Here’s a question:

- **Let’s say you own a successful retail business that you started on your own.**
- **Every year your profits increase.**
- **You have been able to open more stores, but you want to open MANY more. Hundreds more.**
- **How can you get a whole bunch of money really quickly? Where can you go?**

The American Stock Market!!!

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But what is this fancy place with all of these monitors and people and numbers and craziness?

A little background, please.

What is the stock market?

- **The American stock market was created in 1817 as a way to grow American businesses at a faster rate. It is a space where people can buy or sell parts of a company.**
- **If a business wants more money to grow their business, then they can join the stock market by *going public*. That means that anyone can buy a part of that business.**
- **A part or piece of a business is known as a stock.**
- **Stock prices can go up and down depending on how popular the business is. If more people want a share of the business, then the price of a stock goes up.**
- **Stockbrokers are people who are hired to buy and sell stocks for their clients. They are supposed to be knowledgeable about what stocks are the most profitable to buy.**

So here's a scenario:

- Let's say a company goes public. We'll call it Google. You call your stockbroker and ask if it would be smart to buy stock in this Google.
- Your stockbroker, being a wise person, says YES!!! Buy.
- The initial price of each stock for Google is $1.00 per share.
- You have a few thousand dollars, so you buy 1000 shares. It costs you $1,000. That means you invested $1,000 in Google. They now have your money.
- Lucky for you, millions of people buy stock in Google and the price of each share goes up because the demand is high.
- In a year, the price of a share of Google stock goes up to $70. That means your share of stocks in Google is now valued at $70,000.
- But to actually see that money you have to sell your stock. Which you do. You have made $69,000 on your initial investment...pretty good.
- In another year, you check the value of Google again. It's now $100 per share! You could have made $30,000 more! But that's the stock market game. The risks and the rewards.

Another scenario:

- Now, what if the CEO of Google is found out to be a murderer. Millions of investors lose faith in the company.
- No one is buying anymore stock and everyone is selling.
- What happens to Google?
- Since a publicly traded company relies so much on the money they get from the stock market, if everyone starts selling their stocks, the company will collapse.
- Also, since the value of a publicly traded company is really just a number, there is no way that Google can pay back actual money to all of the investors.
- Not only does Google collapse, but, if investors have all of their money tied up in Google stocks, then the investors go broke.
- Now, imagine that happens to the majority of publicly traded companies. That means all of those companies and their investors go broke.
- This describes the Stock Market crash of 1929 and the world-wide economic depression that occurred throughout the 1930s. The Great Depression.