U. S. Automobile Firms in the 1920s.
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This Article, comprising a part of author's studies on the U.S. Automobile Industry in the 1920s, deals with the capital accumulation of important automobile firms at that time. Namely, on the eight firms – Ford, GM, Chrysler, Willys-Overland, Hudson, Studebaker, Nash, Packard this article discusses their product and investment policies, the method of financing, so as to clarify the change of their competitive and financial positions at the end of the 1920s.

Major findings can be summarized as follows. In the second half of the 1920s, U.S. passenger car market came to be dominated by replacement demand, accordingly its growth became dull. But almost all the important firms developed low priced closed car as well as adopted model change policy. Together with general prosperity and significant growth of export, these measures succeeded in maintaining automobile demand. In 1929, U.S. automobile production reached all time high. Accompanying this, capital expenditure of the industry also increased toward the end of the 1920s. On the one hand, the big firms–GM, Ford, Chrysler (thereafter called "Big Three")–expended enormous sum, so their productive advantage increased significantly. On the other hand, the smaller companies, though they still maintained no less portion of market share and rate of profit, began to deteriorate their competitive positions.

In the 1920s, capital expenditures of automobile firms were cheifly financed by internal funds, because they could increase their productivity and maintain high rate of profit through these new investments. At the same time, traditional method of automobile production and coopera tion of finance companies also tended to decrease their demands for capital. As a result, automobile firms were free from severe capital shortage at the onset of the great depression. With the downturn of business cycle, however, these new investments proved to be excessive. Automobile firms suffered not only vanishment of the customer but these excessive inestments during the early 1930s.