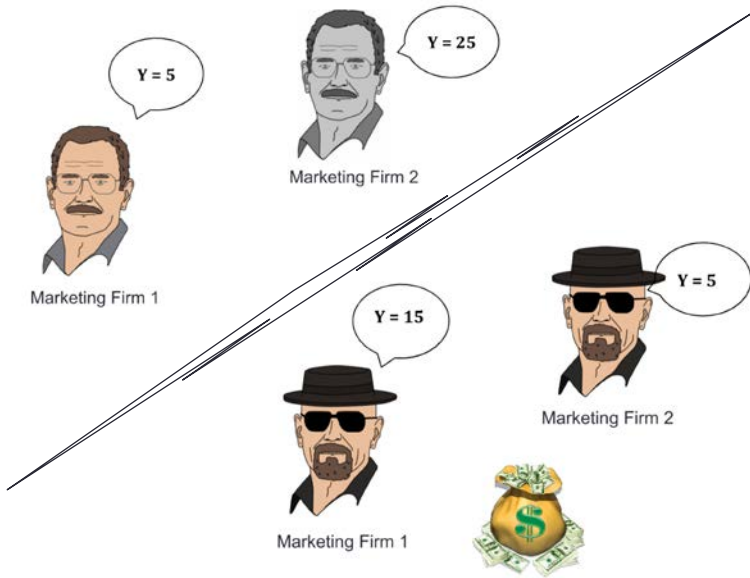


# Engineering incentive-aligned systems

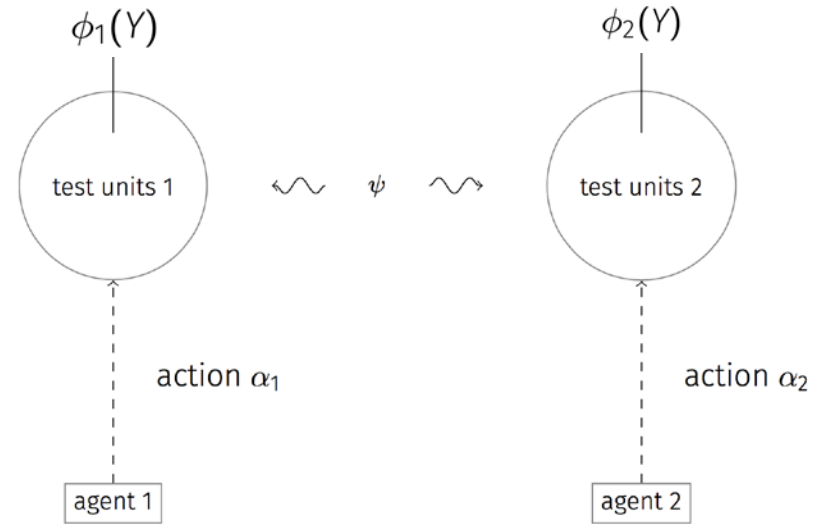
↳ Example: **IC Experimental Design**



Estimate performance without competition, experiment has data with competition.

**Defn.** An experiment design is **incentive compatible** if the natural action is a dominant strategy.

Design  $\mathcal{D} = (\psi, \phi)$



Variance stabilizing  $\phi$

