

Not Available For Download

☆ Add Paper to My Library

Share: [f](#) [t](#) [e](#) [l](#)

## Great Moments in Financial Economics: Iii. Short-Sales and Stock Prices

*Journal of Investment Management, Vol. 2, No. 1, First Quarter 2004*

Posted: 26 Jul 2004

Mark Rubinstein (https://papers.ssrn.com/sol3/cf\_dev/AbsByAuth.cfm?per\_id=16123)  
University of California, Berkeley - Haas School of Business

### Abstract

This is the third in a series of articles on Great Moments in Financial Economics to appear in the Journal. For each, the purpose is to trace, as well as the author can, the history of the development of an important idea. In this case, the idea, usually associated with the work of Edward Miller, is that in the real-world of investors with (1) heterogeneous beliefs and of markets with (2) significant barriers to short-sales, stocks for which these barriers are binding will have prices at least temporarily too high relative to an alternative economy in which these two features are not both simultaneously present. In the early 21st century, this idea has experienced a sort of renaissance of research which has been used to explain a large number of phenomena which can otherwise appear anomalous, from the momentum factor in stock returns, to market crashes, to the recent Internet-based stock market "bubble", and to the growing popularity of certain hedge fund strategies.

**Keywords:** Short sales, heterogeneous beliefs

**JEL Classification:** G00

[Suggested Citation](#) >

[Show Contact Information](#) >

Not Available For Download

Do you have a job opening that you would like to promote on SSRN?

[Place Job Opening \(https://www.ssrn.com/index.cfm/en/Announcements-Jobs/\)](https://www.ssrn.com/index.cfm/en/Announcements-Jobs/)

## Paper statistics

ABSTRACT VIEWS 2,464

PlumX Metrics



(https://plu.mx/ssrn/a/?ssrn\_id=555383)  
**Related eJournals**

Capital Markets: Asset Pricing & Valuation eJournal (https://papers.ssrn.com/sol3/JELJOUR\_Results.cfm?form\_name=journalBrowse&journal\_id=1508951)

[Follow](#) ⓘ

History of Finance eJournal (https://papers.ssrn.com/sol3/JELJOUR\_Results.cfm?form\_name=journalBrowse&journal\_id=1205671)

[Follow](#) ⓘ

We use cookies that are necessary to make our site work. We may also use additional cookies to analyze, improve, and personalize our content and your digital experience. For more information, see our [Cookie Policy](#)


[Policy \(https://www.elsevier.com/legal/cookiepolicy\)](https://www.elsevier.com/legal/cookiepolicy)

[Feedback](#)

[Cookie Settings](#)

Accept all cookies

[Submit a Paper > \(https://hq.ssrn.com/submissions/CreateNewAbstract.cfm\)](https://hq.ssrn.com/submissions/CreateNewAbstract.cfm)

SSRN Quick Links 

SSRN Rankings 

About SSRN 

 [\(https://www.facebook.com/SSRNcommunity/\)](https://www.facebook.com/SSRNcommunity/)

 [in \(https://www.linkedin.com/company/493409?](https://www.linkedin.com/company/493409?trk=tyah&trkInfo=clickedVertical%3Acompany%2CentityType%3AentityHistoryName%2CclickedEntityId%3Acompany_493409%2Cidx%3)

[trk=tyah&trkInfo=clickedVertical%3Acompany%2CentityType%3AentityHistoryName%2CclickedEntityId%3Acompany\\_493409%2Cidx%3](https://www.linkedin.com/company/493409?trk=tyah&trkInfo=clickedVertical%3Acompany%2CentityType%3AentityHistoryName%2CclickedEntityId%3Acompany_493409%2Cidx%3)


 [\(https://twitter.com/SSRN\)](https://twitter.com/SSRN)

[\(https://www.elsevier.com/\)](https://www.elsevier.com/)

[Copyright \(https://www.ssrn.com/index.cfm/en/dmca-notice-policy/\)](https://www.ssrn.com/index.cfm/en/dmca-notice-policy/)

[Terms and Conditions \(https://www.ssrn.com/index.cfm/en/terms-of-use/\)](https://www.ssrn.com/index.cfm/en/terms-of-use/)

[Privacy Policy \(https://www.elsevier.com/legal/privacy-policy\)](https://www.elsevier.com/legal/privacy-policy)

We use cookies to help provide and enhance our service and tailor content. 

To learn more, visit [Cookie Settings](#).

[\(http://www.relx.com/\)](http://www.relx.com/)

[\(https://papers.ssrn.com/sol3/updateInformationLog.cfm?process=true\)](https://papers.ssrn.com/sol3/updateInformationLog.cfm?process=true)

We use cookies that are necessary to make our site work. We may also use additional cookies to analyze, improve, and personalize our content and your digital experience. For more information, see our [Cookie Policy \(https://www.elsevier.com/legal/cookiepolicy\)](https://www.elsevier.com/legal/cookiepolicy)

[Cookie Settings](#)

Accept all cookies