Task 1

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Instruction: Watch the video and answer the questions IN THE SPACE PROVIDED.

Tip: You should turn on English subtitles. You should also read the questions first.

Video: https://www.youtube.com/watch?v=4ERbC7JyCfU&t=331s

1. What is the economic system that is central to this video? (Hint: in the very beginning)

   We need to understand how is that a free market works to enable people to cooperate peacefully

2. State the full economic definition of the system mentioned in Question 1. (Google!)

   Free market is an economy system depends on demand and supply with no government control. Free market arrangements through which individual make economic decision.

3. According to the video, why is it that nobody in the world knows how to make a pencil?

   Because you need to know first that what resource that you need to use at the beginning.

4. According to the video, WHY did the rubber trees get imported into Malaysia?

   Private enterprises trying to make some money.

5. According to the video, what mechanism has led to the creation of a pencil?

   The price system which have been led people to engage in this simple transaction

6. What is the "driving force" behind millions of transactions that lead to the creation of a pencil?

   Because each one of them thinks he's better off in this transaction.

7. What are other "virtues" of the mechanism greatly emphasized in the video?

   - It doesn't require any central direction.
   - It doesn't require any comma czars.
   - It doesn't require people to be able to talk the same language.
   - It doesn't require people to be of the same religion.

8. What is the "necessary condition" for the mechanism to function effectively? (Hint: around the 8th minute of the video)

   Both parties to a transaction can benefit