Task 2

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.

Your answer does not need to be long.

Video: https://www.youtube.com/watch?v=XsRk9RThGt0&t=1s (Main Video)

https://youtu.be/5RDMdc5r5z8?t=111 (Key Diagram)

1. What are the four ways to spend money according to Milton Friedman?

The four ways are 1. You spend your own money on yourself. 2. You spend your own money on someone else. 3. You spend someone else's money on yourself. 4. You spend someone else's money on someone else.

2. How does each of the four ways differ? (Hint: watch the second video.)

If you spend your own money on yourself, you are careful about your budget and make sure to get the best outcome. When you spend your own money to someone else, you are still careful to stay within the budget. However, you are not very well concerned about the receiver's satisfaction. When you have a chance to spend somebody else's money on yourself, you are careful to get very good things but you are not very worried about the best budget. Lastly, spending somebody else's money on somebody else makes you less economized and less worried about the budget than other ways.

3. Give real-life examples of the four ways to spend money.

The first example is buying your own lunch.

The second one is taking someone to lunch.

The third way is having lunch with your boss without paying.

The fourth one is being a distributor of welfare funds.

4. According to Milton Friedman, which way to spend money is the least efficient?

The least efficient spending is spending someone else's money on someone else. The spenders do not economize and seek the highest value of the products.

5. What is the key message from the video?

There are four ways of spending money. Generally, people have different levels of concern and effort to maximize the revenue when spending money in each way.

The best spending is the category of using your own money for your own benefit because people tend to spend the least for the highest return.

It is obvious that spending somebody else's money on somebody else cannot be the most efficient use of funds or budgets.

6. At the end of the second video, the speakers mention that public/government schools have some problems. Do you think private schools better address the same problems? Why or Why Not?

Public schools use tax money on children but private schools use their own income on children. Therefore, private schools seem to more economize on their budget.

If they spend too much on unnecessary things, they will lose the profits. The important point is whether they seek the highest value of their investment for students.

Anyhow, if parents have choices and private schools are in a free market system, private schools may be better than public schools because they have competitors.

Parents can find and select a great school that is worth their spending.