Agent Incentives: A Causal Perspective

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Abstract

We present a framework for analysing agent incentives using causal influence diagrams. We establish that a well-known criterion for value of information is complete. We propose a new graphical criterion for value of control, establishing its soundness and completeness. We also introduce two new concepts for incentive analysis: response incentives indicate which changes in the environment affect an optimal decision, while instrumental control incentives establish whether an agent can influence its utility via a variable X. For both new concepts, we provide sound and complete graphical criteria. We show by example how these results can help with evaluating the safety and fairness of an AI system.

Introduction

A recurring question in AI research is how to choose an objective to induce safe and fair behaviour (O’Neil 2016; Russell 2019). In a given setup, will an optimal policy depend on a sensitive attribute, or seek to influence an important variable? For example, consider the following two incentive design problems, to which we will return throughout the paper:

Example 1 (Grade prediction). To decide which applicants to admit, a university uses a model to predict the grades of new students. The university would like the system to predict accurately, without treating students differently based on their gender or race (see Figure 1a).

Example 2 (Content recommendation). An AI algorithm has the task of recommending a series of posts to a user. The designers want the algorithm to present content adapted to each user’s interests to optimize clicks. However, they do not want the algorithm to use polarising content to manipulate the user into clicking more predictably (Figure 1b).

Contributions This paper provides a common language for incentive analysis, based on influence diagrams (Howard 1990) and causal models (Pearl 2009). Traditionally, influence diagrams have been used to help decision-makers make better decisions. Here, we invert the perspective, and use the diagrams to understand and predict the behaviour of machine learning systems trained to optimize an objective in a given environment. To facilitate this analysis, we prove a number of relevant theorems and introduce two new concepts:

- **Value of Information (VoI):** First defined by Howard (1966), a graphical criterion for detecting positive VoI in influence diagrams were proposed and proven sound by Fagiuoli and Zaffalon (1998), Lauritzen and Nilsson (2001), and Shachter (2016). Here we offer the first correct completeness proof, showing that the graphical criterion is unique and cannot be further improved upon.

- **Value of Control (VoC):** Defined by Shachter (1986), Matheson (1990), and Shachter and Heckerman (2010), an incomplete graphical criterion was discussed by Shachter (1986). Here we provide a complete graphical criterion, along with both soundness and completeness proofs.

- **Instrumental Control incentive (ICI):** We propose a refinement of VoC to nodes the agent can influence with its decision. Conceptually, this is a hybrid of VoC and responsiveness (Shachter 2016). We offer a formal definition of instrumental control incentives based on nested counterfactuals, and establish a sound and complete graphical criterion.

- **Response incentive (RI):** Which changes in the environment does an optimal policy respond to? This is a central problem in fairness and AI safety (e.g. Kusner et al. 2017; Hadfield-Menell et al. 2017). Again, we give a formal definition, and a sound and complete graphical criterion.

Our analysis focuses on influence diagrams with a single decision. This single-decision setting is adequate to model supervised learning, (contextual) bandits, and the choice of a policy in an MDP. Previous work has also discussed ways to transform a multi-decision setting into a single-decision setting by imputing policies to later decisions (Shachter 2016).

Applicability This paper combines material from two preprints (Everitt et al. 2019c; Carey et al. 2020). Since the release of these preprints, the unified language of causal influence diagrams have already aided in the understanding of incentive problems such as an agent’s redirectability, ambition, tendency to tamper with reward, and other properties (Armstrong et al. 2020; Holtman 2020; Cohen, Vellambi, and Hutter 2020; Everitt et al. 2019a,b; Langlois and Everitt 2021).
To analyse agents’ incentives, we will need a graphical framework with the causal properties of a structural causal model and the node categories of an influence diagram. This section will define such a model after reviewing structural causal models and influence diagrams.

**Structural Causal Models**

Structural causal models (SCMs) Pearl (2009) are a type of causal model where all randomness is consigned to exogenous variables, while deterministic structural functions relate the endogenous variables to each other and to the exogenous ones. As demonstrated by Pearl (2009), this structural approach has significant benefits over traditional causal Bayesian networks for analysing (nested) counterfactuals and “individual-level” effects.

**Definition 1** (Structural causal model; Pearl 2009, Chapter 7). A structural causal model (with independent errors) is a tuple \( \langle E, V, F, P \rangle \), where \( E \) is a set of exogenous variables; \( V \) is a set of endogenous variables; and \( F = \{ f^V \}_{V \in V} \) is a collection of functions, one for each \( V \). Each function \( f^V : \text{dom}(Pa^V) \cup \{E^V\} \rightarrow \text{dom}(V) \) specifies the value of \( V \) in terms of the values of the corresponding exogenous variable \( E^V \) and endogenous parents \( Pa^V \subset V \), where these functional dependencies are acyclic. The domain of a variable \( V \) is \( \text{dom}(V) \) and for a set of variables, \( \text{dom}(W) := X_{W \in W} \text{dom}(W) \). The uncertainty is encoded through a probability distribution \( P(\varepsilon) \) such that the exogenous variables are mutually independent.

For example, Figure 2b shows an SCM that models how posts \((D)\) can influence a user’s opinion \((O)\) and clicks \((U)\).

The exogenous variables \( E \) of an SCM represent factors that are not modelled. For any value \( E = \varepsilon \) of the exogenous variables, the value of any set of variables \( W \subseteq V \) is given by recursive application of the structural functions \( F \) and is denoted by \( W(\varepsilon) \). Together with the distribution \( P(\varepsilon) \) over exogenous variables, this induces a joint distribution \( \Pr(W = w) = \sum_{\varepsilon:W(\varepsilon) = w} P(\varepsilon) \).

SCMs model causal interventions that set variables to particular values. These are defined via submodels:

**Definition 2** (Submodel; Pearl 2009, Chapter 7). Let \( M = \langle E, V, F, P \rangle \) be an SCM, \( X \) a set of variables in \( V \), and \( x \) a particular realization of \( X \). The submodel \( M_x \) represents the effects of an intervention \( \text{do}(X = x) \), and is formally defined as the SCM \( \langle E, V, F_x, P \rangle \) where \( F_x = \{ f^V \mid V \notin X \} \cup \{X = x\} \). That is to say, the original functional relationships of \( X \in X \) are replaced with the constant functions \( X = x \).

More generally, a soft intervention on a variable \( X \) in an SCM \( M \) replaces \( f^X \) with a function \( g^X : \text{dom}(Pa^X) \cup \{E^X\} \rightarrow \text{dom}(X) \) (Eberhardt and Scheines 2007; Tian and Pearl 2001). The probability distribution \( \Pr(W_{g^X}) \) on any \( W \subseteq V \) is defined as the value of \( \Pr(W) \) in the submodel \( M_{g^X} \) where \( M_{g^X} \) is \( M \) modified by replacing \( f^X \) with \( g^X \).

If \( W \) is a variable in an SCM \( M \), then \( W_x \) refers to the same variable in the submodel \( M_x \) and is called a potential response variable. In Figure 2b, the random variable \( O \) represents user opinion under “default” circumstances while \( O_d \) in Figure 2c represents the user’s opinion given an intervention \( \text{do}(D = d) \) on the content posted. Note also how the intervention on \( D \) severs the link from \( \varepsilon^D \) to \( d \) in Figure 2c, as the intervention on \( D \) overrides the causal effect from \( D \)’s parents. Throughout this paper we use subscripts to indicate submodels or interventions, and superscripts for indexing.

More elaborate hypotheticals can be described with a nested counterfactual, in which the intervention is itself a potential response variable. In Figure 2c, the click probability \( U \) depends on both the chosen posts \( D \) and the user opinion \( O \), which is in turn also influenced by \( D \). The nested potential response variable \( U_{O_d} \), defined by \( U_{O_d}(\varepsilon) := U_o(\varepsilon) \) where \( o = O_d(\varepsilon) \), represents the probability that a user clicks on a “default” post \( D \) given that their opinion has been influenced by a hypothetical post \( d \). In other words, the effect of the intervention \( \text{do}(D = d) \) is propagated to \( U \) only through \( O \).

**Causal Influence Diagrams**

Influence diagrams are graphical models with special decision and utility nodes, developed to model decision making problems (Howard 1990; Lauritzen and Nilsson 2001). Influence diagrams do not in general have causal semantics, although some causal structure can be inferred (Heckerman and Shachter 1995). We will assume that the edges of the
Figure 2: An example of a SCIM and interventions. In the SCIM, either political or apolitical posts $D$ are displayed. These affect the user’s opinion $O$. $D$ and $O$ influence the user’s clicks $U$ (a). Given a policy, the SCIM becomes a SCM (b). Interventions and counterfactuals may be defined in terms of this SCM. For example, the nested counterfactual $U_{O_d}$ represents the number of clicks if the user has the opinions that they would arrive at, after viewing apolitical content (c).

influence diagram reflect the causal structure of the environment, so we use the term “Causal Influence Diagram”.

