JED: All right, Silver Dollar Scouts, excellent job pitching those tents. Have we deposited enough combustible resources into the repository?

VISHNU: Yes sir!

BRIDGET: Combustible what now?

PIPER: Combustible resources. He means firewood.

JED: Camp Operating Officer Bridget, what’s next on the business agenda?

BRIDGET: Well, we panned for gold; no luck there.

VISHNU: I found a shoelace!

PICKUP BRIDGET: Dollar bill origami -- check. Fishing for dinner -- moderate success.

PIPER: I’m a vegetarian.

BRIDGET: Right. Good thing we have supplies to make smores-

JED: Ah-ah, you mean *Bazillionaire’s Bounty*.

BRIDGET: Yes, sorry, Bazillionaire’s Bounty. Uh, let’s see... bear repellent’s out. Bull trap has been set. Looks like we’re on schedule!

JED: Very good! I’m proud of the work you did today, Silver Dollar Scouts. Tomorrow’s another big day, so get some shuteye.

PIPER: But it’s only seven o’clock!

JED: Well, the early bird gets the worm... Ew.

BRIDGET: Come on, Jed, there are babies at the campsite next door that aren’t even going to bed yet.

JED: Fine. What do you propose we do to pass the time?

PIPER: Let’s tell stories!

VISHNU: Let’s learn about business!

JED: Mmm… looks like we’re at an impasse. Well, better sleep on it. Off to bed.

VISHNU AND PIPER: Aww!

BRIDGET: Maybe we can do both. Learn lessons through stories?

VISHNU AND PIPER: Yeah! Hooray!

JED: Ok. But don’t get mad if I fall asleep during the stories. I stayed up really late last night researching how to fight off badgers.

**---THEME MUSIC----**

JED: Welcome back to Million Bazillion! Where we help dollars make more sense. I’m Jed.

BRIDGET: And I’m Bridget. On this show, we answer the questions you have about money...and that’s especially true when we’re camping, right, Silver Dollar Scouts?

SCOUTS: Right!

BRIDGET: Do one of our campers have a question they want us to answer? Vishnu? [VEESH-new] how about you?

**VISHNU: Hi. My name is Vishnu and I live in Columbus Ohio. My question for you is, what is the stock market and how does it work?**

JED: That’s a good one, Vishnu! Fortunately, I’ve got the perfect story to answer it!

PICKUP BRIDGET: Easy there, Jed! This is stuff that even some grown ups don’t fully understand. And these guys...I mean, look at them...if they sense for a second that you’re about to get confusing or boring, they’re going to be on their eye-ball phones and game players before you can say “it was a dark and stormy night!”

VISHNU: Does anyone have an extra charger?

JED: We’re losing them! Okay, I’ll tell the first story. Have you heard the one about the badger that crept into a campsite, ate everyone’s snacks, slashed their shoelaces and left fleas in their sleeping bags? I hear it happened at a campsite not too different from this one… and… actually, hang on, I’ve gotta triple-check that our badger alarm is set.

(SFX - CRASHING AWAY THROUGH WOODS)

PIPER: He doesn’t really know how to tell stories, does he?

BRIDGET: Don’t worry, he’ll get better at it. And I’ll start us off when we come back.

---ARK---

**And now, it’s time for asking random kids not so random questions! Today’s question is:**

**What's something that's not worth much but is valuable to you?**

**That was TK TKTK. This has been asking random kids not so random questions!**

----ARK END---

BRIDGET: Welcome back! And pull up a log...we’re on a little camping trip and Vishnu wants to know: what is the stock market and how does it work? I’ve got the perfect campfire story to answer that question. Gather round, gather round.

VISHNU: This isn’t going to be a scary one, right?

JED: Yeah, no badgers, right?

BRIDGET: Picture it. The Netherlands. 1602. There are no airplanes or cars...just horses and ships. Shoes do exist but they’re made of wood. A group of powerful Dutch people...they’re called the Dutch, even though their country is called the Netherlands, go figure...okay, these Dutch have a dream. And that dream...is world domination.

JED: Ooh, didn’t see that coming.

BRIDGET: It’s all thanks to cinnamon. And pepper. And a whole bunch of other spices. Because back then, in Europe, where all these Dutch people lived...it was hard to get spices. They were all grown in far off places and you have to spend months on long dangerous trips just to get a leeeetle bit of them. But they make food taste SO GOOD.

JED: Oh, a little dusting of cinnamon in my hot cocoa...deelish.

BRIDGET: YES, you get it! But the Dutch back then, they were really good sailors and that gave them this idea…they were like, what if we create a mega delivery company? Except they sounded like:

VOICE 1: What if we create a mega delivery company, and all it does is send ships around the world and get stuff...like spices and shiny metal and cool fabric! And then we’ll bring it all back to Europe and sell it!

