

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 price system

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

It's a economic system where prices are determined by shift of demand, and supply and price one of a signal between customers and producers which helps in guiding production and dealing of the resources.

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

People don't know how start, and if they know. They have to cooperate with each other to get enough resources to make one pencil.

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

Private enterprises wanted to make a money and Malaysia want to make a rubber, so they sell trees to Malaysia.

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

To make pencil. Every people must exchange their resources to make the pencil, and everyone got benefit from exchange.

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

Each one of them think they are better off in this transaction. No central direction, and they cooperated together to bring various components all together into pencil.

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

The great virtue that it doesn't require any central direction or religion, such as you don't have problems of religion or race when you buy a pencil, and you don't know who made it. The price system enables you to have cooperation among millions of people peacefully. People are cooperating on one little phase of their life well each one goes about their business in respect of anything else.

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. It is voluntary and not coerced.