobody could foresee that the Pacer would be the last car to be completely developed by American Motors itself. All vehicles were carry-overs, no changes could be made. Pacer sales were dropping, almost nobody ordered the Matador Coupe anymore. People had started looking for more economical alternatives and found them in the products of Japan and Europe. AMC had

nothing to offer below the 3.8l I6 and no money to develop a 4 cylinder engine of its own. To help this shortcoming it was decided to buy one. The engine of choice was Audi's 2.0, of which AMC bought the rights to produce it itself. This was a good although not greatly cultivated motor that in Germany powered numerous Audis, the Volkswagen LT (a 3 ton truck) and the Porsches 924 and 924 Turbo. Famous for its torque and durability this engine was prone to turn the Gremlin into a fuel saver. But: instead of Bosch's K-Jetronic AMC put a crappy carburetor on the engine. This along with America's lax production tolerances made a tired, rough rattler out of this talented engine. The strong vibrations were hidden by extremely soft motor mounts which made an idling 2.0 do the mashed potatoes in the Gremlin's engine compartment. The production of the engine was more expensive than the production of the small six, so the standard engine still was the 3.8, only higher versions got the smaller engine. A Wagon was added to the Pacer line and helped sales somewhat. The Hornet Hatchback got a sporty AMX package. Jeep sales saved AMC from going down right now.



Figure 14: Matador Sedan, 1977

William Luneburg, president of American Motors Corporation, retired in May, 1977 and was replaced by Chapin's long-time confidant Gerald C. Meyers. AM General got a big order to produce military vehicles. All divisions short of car production were in the profit zone. After all, a net profit of \$8 million was made. Peanuts compared to a sum of one billion US dollars that Ford Europe had invested in the development of the new Fiesta.

## Schuss

Things that die *not* come in 1978:

- A new subcompact below the Gremlin. Too high the cost, too low the gain.
- A four door version of the Pacer. Pacer was a sinking ship.
- A restyle of the Gremlin featuring a thinner C pillar and larger glass area that would have looked chic and modern at low tooling costs. There was no reason for not doing this. Oh well!
- A sporty coupe on base of the Gremlin similar to the Toyota Celica.

What *did* come was the Concord, after all a Hornet with newly designed front and rear, improved suspension and noise isolation. All that gave it the look and feel of a higher class, and to emphasize this a new name was chosen. It made sense to position the car higher as it saved it from having to directly compete with the Japanese cars.

The press honoured the new product, but not to an extent that would have made the Concord appear on front pages. Despite that it brought people back into AMC dealers' show rooms where they didn't find anything to put them into *kaufrausch* (strong, ecstatic inclination to buy something).

The Matador in gordy "Barcelona" trim scared potential buyers off. Decreasing demand for Matador sedans and hardtops was compensated by cutting numbers of variants, only the 4.2 six and 6.1 V8 were still available. Pacer sales were down in the cellar, even the facelift and the V8 option couldn't get them back up. The Gremlin was still there, now as GT with lots of plastic body wideners.

The Hornet AMX got the Concord front and now was called AMX without Hornet. It had been more successful than expected in 1977, so it was justified to make it a model of its own, also it revived memories of the real AMX of 1968.

Everything Jeep still was successful and made money. In fact, the Jeep line was so successful that production couldn't cope with demand. As a reaction quantity was increased to an extent that quality went down. Not that a Jeep had been a lemon, but messy paint jobs and switches and buttons falling off weren't prone to increase customer satisfaction. As a consequence priorities were shifted. Car production was moved completely to Kenosha, all other factories now made Jeeps. So not only more could be produced, but also more efficiently.

In the end of 1978 Roy Chapin retired. His job as chairman and CEO was taken by Gerald Meyers who continued politics. The stock holders received a strange message with this year's annual report:

We have put our house in order so we can proceed with a fundamental part of our strategic plan – to become a member of the group of worldwide auto companies that will be competitive in the years ahead. During 1978 we have conducted intensive negotiations in this regard with Renault.

This was meant to get two flies at one hit: AMC's vehicles, especially the Jeep line, were to be sold via a great dealer network in Europe and thus find much more buyers than before. And AMC was to get a competitive compact car which it could no longer develop by itself. Negotiations with Honda and Peugeot (which had troubles galore with struggling Citroën at that time) didn't work out, but Renault showed interest.

