

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)

Market economic system (free market)

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

The government exercise little control over resources and it doesn't interfere with economy. Instead, regulation come from people and relationship between demand and supply

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

You would have to know everything, there is to know how to start from.

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

Private enterprises 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?

Voluntary

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

It doesn't require any central direction. It doesn't require people to be able to talk the same language. It doesn't require people to be of 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.