

# 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 markets

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

Free market is the system that price are determined by unrestricted competition between privately owned businesses.

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

Because the process to make a pencil is very complicate and people just know only a little bit of it.

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

To make money and they transplanted from South America and plant in Malaysia

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?

They all get benefit so it leads them to have a motivation to create pencil

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

Other virtues for this is like everyone volunteer and collaborates together to make goods and services that have great quality for customers around the world and producer got great income as an exchange.

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

Both parties to a transaction can benefit and it is voluntary not coerced