

Task 1

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 economic system

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

A free market is one where voluntary exchange, and the laws of supply and demand provide the sole basis for the economic system, without government intervention.

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

Because pencil need variety of resources and element to produce 1 pencil and the resources that make pencil is around the world

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

The Private Enterprise in Malaysia trying to make some money so they transplanted the rubber trees in Malaysia

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

Price mechanism

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

Self-interest

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

The great virtue that it doesn't require any central direction. It's doesn't require people to be able to talk the same language and it doesn't require 2 peoples to be the same religion. In fact the beauty. It's being bringing people together, both parties to a transaction can benefit and millions of people cooperate with peacefully

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 voluntary and not coerced