

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!)

The free market is an economic system based on supply and demand with little or no government control. A key feature of free markets is the absence of forced transactions.

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

No one was wondering to find out how pencil was made as it was largely available.

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

Private enterprises trying to make some money.

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

Intercooperation, business plan, and economic prediction.

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

One of them thinks that he is better off in this transaction.

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

It does not require to be able to talk the same language, and does not require people to be 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.