

Curriculum Vitae: Nicolas A. Klein

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Education:

November 2010: Ph.D. in Economics (*summa cum laude*), University of Munich; Dissertation Prize of the Economics Department at the University of Munich and Volkswirte Alumni Club

January 2007: M.A. in Economics, University of Munich; Alumni Prize for Young Economists from Volkswirte Alumni Club

September 2005: B.A. in Economics, University of Munich

Research Interests:

Microeconomics; economic theory; strategic information acquisition and transmission; dynamic incentive problems

Academic Positions:

Since July 2012: Assistant Professor, Department of Economics, University of Montreal; Researcher at CIREQ (since September 2012)

July 2010 – July 2012: Postdoctoral researcher, Chair of Economic Theory (Prof. Benny Moldovanu), Department of Economics, University of Bonn

September 2009 – May 2010: Visiting Assistant in Research, Department of Economics, Yale University

February 2008 – December 2009: Researcher in Project Area A8 (Strategic Information Generation and Transmission) of SFB-TR 15 (German Science Foundation)

February 2008 – August 2009: Research Assistant, Chair of Dynamic Economic Theory (Prof. Sven Rady), Department of Economics, University of Munich

(Longer) Research Visits:

July 3, 2017 – January 4, 2018: University of Bonn

May 15 – June 9, 2017: Université Paris-Dauphine

May 16 – June 17, 2016: Université Paris-Dauphine

August 15 – September 30, 2011: Yale University

Grants & Scholarships:

2017: Scholarship under the programme *Research Stays for University Academics and Scientists*, Deutscher Akademischer Austauschdienst (DAAD)

2016-2018: *Insight Development Grant of the Social Sciences and Humanities Research Council of Canada*

2016 – 2017 : Grant *Subvention institutionnelle du CRSH-Université de Montréal*

2016 : Travel grant, Université de Montréal

2013 – 2016: Grant *Établissement de nouveaux professeurs-chercheurs* from *Fonds de recherche Société et culture Québec*

2013 : Travel grant, Université de Montréal

January 2010 – June 2010: Doctoral scholarship, National Research Fund of Luxembourg

October 2006 – February 2008: Doctoral scholarship, Research Training Group GRK 801 (German Science Foundation)

Papers:

Will Truth Out?--An Advisor's Quest To Appear Competent (with Tymofiy Mylovanov; *Journal of Mathematical Economics*, 2017, 72, 112-121)

We study a dynamic career-concerns environment with an agent who has incentives to appear competent. It is well known that dynamic career concerns create incentives for an agent to be conservative and to tailor his actions and reports towards a commonly held prior opinion. The existing models, however, have focused on short time horizons. We show that, for long time horizons, there exist countervailing incentives for the agent to report his true opinion and to act in the principal's best interests. In particular, if the agent is sufficiently patient, the time horizon is sufficiently long given the agent's patience, and the quality of the competent expert is high enough given the time horizon and the discount factor, the beneficial long-term incentives overwhelm any harmful myopic ones, and the incentive problem vanishes.

The Importance of Being Honest (*Theoretical Economics*, 11: 773-811)

This paper analyzes the case of a principal who wants to provide an agent with proper incentives to explore a hypothesis that can be either true or false. The agent can shirk, thus never proving the hypothesis, or he can avail himself of a known technology to produce fake successes. This latter option either makes the provision of incentives for honesty impossible or does not distort its costs at all. In the latter case, the principal will optimally commit to

rewarding later successes even though he only cares about the first one. Indeed, after an honest success, the agent is more optimistic about his ability to generate further successes. This, in turn, provides incentives for the agent to be honest before a first success.

Strategic Learning in Teams (*Games and Economic Behavior*, 2013, 82: 636-657)

This paper analyzes a two-player game of strategic experimentation with three-armed exponential bandits in continuous time. Players play bandits of identical types, with one arm that is safe in that it generates a known payoff, whereas the likelihood of the risky arms' yielding a positive payoff is initially unknown. When the types of the two risky arms are perfectly negatively correlated, the efficient policy is an equilibrium if and only if the stakes are high enough. If the negative correlation is imperfect and stakes are high, there exists an equilibrium that leads to efficiency for optimistic enough *prior* beliefs.

Negatively Correlated Bandits

(with Sven Rady; *Review of Economic Studies*, 2011, 78(2): 693-732)

We analyze a two-player game of strategic experimentation with two-armed bandits. Either player has to decide in continuous time whether to use a safe arm with a known payoff or a risky arm whose expected payoff per unit of time is initially unknown. This payoff can be high or low, and is negatively correlated across players. We characterize the set of all Markov perfect equilibria in the benchmark case where the risky arms are known to be of opposite type, and construct equilibria in cutoff strategies for arbitrary negative correlation. All strategies and payoffs are in closed form. In marked contrast to the case where both risky arms are of the same type, there always exists an equilibrium in cutoff strategies, and there always exists an equilibrium exhibiting efficient long-run patterns of learning. These results extend to a three-player game with common knowledge that exactly one risky arm is of the high payoff type.