The model year 1979 was begun with lots of optimism. The Spirit was introduced. It was based on the Gremlin, a fact that could not easily be recognized, especially when looking at the hatchback version, although doors, fenders and hood were identical with the Gremlin's. The Spirit looked like an entirely different car – once again a masterpiece by the hands of Richard Teague. The spirit got similar enhancements as the Concord had got which made it even more attractive.



Figure 15: Spirit, 1979

The Concord was back again, slightly changed and available as D/L and Limited with all imaginable luxury and electric helpers included. The Matador was discontinued, the biggest AMC cars now went by the name of Concord.

No major changes were made to the Jeep line, neither would they have been necessary. The Cherokee station wagon was sold out for months. Cherokee line was available in different trims (Chief, S, Golden Eagle). All big Jeeps got a new front design with rectangular headlights. The 25th anniversary of the CJ was celebrated with the Silver Anniversary CJ, the 25th anniversary of American Motors with the Silver Anniversary Concord. Both were painted silver metallic (duh!) and got anniversary badges.

## The First Renault



Figure 16: Concord DL 2door, 1979

The deal was made. From now on Renault sold Jeeps via its dealer network in France and Columbia, and Renaults were being sold via AMC dealer network, first model was the LeCar (Europe's R5). Furthermore AMC and Renault planned to cooperate in the development of a model between the R5 and R18 that was to be assembled by AMC.

Rumours about AMC's car production to be ceased were denied vehemently. New prototypes were being tested already, the program for 80/81 was decided, AMC stated. A 4 cylinder CJ was planned, and as the Audi engine offered too little torque the contract was terminated and a 2.5l four suitable for CJ, Concord and Spirit was bought from GM. The plant in Western Virginia that since had produced Pacer body parts was sold to Volkswagen. No separate plant was necessary for so few Pacers that still could be sold.

The second oil crisis hit AMC hard as it mostly cut down sales on the SUV market. Suddenly Jeeps stood their tyres flat at AMC dealers' yards. At times assembly line workers had to go on vacation to not produce too much on stock. AM General was in good health thanks to huge orders of military and postal vehicles.

In October it was announced that Renault was about to buy some AMC stock summing up to 22.5%. Suddenly a French sat in AMC's board. This step had become necessary because of money problems. Without cash there was no possibility to prepare the factories for the production of the new AMC-Renault. Tooling, renovation and acquisition of assembly robots were costly.

The year 1980 showed AMC's turn towards economy. The Jeep CJ came with 2.5l four and four-speed manual trans as standard. Automatic transmission could no longer be combined with permanent all wheel drive. Optional the 4.2 and 5.0 engines were available; the latter was not being ordered often anymore. The Cherokee and CJ got free-wheeling hubs and part-time AWD as standard, Quadra-Trac as option.

New was the Eagle line, kind of. It was based on the Concord. What made it special was that the body was lifted up a bit and that it got a latest technology permanent AWD with viscous coupling and thus initiated a whole new group of cars being fancy again at the moment. The concept was unique in 1980 (the Subaru station wagon, being the only other car with AWD, had a primitive part time AWD lacking a center differential) and was adapted in a pretty similar way to BMW's 325iX in 1986. The last 1000 Pacers got delivered in 1980 (all had been built the year before). Concord and Spirit were all what was left of AMC's car line. The 3.8 engine was discontinued as it was too close to the 2.5, powerwise. The only alternative to the 2.5 was the 4.2 now. The 5.0 could only be had in Jeeps. All AMCs got Ziebart rust protection as standard.

Decreasing Jeep sales led to the decision to let Brampton factory produce cars again.

Recession hit AMC real hard. A record loss of 155 million dollars was reported in 1980. This time it wasn't because of faulty decisions. All American car manufacturers reported losses, but AMC was hurt the most, not only because of tight finances, but also because of its model line. AMC stood and fell with Jeep, and Jeep sales dropped greatly.

Although Eagle buyers had to be put on long waiting lists, AMC dropped in American sales statistics to number 5, behind Volkswagen.

In the end of 1980 the alternatives were to get out of business or to give Renault another big piece of the cake. In 1981 Renault owned 46.6% of AMC.

Strong efforts were made to increase fuel economy. Jeep bodies were redesigned to reduce drag.

Torque converters got lock-up devices. New in the program was the Scrambler, a pickup version of the CJ.

A smaller Eagle on base of the Spirit was offered, versions were called SX/4 (hatchback) and Eagle Kammback. The 4.2 liter six was modified and now more efficient and lighter by 40 kilograms.

