

# THE AMERICAN ECONOMIC REVIEW

## Editor

ORLEY ASHENFELTER

## Co-Editors

DENNIS N. EPPLER

R. PRESTON McAFEE

MATTHEW D. SHAPIRO

## Managing Editor

LYNN FLEISHER

## Board of Editors

DAVID P. BARON

SUSANTO BASU

THEODORE C. BERGSTROM

TIMOTHY J. BESLEY

FRANCINE D. BLAU

CHARLES C. BROWN

ALLAN DRAZEN

TIMOTHY S. FUERST

JEFFREY C. FUHRER

DON FULLERTON

JORDI GALÍ

MARTIN S. GAYNOR

GORDON H. HANSON

CHARLES A. HOLT

ADAM B. JAFFE

PAUL L. JOSKOW

TRACY R. LEWIS

PAUL R. MILGROM

ROBERT A. MOFFITT

CHRISTINA H. PAXSON

WOLFGANG PESENDORFER

VALERIE A. RAMEY

SERGIO T. REBELO

JENNIFER F. REINGANUM

PETER C. REISS

RICHARD E. ROMANO

DAVID H. ROMER

DAVID E. M. SAPPINGTON

ANDREW R. SCHOTTER

GARY SOLON

ROBERT W. STAIGER

CURTIS R. TAYLOR

W. KIP VISCUSI

CARL E. WALSH

DAVID N. WEIL

KENNETH D. WEST

MICHAEL D. WOODFORD

RANDALL WRIGHT

**March 1999**

VOLUME 89, NUMBER 1

## Articles

Catching Up with the Economy	<i>Robert W. Fogel</i>	1
The Voracity Effect	<i>Aaron Tornell and Philip R. Lane</i>	22
Endogenous Technological Change and Wage Inequality	<i>Huw Lloyd-Ellis</i>	47
Technological Revolutions	<i>Francesco Caselli</i>	78
Doing It Now or Later	<i>Ted O'Donoghue and Matthew Rabin</i>	103
Cooperative Investments and the Value of Contracting	<i>Yeon-Koo Che and Donald B. Hausch</i>	125
Rules of Thumb versus Dynamic Programming	<i>Martin Lettau and Harald Uhlig</i>	148
The Generalized War of Attrition	<i>Jeremy Bulow and Paul Klemperer</i>	175
The Role of Multilateral Institutions in International Trade Cooperation	<i>Giovanni Maggi</i>	190
An Economic Theory of GATT	<i>Kyle Bagwell and Robert W. Staiger</i>	215
Technology, Employment, and the Business Cycle: Do Technology Shocks Explain Aggregate Fluctuations?	<i>Jordi Galí</i>	249
Scale Economies and Industry Agglomeration Externalities: A Dynamic Cost Function Approach	<i>Catherine J. Morrison Paul and Donald S. Siegel</i>	272