Definition 3 (Causal influence diagram). A causal influence diagram (CID) is a directed acyclic graph $\mathcal{G}$ where the vertex set $V$ is partitioned into structure nodes $X$, decision nodes $D$, and utility nodes $U$. Utility nodes have no children.

We use $\text{Pa}^V$ and $\text{Desc}^V$ to denote the parents and descendants of a node $V \in V$. The parents of the decision, $\text{Pa}^D$, are also called observations. An edge from node $V$ to node $Y$ is denoted $V \rightarrow Y$. Edges into decisions are called information links, as they indicate what information is available at the time of the decision. A directed path (of length at least zero) is denoted $V \rightarrow \cdots \rightarrow Y$. For sets of variables, $V \rightarrow \cdots \rightarrow Y$ means that $V \rightarrow \cdots \rightarrow Y$ holds for some $V \in V$, $Y \in Y$.

Structural Causal Influence Models

For our new incentive concepts, we define a hybrid of the influence diagram and the SCM. Such a model, originally proposed by Dawid (2002), has structure and utility nodes with associated functions, exogenous variables with an associated probability distributions, and decision nodes, without any function at all, until one is selected by an agent. This can be formalised as the structural causal influence model (SCIM, pronounced ‘skim’).

Definition 4 (Structural causal influence model). A structural causal influence model (SCIM) is a tuple $M = \langle \mathcal{G}, \mathcal{E}, \mathcal{F}, P \rangle$ where:

- $\mathcal{G}$ is a CID with finite-domain variables $V$ (partitioned into $X$, $D$, and $U$) where utility variable domains are a subset of $\mathbb{R}$. We say that $M$ is compatible with $\mathcal{G}$.
- $\mathcal{E} = \{E^V\}_{V \in V}$ is a set of finite-domain exogenous variables, one for each endogenous variable.
- $\mathcal{F} = \{f^V\}_{V \in V \setminus D}$ is a set of structural functions $f^V : \text{dom}(\text{Pa}^V \cup \{E^V\}) \rightarrow \text{dom}(V)$ that specify how each non-decision endogenous variable depends on its parents in $\mathcal{G}$ and its associated exogenous variable.

$^1$Dawid called this a “functional influence diagram”. We favour the term SCIM, because the corresponding term SCM is more prevalent than “functional model”.

- $P$ is a probability distribution for $\mathcal{E}$ such that the individual exogenous variables $E^V$ are mutually independent.

We will restrict our attention to single-decision settings with $D = \{D\}$. An example of such a SCIM for the content recommendation example is shown in Figure 2a. In single-decision SCIMs, the decision-making task is to maximize expected utility by selecting a decision $d \in \text{dom}(D)$ based on the observations $\text{Pa}^D$. More formally, the task is to select a structural function for $D$ in the form of a policy $\pi : \text{dom}(\text{Pa}^D \cup \{E^D\}) \rightarrow \text{dom}(D)$. The exogenous variable $E^D$ provides randomness to allow the policy to be a stochastic function of its endogenous parents $\text{Pa}^D$.

The specification of a policy turns a SCIM $M$ into an SCM $M_\pi := \langle \mathcal{E}, V, F \cup \{\pi\}, P \rangle$, see Figure 2b. With the resulting SCM, the standard definitions of causal interventions apply. Note that what determines whether a node is observed or not at the time of decision-making is whether the node is a parent of the decision. Commonly, some structure nodes represent latent variables that are unobserved.

We use $\text{Pr}_\pi$ and $\mathbb{E}_\pi$ to denote probabilities and expectations with respect to $M_\pi$. For a set of variables $X$ not in $\text{Desc}^D$, $\text{Pr}_\pi(x)$ is independent of $\pi$ and we simply write $\text{Pr}(x)$. An optimal policy for a SCIM is defined as any policy $\pi$ that maximises $\mathbb{E}_\pi[U]$, where $U := \sum_{u \in U} U$. A potential response $U_{\pi}$ is defined as $U_{\pi} := \sum_{u \in U} U_{\pi}$.

Materiality

Next, we review a characterization of which observations are material for optimal performance, as this will be a fundamental building block for most of our theory.

Definition 5 (Materiality; Shachter 2016). For any given SCIM $M$, let $V^*(M) = \max_{\pi} \mathbb{E}_\pi[U]$ be the maximum attainable utility in $M$, and let $M_{X \rightarrow D}$ be $M$ modified by removing any information link $X \rightarrow D$. The observation $X \in \text{Pa}^D$ is material if $V^*(M_{X \rightarrow D}) < V^*(M)$.

Nodes may often be identified as immutable based on the graphical structure alone (Fagiouli and Zaffalon 1998;
Lauritzen and Nilsson 2001; Shachter 2016). The graphical criterion uses the notion of d-separation.

**Definition 6** (d-separation; Verma and Pearl 1988). A path $p$ is said to be d-separated by a set of nodes $Z$ if and only if:

1. $p$ contains a collider $X \rightarrow W \leftarrow Y$, such that the middle node $W$ is not in $Z$ and no descendants of $W$ are in $Z$, or
2. $p$ contains a chain $X \rightarrow W \rightarrow Y$ or fork $X \leftarrow W \rightarrow Y$ where $W$ is in $Z$, or
3. one or both of the endpoints of $p$ is in $Z$.

A set $Z$ is said to d-separate $X$ from $Y$, written $(X \perp Y | Z)$ if and only if $Z$ d-separates every path from a node in $X$ to a node in $Y$. Sets that are not d-separated are called d-connected.

According to the graphical criterion of Fagiuli and Zaffalon (1998), an observation cannot provide useful information if it is d-separated from utility, conditional on other observations. This condition is called nonrequisiteness.

**Definition 7** (Nonrequisite observation; Lauritzen and Nilsson 2001). Let $U^D := U \cap \text{Desc}^D$ be the utility nodes downstream of $D$. An observation $X \in \text{Pa}^D$ in a single-decision CID $\mathcal{G}$ is nonrequisite if:

$$X \perp U^D | (\text{Pa}^D \cup \{D\} \setminus \{X\})$$ (1)

In this case, the edge $X \rightarrow D$ is also called nonrequisite. Otherwise $X$ and $X \rightarrow D$ are requisite.

For example, in Figure 3a, high school is a requisite observation while gender is not.

**Value of Information**

Materiality can be generalized to nodes not observed, to assess which variables a decision-maker would benefit from knowing before making a decision, i.e. which variables have VoI (Howard 1966; Matheson 1990). To assess VoI for a variable $X$, we first make $X$ an observation by adding a link $X \rightarrow D$, and then test whether $X$ is material in the updated model (Shachter 2016).

**Definition 8** (Value of information). A node $X \in V \setminus \text{Desc}^D$ in a single-decision SCIM $\mathcal{M}$ has VoI if it is material in the model $\mathcal{M}_{X \rightarrow D}$ obtained by adding the edge $X \rightarrow D$ to $\mathcal{M}$. A CID $\mathcal{G}$ admits VoI for $X$ if $X$ has VoI in a a SCIM $\mathcal{M}$ compatible with $\mathcal{G}$.

Since Definition 8 adds an information link, it can only be applied to non-descendants of the decision, lest cycles be created in the graph. Fortunately, the structural functions need not be adapted for the added link, since there is no structural function associated with $D$.

We prove that the graphical criterion of Definition 7 is tight for both materiality and VoI, in that it identifies every zero VoI node that can be identified from the graphical structure (in a single decision setting).

**Theorem 9** (Value of information criterion). A single decision CID $\mathcal{G}$ admits VoI for $X \in V \setminus \text{Desc}^D$ if and only if $X$ is a requisite observation in $\mathcal{G}_{X \rightarrow D}$, the graph obtained by adding $X \rightarrow D$ to $\mathcal{G}$.

The soundness direction (i.e. the only if direction) follows from d-separation (Fagiuli and Zaffalon 1998; Lauritzen and Nilsson 2001; Shachter 2016). In contrast, the completeness direction does not follow from the completeness property of d-separation. The d-connectedness of $X$ to $U$ implies that $U$ may be conditionally dependent on $X$. It does not imply, however, that the expectation of $U$ or the utility attainable under an optimal policy will change. Instead, our proof (Appendix C.1) constructs a SCIM such that $X$ is material. This differs from a previous attempt by Nielsen and Jensen (1999), as discussed in Related Work.

