

# Trends

Blasts Wall Street  
Myth on Short  
Supply.

BY JOHN T. FLYNN

NEW YORK, May 8.—When the stock market broke in one of its many declines in 1931, Herbert Hoover blamed it on the shorts. That there were plenty of shorts and vast amounts of short selling then there can be no doubt. Now when the stock market breaks in the second serious collapse of Mr. Roosevelt's regime, down in Wall Street they tell you it was because there were no shorts.

The point is interesting. Who has not heard of the deprecations of those heartless operators who sell America short, the bears who sell stocks which they do not own in the hope of buying them at lower prices and then reselling them at a profit? But there must be a neat little story to handout to the dear public in defense of short selling. That story is this—that when stocks go too high there are always a number of men in Wall Street who feel they are too high and are sure they will go lower. They sell stocks, therefore, in the expectation of buying them back at the shares decline in price.

As the shares decline in price, these shorts go into the market to buy in order to cover and this tends to support the market, to cushion it, as they say, to break the force of the decline. It furnishes buying power at the very moment when buying power is needed.

When the present break appeared, of course, there was no lack of wise observers to point out that the break was made more severe because there was no short interest—no bears to rush in and buy when the break came. There were no shorts, of course, because the new SEC act makes short selling difficult. This is at least the theory.

Now all this is very well. The chief weakness in it is that it is simply not true. Shorts do not sell when the market is high and buy when it breaks. They are more apt to sell when the market is high and buy when it breaks. They are more apt to sell when the market is high and buy when it breaks. They are more apt to sell when the market is high and buy when it breaks.

AN item in a New York newspaper furnishes an interesting piece of confirmation of this. Only a few days before, the paper pointed out that there was not much short interest in the market when the break came. But five days later it recorded that "a sizeable short interest has been built up in several issues during the last few days. The names of the stocks in which the short interest was built up were given as Deere & Co., United States Gypsum, Johns Manville, Continental Can, J. I. Case and Paramount.

This short interest, therefore, was built up in the last few days; that is, while the shares were declining all the way from 4 to 30 points. In other words, instead of supplying buying power, the shorts were on the selling side at the very moment when the stocks needed support. This is the way it always is.

This myth about short supply is only one of a dozen solemnly uttered assumptions about the market to which there is not a shred of foundation.

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## On Commission Row

(Quotation below subject to change as average wholesale prices being offered to buyers by local commission dealers.)  
FRUIT—Strawberries—Louisiana, 24-25, 25-26, 26-27, 27-28, 28-29, 29-30, 30-31, 31-32, 32-33, 33-34, 34-35, 35-36, 36-37, 37-38, 38-39, 39-40, 40-41, 41-42, 42-43, 43-44, 44-45, 45-46, 46-47, 47-48, 48-49, 49-50, 50-51, 51-52, 52-53, 53-54, 54-55, 55-56, 56-57, 57-58, 58-59, 59-60, 60-61, 61-62, 62-63, 63-64, 64-65, 65-66, 66-67, 67-68, 68-69, 69-70, 70-71, 71-72, 72-73, 73-74, 74-75, 75-76, 76-77, 77-78, 78-79, 79-80, 80-81, 81-82, 82-83, 83-84, 84-85, 85-86, 86-87, 87-88, 88-89, 89-90, 90-91, 91-92, 92-93, 93-94, 94-95, 95-96, 96-97, 97-98, 98-99, 99-100, 100-101, 101-102, 102-103, 103-104, 104-105, 105-106, 106-107, 107-108, 108-109, 109-110, 110-111, 111-112, 112-113, 113-114, 114-115, 115-116, 116-117, 117-118, 118-119, 119-120, 120-121, 121-122, 122-123, 123-124, 124-125, 125-126, 126-127, 127-128, 128-129, 129-130, 130-131, 131-132, 132-133, 133-134, 134-135, 135-136, 136-137, 137-138, 138-139, 139-140, 140-141, 141-142, 142-143, 143-144, 144-145, 145-146, 146-147, 147-148, 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