

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)

understand how the free market works

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

free market is economic system based on supply and demand with little government control

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

Because they do not know the step and do not know where they can find a material to make a pencil. It could be from anywhere from around the world.

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

it was originally imported into Malaysia by private enterprises trying to make some money.

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

The machinery is prices that enabled the US to develop

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

The price system enable you to cooperation among million of people peacefully.

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 speak same language

It doesn't require people to be the same religion

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

the game theorist called a zero-sum game