We apply the graphical criterion to the grade prediction example in Figure 3a. One can see that the predictor has an incentive to use the incoming student’s high school but not gender. This makes intuitive sense, given that gender provides no information useful for predicting the university grade in this example.

**Response Incentives**

There are two ways to understand a material observation. One is that it provides useful information. From this perspective, a natural generalisation is VoI, as described in the previous section. An alternative perspective is that a material observation is one that influences optimal decisions. Under this interpretation, the natural generalisation is the set of all (observed and unobserved) variables that influence the decision. We say that these variables have a response incentive.

**Definition 10** (Response incentive). Let $\mathcal{M}$ be a single-decision SCIM. A policy $\pi$ responds to a variable $X \in \mathcal{M}$ if there exists some intervention $\text{do}(X = x)$ and some setting $\mathcal{E} = \epsilon$, such that $D_x(\epsilon) \neq D(\epsilon)$. The variable $X$ has a response incentive if all optimal policies respond to $X$.

A CID admits a response incentive on $X$ if it is compatible with a SCIM that has a response incentive on $X$.

For a response incentive on $X$ to be possible, there must be: i) a directed path $X \rightarrow \rightarrow D$, and ii) an incentive for $D$ to use information from that path. For example, in Figure 3a, gender has a directed path to the decision but it does not provide any information about the likely grade, so there is no response incentive. The graphical criterion for RI builds on a modified graph with nonrequisite information links removed.

**Definition 11** (Minimal reduction; Lauritzen and Nilsson 2001). The minimal reduction $\mathcal{G}^{\text{min}}$ of a single-decision CID $\mathcal{G}$ is the result of removing from $\mathcal{G}$ all information links from nonrequisite observations.

The presence (or absence) of a path $X \rightarrow \rightarrow D$ in the minimal reduction tells us whether a response incentive can occur.

**Theorem 12** (Response incentive criterion). A single-decision CID $\mathcal{G}$ admits a response incentive on $X \in \mathcal{X}$ if and only if the minimal reduction $\mathcal{G}^{\text{min}}$ has a directed path $X \rightarrow \rightarrow D$.

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3The term responsiveness (Heckerman and Shachter 1995; Shachter 2016) has a related but not identical meaning – it refers to whether a decision $D$ affects a variable $X$ rather than whether $X$ affects $D$. 
A response incentive on a sensitive attribute indicates that counterfactual unfairness is incentivised, as it implies that all optimal policies are counterfactually unfair.

**Theorem 14** (Counterfactual fairness and response incentives). In a single-decision SCIM $\mathcal{M}$ with a sensitive attribute $A \in X$, all optimal policies $\pi^\ast$ are counterfactually unfair with respect to $A$ if and only if $A$ has a response incentive.

The proof is given in Appendix C.5.

A response incentive on a sensitive attribute means that counterfactual unfairness is not just possible, but incentivised. As a result, it has a more restrictive graphical criterion. The graphical criterion for counterfactual fairness states that a decision can only be counterfactually unfair with respect to a sensitive attribute if that attribute is an ancestor of the decision (Kusner et al. 2017, Lemma 1). For example, in the grade prediction example of Figure 3a, it is possible for a predictor to be counterfactually unfair with respect to either gender or race, because both are ancestors of the decision. The response incentive criterion can tell us in which case counterfactual unfairness is actually incentivised. In this example, the minimal reduction includes the edge from high school to predicted grade and hence the directed path from race to predicted grade. However, it excludes the edge from gender to predicted grade. This means that the agent is incentivised to be counterfactually unfair with respect to race but not to gender.

Based on this, how should the system be redesigned? According to the response incentive criterion, the most important change is to remove the path from race to predicted grade in the minimal reduction. This can be done by removing the agent’s access to high school. This change is implemented in Figure 3b, where there is no response incentive on either sensitive variable.

Value of information is also related to fairness. For a sensitive variable that is not a parent of the decision, positive VoI means that if the predictor gained access to its value, then the predictor would use it. For example, if in Figure 3b an edge is added from race to predicted grade, then unfair behaviour will result. In practice, such access can result from unanticipated correlations between the sensitive attribute and parents of the decision, rather than the system being given direct access to the attribute. Analysing VoI may help detect such problems at an early stage. However, VoI is less closely related to counterfactual fairness than response incentives. In particular, race lacks VoI in Figure 3a, but counterfactual unfairness is incentivised. On the other hand, Figure 3b admits positive VoI for race, but counterfactual unfairness is not incentivised.

The incentive approach is not restricted to counterfactual fairness. For any fairness definition, one could assess whether that kind of unfairness is incentivised by checking whether it is present under all optimal policies.

**Value of Control**

A variable has VoC if a decision-maker could benefit from setting its value (Shachter 1986; Matheson 1990; Shachter and Heckerman 2010). Concretely, we ask whether the attainable utility can be increased by letting the agent decide
the structural function for the variable.

**Definition 15 (Value of control).** In a single-decision SCIM \( \mathcal{M} \), a non-decision node \( X \) has positive value of control if

\[
\max_{\pi} \mathbb{E}_{\pi}[U] < \max_{\pi, g^X} \mathbb{E}_{\pi}[U_{g^X}]
\]

where \( g^X : \text{dom}(\mathcal{P}a^X \cup \{e^X\}) \rightarrow \text{dom}(X) \) is a soft intervention at \( X \), i.e., a new structural function for \( X \) that respects the graph. A CID \( G \) admits positive value of control for \( X \) if there exists a SCIM \( \mathcal{M} \) compatible with \( G \) where \( X \) has positive value of control. This can be deduced from the graph, using again the minimal reduction (Definition 11) to rule out effects through observations that an optimal policy can ignore.

**Theorem 16 (Value of control criterion).** A single-decision CID \( G \) admits positive value of control for a node \( X \in V \setminus \{D\} \) if and only if there is a directed path \( X \rightarrow U \) in the minimal reduction \( G_{\min} \).

**Proof.** The if (completeness) direction is proved in Lemma 29. The proof of only if (soundness) is as follows. Let \( \mathcal{M} = (G, \mathcal{E}, F, P) \) be a single-decision SCIM. Let \( M_{g^X} \) be \( \mathcal{M} \), but with the structural function \( f^X \) replaced with \( g^X \). Let \( M_{\min} \) and \( M_{g^{X}} \) be the same SCIMs, respectively, but replacing each graph with the minimal reduction \( G_{\min} \).

Recall that \( \mathbb{E}_{\pi}[U_{g^X}] \) is defined by applying the soft intervention \( g^X \) to the (policy-completed) SCIM \( M_{\pi} \). However, this is equivalent to applying the policy \( \pi \) to the modified SCIM \( M_{g^X} \), as the resulting SCIMs are identical. Since \( M_{g^X} \) is a SCIM, Lemma 25 can be applied, to find a \( G_{\min} \)-respecting optimal policy \( \tilde{\pi} \) for \( M_{g^X} \).

Consider now the expected utility under an arbitrary intervention \( g^X \) for a policy \( \pi \) optimal for \( M_{g^X} \):

\[
\mathbb{E}_{\pi}[U_{g^X}] \quad \text{in} \quad M_{g^X} = \mathbb{E}_{\tilde{\pi}}[U] \quad \text{in} \quad M_{g^X} \quad \text{by SCM equivalence}
\]

\[
= \mathbb{E}_{\pi}[U] \quad \text{in} \quad M_{\pi} \quad \text{by Lemma 25}
\]

\[
= \mathbb{E}_{\tilde{\pi}}[U] \quad \text{in} \quad M_{g^{X}} \quad \text{by Lemma 23}
\]

\[
\leq \max_{\pi} \mathbb{E}_{\pi} [U] \quad \text{in} \quad M \quad \text{max dominates all elements.}
\]

This shows that \( X \) must lack value of control.

**Instrumental Control Incentive**

Would an agent use its decision to control a variable \( X \)? This question has two parts: whether \( X \) is useful to control (VoC), and whether \( X \) is possible to control (responsiveness). As described in the previous section, VoC uses \( \mathcal{U}_{X_d} \) to consider the utility attainable from arbitrary control of \( X \). Meanwhile, \( X_d \) describes the way \( X \) can be controlled by \( D \). These notions can be combined with a nested counterfactual \( \mathcal{U}_{X_{d|d}} \), which expresses the effect that \( D \) can have on \( U \) by controlling \( X \).

