On September 16, 1908, Buick Motor Company head William Crapo Durant spends $2,000 to incorporate General Motors in New Jersey. Durant, a high-school dropout, had made his fortune building horse-drawn carriages, and in fact he hated cars—he thought they were noisy, smelly, and dangerous. Nevertheless, the giant company he built would dominate the American auto industry for decades.

In the first years of the 20th century, however, that industry was a mess. There were about 45 different car companies in the United States, most of which sold only a handful of cars each year (and many of which had an unpleasant tendency to take customers' down payments and then go out of business before delivering a completed automobile). Industrialist Benjamin Briscoe called this way of doing business “manufacturing gambling,” and he proposed a better idea. To build consumer confidence and drive the weakest car companies out of business, he wanted to consolidate the largest and most reliable manufacturers (Ford, REO, his own Maxwell-Briscoe, and Durant's Buick) into one big company. This idea appealed to Durant (though not to Henry Ford or REO's Ransom E. Olds), who had made his millions in the carriage business just that way: Instead of selling one kind of vehicle to one kind of customer, Durant’s company had sold carriages and carts of all kinds, from the utilitarian to the luxurious.
But Briscoe wanted to merge all the companies completely into one, while Durant wanted to build a holding company that would leave its individual parts more or less alone. (“Durant is for states’ rights,” Briscoe said. “I am for a union.”) Durant got his way, and the new GM was the opposite of Ford: Instead of just making one car, like the Model T, it produced a wide variety of cars for a wide variety of buyers. In its first two years, GM cobbled together 30 companies, including 11 automakers like Oldsmobile, Cadillac, and Oakland (which later became Pontiac), some supplier firms, and even an electric company.

Buying all these companies was too expensive for the fledgling GM, and in 1911 the corporation’s board forced the spendthrift Durant to quit. He started a new car company with the Chevrolet brothers and was able to buy enough GM stock to regain control of the corporation in 1916, but his profligate ways got the better of him and he was forced out again in 1920. During the Depression, Durant went bankrupt, and he spent his last years managing a bowling alley in Flint.

READ MORE: The Cars That Made America

1908 September 16

Citation Information

Article Title
William Durant creates General Motors

Author
History.com Editors

Website Name
HISTORY

URL
https://www.history.com/this-day-in-history/william-durant-creates-general-motors

Access Date
March 13, 2022

Publisher
A&E Television Networks