**IMPORT QUOTAS, TARIFFS, AND THE CONSEQUENCES OF PROTECTING DOMESTIC INDUSTRIES FROM FOREIGN COMPETITION: A MORE COMPLEX APPLICATION**

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 *Import quotas restrict the quantity of foreign goods that can be sold in a nation. An alternative to achieve the same objective is a tariffs are taxes levied on imported goods. Both tariffs and import quotas are likely to affect the prices of the goods involved. This harms consumers of those goods but is likely to benefit their domestic producer. However, there are other gains and losses stemming from these two policies that can be illuminated with supply-and-demand analysis. Analysis shows that the some reduction in the quantity of product. A tariff represented by the vertical distance (dollars) per product has the same effect as a tax. It decreases the supply and results in a new market equilibrium. This result in a substantial decline in the net revenue they receive from sale after playing the tariff. Finally, tariffs could be used to finance tax reduction because they substitute for alternative source of tax revenues for government.*

*Key word: quotas, tariffs and consequences*