**Definition 17 (Instrumental control incentive).** In a single-decision SCIM \( \mathcal{M} \), there is an instrumental control incentive on a variable \( X \) in decision context \( \mathcal{P}a^D \) if, for all optimal policies \( \pi^* \),

\[
\mathbb{E}_{\pi^*}[\mathcal{U}_{X_{d|d}} | \mathcal{P}a^D] \neq \mathbb{E}_{\pi^*}[U | \mathcal{P}a^D].
\]

Conceptually, an instrumental control incentive can be interpreted as follows. If the agent got to choose \( D \) to influence \( X \) independently of how \( D \) influences other aspects of the environment, would that choice matter? We call it an instrumental control incentive, as the control of \( X \) is a tool for achieving utility (cf. instrumental goals Omohundro 2008; Bostrom 2014). ICIs do not consider side-effects of the optimal policy: for instance, it may be that all optimal policies affect \( X \) in a particular way, even if \( X \) is not an ancestor of any utility node — in such cases, no ICI is present. Finally, in Pearl’s (2001) terminology, an instrumental control incentive corresponds to a natural indirect effect from \( D \) to \( U \) via \( X \) in \( M_{\pi^*} \), for all optimal policies \( \pi^* \).

A CID \( G \) admits an instrumental control incentive on \( X \) if \( G \) is compatible with a SCIM \( \mathcal{M} \) with an instrumental control incentive on \( X \) for some decision context \( \mathcal{P}a^D \). The following theorem gives a sound and complete graphical criterion for which CIDs admit instrumental control incentives.

**Theorem 18 (Instrumental Control Incentive Criterion).** A single-decision CID \( G \) admits an instrumental control incentive on \( X \in V \) if and only if \( G \) has a directed path from the decision \( D \) to a utility node \( U \in U \) that passes through \( X \), i.e., a directed path \( D \rightarrow X \rightarrow U \).

**Proof.** Completeness (the if direction) is proved in Appendix C.4. The proof of soundness is as follows.

Let \( \mathcal{M} \) be any SCIM compatible with \( G \) and \( \pi \) any policy for \( M \). We consider variables in the SCIM \( \mathcal{M}_{\pi} \). If there is no directed path \( D \rightarrow X \rightarrow U \) in \( G \), then either \( D \rightarrow X \) or \( X \rightarrow U \). If \( D \rightarrow X \), then \( X_d(\varepsilon) = X(\varepsilon) \) for any setting \( \varepsilon \in \text{dom}(\mathcal{E}) \) and decision \( d \) (Lemma 20). Therefore, \( U(\varepsilon) = U_{X_d}(\varepsilon) \). Similarly, if \( X \rightarrow U \) then \( U(\varepsilon) = U_{X_d}(\varepsilon) \) for every setting \( \varepsilon \in \text{dom}(\mathcal{E}) \). In either case, \( \mathbb{E}_{\pi}[U | \mathcal{P}a^D] = \mathbb{E}_{\pi}[U_{X_d} | \mathcal{P}a^D] \) and there is no instrumental control incentive on \( X \).
Figure 4: In (a), the content recommendation example from Figure 1b is shown to admit an instrumental control incentive on user opinion. This is avoided in (b) with a change to the objective.

Let us apply this criterion to the content recommendation example in Figure 4a. The only nodes $X$ in this graph that lie on a path $D \rightarrow X \rightarrow U$ are clicks and influenced user opinions. Since influenced user opinions has an instrumental control incentive, the agent may seek to influence that variable in order to attain utility. For example, it may be easier to predict what content a more emotional user will click on and therefore, a recommender may achieve a higher click rate by introducing posts that induce strong emotions.

How could we instead design the agent to maximise clicks without manipulating the user’s opinion (i.e. without an instrumental control incentive on influenced user opinion)? As shown in Figure 4b, we could redesign the system so that instead of being rewarded for the true click rate, it is rewarded for the clicks it would be predicted to have, based on a separately trained model of the user’s preferences. An agent trained in this way would view any modification of user opinions as irrelevant for improving its performance; however, it would still have an instrumental control incentive for predicted clicks so it would still deliver desired content. To avoid undesirable behaviour in practice, the click prediction must truly predict whether the original user would click the content, rather than baking in the effect of changes to the user’s opinion from reading earlier posts. This could be accomplished, for instance, by training a model to predict how many clicks each post would receive if it was offered individually.

This dynamic is related to concerns about the long-term safety of AI systems. For example, Russell (2019) has hypothesised that an advanced AI system would seek to manipulate its objective function (or human overseer) to obtain reward. This can be understood as an instrumental control incentive on the objective function (or the overseer’s behaviour). A better understanding of incentives could therefore be relevant for designing safe systems in both the short and long-term.

Related Work

Causal influence diagrams Jern and Kemp (2011) and Kleiman-Weiner et al. (2015) define influence diagrams with causal edges, and similarly use them to model decision-making of rational agents (although they are less formal than us, and focus on human decision-making).

An informal precursor of the SCIM that also used structural functions (as opposed to conditional probability distributions) was the “functional influence diagram” (Dawid 2002). The most similar alternative model is the Howard canonical form influence diagram (Howard 1990; Heckerman and Shachter 1995). However, this only permits counterfactual reasoning downstream of decisions, which is inadequate for defining the response incentive. Similarly, the causality property for influence diagrams introduced by Heckerman and Shachter (1994) and Shachter and Heckerman (2010) only constrains the relationships to be partially causal downstream of the decision (though adding new decision-node parents to all nodes makes the diagram fully causal). Appendix A shows by example why the stronger causality property is necessary for most of our incentive concepts.

An open-source Python implementation of CIDs has recently been developed4 (Fox et al. 2021).

Value of information and control Theorems 9 and 16 for value of information and value of control build on previous work. The concepts were first introduced by Howard (1966) and Shachter (1986), respectively. The VoC soundness proof follows previous proofs (Shachter 1998; Lauritzen and Nilsen 2001), while the Vol completeness proof is most similar to an attempted proof by Nielsen and Jensen (1999). They propose the criterion $X \perp U^D \mid Pa_D$ for requisite nodes, which differs from (1) in the conditioned set. Taken literally,5 their criterion is unsound for requisite nodes and positive Vol.

For example, in Figure 3a, High school is d-separated from accuracy given $Pa^2$, so their criterion would fail to detect that High school is requisite and admits Vol.6

To have positive VoC, it is known that a node must be an ancestor of a value node (Shachter 1886), but the authors know of no more-specific criterion. The concept of a relevant node introduced by Nielsen and Jensen (1999) also bears some semblance to VoC.

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4https://github.com/causalincentives/pycid
5Def. 6 defines d-separation for potentially overlapping sets.
6Furthermore, to prove that nodes meeting the d-connectedness property are requisite, Nielsen and Jensen claim that “X is [requisite] for D if Pr(dom(U) \mid D, Pa^2) is a function of X and U is a utility function relevant for D”. However, U being a function of X only proves that U is conditionally dependent on X, not that it changes the expected utility, or is requisite or material. Additional argumentation is needed to show that conditioning on X can actually change the expected utility; our proof provides such an argument.
7Since a preprint of this paper was placed online (Everitt et al. 2019c), this completeness result was independently discovered by Zhang, Kumor, and Bareinboim (2020, Thm. 2) and Lee and Bareinboim (2020, Thm. 1). Theorem 2 in the latter also provides a criterion for material observations in a multi-decision setting.
We have proved sound and complete graphical criteria for when an AI system is incentivised to behave unfairly, on instrumental control incentives (Kleiman-Weiner et al. 2015) use (causal) influence diagrams to define a notion of intention, that captures which nodes an optimal policy seeks to influence. Intention is conceptually similar to instrumental control incentives and uses hypothetical node deletions to ask which nodes the agent intends to control. Their concept is more refined than ICI in the sense that it includes only the nodes that determine optimal policy behaviour, but the definition is not properly formalized and it is not clear that it can be applied to all influence diagram structures.

AI fairness Another application of this work is to evaluate when an AI system is incentivised to behave unfairly, on some definition of fairness. Response incentives address this question for counterfactual fairness (Kusner et al. 2017; Kilbertus et al. 2017). An incentive criterion corresponding to path-specific effects (Zhang, Wu, and Wu 2017; Nabi and Shpitser 2018) is deferred to future work. Nabi, Malinsky, and Shpitser (2019) have shown how a policy may be chosen subject to path-specific effect constraints. However, they assume recall of all past events, whereas the response incentive criterion applies to any CID.

