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# 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 economic system

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

   It is one where voluntary exchange and the laws of demand and supply provide the sole basis for the economic system, without government intervention.

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

   Because there is not a single person in the world who actually knows how to make it.

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

   Because the private enterprises trying to make some money and transplant the rubber trees.

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

   Price mechanism

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

   Self - interest

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

   The price system, it enables people to have cooperation among millions of people. Cooperating is one little phase of their life well, each one goes about his own business in respect of everything else.

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

   Parties to a transaction can benefit, provided it is voluntary and towards.