VOICE 2: Brilliant! We’ll be rich! If we pull this off, we could be the biggest company the world has ever seen! No one’s ever even imagined a company this big before, but we’re going to do it, we Dutch are going to be the first!

VOICE 1: And we’re going to call it...the Dutch East India Company. Ooooh!

BRIDGET: Okay, but there’s a sorta problem...sending all these ships out around the world is really risky. And dangerous. There are pirates and the weather can be really bad. And sure, the rewards, if this idea works, are going to be huge. But it’s also a really expensive idea. They’re going to need a lot of money to build the ships and hire the sailors... so the Dutch East India company comes up with this idea to get a whole bunch of money really fast:

VOICE 1: ”We’re going to ask people to give us money...which we’ll use to pay for all this stuff we want to do...and in exchange, we’ll give them little pieces of our company!

VOICE 2: “Yeah, We’re going to tell them...hey, give us your money now...and then at the end of those ten years, as a part-owner, you can get your money back, plus a tidy profit...you know, if WE make a profit.”

JED: Wait, that doesn’t sound like a good deal at all. I mean, sure, I might make a lot of money...but I might not get anything back! What if the ship sinks? Or the cinnamon goes moldy? And I’d have to wait ten years to get anything back at all!? What if I need it -- like what if there’s an emergency or something?

BRIDGET: You know, it’s funny you say that because very quickly...like before they even started selling those pieces or SHARES of the company, they realized they had a problem.

VOICE 1: No one is gonna want to give us their money if they can’t get it back for TEN years. Like what if they need it -- like what if there’s an emergency or something?

VOICE 2: You’re right. OK, what if [THINKING]...okay, what if we let people sell their shares to each other -- you know if they need money sooner?

BRIDGET: And boom. They come up with the idea for trading and selling shares, also known as stocks. A market for stocks. A stock market, if you will. But they needed a place to do it.

VOICE 1: We could do it in my living room! I just got the chairs reupholstered.

VOICE 2: Will there be appleflaps?

VOICE 1: No eating apple pastries on the new chairs!

VOICE 2: [verbal disappointment sigh]

BRIDGET: And that living room was sorta like the first stock exchange...that’s just the physical place where stocks are traded.

PIPER: His living room?

BRIDGET: I mean, there weren’t a lot of people involved...and there’s just one company. But pretty soon...they realize...if you DO need to sell your shares, it’s probably better to let more people into the room...increase your odds of meeting someone who wants to buy your shares at a good price. Get people fighting over them, that sorta thing.

VOICE 1: All these people are not going to fit into my living room.

VOICE 2: There’s a really nice bridge I know of…

BRIDGET: So they start meeting in this public space in Amsterdam [sound of carts and birds and general hum - then increase hum of people shouting for trades as I go on so it gets louder and louder and more frenetic]...now trading is out in the open, more and more people want to buy shares too... other companies were like, wow, that worked so well for the Dutch East India Company, we want to do that too!...and then the town square got so crowded with people selling shares, that the city of Amsterdam is all like:

[SOUND COLD STOP]

VOICE 3: You guys. You’re clogging up the bridge. And the square. You need to find a different place to meet. Get like, an actual building or something.

BRIDGET: So they do. They get a building. It’s the first REAL stock exchange.

VOICE 1: [slightly offended] But how are the chairs?

BRIDGET: Then other people around the world are like…

VOICE 4: whoa, did you hear about what the Dutch are doing -

VOICE 5: I know, right? Awesome idea!

BRIDGET: And they start to set up their own exchanges, where THEIR local companies can list their shares. In the United States, our best known stock exchanges are the New York Stock Exchange and the Nasdaq. They’re both based in New York City...actually, that’s a city settled by the Dutch.

JED: Yeah, yeah, a coincidence, I’m sure.

PICKUP BRIDGET: Alright, I think it’s time for a smores--er, Bazillionaires Bounty break. And when we come back, we can talk about what makes the price of stocks go up and down and how people make and lose money from all that up and down’ing. While you wait, consider checking out the Million Bazillion newsletter for bonus content from this episode. Sign up at marketplace dot org slash bonus to get it delivered right to your email inbox.

**---MIDROLL---**

JED: Ok, Silver Dollar Scouts, who wants to watch me create the largest Bazillionaire’s Bounty, a.k.a. smore, of all time?

PIPER: Is that why you have that 22-pronged marshmallow toasting fork?

BRIDGET: While that monstrosity is happening, let’s play a storytelling game!

VISHNU AND PIPER: Ok! Yeah!

BRIDGET: We’ll do it Round-robin style. We’re all going to collaborate on a story, and we’ll take turns making up the next bit. What should it be about?

VISHNU: How about the way stock prices change?

JED: That’s right! Because the price of stocks doesn’t stay the same like the way prices do at the grocery store...they actually change many times a day!

