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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)

   A free market.

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

   In economics, a free market is a system in which the price for goods and services are self-regulated by the open market and by consumers.

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

   Because it requires a lot of processes.

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

   Trying to make some money.

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

   Cooperate together.

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

   price system.

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

   A zero-sum game that it is possible for both people to afford to a transaction to benefit.

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

   Voluntary and not coerced