Mechanism design The aim of mechanism design is to understand how objectives and environments can be designed, in order to shape the behavior of rational agents (e.g. Nisan et al. 2007, Part II). At this high level, mechanism design is closely related to the incentive design results we have developed in this paper. In practice, the strands of research look rather different. The core challenge of mechanism design is that agents have private information or preferences. As we take the perspective of an agent designer, private information is only relevant for us to the extent that some types of agents or objectives may be harder to implement than others. Instead, our core challenge comes from causal relationships in agent environments, a consideration of little interest to most of mechanism design.

Discussion and Conclusion

We have proved sound and complete graphical criteria for two existing concepts (VoI and VoC) and two new concepts: response incentive and instrumental control incentive. The results have all focused on the (causal) structure of the interaction between agent and environment. This is both a strength and a weakness. On the one hand, it means that formal conclusions can be made about a system’s incentives, even when details about the quantitative relationship between variables is unknown. On the other hand, it also means that these results will not help with subtler comparisons, such as the relative strength of different incentives. It also means that the causal relationships between variables must be known. This challenge is common to causal models in general. In the context of incentive design, it is partially alleviated by the fact that causal relationships often follow directly from the design choices for an agent and its objective. Finally, causal diagrams struggle to express dynamically changing causal relationships.

While important to be aware of, these limitations do not prevent causal influence diagrams from providing a clear, useful, and unified perspective on agent incentives. It has seen applications ranging from value learning (Armstrong et al. 2020; Holtman 2020), interruptibility (Langlois and Everitt 2021), conservatism (Cohen, Vellambi, and Hutter 2020), modeling of agent frameworks (Everitt et al. 2019b), and reward tampering (Everitt et al. 2019a). Through such applications, we hope that the incentive analysis described in this paper will ultimately contribute to more fair and safe AI systems.

Acknowledgements

Thanks to Michael Cohen, Ramana Kumar, Chris van Merwijk, Carolyn Ashurst, Michiel Bakker, Silvia Chiappa, and Koen Holtman for their invaluable feedback.

We acknowledge the support of the Natural Sciences and Engineering Research Council of Canada (NSERC), [funding reference number CGSD3-534795-2019].

Cette recherche a été financée par le Conseil de recherches en sciences naturelles et en génie du Canada (CRSNG), [numéro de référence CGSD3-534795-2019].

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Table S1: Comparison with related work. The concepts of positive value of information (VoI), and positive value of control (VoC) are well-known. For VoI, a new, corrected, proof is provided. For VoC, the present work offers a new criterion, proving it sound and complete. For response incentive (RI) and instrumental control incentive (ICI), the criterion and all proofs are new.

|      | Definition | Criterion                                                                 | Soundness                                           | Completeness                                      |
|------|------------|---------------------------------------------------------------------------|-----------------------------------------------------|--------------------------------------------------|
| VoI  | Howard 1966; Matheson 1990 | Fagiuoli and Zaffalon 1998; Lauritzen and Nilsson 2001; Shachter 2016 | Fagiuoli and Zaffalon 1998; Lauritzen and Nilsson 2001; Shachter 2016 | First correct proof to our knowledge (see Related Work) |
| VoC  | Shachter 1986; Matheson 1990; Shachter and Heckerman 2010 | Incomplete version by Shachter (1986) (see Related Work) | New; proved using do-calculus and VoI | New; proved constructively (cf. “relevant utility nodes” Nielsen and Jensen (1999)) |
| RI   | New        | New                                                                       | New; proved using do-calculus and VoI               | New; proved constructively                        |
| ICI  | New        | New                                                                       | New; proved using do-calculus                        | New; proved constructively                        |

A Causality Examples

Causal influence diagrams that reflect the full causal structure of the environment are needed to correctly capture response incentives, value of control and instrumental control incentives. We begin with showing this for instrumental control incentives and value of control, leaving response incentive to the end of this section. Consider the two influence diagrams in Figure 5. If we assume that $X$ really affects $U$, only the diagram in Figure 5a correctly represents this causal structure, whereas Figure 5b lacks the edge $X \rightarrow U$. According to Definitions 15 and 17, $X$ has positive value of control and an instrumental control incentive. Only Figure 5a gets this right.

The influence diagram literature has discussed weaker notions of causality, under which Figure 5b is considered a valid alternative representation of the situation described by Figure 5a. For example, if we only consider their joint distributions conditional on various policies, then Figures 5a and 5b are identical. Both diagrams are also in the canonical form of Heckerman and Shachter (1995), as every variable responsive to the decision is a descendant of the decision. For the same reason, both diagrams are also causal influence diagrams in the terminology of Heckerman and Shachter (1994) and Shachter and Heckerman (2010). Since only Figure 5a gets the incentives right, we see that the stronger notion of causal influence diagram introduced in this paper is necessary to correctly model instrumental control incentives and value of control.

To show that response incentives also rely on fully causal influence diagrams, consider the diagrams in Figure 6. Again, we assume that Figure 6a accurately depicts the environment, while Figure 6b has the edge $Y \rightarrow X$ reversed. Again, both diagrams have identical joint distributions given any policy. Both diagrams are also causal in the weaker sense of Heckerman and Shachter (1994) and Shachter and Heckerman (2010). Yet only the fully causal influence diagram in Figure 6a exhibits that $Y$ can have a response incentive or positive value of control.

Figure 5: Two different influence diagram representations of the same situation, with different VoC and ICI.

Figure 6: Two different influence diagram representations of the same situation, with different RI and VoC. In Figure 6a, $Y$ is sampled from some arbitrary distribution on $\{0, 1\}$, for example a Bernoulli distribution with $p = 0.5$. In Figure 6b, $X$ is sampled in the same way.
B Proof Preliminaries

Our proofs will rely on the following fundamental results about causal models from (Galles and Pearl 1997) and (Pearl 2009).

**Definition 19** (Causal Irrelevance). $X$ is causally irrelevant to $Y$, given $Z$, written $(X \not\rightarrow Y|Z)$ if, for every set $W$ disjoint of $X \cup Y \cup Z$, we have

$$\forall \varepsilon, z, x, x', w \quad Y_{\varepsilon x w}(\varepsilon) = Y_{x' z w}(\varepsilon)$$

**Lemma 20.** For every SCM $M$ compatible with a DAG $G$,

$$(X \not\rightarrow Y|Z) \implies (X \not\rightarrow Y)$$

**Proof.** By induction over variables, as in (Galles and Pearl 1997, Lemma 12).

**Lemma 21** (Pearl 2009, Thm. 3.4.1, Rule 1). For any disjoint subsets of variables $W, X, Y, Z$ in the DAG $G$, $E(Y_{W[Z]}w) = E(Y_{\varepsilon[Z]}w)$ if $Y \perp Z | (X, W)$ in the graph $G'$ formed by deleting all incoming edges to $X$.

**Lemma 22** (Pearl 2009, Thm. 1.2.4). For any three disjoint subsets of nodes $(X, Y, Z)$ in a DAG $G$, $(X \perp Y|Z)_{G'}$ if and only if $(X \perp Y|Z)_{P}$ for every probability function $P$ compatible with $G$.

**Lemma 23** (Correa and Bareinboim 2020, Sigma Calculus Rule 3). For any disjoint subsets of nodes $(X, Y, Z) \subseteq V$ and $Z \subseteq V$ in a DAG $G$, $Pr(X | Z; g^Y) = Pr(X | Z; g^Y)'$ if $Y \perp Z | (X, W)$ in $G'_Z$ where $Y(Z) \subseteq Y$ is the set of elements in $Y$ that are not ancestors of $Z$ in $G$ and $G'_Z$ denotes $G$ but with edges incoming to variables in $W$ removed.

C Proofs

**C.1 Value of Information Criterion**

First, we introduce the notion of a $G$-respecting optimal policy. Our proof of its optimality is similar to Theorem 3 from (Lauritzen and Nilsson 2001). It builds on the following intersection property of d-separation.

**Lemma 24** (d-separation intersection property). For all disjoint sets of variables $W, X, Y,$ and $Z$,

$$(W \perp X|Y, Z) \land (W \perp Y|X, Z) \implies (W \perp (X \cup Y)|Z)$$

**Proof.** Suppose that the RHS is false, so there is a path from $W$ to $X \cup Y$ conditional on $Z$. This path must have a subpath that passes from $W$ to $X \in X$ without passing through $Y$ or to $Y \in Y$ without passing through $X$ (it must traverse one set first). But this implies that $W$ is d-connected to $X$ given $Y, Z$ or to $Y$ given $X, Z$, meaning the LHS is false. So if the LHS is true, then the RHS must be true.

