

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)

Free market

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

The free market is an economic system based on supply and demand with little or no government control. It is a summary description of all voluntary exchanges that take place in a give economic environment.

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

Because thousands of people worldwide manufacture the various components of a pencil. ex, the wood come from US, the graphite from south America, rubber from Malaysia, etc. Even though these people do not speak the same language.

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

Because private enterprises trying to make some money and they transplanted it from somewhere in South America

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

Intercooperation, business plan and economic prediction.

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

One of them thinks that he is better off in his transaction

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

It does not care what color people are ; it does not care what their religion is ; it only cares whether they can produce something you want to buy.

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 provided it is voluntary and not coerced.