

America's Automobile Exports in the Late 1920s

By Naotsugu Suzuki

The present article is a positive study of exports and overseas operations—their development and influences on production—of the U.S. automobile industry in the late 1920s. In this sense, the article is a sequel to the author's previous article, "U.S. Automobile Industry under the Stock Market Boom," dealing with automobile production in the United States in the same period.

The prevalent view that the U.S. automobile industry depended on the domestic market for its expansion and that exports and other overseas operations did not play any decisive role in the industry's development is well founded from a long-range viewpoint. Nevertheless, overseas operations of the U.S. automobile industry in the above-cited period appear to deserve close scrutiny for their unique values.

For one thing, the overseas operations of the U.S. automobile industry in that period became the prototypes of today's multinational corporations. Equipped with incomparably high productive capacity, American automobile manufacturers first conquered the world market with complete car exports. When they came to meet stiff tariffs and strong rivals in importing countries, they tried to maintain their market shares by going into local assembly and manufacturing as well as by shipping their products from Canada. As a result, foreign production of U.S. automobiles grew to just about equal complete car exports from the United States by the end of the 1920s.

For another, the growth of overseas operations, including exports, exercised important influences on production if seen from a short-term viewpoint. Such operations cancelled out the minus effects of the recession-caused doldrums of the domestic market in the 1927–28 period, kept production at a high plateau and went on to help catapult production to an all-time high at the beginning of 1929.

After hitting the peak in the first quarter of 1929, however, exports started shrinking and not only heralded the subsequent sharp decline of auto production as a whole but also helped exacerbate the auto industry slump by making it virtually impossible for makers to dispose of their excessive supplies in foreign markets.