

21 FEB

## 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!)

The free market is an economic system based on supply and demand with no government control.

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

Because the factors that pencil need to produce pencil is around the world.

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

Because the Private Enterprise in Malaysia is trying to make the money. So, they 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?

It's not important people be able talk the same language or be the same religion. It's bringing people together and millions of people cooperation with peacefully.

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

zero-sum game which is possible for both people to afford to a transaction to benefit.