

TASK

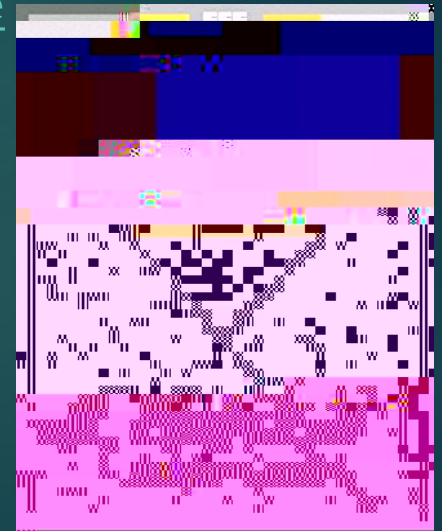
[I, Pencil - Leonard E. Read | Animated version of great essay - YouTube](#)

[I, Pencil Extended Commentary: Creative Destruction - YouTube](#)

[Creative Destruction & The Law of Innovating Large Firms - YouTube](#)

WATCH THE FIRST 2 VIDEOS ON "I PENCIL" AND THEN ANSWER THE FOLLOWING MCQ'S

THEN WATCH THE VIDEO ON "CREATIVE DESTRUCTION & THE LAW OF INNOVATING LARGE FIRMS" AND ANSWER THE LONGER WRITTEN QUESTIONS



Multiple Choice Question 1

1. When two parties trade voluntarily, who "wins" and who "loses" ?
 - a. The buyer wins and the seller loses
 - b. The seller wins and the buyer loses
 - c. Both lose
 - d. Both win
 - e. None of the above

Multiple choice Question 2

2. Prices, profits, and losses:

- a. Enable rational economic calculation and guide entrepreneurial discovery
- b. Exploit the providers of labor and enrich the owners of capital
- c. Are nice to have if we produce efficiently but are ultimately unnecessary
- d. Can be harnessed by central planners to guide rational production

Multiple choice question 3

3. When a firm earns a loss, it is:
- a. Wasting resources
 - b. Using resources wisely
 - c. Revealing an error by consumers
 - d. In need of a subsidy
 - e. None of the above

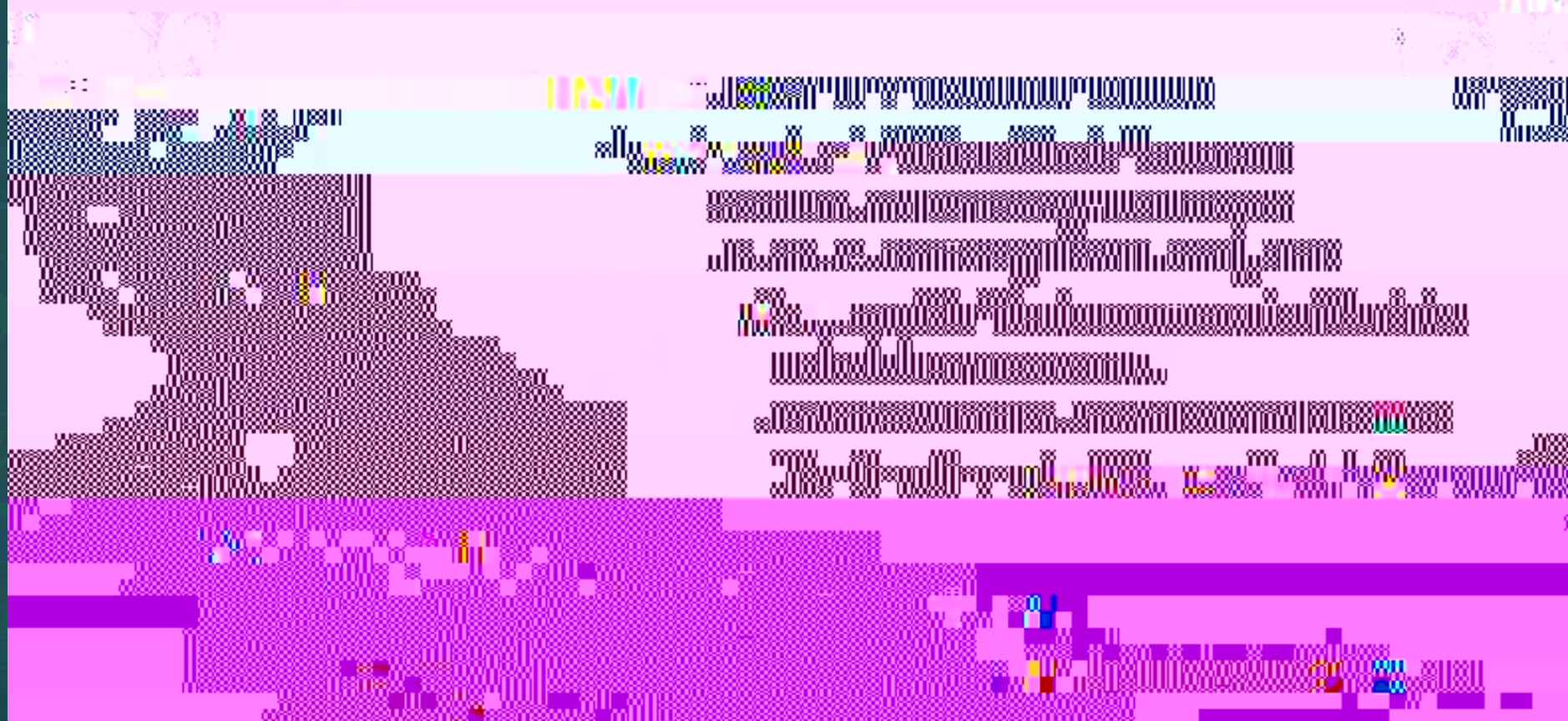
Multiple choice question 4

4. The knowledge necessary to make a pencil can be known by:
- a. A knowledgeable central planner
 - b. The CEO of the pencil company
 - c. A very good economist
 - d. The President
 - e. No one

Joseph Schampeter

Born: February 8, 1883

Died: [illegible]



Longer written questions

1. Explain what is meant by "Creative Destruction"
2. Briefly explain 3 examples of Creative Destruction
3. Explain Schumpeter's Theory of Creative Destruction, with particular reference to the railways. Who benefited from the railroads, and what industries suffered?
4. With reference to print newspapers and the internet, explain the theory of Creative Destruction.
5. Based on your own research, find further examples of Creative Destruction. Give 3 examples of firms / industries that have benefited and 3 examples of firms / industries that have suffered as a result.
6. How does the UK economy as a whole benefit from Creative Destruction? What firms / industries do you think will benefit / suffer from growth in Artificial Intelligence (AI)?