

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)

Price system, which collaborate all voluntary parties to trade together in a free market.

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

A price is a component of any economic system that uses prices to expressed in any form of money for the valuation and distribution of goods, services, and factors of production.

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

No one has all factors of production or resources, that why everyone need to collaborate.

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

The rubber tree was not native in Malaysia, but private enterprises trying to make some money in their country.

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

Price mechanism, which brings all parties to create a pencil.

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

Benefits among all parties, which they use to collaborate together.

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

1. Every parties voluntarily get deal in a transaction, by using their own material, which they think they are effectively.

2. Free market allow people to exchange their materials, which lead to final product being produce efficiency, so that everyone will receive the benefit.

Finally, when the final product (pencil) is efficiency, people will receive the good quality product to use in their daily life.

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

All parties can get benefit provided it is voluntary and not enforced.