Please answer the following questions. Be precise but thorough in explaining your answers.

Q.1: Explain the following with the help of appropriate graphs
   (a) How external economies of scale can give “historical accident” a role in determining trade patterns?
   (b) Under what conditions, the external economies of scale and comparative advantage may provide the grounds for protection?
   (c) How does the possibilities of dynamic external economies works against the protectionist arguments.

Q.2: The domestic demand for good X is \( D^d = 160 - 40P \). The domestic supply of good X is \( S^d = 10 + 10P \).
   (a) Draw the domestic demand and supply curves for good X. (Remember that price appears on the vertical axis in the graph.)
   (b) If the country allows no trade in good X, what are the equilibrium price, quantity produced and quantity consumed?
   (c) Imports of good X are available in the world market at \( P_x = 1 \). Draw the total supply curve. If the country imposes a specific tariff of \( t = 1 \) per unit imported X, what are the equilibrium price, quantity produced domestically, quantity consumed domestically, and quantity imported?
   (d) Who gains and who looses from the tariff? Does national welfare rise or fall?