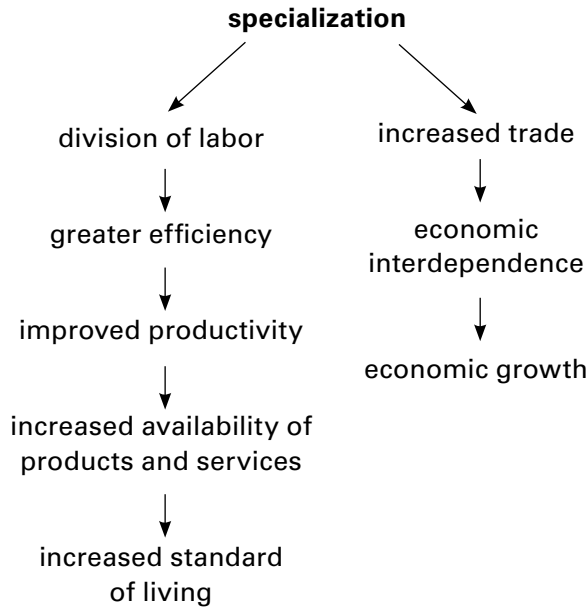


Following are possible answers to the Reading Notes.

**Section 2**

1. Possible flowchart:



2. Some societies do not specialize because they are isolated from large markets or do not have a high population density. These factors make trade difficult.
3. Answers will vary.
4. Answers will vary.
5. The Commerce Clause gives the federal government (specifically Congress) the power to regulate interstate commerce.

**Section 3**

1. Captions should explain that Pirate Jack has an absolute advantage in food production because he can produce more turnips and more clams in a four-hour period than Selkirk can.
2. Captions should explain that Pirate Jack has a comparative advantage in gathering turnips because his opportunity cost for gathering turnips is lower than Selkirk's. Selkirk has a comparative advantage in digging clams because his opportunity cost for digging clams is lower.
3. Captions should explain that Selkirk and Pirate Jack both gain from trade when they specialize in producing the good for which they hold a comparative advantage and trade for the other.
4.
  - a. Sarah has an absolute advantage in both because she can produce more trains and more kites in one hour than Joe can.
  - b. Joe has a comparative advantage in producing kites because his opportunity cost for producing kites is lower than Sarah's.
  - c. Sarah has a comparative advantage in producing trains because her opportunity cost for producing trains is lower than Joe's.
5.
  - a. Hawaii has a comparative advantage in growing pineapples because of its warm climate.
  - b. Texas has a comparative advantage in producing beef because of its mild climate, vast grazing fields, and access to grain.
  - c. Japan has a comparative advantage in advanced technologies because of its highly educated and skilled workforce.

**Section 4**

Answers will vary.