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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

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

   Free market, an unregulated system of economic exchange, in which taxes, quality controls, quotas, tariffs and others forms of centralized economic interventions by government either do not exist or are minimal.

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

   Because there are a lot of feature in one pencil. It is to vast range that a single person can know it all.

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

   It was imported by private enterprise trying to make money and they transplanted it from South America.

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

   price system

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

   Benefit that other side agree when they trade.

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

   Price system because it is the system that everyone can gain benefit. It can make people trade peacefully. Both side will be satisfy.

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.