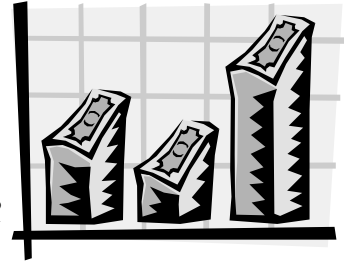


**VIDEO STUDY GUIDE # 4 - FREE TO CHOOSE :
CHAPTER # 1 - THE POWER
OF THE FREE MARKET**



INTRODUCTORY NOTE :

THIS IS CHAPTER ONE IN THE VIDEO SERIES THAT IS BASED ON ONE OF THE MOST IMPORTANT BOOKS EVER WRITTEN . THE BOOK IS FREE TO CHOOSE BY NOBEL LAUREATE (PRIZE WINNER) DR. MILTON FRIEDMAN .

PLEASE NOTE THAT THIS VIDEO WAS PRODUCED IN THE 1980s AND SOME POLITICAL CONDITIONS HAVE CHANGED . HONG KONG IS NO LONGER A BRITISH PROTECTORATE AND IS NOW PART OF THE PEOPLE'S REPUBLIC OF CHINA . HOWEVER , IT IS IMPORTANT TO NOTE THAT WHILE CHINA IS DISMANTLING COMMUNISM THEY HAVE LEFT HONG KONG ALONE TO OPERATE INDEPENDENTLY = WHY KILL A GOLDEN GOOSE !!

DESPITE THE POLITICAL CHANGES , AND HAVING BEEN PRODUCED YEARS AGO , THE GREAT VALUE OF THIS LESSON IN CAPITALISM IS TIMELESS .

TERMS TO BE FAMILIAR WITH :

- 1. DUTIES / TARIFFS > TAXES ON IMPORTED GOODS**



**** THE UNITED STATES ****

THE PEOPLE WHO CAME TO THE UNITED STATES WERE DRIVEN HERE BY _____ AND _____

LIFE WAS HARD FOR IMMIGRANTS AND THEY DEPENDED ON _____ FOR ASSISTANCE

THROUGHOUT OUR HISTORY THE _____ MARKET HAS PROVIDED THE _____ TO IMMIGRANTS TO BETTER THEMSELVES

EVERYONE WHO LIVES IN THE UNITED STATES OWES MUCH TO THE

*CLIMATE OF _____ WE HAVE INHERITED FROM THE
FOUNDING FATHERS OF THE COUNTRY*

**** THE HONG KONG EXAMPLE ****

*HONG KONG HAS ALWAYS BEEN HELD UP AS AN EXAMPLE OF HOW THE
FREE MARKET WORKS . WHAT IS TRULY REMARKABLE ABOUT HONG KONG IS
THAT IT IS SO PROSPEROUS DESPITE HAVING NO _____*

ALL NATIONS COME TO HONG KONG TO TRADE BECAUSE THERE ARE NO

*HONG KONG HAS BEEN A HAVEN (ATTRACTIVE PLACE) FOR PEOPLE WHO
HAVE SOUGHT _____*

*DESPITE A LACK OF NATURAL RESOURCES , AND EVEN WITH A RAPIDLY
INCREASING POPULATION , HONG KONG'S _____ OF
_____ IS ONE OF THE HIGHEST IN ASIA*

HONG KONG IS NOT BASED ON THE EXPLOITATION OF _____

*WAGES HAVE GONE UP _____ FOLD SINCE WORLD WAR II EVEN AFTER
ALLOWING FOR INFLATION*

*WORKERS ARE FREE TO CHOOSE THE _____ THEY WORK AND TO
_____ TO OTHER JOBS IF THEY WISH*

*IT IS THE _____ PEOPLE OF HONG KONG WHO BENEFIT
THE MOST FROM HONG KONG'S EFFORTS AND ENTERPRISES*

THE MOST IMPORTANT THING TO REMEMBER ABOUT THE HONG KONG SITUATION IS THAT IF THE PEOPLE FAIL THEY MUST BEAR THE _____ AND IF THEY SUCCEED THEY GET THE _____

THE MIRACLE OF HONG KONG HAS NOT BEEN ACHIEVED BY _____ ACTIONS

THE MARKET NOT ONLY TELLS PRODUCERS _____ TO PRODUCE, BUT ALSO _____ TO BEST PRODUCE IT

MEDICAL BUSINESS EXAMPLE > DR. FRIEDMAN POINTS OUT THAT TRANSACTIONS ARE _____ WITH BOTH PARTIES EXPECTING TO _____

PENCIL EXAMPLE > DR. FRIEDMAN SAYS ; “ THE OPERATION OF THE FREE MARKET SYSTEM IS SO ESSENTIAL , NOT ONLY TO PROMOTE PRODUCTIVE EFFICIENCY , BUT EVEN MORE TO FOSTER (ENCOURAGE) _____ AND _____ AMONG THE PEOPLE OF THE WORLD . ”

DR. FRIEDMAN SAYS ; “ HUMAN AND POLITICAL FREEDOM HAS NOT EXISTED, AND CAN NOT EXIST , WITHOUT A LARGE MEASURE OF _____ FREEDOM . ”

DR. FRIEDMAN SAYS ; “ THAT THE CLEAREST DEMONSTRATION OF HOW MUCH PEOPLE VALUE FREEDOM IS THE WAY THEY VOTE WITH THEIR _____ WHEN THEY HAVE NO OTHER WAY TO VOTE . ” WHAT DO YOU THINK THIS MEANS ?

IS HONG KONG A UTOPIA (PERFECT PLACE / PARADISE) ?

THERE IS NO SYSTEM THAT IS _____ , AND NO SYSTEM THAT WILL ELIMINATE _____

WHAT SYSTEM HAS HISTORY CLEARLY SHOWN TO BE THE BEST AT ENABLING POOR PEOPLE TO IMPROVE THEIR LIVES ?

WHEN A BUSINESSMAN FACES TROUBLE LIKE A MARKET THREATENING TO DISAPPEAR , OR A NEW COMPETITOR ARISES , THERE ARE TWO THINGS HE CAN DO :

- 1. TURN TO THE _____ FOR A TARIFF OR QUOTA TO RESTRICT COMPETITION , OR*
- 2. HE CAN _____*

THE COMPLETE ABSENCE OF TARIFFS, AND OTHER RESTRICTIONS ON TRADE, IS WHY HONG KONG HAS BEEN ABLE TO PROVIDE SUCH A RAPIDLY RISING _____ OF _____ FOR ITS PEOPLE

IT IS IRONIC THAT EVEN WHAT COMMUNIST COUNTRY RECOGNIZES THE SUCCESS OF THE FREE MARKET IN HONG KONG ?

THE HONG KONG GOVERNMENT HAS SET UP THE CONDITIONS FOR THE FREE MARKET TO WORK , BUT MOST IMPORTANTLY IT HAS NOT TAKEN TO DIRECT _____ ACTIVITIES

WHAT IS THE KEY TO WHAT GETS PRODUCED IN THE FREE MARKET ?

THE FUNDAMENTAL PRINCIPLE OF A FREE SOCIETY IS _____ COOPERATION

THE IDEA OF _____ COOPERATION IS BUILT SO DEEPLY INTO OUR SOCIETY THAT WE TAKE IT FOR _____