

Will History Repeat Itself?

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It was in September 1910, shortly after William C. ("Billy") Durant had added Cadillac to his newly created General Motors Corporation, that GM became insolvent. Cadillac's founder, Henry Leland, insisted that he and his son Wilfred would stay on as managers only if they could remain in complete control of Cadillac after GM acquired it.

Leland, was vacationing in Europe when word came that GM's bankers in New York were going to cancel its credit lines, forcing GM to close its doors and sell off its assets. But for one fateful meeting between the bankers and Wilfred Leland, the great corporation would have ceased to exist. Wilfred argued that Cadillac was a highly successful company with an international reputation for innovation, quality and reliability, and that it could lead GM to profitability. Motivated by his desire to save Cadillac, but armed with undisputable facts, he convinced the bankers to grant a reprieve and allow General Motors to live another day.

The corporation was in serious disorder, and it was Cadillac's job to straighten it out. Two concessions were required by the bankers in exchange for their forbearance: Durant must resign as GM chairman, and Cadillac had to oversee operations at the other GM divisions (Oldsmobile, Oakland and Buick at the time). During the period that followed,

Cadillac continued to lead the industry with such innovations as the electric self-starter in 1912, the first standard closed car body, and America's first high efficiency, lightweight production V-8 engine.



1915 V8 Cadillac

Exactly 98 years later, GM is again tottering on the brink of insolvency, and the question arises: will GM survive, and what will happen to Cadillac? But there is no Wilfred Leland to go to bat for Cadillac and General Motors.

The recent anecdote of the American auto executives flying to Washington in their private corporate jets to ask for a government bail out, makes me wonder if the corporate brain is connected to the corporate body, or if perhaps matters have progressed to the point where the sum of American auto makers may be less than the total of their parts. Perhaps the better wisdom is to let nature take its course.

Recent reviews of Cadillac's CTS, arguably its newest and freshest product, rave about world-class performance and competitiveness with established luxury sport sedan benchmarks like Mercedes and BMW. In a similar vein, the new Chevrolet Malibu has been touted as the first car GM has produced that can seriously compete with the Honda Accord and Toyota Camry.

With new products that reflect bold corporate leadership and a

commitment to quality, it remains to be seen if GM can weather the current crisis and look forward to its second hundred years as the largest US car maker.

As a Cadillac enthusiast, I can't help but wonder if the culture of innovation, quality and reliability that Cadillac brought to General Motors in 1910, can once again form the basis for a corporate rebirth while ensuring Cadillac's survival. On the other hand, I also wonder if Cadillac could return to an independent company or become the corporate parent of a newly reorganized General Motors?

As this drama plays out, there are many who remember what Cadillac has stood for, and who want to see it remain the "standard of the world" for many years to come.



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