Strongly Symmetric Equilibria in Bandit Games (with Johannes Hörner & Sven Rady)

This paper studies strongly symmetric equilibria (SSE) in continuous-time games of strategic experimentation with Poisson bandits. SSE payoffs can be studied via two functional equations similar to the HJB equation used for Markov equilibria. This is valuable for three reasons. First, these equations retain the tractability of Markov equilibrium, while allowing for punishments and rewards: the best and worst equilibrium payoff are explicitly solved for. Second, they capture behavior of the discrete-time game: as the period length goes to zero in the discretized game, the SSE payoff set converges to their solution. Third, they encompass a large payoff set: there is no perfect Bayesian equilibrium in the discrete-time game with frequent interactions with higher asymptotic efficiency.

Bandits in the Lab (with Johannes Hölzemann)

We conduct an experimental test of the main theoretical predictions of the model of strategic experimentation with exponential bandits by Keller, Rady, Cripps (2005). We find strong evidence for their prediction of free-riding because of strategic concerns. While experimental subjects are not able to update their beliefs precisely, we nonetheless find strong support for the equilibrium prediction of non-cutoff behavior as well.

**Relational Contracts with Private Information on the Future Value of the Relationship:
The Upside of Implicit Downsizing Costs** (with Matthias Fahn)

We analyze a relational contracting problem, in which the principal has private information about the future value of the relationship. In order to reduce bonus payments, the principal is tempted to claim that the value of the future relationship is lower than it actually is. To induce truth-telling, the optimal relational contract may introduce distortions after a bad report. For some levels of the discount factor, output is reduced by more than would be sequentially optimal. This distortion is attenuated over time even if prospects remain bad. Our model thus provides an alternative explanation for indirect short-run costs of downsizing.

Social Learning From Actions and Outcomes (with Peter Wagner)

We study a two-player game of strategic timing of irreversible investments where returns depend on an uncertain state of the world. Agents learn about the state both through privately observed signals and from each other's actions and experience. We show that, if there is sufficient initial optimism about the state and signals are none too informative, private information may increase ex ante welfare by mitigating agents' incentives for free-riding.

Parliaments Shapes and Sizes (with Raphael Godefroy)

This paper proposes a model of Parliamentary institutions in which a Parliament Designer makes three decisions: whether a Parliament should comprise one or two chambers, what the relative bargaining power of each chamber should be if the Parliament is bicameral, and how many legislators should sit in each chamber. We document empirical regularities across countries that are consistent with the predictions of our model.

Work in Progress:

- Generally Correlated Bandits (with Sven Rady)
- Strategic Experimentation with Asymmetric Players (with Kaustav Das)
- Over-Cautious or Trigger-Happy Advisors—When Best to Stop (with Sidartha Gordon)

Conference Presentations (by myself or a co-author):

2017: 6th Workshop on Stochastic Methods in Game Theory in Erice; Annual Meeting of the Society for the Advancement of Economic Theory in Faro, Portugal; 11th International Conference on Game Theory and Management in St. Petersburg

2016: Annual Meeting of the Society for the Advancement of Economic Theory in Rio de Janeiro, Brazil

2015: North American Winter Meeting of the Econometric Society; 19th Annual Conference of the International Society for New Institutional Economics in Cambridge, MA; Annual Meeting of the European Economic Association in Mannheim, Germany; Society for the Advancement of Economic Theory Conference in Cambridge, England; Annual Meeting of

the European Association for Research in Industrial Economics in Munich, Germany; Workshop on “Advances in Information Economics and Dynamics,” Université Paris II LEMMA; Workshop on Stochastic Games at the National University of Singapore; 1st Workshop on Relational Contracts of the German Science Foundation in Holzhausen, Germany

2014: Canadian Economic Theory Conference; 8th International Conference on Game Theory and Management in St. Petersburg; SING 10 Conference in Krakow; European Summer Meeting of the Econometric Society

2013: North American Summer Meeting of the Econometric Society; Annual Meeting of the Society for Economic Dynamics in Seoul; European Meeting of the Econometric Society; 4th Workshop on Stochastic Methods in Game Theory in Erice; Workshop on “Advances in Experimentation,” Université Paris II LEMMA

2012: International Conference on Game Theory at Stony Brook

2011: European Winter Meeting of the Econometric Society; Midwestern Micro-economic Theory Conference; Canadian Economic Theory Conference; North American Summer Meeting of the Econometric Society; International Conference on Game Theory at Stony Brook; Annual Meeting of the Society for Economic Dynamics at Ghent; Society for the Advancement of Economic Theory at Faro

2010: Midwestern Micro-economic Theory Conference at Evanston, IL; International Conference on Game Theory at Stony Brook; World Congress of the Econometric Society in Shanghai; Annual Meeting of the European Economic Association in Glasgow, UK; Workshop on Stochastic Methods in Game Theory in Erice

