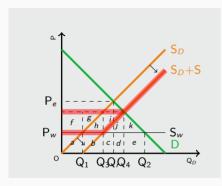
Trade protectionism



Quota limit on imported goods

- A quota is imposed at Q₁Q₃
- Domestic production 0Q1; imported Q1Q3
- After this point, the excess demand will cause price to rise
 - \Rightarrow so shifts to right
- Domestic revenue increases from a to a + c + d + f + i + y
- ullet Foreign revenue decreases from b+c+d+e to b+g+h
- y + k represents the welfare loss

5