**Lemma 25** ($G$-respecting optimal policy). Every single-decision SCIM $M = (G, E, F, P)$ has an optimal policy $\pi$ that depends only on requisite observations. In other words, $\pi$ is also a policy for the minimal model $M'_{\text{min}} = (G'_{\text{min}}, E, F, P)$. We call $\pi$ a $G$-respecting optimal policy.

**Proof.** First partition $\mathcal{Pa}^D_{\text{min}}$ into the requisite parents $\mathcal{Pa}^D_{\text{min}} = \{W \in \mathcal{Pa}^D : W \not\in \mathcal{U}^D | \{D\} \cup \mathcal{Pa}^D \setminus \{W\}\}$, and non-requisite parents $\mathcal{Pa}^D = \mathcal{Pa}^D_{\text{min}} \setminus \mathcal{Pa}^D_{\text{min}}$.

Let $\pi^*$ be an optimal policy in $M$. To construct a $G_{\text{min}}$-respecting version $\tilde{\pi}$, select any value $\mathcal{Pa}^D_{\text{min}} \in \text{dom}(\mathcal{Pa}^D)$ for which $Pr_{\pi^*}(\mathcal{Pa}^D_{\text{min}} \cap \mathcal{Pa}^D_{\text{min}}) > 0$. For all $\mathcal{Pa}^D_{\text{min}} \in \text{dom}(\mathcal{Pa}^D_{\text{min}})$ and $\mathcal{Pa}^D_{\text{min}} \in \text{dom}(\mathcal{Pa}^D_{\text{min}})$, let

$$\tilde{\pi}(\mathcal{Pa}^D_{\text{min}}, \mathcal{Pa}^D_{\text{min}}, \mathcal{Pa}^D_{\text{min}}, \mathcal{Pa}^D_{\text{min}}) := \pi^*(\mathcal{Pa}^D_{\text{min}}, \mathcal{Pa}^D_{\text{min}}, \mathcal{Pa}^D_{\text{min}}, \mathcal{Pa}^D_{\text{min}}).$$

The policy $\tilde{\pi}$ is permitted in $M'_{\text{min}}$ because it does not vary with $\mathcal{Pa}^D_{\text{min}}$.

Now let us prove that $\tilde{\pi}$ is optimal in $M$. Partition $U$ into $U^D = U \cap \text{Desc}^D$ and $U^D = U \setminus \text{Desc}^D$. $D$ is causally irrelevant for every $U \cup U^D$ so every policy $\pi$ (in particular, $\tilde{\pi}$) is optimal with respect to $U_D := \bigcup_{U \subseteq U^D} V_U$.

We now consider $U^D$. By definition, $W \perp U^D | \{D\} \cup \mathcal{Pa}^D \setminus \{W\}$ for every $W \in \mathcal{Pa}^D_B$. By inductively applying the intersection property of d-separation (Lemma 24) over elements of $\mathcal{Pa}^D$, we obtain

$$\mathcal{Pa}^D \perp U^D | \{D\} \cup \mathcal{Pa}^D_{\text{min}}.$$ (3)

Next, we establish that $E_{\pi}[U^D] = E_{\pi^*}[U^D]$ by showing that $E_{\pi}[U^D | \mathcal{Pa}^D_{\text{min}}] = E_{\pi^*}[U^D | \mathcal{Pa}^D_{\text{min}}]$ for every $\mathcal{Pa}^D_{\text{min}} \in \text{dom}(\mathcal{Pa}^D_{\text{min}})$ with $Pr_{\pi}(\mathcal{Pa}^D_{\text{min}}) > 0$. First, the expected utility of $\tilde{\pi}$ given any $(\mathcal{Pa}^D_{\text{min}}, \mathcal{Pa}^D)$ with $Pr_{\pi}(\mathcal{Pa}^D_{\text{min}}) = \mathcal{Pa}^D_{\text{min}}, \mathcal{Pa}^D = \mathcal{Pa}^D_{\text{min}} > 0$ is equal to the expected utility of $\pi^*$ on input $(\mathcal{Pa}^D_{\text{min}}, \mathcal{Pa}^D)$:

$$E_{\pi}[U^D | \mathcal{Pa}^D_{\text{min}}, \mathcal{Pa}^D] = \sum_{u,d} (u | Pr(U^D = u | d, \mathcal{Pa}^D_{\text{min}}, \mathcal{Pa}^D) \cdot Pr_{\mathcal{Pa}^D}(D = d | \mathcal{Pa}^D_{\text{min}}, \mathcal{Pa}^D))$$

$$= \sum_{u,d} (u | Pr(U^D = u | d, \mathcal{Pa}^D_{\text{min}}, \mathcal{Pa}^D) \cdot Pr_{\pi^*}(D = d | \mathcal{Pa}^D_{\text{min}}, \mathcal{Pa}^D))$$

$$= E_{\pi^*}[U^D | \mathcal{Pa}^D_{\text{min}}, \mathcal{Pa}^D]$$

where the middle equality follows from (3) and the definition of $\tilde{\pi}$. Second, the expected utility of $\pi^*$ given input $\mathcal{Pa}^D$ is the same as its expected utility on any input $\mathcal{Pa}^D$:

$$= \max_{d} E_{\pi^*}[U^D_{\text{min}}, \mathcal{Pa}^D]$$

$$= \max_{d} E_{\pi^*}[U^D_{\text{min}}, \mathcal{Pa}^D]$$

$$= E_{\pi^*}[U^D | \mathcal{Pa}^D_{\text{min}}, \mathcal{Pa}^D]$$

where the first equality follows from the optimality of $\pi^*$ and the second from Lemma 21. The expression $E_{\pi^*}[U^D | \mathcal{Pa}^D_{\text{min}}, \mathcal{Pa}^D]$ means that we first assign the policy $\pi^*$ then intervene to set $D = d$, which renders $\pi^*$ effectively irrelevant but formally necessary for creating an SCM. This result shows that $\tilde{\pi}$ is optimal for $U^D$ and has $E_{\pi}[U^D] = E_{\pi^*}[U^D]$. Since $\tilde{\pi}$ is optimal for both $U^D$ and $U^D$, $\tilde{\pi}$ is optimal in $M$. \qed
We now prove Theorem 9 by establishing the soundness and completeness of the value of information criterion.

Lemma 26 (VoI criterion soundness). If, in the single-decision CID \( \mathcal{G}, X \in \mathcal{V} \setminus \text{Desc}\) has

\[
X \perp U^D \mid (Pa^D \cup \{D\} \setminus \{X\})
\]

where \(U^D := U \cap \text{Desc}^D\), then \(X\) does not have positive value of information in any SCIM \(\mathcal{M}\) compatible with \(\mathcal{G}\).

The result is already known from (Lauritzen and Nilsson 2001; Fagiuoli and Zaffalon 1998), but we prove it here to make the paper more self-contained.

Proof. Let \(\mathcal{M} = (\mathcal{G}, \mathcal{E}, \mathcal{F}, \mathcal{P})\) be any SCIM compatible with \(\mathcal{G}\). Let \(\bar{\mathcal{G}}_{X \rightarrow D}\) and \(\bar{\mathcal{G}}_{X \leftarrow D}\) be versions of \(\mathcal{G}\) modified by adding and removing \(X \rightarrow D\) respectively. Let \(\mathcal{G}^\text{min}_{X \rightarrow D}\) be the minimal reduction of \(\bar{\mathcal{G}}_{X \rightarrow D}\). Let \(\mathcal{M}^\text{min}_{X \rightarrow D} := (\mathcal{G}^\text{min}_{X \rightarrow D}, \mathcal{E}, \mathcal{F}, \mathcal{P})\) and \(\mathcal{M}^\text{min}_{X \leftarrow D} := (\mathcal{G}^\text{min}_{X \leftarrow D}, \mathcal{E}, \mathcal{F}, \mathcal{P})\) be SCIMs with the same domains and structural functions.

By Lemma 25, there is a \(\mathcal{G}^\text{min}\)-respecting policy \(\bar{\pi}\) admissible in \(\mathcal{M}^\text{min}_{X \rightarrow D}\) and optimal in \(\mathcal{M}^\text{min}_{X \rightarrow D}\). We prove that \(\mathcal{G}^\text{min}_{X \rightarrow D}\) is a subgraph of \(\bar{\mathcal{G}}_{X \rightarrow D}\), meaning that \(\bar{\pi}\) is also admissible in \(\mathcal{M}^\text{min}_{X \rightarrow D}\). By assumption, \(\bar{\mathcal{G}}_{X \rightarrow D}\) is a directed graph with \(X \rightarrow D\) and \(\mathcal{G}^\text{min}_{X \leftarrow D}\) (and possibly other nodes) removed. This makes it a subgraph of \(\bar{\mathcal{G}}_{X \rightarrow D}\), implying that \(\bar{\pi}\) is admissible in \(\mathcal{M}^\text{min}_{X \rightarrow D}\).

