



Tariff tax charged on imported goods

- World will shift upwards
- Market price is increased by the tax
- Import is reduced from Q_1Q_2 to Q_3Q_4 ; foreign producer revenue is $d + e + i + j$ minus the tax of $d + e$, so $i + j$ in total
- Domestic production increases from OQ_1 to OQ_3 ; revenue increases from g to $a + b + c + g + h$
- $d + e$ represents government revenue
- Welfare loss of $c + f$