PICKUP BRIDGET: Perfect! I’ll start. Okay, a story about why stock prices go up and down, uhhh...Once, there was a company that made really cool... sneakers. It was a medium-sized company, not the biggest shoemaker out there but definitely not tiny. A lot of people really liked the company, because its shoes were really comfy and had cool colors. If you wanted to buy a share of their stock, it would cost you about $20. Your turn, Piper.

PIPER: One day, a 50-foot-tall badger ran out of the woods and destroyed one of the company’s warehouses.

PICKUP JED: Brr, badgers! Ok, uh, it looked like the damage could cost the company a ton of money, And many were worried the company wasn’t going to have shoes to sell. So a lot of people sold off their shares in the company. That drove down the price of the stock from $20 a share to $18. Go.

VISHNU: But then, a lot of customers felt bad for the company, so they bought a lot of shoes to support it. Shoe sales went through the roof!

PICKUP BRIDGET: My turn again? The sales were so strong that it turned out to be one of the best seasons in its history. Plus! It turns out the company was fully insured against giant badger attacks, so they got money from the insurance company to rebuild. More people than ever wanted to own a piece of the company. Now you could sell your shares for $25 each and people would buy it!

PIPER: But then a 60-foot-tall lizard -- which the company wasn’t insured against -- destroyed all the company’s delivery trucks. The stock price dropped down to $10 a share.

JED: You are quite the chaos agent. Ok, things looked really bad for the scrappy shoe company. But then, one of the scientists working there figured out why so many humongous creatures kept showing up. It turns out, a new shoe they were developing accidentally gave whoever wore them psychic powers. And one of the kid shoe testers kept calling monstrous animals for. some. reason!

PIPER: (chuckles menacingly)

VISHNU: And then everyone wanted psychic powers, so people started lining up to buy the shoes.

PICKUP BRIDGET: And since the company was the only place where you could get them, everyone believed it was going to be hugely successful for a long time. People were willing to pay like, a thousand dollars apiece for its shares. And I think we’re going to have to stop there, because Jed, your marshmallows are on fire!

(SFX - RAGING INFERNO)

JED: It’s ok. I prefer it when they’re burnt. But um... maybe get the fire extinguisher… Ok, scouts, what have we learned?

VISHNU: Stock prices go up and down based on how people feel about a company and how it’s doing.

JED: Very good. Anything else?

PIPER: You should not be in charge of cooking.

JED: Excellent. Merit badges all around. Where’s Bridget and that fire extinguisher?

BRIDGET: Heads up!

(SFX - FIRE EXTINGUISHER AND JED EXCLAMATIONS AT BEING SPRAYED)

[INTERSTITIAL]

BRIDGET: All right, gang, looks like we’ve finished up the Bazillionaire’s Bounty -- which is a little surprising. (SFX - RATTLING AN EMPTY CARDBOARD BOX) We brought a lot of ingredients…

JED: (groaning)

VISHNU: What’s wrong with Camp Emperor Jed?

PIPER: He ate that entire super-sized smore he made.

JED: (groaning) Ohhh, so many... marshmallows…

PIPER: Looks like he’s gonna Bazillionaire blow chunks.

BRIDGET: All right, give him some space.

JED: I’m fine. I’m fine. In fact, I did this on purpose -- to teach you scouts a very important lesson. And that is (BURP) never underestimate something that’s a lot bigger than you are.

BRIDGET: (to herself) Yeah, or don’t put three bars of chocolate in your mouth at one time…

JED: And to further illustrate my point, I have a story. It involves the stock market. Be warned: it’s a little frightening.

VISHNU AND PIPER: Ooh! All right!

JED: It’s called “Aurelia and the Bear.”

(MUSIC BEGINS - LIGHTHEARTED)

PICKUP JED: Aurelia was a young woman who was always looking for clever ways to invest.

Aurelia: I’ve gotta be smart

JED: One day, Aurelia was researching some companies whose stock she was thinking of buying. That’s when her big gigantic brain noticed something.

AURELIA: Wait a minute! There’s a pattern here. Let me check the records… (SFX BOOKS THUMPING AND PAGES TURNING)

JED: Lots of people who invest in the stock market try to make money by buying shares when prices are low and then selling them when prices go higher. Like if you bought a share for 1 dollar and then it went up to 2 dollars -- and you sold it. You just doubled your money! However, it’s really hard to predict what prices are going to do.

AURELIA: Aha!

PICKUP JED: But Aurelia, she saw a pattern in the way stock prices went up and down. It was a pattern no one else saw. And she could use that to buy and sell stocks and make a whole lot of money.

AURELIA: I mean, if I’m right, I’m going to make bank!

JED: So Aurelia started buying shares. And just like she predicted using her method, the prices of the shares she bought soon went up.

