

Title: TIL that in 1930 the White House was flooded with letters imploring president Hoover to ban short selling. "A man who sells and destroys the value of your securities is no better than the man who burns down your house" insisted one of Hoover's many correspondents almost 100 years ago...

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Created 2022-02-17 13:52:25 UTC

Permalink: /r/TheGloryHodl/comments/supb45/til_that_in_1930_the_white_house_was_flooded_with/

Url: <https://i.redd.it/ul0znp1xrdi81.png>

Previous downturns had given rise to proposals to ban short selling, the practice of agreeing to sell in the future an item one did not yet own to profit from a decline in its price. There were many more such calls in the early 1930s. Letters poured into the White House decrying "the destructive practice of short selling," as one New Jersey entrepreneur put it. An engineering professor at the University of Michigan insisted in 1930 that "if there had not been avalanche after avalanche of short selling last fall we would have had an orderly recession of only about half the historic panic drop." As always, something seemed unsavory about a practice that made someone desire—and possibly even act to bring about—a crash. "A man who sells and destroys the value of your securities is no better than the man who burns down your house," insisted one of Herbert Hoover's many correspondents. One of Arthur Capper's constituents urged him to "tell the Banking Committee that if they have any doubt that short selling is the principal cause of the depression to put a ban on short sales for ninety days and watch the general market advance fifty percent." It seemed unfair that short sellers should profit from the despair of others. "How is it that a practice so contrary to public policy can be permitted in this country?" asked the oilman Joseph Pointer. "In whose possession are the twenty billions that disappeared from the pockets of the carpenter, the actor, the small executive, and the chorus girl?" Short sellers were "people who put profits before patriotism," reasoned William Buck, a Philadelphia salesman—or else they were "foreigners who wish no good to the United States." The Kansas Republican Charles Scott advised Hoover that "if you can succeed in suppressing short selling in stocks and bonds and food products it will win you the vote of every Republican farmer in the country." Democrats too, suggested the humorist Will Rogers. If the practice were banned, he predicted, "at least 115,000,000 out of the 120,000,000 would put on a celebration that would make Armistice Day look like a wake."¹⁹