The big news was the Renault 18i that played in the same league as the Concord but attracted a different group of customers. With fuel injected four cylinder engine, front wheel drive and a weight optimized body it was one of the most efficient cars of its class, and besides that it offered a roomy interior and French comfort. With all those talents it had to be successful.

The Eagle was now available with Select Drive, a part time AWD intended to reduce fuel consumption. A manufacturer in Florida produced a Concord convertible called Sundancer.



Figure 17: Eagle Wagon, 1982

In June Gerald Meyers told the public that in the future Renault would be responsible for the construction of AMC cars. AMC's engineers would exclusively care for the Jeep and Eagle lines. At the same time it was recognized that nobody wanted to buy the Renault 18, so its price was lowered, as were the prices of all other AMCs (those by 10%). In January, 1982, Gerry Meyers left AMC although he had signed a four year contract with Renault the year before. His job was taken by Paul Tippet, former president of American Motors. Jose J. Dedeurwaerder, a Renault manager, became new president of AMC.

In the meantime AMC had to beg its dealers to stay, feeding them with hopes on the new joint venture car that was already in the testing stages. As there were no new models, marketing had to concentrate on other things. The Ziebart rust protection was strongly promoted, as were the Buyer Protection Plan, the 100% galvanized body panels, the new 5-speed transmission (Borg-Warner) that, when connected to the four cylinder engine, made a fuel consumption as low as 6.35l/100km possible. While the big Jeep Wagoneer still kept selling well, sales of the smaller Cherokee went down, a logical consequence of the recession, as it weren't the wealthy buyers of Wagoneers that were hit the most, but the middle class Cherokee buyers.

The Renault 18 was accompanied by a sporty coupe by the middle of the year: the Fuego. It was intended to compete with the Toyota Celica and the like. The LeCar now could be ordered with four doors, but still not with an automatic transmission.

## The Last AMC

Wild speculations had been made on how the new car, developed by Renault and AMC, would be named. AMC? AMC-Renault? Renault? Finally the bomb exploded: The new and so badly desired AMC was called Renault Alliance (Europe's R9/11).

It was the right car at the right time: front wheel drive, economic fuel injection, rack & pinion steering, disc brakes, complete instruments, nice interior and a modern, boxy design. 20 years after the 63 Rambler finally an AMC (err?) was rewarded "Car of the Year". Alliance sales rocketed and compensated the losses other models made. The Fuego sold well, but the R18i was a fiasco, mainly because of its disastrous quality.

In the middle of the year Concord and Spirit were discontinued. AM General was sold, mainly because of political reasons. The pentagon had problems with the fact that a company making military equipment for the USA was controlled by the management of a French governmental company.

From now on events started overtaking themselves:

- The GM four-banger was replaced by an AMC four.
- Wheelhorse Products was sold, as was the American Center, AMC's headquarters in Detroit.
- In 1984 the all-new Jeep Cherokee and Wagoneer were presented, replacing the old ones that dated back to 1963. Narrower, shorter and 400kg lighter, the new models were sufficiently powered by the 2.5 I4. Optional a 2.8l V6 (GM) was available. The new Jeeps had a modern, advanced concept. Instead of a separate frame as usual for light trucks and SUVs the Cherokee and its 4-door brother had (and have) a combination of unibody and a light frame welded to the floor panels for maximum stability, called uni-frame. Several automatic and manual transmissions were offered, as well as part-time or permanent AWD.
- The CJ-5 was dropped. It had been bad-mouthed by a TV magazine called "60 minutes" which claimed the CJ-5 was prone to roll over under extreme conditions (who said A-class??). What influence such a negative campaign could have in the USA was a lesson Audi had to learn as well. Although the prosecutor lost big time, image and market share were gone.
- The big Eagle sold well despite being expensive. The little one was dropped.
- A new Renault was there, the Encore, an Alliance hatchback that looked a bit too French for the American market.
- The LeCar was dropped.
- Dick Teague left AMC after 26 years. Only rarely he got the chance to use his talent for timeless and advanced creations. More often than not he had to crisp up yesterday's designs with minimal cost; maybe there his mastery shows the most.
- AMC signed a contract with the Republic of China to build Jeeps for the asian market.



Figure 18: Jeep Wagoneer, 1982

In 1985 the public again didn't want what AMC offered. Now that AMC had a line of efficient, economical cars people had money again and by all means wanted to spend it. Fuel was cheap again, so there was no demand for the small, lame Alliance. People wanted big and fast, and production and marketing weren't prepared. Sabotage of angry workers at the Toledo plant taking revenge for not getting higher wages as promised, added to AMC's misery.

