

**FIGURE 2: Tariff Profile of Sequenced Industries for Infant Industry Protection**

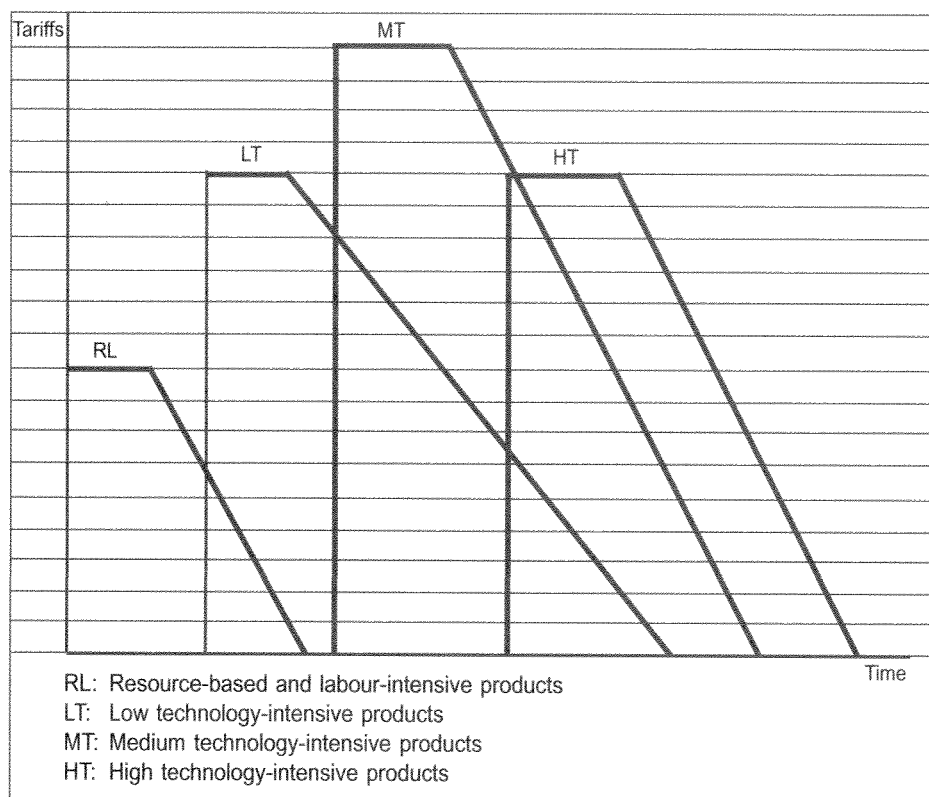


Figure 2 describes the pattern and evolution of optimum tariffs that would be needed for infant industry protection in late industrializers in order to overcome their technology and skill gaps with the more advanced economies at each stage of industrial development. For industrial leaders where technological advance depends on innovation rather than adaptation of foreign technology, industrialization would not call for the kind of infant industry protection described in Figure 2, but a host of other policies that help promote innovation and internalize its benefits.

In reality tariffs tend to be set and evolve in quite different ways from the pattern depicted in Figure 2 since they are imposed, *inter alia*, for balance-of-payments and government revenue reasons. Furthermore, pressures by interest groups or distributional considerations could push tariffs from the levels that