

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 market that both buyer and seller can create the price that they want without any intervention by government. But the price will be adjusted by Demand & Supply law, which final price will be a price at equilibrium point.

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

Because one pencil need many component that come from many parts in the world to make it.

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

A private enterprises imported the rubber trees to make a money.

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?

The benefit that both sides agree with it before trade.

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

Price system because it is the system that everyone gain benefit easily even though they doesn't have anything similarly. So, price system can cooperate many people to trade peacefully even though both trader have a conflict because they don't know the background of that goods.

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

Both party gain provided benefit with voluntary and without coerced.