Again gossip kitchen was cooking on big flame:

- rumour 1: Kenosha plant was about to be shut down.
- rumour 2: Chrysler could not cope with the high demand for its M series and wanted to use AMC's capacities.
- rumour 3: a new subcompact was being developed
- rumour 4: a new mini van was being developed
- rumour 5: Renault planned to export the Alpine to the USA.

Whatever, Paul Tippet left AMC and was replaced by a French named Pierre Semerena. The Jeep line reached peak after peak, and AMC management started making plans for the change of the millennium. Dedeurwaerder saw a necessity for a new plant to replace Kenosha's outdated facilities. The Japanese were showing to the world how to produce efficiently, and that meant big buildings and short distances and not vice versa as it was in Kenosha.

No big changes were made to the cars in 1986, short of the fact you could barely find any AMC badges on the Eagles. Some news regarding Jeep: A pickup version of the Cherokee, the Comanche, was released. The CJ-7 was replaced by the Wrangler, which looked similar but had almost nothing in common with it. The only carry-overs were the engine, everything else was new and "60 minutes"-compatible.

Dedeurwaerder left, Joseph Cappy came. A contract with Chrysler was signed: The Kenosha plant would produce the Chrysler Fifth Avenue, Dodge Diplomat and Plymouth Gran Fury.

The Renault GTA, a Golf GTI chaser, was presented. The Encore was rebadged Alliance Hatchback. Nobody wanted to buy it, why then an extra name for it?

In 1987 the new 4.0 six saw the light of the world. It was based on the 4.2 block but provided 173hp and 300Nm of torque, was cheaper to produce as GM's 2.8 and allowed 2,300kg of towing capacity. A four-speed automatic transmission of Aisin Seiki (Japan) shifted smooth and operated efficiently.

The Eagle was still there, without any mention of AMC. It was just the Eagle now.



Figure 19: Jeep Cherokee Laredo, 1984

In March, 1987 finally it became reality: Chrysler was about to buy AMC. Chrysler's boss Lee Iacocca was swimming in money and considered AMC's recently modernized factories a great possibility to increase production capacity. Renault parted from AMC at a time when it just had gotten rid of its major problems and begun having a perspective again. An AMC executive commented that strange behavior as follows: "As if after nine months Renault decided it didn't really want to be pregnant". In September all AMC and Renault cars were renamed "Eagle". American Motors became the Jeep/Eagle division of Chrysler. Chrysler was obliged to buy parts from Renault for a couple of years and make cars out of them.

At December 14, 1987 the last AMC, an Eagle Wagon, rolled off the assembly line.

Lee Iacocca, by the way, didn't hesitate to sit down on a bulldozer in front of the press and plow a depot of AMC parts down to the ground. Chrysler still profits from the resources it gained with the acquisition of AMC. Leading Chrysler engineers and executives are former AMC people. The Jeep line long into the 1990s still showed the concept of the early eighties.

Late reparation for Chrysler's behavior regarding AMC is that Chrysler got bought itself. And here's where the name is mentioned the last time: by Daimler-Benz.

Could things have turned out differently? AMC ran out of money in the end. Together with Renault, AMC might have had a future as manufacturer of offroad vehicles, vans, and all wheel drive Renaults. Last but not least politics prevented further collaboration. The Eagle line, conceptually based on

an early 70s design, had reached the end of its potential. AMC's last independently conceived cars had not been successful.

Adepts to AMC history still discuss fervidly who to blame. Some accuse to Roy Abernethy for his luxury brand strategy. Others consider this the only way to go. In my humble opinion, a possible solution would have been to become a niche brand again, under the roof or in cooperation with a big company to get the technology exchange necessary. The decisions of the 1960s and 1970s, which are prone to be considered short-sighted or plain wrong, may, from these days' perspective and not knowing the future, well have been correct. With as thin a capitalization you are not supposed to wrongly foresee the future. The last couple of years show especially regarding the automotive industry, that, sophisticated scenario analysis and forecast calculation and all, many times things turn out differently than anybody thought. Those who know American Motors' history will recognize a lot of parallels to today's car makers. They will see that today similar decisions are made which already were not helpful decades ago. Maybe no one learned from former mistakes; but then, maybe beyond some point there's nothing you can do. Companies have a life span, too, and only the good die young.

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