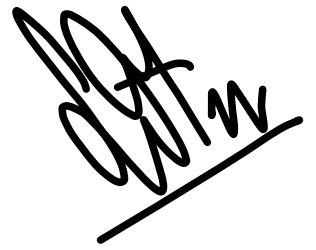


Task 1

Sina P.

6304641449



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

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

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

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

There are many materials needed to make a pencil.

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

because rubber trees aren't native to Malaysia

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?

because they all get the benefit

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

it doesn't require any central direction nor differences between other people.

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