Since \(\bar{\pi}\) is admissible in \(\mathcal{M}^\text{min}_{X \rightarrow D}\) and optimal in \(\mathcal{M}^\text{min}_{X \rightarrow D}\), \(V^*(\mathcal{M}^\text{min}_{X \rightarrow D}) \not< V^*(\mathcal{M}^\text{min}_{X \rightarrow D})\). \(\square\)

Lemma 27 (VoI criterion completeness). If in the single-decision CID \(\mathcal{G}, X \in \mathcal{V} \setminus \text{Desc}^D\) is d-connected to a utility node that is a descendant of \(D\) conditional on the decision and other parents:

\[
X \not\perp U^D \mid (Pa^D \cup \{D\} \setminus \{X\}) \tag{4}
\]

where \(U^D := U \cap \text{Desc}^D\), then \(X\) has VoI in at least one SCIM \(\mathcal{M}\) compatible with \(\mathcal{G}\).

This follows from the response incentive completeness Lemma 28 in Appendix C.2, so we defer the proof to that section.

C.2 Response Incentive Criterion

The Response Incentives section contains a proof of the soundness of the response incentive criterion. We now prove its completeness in order to finish the proof of Theorem 12. Figure 7 illustrates the model constructed in the proof.

Lemma 28 (Response Incentive Criterion Completeness). If \(X \rightarrow D\) in the minimal reduction \(G^\text{min}\) of a single-decision CID \(\mathcal{G}\) then there is a response incentive on \(X\) in at least one SCIM \(\mathcal{M}\) compatible with \(\mathcal{G}\).

Proof. Starting from the assumption that \(X \rightarrow D\) in \(G^\text{min}\), we explicitly construct a compatible model for \(\mathcal{G}\) for which the decision of every optimal policy causally depends on the value of \(X\). Let \(\bar{X} \bar{D}\) be a directed path from \(X\) to \(D\) that only contains a single requisite observation that we label \(W\) (if \(X\) is itself a requisite observation, then \(W\) and \(X\) is the same node). Since \(W\) is a requisite observation for \(D\), there exists some utility node \(U\) descending from \(D\) that is d-connected to \(W\) in \(\mathcal{G}\) when conditioning on \(Pa^D \cup \{D\} \setminus \{W\}\). Let \(\bar{D} \bar{U}\) be a directed path from \(D\) to \(U\) and let \(\bar{W} \bar{U}\) be a path between \(\bar{W}\) and \(U\) that is active when conditioning on \(Pa^D \cup \{D\} \setminus \{W\}\). By the definition of d-connecting paths, \(\bar{W} \bar{U}\) has the following structure \((m \geq 0)\):

consisting of directed sub-paths leaving source nodes \(S^i\) and entering collider nodes \(C^i\), where there is a directed path from each collider to \(Pa^D \cup \{D\} \setminus \{W\}\) and no non-collider node is in \(Pa^D \cup \{D\} \setminus \{W\}\). It may be the case that \(W\) and \(S^0\) are the same node. For each \(i \in \{1, \ldots, m\}\), let \(C^i O^i\) be a directed path from \(C^i\) to some \(O^i \in Pa^D\) such that no other node along \(C^i O^i\) is in \(Pa^D\).

We make the following assumptions without loss of generality:

- \(\bar{W} \bar{U}\) first intersects \(\bar{D} \bar{U}\) at some variable \(Y\) (possibly \(Y\) is \(U\)) and thereafter both \(\bar{W} \bar{U}\) and \(\bar{D} \bar{U}\) follow the same directed path from \(Y\) to \(U\) (otherwise, let \(Y\) be the first intersection point and replace the \(Y \leftarrow U\) sub-path of \(\bar{W} \bar{U}\) with the \(Y \leftarrow U\) sub-path of \(\bar{D} \bar{U}\))

- The \(S^0 \rightarrow W\) sub-path of reversed \(\bar{W} U\) first intersects \(\bar{X} \bar{D}\) at some node \(Z\) and thereafter both follow the same directed path from \(Z\) to \(W\) (same argument as for \(Y\))

- The paths \(C^i O^i\) are mutually non-intersecting (if there is an intersection between \(C^i O^i\) and \(C^j O^j\) with \(j \neq i\) then replace the part of \(\bar{W} \bar{U}\) between \(C^i\) and \(C^j\) with the path through the intersection point, which becomes the new collider; this can only happen finitely many times as it reduces the number of collider nodes)

The resulting structure is shown in Figure 7.

We now formally define the model represented in the figure. The domains of all endogenous variables are set to \(\{-1, 0, 1\}\). All exogenous variables are given independent discrete uniform distributions over \(\{-1, 1\}\). Unless otherwise specified, we set \(B = A\) for each edge \(A \rightarrow B\) within the directed paths shown in Figure 7, i.e., \(f^B(Pa^B, x^B) = a\). Nodes at the heads of directed paths can therefore be defined in terms of nodes at the tails. We begin by describing functions for the “default” case depicted by Figure 7, and discuss adaptations for various special cases below.

- \(S^i = E^{S^i}\), giving \(S^i\) a uniform distribution over \(-1\) and \(1\).
- \(U = Y\), and
- \(Y = S^m \cdot D\), so \(D\) must match \(S^m\) to optimize utility.
- \(C^i = S^{i-1} \cdot S^i\), and
\[ Y = S^m \cdot D \]

\[ U = Y \]

\[ O^m = C^m \]

\[ C^m = S^{m-1} \cdot S^m \]

\[ C^1 = S^1 \cdot S^2 \]

\[ S^0 \sim \text{Uniform}\{[-1, 1]\} \]

\[ S^m \sim \text{Uniform}\{[-1, 1]\} \]

\[ Z = S^0 \cdot X \]

\[ W = Z \]

\[ X = 1 \]

\[ \text{choose } D \in \{-1, 0, 1\} \]

\[ \text{Figure 7: Outline of the variables involved in the response incentive construction. Every graph that satisfies the response incentive graphical criterion contains this structure (allowing all dashed paths except those to } C^i \text{ or } Y \text{ to have length zero). An optimal policy for the given model is } D = W \cdot \prod_{i=1}^m O^i = S^m, \text{ yielding utility } U = Y = X(S^m)^2 = 1, \text{ and all optimal policies must depend on the value of } W. \]

- \( O^i = C^i \), so the collider \( C^i \) reveals (only) whether \( S^{i-1} \) and \( S^i \) have the same sign or not.
- \( X = 1 \),
- \( Z = X \cdot S^0 \), and
- \( W = Z \), so \( W \) reflects the value of \( S^0 \), unless \( X \) is intervened upon.

All other variables not part of any named path are set to 0.

Special cases arise when two or more of the labeled nodes in Figure 7 refer to the same variable. When \( W, Y, \) or \( O^o \) is the same node as one of its parents, then it simply takes the function of this parent (instead of copying its value). Meanwhile, the \( S^i, C^i, \) and \( Y \) nodes must be distinct by construction, so no special cases treatment is required. Finally, the functions for \( X, S^0 \) and \( Z \) are adapted per the following cases:

- **Case 1:** \( X, S^0, \) and \( Z \) are all the same node. Let \( X = Z = S^0 = \mathcal{E}^{S^0} \), i.e. the node takes a uniform distribution over \{−1, 1\}.

- **Case 2:** \( Z \) is the same node as \( S^0 \), but different from \( X \). In this case, let \( Z = S^0 = X \cdot \mathcal{E}^{S^0} \).

- **Case 3:** \( X \) is the same node as \( Z \), but different from \( S^0 \). In this case, let \( X = Z = S^0 \).

The final combination of \( X \) and \( S^0 \) being the same, while different from \( Z \), cannot happen by the definition of \( Z \).

Regardless of which case applies, an optimal policy is \( D = W \cdot \prod_{i=1}^m O^i \), which yields a utility of 1.

