

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 system

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

The free market is a type of economic system that is controlled by the market forces of supply and demand with little or no government control.

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

Because nobody knows everything there is to know about how to start.

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

Private enterprises trying to make money.

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

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

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

The price system

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

The great virtue that it doesn't require any central direction, doesn't require any people to be able to talk the same language, and 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 provided it is voluntary and not coerced.