AURELIA: I’m a genius! I’m gonna buy a lot more shares. It is looking like a bull market!

VISHNU: A bull? What does that mean?

JED: Well, in the animal kingdom, a bull is a male cow. (SFX BULL BELLOW) But when you’re talking about the stock market, a bull market is the nickname stock traders use when more people are buying stocks, and that pushes prices up overall. (SFX DING DING DING) Aurelia put more and more of her money into her favorite stocks because she thought the stock prices would keep going up and up.

AURELIA: Flying cars, sure, I’m bullish on that. Electric sandwiches? Pass. Ooh, but flying electric cars delivering sandwiches? Major super bullish!

JED: Aurelia was making money fast, and she was convinced she’d figured this whole stock thing out. But that was her mistake... the stock market is big and complex with lots of moving parts. She had focused on a few companies’ stocks and jumped to a conclusion -- and while she *did* see a pattern -- it was only *part* of the bigger picture. It’s like she saw thick black hair, two white horns -- and thought, “It’s a bull!”

AURELIA: Buy! Buy! Buy!

JED: But you know those illusions where you’re looking at something really close, and it looks like one thing, but then when you step back it’s something entirely different? If she’d been able to step back and see the bigger picture, she would’ve realized that the black hair and white horns weren’t on a bull. She was, in fact, looking at the fur and teeth of a massive bear.

(SFX BEAR ROAR)

JED: In the stock market, a bear market is the opposite of a bull market. In a bear market - traders think prices are going down and are going to stay down. So lots of people try to sell and sell, and prices overall drop. And markets can turn from bulls to bears pretty quickly - meaning people can lose lots of money real quick.

AURELIA: Wait, what’s going on? Why are my stock prices falling? My money!

JED: And this was no baby bear market. Not even a cranky mama bear protecting her cub. No, this was a porridge-too-hot, bed-too-hard, angry Papa Bear-market. And it was bent on ripping into her stocks like they were a picnic basket full of cake.

(SFX BEAR ROARING AND DESTROYING CARS AND WINDOWS)

JED: Prices of stocks everywhere went down -- including Aurelia’s, and in the aftermath, Aurelia realized she’d lost everything.

PIPER: What happened to her?

PICKUP JED: She had to start over. And the next time she invested her money, she would do it a little more wisely and a lot more carefully. The end.

(SFX CRACKLING FIRE FOR A SECOND OR TWO)

VISHNU: Why did they choose “bull” and “bear” to represent the stock market?

JED: I don’t know. Maybe they just liked animals that start with the letter “B”.

PIPER: They should’ve picked “barracuda.” That’s cooler.

VISHNU: Or “Blue Whale.”

JED: Heh, yeah… What other “B” animals are there?

BRIDGET: Badger.

JED: Badger?!! Where?! Auuugghhh!!! Run for your lives! It’s a badger! (SFX - RUNNING AWAY THROUGH THE WOODS)

BRIDGET: Well, he’s sleeping in a tree tonight.

**---KIDS HAVE A SAY HERE---**

BRIDGET: Before we pack up this campsite, here are some final thoughts about what we learned today. Sure, the stock market can SEEM confusing...and sometimes, it is. There are lots of words that are difficult to understand, or jargon. It’s not always clear why the stock market acts the way it does.

PICKUP JED: And actually, only about half of Americans even own shares. But it’s worth understanding how and why the stock market works. It’s a way that some people can grow their money, but you can also lose money - so it’s not without risk. So keep on asking those questions about the stock market or anything else. We’ll be waiting for them.

**---CLOSE---**

BRIDGET: Thanks for listening to Million Bazillion -- where we help dollars make more sense. We’ll be back next week with an all new episode. If you have an idea for an episode or a question you want answered, email us at Marketplace dot org slash million.

JED: And if you want new episodes of Million Bazillion sent to your email inbox each week...along with bonus content like a tip sheet, a quiz, and cool comics. Sign up Marketplace dot org slash BONUS.

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JED: Million Bazillion is brought to you by Marketplace in collaboration with Brains On! And American Public Media.

I’m your host, Jed Kim…

The senior producer is my co-host, Bridget Bodnar

Marissa Cabrera is our producer.

Sanden Totten is our editor.

BRIDGET: Chris Julin is our sound designer.

Our theme music was created by Wonderly.

This episode was mixed by Bekah Wineman.

Our digital team includes Erica Phillips and Tony Wagner.

Sitara Nieves is the Executive Director of On Demand at Marketplace.

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BRIDGET: To all the grown-ups listening right now – we hope that you and the kids in your life are having some good conversations about money thanks to Million Bazillion. We created this podcast to help kids get an early start on learning about the economy – and to keep it going, we’re counting on your support. Donate today at marketplace-dot-org-slash-givemillion, and thanks for chipping in to make our work possible.