

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?

because to make a pencil, we 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?

Everyone thinks they are better off

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

It doesn't require any central direction. It doesn't require any common laws. It doesn't require people to speak the same language. It doesn't require people to be the same religion. When you buy a daily bread, you don't know whether the wheat was grown by a black man or a white man, by a china man or a indian or anybody 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 voluntary and not coerced