

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)
It is free market
2. State the full economic definition of the system mentioned in Question 1. (Google!)
Free market is an economic system that due with demand and supply, and get rid of from government control. It is a summary definition of all voluntary exchange that take place in a given economic environment. It was characterized by a spontaneous and decentralized order of arrangements through which individual make economic decisions.
3. According to the video, why is it that nobody in the world knows how to make a pencil?
Because we need to know everything such as cut wood, and how to cut which tool are we use. It is a question by question.
4. According to the video, WHY did the rubber trees get imported into Malaysia?
Private enterprises imported rubber trees into Malaysia because they are trying to make some 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?
Cooperation between one another.
7. What are other “virtues” of the mechanism greatly emphasized in the video?
Price system enable to have cooperation among people peacefully and it doesn't require anything as he said in the video "it doesn't require people to talk the same language, it does require 2 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