Now consider the intervention that sets \( X = 0 \), and consequently \( W_{X=0} = Z_{X=0} = 0 \). Without the information in \( W \), \( S^m \) is independent of \((\mathcal{Pa}^O)_{X=0}\) and hence independent of \( D_{X=0} \) regardless of the selected policy.\(^8\) Therefore, \[ \mathbb{E}_\pi[U_{D_{X=0}}] = \mathbb{E}_\pi[S^m \cdot D_{X=0}] = \mathbb{E}_\pi[S^m] \cdot \mathbb{E}_\pi[D_{X=0}] = 0 \] for every policy \( \pi \). In particular, for any optimal policy \( \pi^* \), \[ \mathbb{E}_{\pi^*}[U_{D_{X=0}}] \neq \mathbb{E}_{\pi^*}[U] = 1 \] so there must be some \( \varepsilon \) such that \( D_{X=0}(\varepsilon) \neq D(\varepsilon) \). Therefore, there is a response incentive on \( X \).

With this result we can now prove the completeness of the value of information criterion.

**Proof of Lemma 27 (Vol criterion completeness).** If \( X \not\perp U^D | (\mathcal{Pa}^D \cup \{D\} \setminus \{X\}) \) then \( X \) is a requisite observation in \( \mathcal{G}_{X \rightarrow D} \) (where \( \mathcal{G}_{X \rightarrow D} \) is \( \mathcal{G} \) modified to include the edge \( X \rightarrow D \) if the edge does not exist already) and \( X \rightarrow D \) is a path in the minimal reduction \( \mathcal{G}^\text{min}_{X \rightarrow D} \). By Lemma 28, there exists a model \( \mathcal{M}_{X \rightarrow D} \) compatible with \( \mathcal{G}_{X \rightarrow D} \) that has a response incentive on \( X \). If every optimal policy for \( \mathcal{M}_{X \rightarrow D} \) depends on \( X \) then it must be the case that \( \mathcal{V}^*(\mathcal{M}_{X \rightarrow D}) < \mathcal{V}^*(\mathcal{M}_{X \rightarrow D}) \).

**C.3 Value of Control Criterion**

The Value of Control section contains a proof of the soundness of the value of control criterion. We complete the proof of Theorem 16 by showing that the criterion is also complete.

\(^8\)Note that if \( m = 0 \) and \( S^0 \) is \( Z \) then \((S^m)_{X=0} = 0 \) but the fact that this is predictable is irrelevant because we compare \( D_{X=0} \) against the pre-intervention variable \( S^m \), which remains independent of \((\mathcal{Pa}^D)_{X=0}\).
Theorem 14 (VoC criterion completeness). If $X \rightarrow U$ in the minimal reduction $G^{\text{min}}$ of a single-decision CID $G$ and $X \notin \{D\}$ then $X$ has positive value of control in at least one SCIM $M$ compatible with $G$.

**Proof.** Assume that $X \rightarrow U$ for $X \notin \{D\}$ and fix a particular directed path $\rho$ from $X$ to some utility variable $U \in U$. We consider two cases depending on whether $D$ is in $\rho$ and construct a SCIM for each:

**Case 1:** $\rho$ does not contain $D$. Let the domain of all variables be $\{0, 1\}$. Set all exogenous variable distributions arbitrarily. Set $F$ such that $X = 0$ with every other variable along $\rho$ copying the value of $X$ forward. All remaining variables are set to the constant 0. With this model, an intervention $g^X$ that sets $X$ to 1 instead of 0 increases the total expected utility by 1, which means there is an instrumental control incentive for $X$.

**Case 2:** $\rho$ contains $D$. This implies that a directed path $X \rightarrow D$ is present in $G^{\text{min}}$ so we can construct a (modified version of) the response incentive construction used in the proof of Lemma 28. We make one change: instead of starting with $f^X(\cdot) = 1$ we start with $f^X(\cdot) = 0$. As noted in the response incentive construction proof, this means that $S_m$ is independent of $Pa^D$ so regardless of the policy the optimal attainable utility is 0. If we perform the intervention $g^X(\cdot) = 1$ then the attainable expected utility is 1 once again so the intervention $g^X$ strictly increases the optimal expected utility.

\[\square\]

**C.4 Instrumental Control Incentive Criterion**

The Instrumental Control Incentive section contains a proof of the soundness of the instrumental control incentive criterion. We prove its completeness to finish the proof of Theorem 18.

**Lemma 30** (ICI Criterion Completeness). If a single-decision CID $G$ contains a path of the form $D \rightarrow X \rightarrow U$ then there is an instrumental control incentive on $X$ in at least one SCIM $M$ compatible with $G$.

**Proof.** Assume that $G$ contains a directed path $D = Z^0 \rightarrow Z^1 \rightarrow \cdots \rightarrow Z^n = U$ where $U \in U$ and $Z^i = X$ for some $i \in \{0, \ldots, n\}$. We construct a compatible SCIM for which there is an instrumental control incentive on $X$. Let all variables along the path $Z^0 \rightarrow \ldots \rightarrow Z^n$ be equal to their predecessor, except $Z^0 = D$, which has no structure function. All other variables are set to 0. In this model, $U = D \in \{0, 1\}$ and all other utility variables are always 0 so the only optimal policy is $\pi^*(Pa^D) = 1$, which gives $\mathbb{E}_{\pi^*}[U \mid Pa^D = 0] = 1$. Meanwhile, $U_{X_d} = d$ so for $d = 0$ we have $\mathbb{E}_{\pi^*}[U_{X_d} \mid Pa^D = 0] = 0$.

\[\square\]

**C.5 Counterfactual Fairness**

Theorem 14 (Counterfactual fairness and response incentives). In a single-decision SCIM $M$ with a sensitive attribute $A \in X$, all optimal policies $\pi^*$ are counterfactually unfair with respect to $A$ if and only if $A$ has a response incentive.

**Proof.** We begin by showing that if there exists an optimal policy $\pi$ that is counterfactually fair, then there is no response incentive on $A$. To this end, let

\[
\sup_{\pi}(D \mid Pa^D) = \{d \mid \Pr_{\pi}(D = d \mid Pa^D) > 0\}
\]

\[
\forall a, \sup_{\pi}(D_a \mid Pa^D) = \{d \mid \Pr_{\pi}(D_a = d \mid Pa^D) > 0\}
\]

be the sets of decisions taken by $\pi$ with positive probability with and without an intervention on $A$. As a first step, we will show that for any $\epsilon \in \text{dom}(E)$ and any intervention $a$ on $A$,

\[
\sup_{\pi}(D \mid Pa^D(\epsilon)) = \sup_{\pi}(D_a \mid Pa^D(\epsilon)).
\]

By way of contradiction, suppose there exists a decision $d \in \sup_{\pi}(D \mid Pa^D(\epsilon)) \setminus \sup_{\pi}(D_a \mid Pa^D(\epsilon))$.

Since $d \in \sup_{\pi}(D \mid Pa^D(\epsilon))$, we have

\[
\Pr_{\pi}(D = d \mid Pa^D(\epsilon), A(\epsilon)) > 0.
\]

And since $d \notin \sup_{\pi}(D_a \mid Pa^D(\epsilon))$, there exists no $\epsilon'$ with positive probability such that $Pa^D(\epsilon') = Pa^D(\epsilon)$, $A(\epsilon') = A(\epsilon)$, and $D_a(\epsilon') = d$. This gives

\[
\Pr_{\pi}(D_a = d \mid Pa^D(\epsilon), A(\epsilon)) = 0.
\]

Equations (7) and (8) violate the counterfactual fairness property, Definition 13, which shows that (6) is impossible. An analogous argument shows that $d \notin \sup_{\pi}(D_a \mid Pa^D(\epsilon)) \setminus \sup_{\pi}(D \mid Pa^D(\epsilon))$ also violates the counterfactual fairness property Definition 13. We have thereby established (5).

Now select an arbitrary ordering of the elements of $\text{dom}(D)$ and define a new policy $\pi^*$ such that $\pi^*(Pa^D)$ is the minimal element of $\sup_{\pi}(D \mid Pa^D)$. Then $\pi^*$ is optimal because $\pi$ is optimal. Further, $\pi^*$ will make the same decision in decision contexts $Pa^D(\epsilon)$ and $Pa^D_0(\epsilon)$ because of (5). In other words, $D_a(\epsilon) = D(\epsilon)$ in $\mathcal{M}_{\pi^*}$ for the optimal policy $\pi^*$, which means that there is no response incentive on $A$.

Now we prove the reverse direction — that if there is no response incentive then some optimal $\pi^*$ is counterfactually fair. Choose any optimal policy $\pi^*$ where $D_a(\epsilon) = D(\epsilon)$ for all $\epsilon$. Since an intervention $a$ cannot change $D$ in any setting, $\Pr(D_a = d \mid \cdot) = \Pr(D = d \mid \cdot)$ for any condition and any decision $d$, hence $\pi^*$ is counterfactually fair.

\[\square\]