Phorapphat Kijratanasivanon
6304641027

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)

   We need to understand how is that a free market works to enable people to cooperate peacefully.

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

   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?

   In order to know the pencil you would have to know everything that how pencil was made

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

   Because Private enterprises trying to make some money

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

   The price system.

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

   Each one of them thinks he's better off in this transaction

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

   It doesn't require any central direction

   It doesn't require comma czars

   It doesn't require people to be able to talk the same language

   It doesn't 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.