2009: European Meeting of the Econometric Society; International Conference on Game Theory at Stony Brook; Summer School on “Limited Cognition, Strategic Thinking and Learning in Games” in Bonn; Society for Economic Dynamics; North American Summer Meeting of the Econometric Society; SFB-TR 15 Workshop for Young Researchers at Humboldt University Berlin; SFB-TR 15 Conference in Caputh

2008: European Meeting of the Econometric Society; Annual Meeting of the Society for Economic Dynamics; North American Summer Meeting of the Econometric Society; European Summer Symposium in Economic Theory (Gerzensee); SFB-TR 15 Conference in Gummersbach, Germany; European Doctoral Group in Economics (EDGE) Jamboree in Copenhagen, Denmark

2007: SFB-TR 15 Workshop for Young Researchers in Bonn; SFB-TR 15 Summer School on Contract Theory

Seminar Presentations:

Århus (2008), Arizona State University (2012), Berlin (2016 and 2010), Bielefeld, Bonn (2017, 2011 and 2008), Concordia University (2017), Exeter (2012), GERAD Montréal (2014), Guelph (2016), INSIDE Luxembourg (2014), Lund (2015), Maastricht (2014), McGill University (2017), McMaster University (2013), Microsoft Research New England (2014), Montréal (2012), Paris (Université Paris-Dauphine 2016, Séminaire Roy 2016, Séminaire Parisien de Théorie des Jeux 2013, École Polytechnique 2010), Seoul National University

(2017), Pennsylvania State University (2009), Queen's University (2014), Rochester (2014), Southern Methodist University (2009), Stanford (2014), Toulouse (2016), Université Laval (2017), University of British Columbia in Vancouver (2012), University of California at Davis (2014), University of Iowa (2012), University of New South Wales (2015), University of Sydney (2015), University of Texas at Austin (2015), University of Western Ontario (2014), Yale University (2009).

Teaching Experience:

Winter term 2018: Microeconomics (PhD class), Economics of Organization (3rd-year B.A. class)

Winter terms 2017, 2016 and 2015: Microeconomics (PhD class), Economics of Organization, Economics of Insurance (both 3rd-year B.A. class)

Winter terms 2014 and 2013: Microeconomics (PhD class), Economics of Organization (3rd-year B.A. class)

Summer semester 2011: Teaching assistant for Advanced Topics in Mechanism Design (doctoral topics course, Prof. Moldovanu)

Summer semester 2009: Teaching assistant for Dynamic Methods in Economics and Finance (doctoral course, Prof. Rady) and Advanced Game Theory (doctoral course, Prof. Dimitrov)

Winter semester 2008/09, summer semester 2009, winter semester 2010-11: Advisor on students' diploma theses

Summer semester 2008: Teaching assistant for student seminar on Corporate Governance (advanced undergraduate course, Prof. Rees)

Winter semester 2007/08: Teaching assistant for Advanced Game Theory (doctoral course, Prof. Rady)

Student Supervision:

PhD: Co-supervisor of **Catherine Gendron-Saulnier** (with Sidartha Gordon and Marc Santugini); title: *Essays in Economics of Information*; graduated from Université de Montréal in 2015, first job with *Analysis Group*.

Co-supervisor of **Samuel Gingras**: Université de Montréal class of 2014

Local advisor to visiting student **Dominique Baril-Tremblay**, visiting student in research at Université de Montréal; home institution: Paris School of Economics-Université Paris-1

MSc: Supervisor of **Mathieu Bruneau**: Thesis at Université de Montréal: *Legal Shifts: The Role of Intellectual Property and Expectations in an Open Innovation Industrial Environment* (2016)

Refereeing Work:

Econometrica; American Economic Review; Review of Economic Studies; Theoretical Economics; Journal of Economic Theory; Games and Economic Behavior; American Economic Journal: Microeconomics; Journal of the European Economic Association; European Economic Review; Economic Theory; Scandinavian Journal of Economics; Journal of Law, Economics and Organization; Journal of Economics and Management Strategy; Journal of Economic Dynamics and Control; Economic Inquiry; Journal of Mathematical Economics; Canadian Journal of Economics; Journal of Economics; B.E. Journal of Theoretical Economics; Dynamic Games and Applications

Social Sciences and Humanities Research Council of Canada

Conferences Co-Organized:

2nd CIREQ Montreal Economic Theory Conference: Learning in Strategic Settings (November 21--22, 2014, with Ming Li)

1st CIREQ Montreal Economic Theory Conference: Economics of Persuasion and Communication with Applications to Political Economics (October 4—5, 2013, with Ming Li)

Departmental Service:

Co-Organization of weekly Seminar Series in Microeconomic Theory, 2015-2016 and 2014-2015

Junior Recruiting Committee, 2013-2014

Personal Information:

Citizen of Luxembourg; permanent resident of Canada; fluent in English, French and German