ALGEBRAIC PROBLEMS IN STRUCTURAL EQUATION MODELING

MATHIAS DRTON

Abstract. The paper gives an overview of recent advances in structural equation modeling. A structural equation model is a multivariate statistical model that is determined by a mixed graph, also known as a path diagram. Our focus is on the covariance matrices of linear structural equation models. In the linear case, each covariance is a rational function of parameters that are associated to the edges and nodes of the graph. We statistically motivate algebraic problems concerning the rational map that parametrizes the covariance matrix. We review combinatorial tools such as the trek rule, projection to ancestral sets, and a graph decomposition due to Jin Tian. Building on these tools, we discuss advances in parameter identification, i.e., the study of (generic) injectivity of the parametrization, and explain recent results on determinantal relations among the covariances. The paper is based on lectures given at the 8th Mathematical Society of Japan Seasonal Institute.

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Part I. Structural Equation Models and Questions of Interest

1. Motivation

The following example serves well to introduce the statistical models we will consider. It features the simplest instance of what is known as an instrumental variable model. An empirical study that shows this type of model ‘in action’ can be found in [29].

Example 1.1. Does a mother’s smoking during pregnancy harm the baby? To answer this question researchers conduct a study in which they record, for a sample of pregnancies, the baby’s birth weight and the average number of cigarettes the mom smoked per day during the first trimester. The researchers observe a significant negative correlation between the birth weight and smoking and are tempted to conclude that smoking has a negative effect on the baby’s health, with an increase in the number of cigarettes smoked leading to lower birth weight.

The cigarette companies are not surprised by this finding. They argue, however, that smoking does not harm baby. Instead, heavier smoking is merely a reflection of underlying factors that are the true causes of low birth weight. Such confounding variables could, for instance, be of socio-economic nature. In the context of the smoking-lung cancer debate, prominent Statistician Ronald Fisher liked to argue that correlations can be attributed to unobserved variables of genetic nature [59].

Familiar with this type of counter-argument, the researchers cleverly recorded a third variable: The tax rate on tobacco products in the local jurisdictions of the mothers in the sample. It is not unreasonable to assume that the tax rate does not have a direct effect on the baby’s health. If there is then variation in the tax rate and higher taxes have an effect on the amount of smoking, then the effect that smoking has on birth weight can be estimated in a model that allows for the presence of unobserved confounders, as we will see shortly.

The above narrative suggests a number of cause-effect relations, as well as the absence thereof. Qualitatively these are summarized in the graph in Figure 1.1. The variables in play are the nodes of the graph and cause-effect relationships are indicated as directed edges. The variable $U$ represents a confounding variable and is unobserved, which we emphasize by coloring its edges in red.

Structural equation models turn the qualitative descriptions of causes and effects into quantified functional relationships. In this article, the functional relationships will always be linear. The linear structural equation model for the present example is based on the following system of structural equations:

\[
\begin{align*}
X_1 &= \lambda_{01} + \varepsilon_1, \\
X_2 &= \lambda_{02} + \lambda_{12}X_1 + \lambda_{u2}U + \varepsilon_2, \\
X_3 &= \lambda_{03} + \lambda_{23}X_2 + \lambda_{u3}U + \varepsilon_3, \\
U &= \lambda_{0u} + \varepsilon_u.
\end{align*}
\]

Here, the error terms $\varepsilon_1, \varepsilon_2, \varepsilon_3, \varepsilon_u$ are independent random variables with zero mean. The eight coefficients $\lambda_{01}, \lambda_{02}, \lambda_{03}, \lambda_{0u}, \lambda_{12}, \lambda_{23}, \lambda_{u2}, \lambda_{u3}$ are unknown parameters. Equation (1.1) indicates that variable $X_1$, the tax rate, has expectation $\lambda_{01}$, from which it deviates according to the distribution assumed for $\varepsilon_1$. The analogous statement for the unobserved confounder $U$ is made in (1.4). In (1.2), the amount of smoking, denoted $X_2$, is modeled to be a linear function of the tax
rate and independent noise. Similarly, (1.3) introduces birth weight, denoted $X_3$, as a noisy linear function of smoking.

The quantity of primary interest is the coefficient $\lambda_{23}$ that quantifies the relationship between smoking and birth weight. Using data, we can estimate the joint distribution and, in particular, the covariance matrix of the three observed variables $X_1$, $X_2$ and $X_3$. Because the error terms are independent and have zero means, the covariance between $X_3$ and $X_1$ is

\begin{equation}
\text{Cov}[X_1, X_3] = \lambda_{23} \cdot \text{Cov}[X_1, X_2].
\end{equation}

Hence, as long as $\text{Cov}[X_1, X_2] \neq 0$, statistical inference about $\lambda_{23}$ may be based on the ratio of the two covariances in (1.5).

In some applications of structural equation models latent (that is, unobserved) variables are of direct interest. For instance, concepts such as intelligence or depression in psychology are of this nature and measured only indirectly through other variables such as exam results or answers in questionnaires. While problems with explicit latent variables are ubiquitous [5], we will focus on models in which the effects of latent variables are summarized and represented merely in terms of correlations among the error terms in structural equations. This representation of dependence induced by latent variables is discussed in detail in [33, 44, 49, 50, 71].

**Example 1.2.** We take up the instrumental variable model from Example 1.1. The effects of the confounding variable $U$ can be summarized by absorbing $U$ into the error terms for equations (1.2) and (1.3). Define

\begin{equation}
\tilde{\varepsilon}_2 = \lambda_{u2} U + \varepsilon_2, \quad \tilde{\varepsilon}_3 = \lambda_{u3} U + \varepsilon_3.
\end{equation}

Retaining only the equations for the observed variables $X_1$, $X_2$, and $X_3$, we are left with the equation system:

\begin{align}
X_1 &= \lambda_{01} + \varepsilon_1, \\
X_2 &= \lambda_{02} + \lambda_{12} X_1 + \tilde{\varepsilon}_2, \\
X_3 &= \lambda_{03} + \lambda_{23} X_2 + \tilde{\varepsilon}_3.
\end{align}

However, and this is the significance of the unobserved variable $U$, we have now correlated error terms because

\begin{equation}
\omega_{23} := \text{Cov}[\tilde{\varepsilon}_2, \tilde{\varepsilon}_3] = \text{Cov}[\lambda_{u2} U + \varepsilon_2, \lambda_{u3} U + \varepsilon_3] = \lambda_{u2} \lambda_{u3} \text{Var}[U] \neq 0.
\end{equation}

In the sequel, we will focus on models that are given by equations such as (1.7)-(1.9), with one equation for each observed variable but error terms that may be correlated. Graphically, such models may be represented by a mixed graph that features directed edges to encode which variables appear in each structural equation and bidirected edges that indicate possibly nonzero correlations between error terms. The mixed graph for the model given by (1.7)-(1.9) is depicted in Figure 1.2, which shows the unknown parameters as weights for the edges. At the nodes, we
show the variances of the error terms, namely, $\omega_{11} = \text{Var}[\varepsilon_1]$, $\omega_{22} = \text{Var}[\tilde{\varepsilon}_2]$, and $\omega_{33} = \text{Var}[\tilde{\varepsilon}_3]$. In the statistical literature, the mixed graph for a structural equation model is also known as a path diagram.

The ratio $\text{Cov}[X_2, X_3]/\text{Var}[X_2]$ is the regression coefficient when predicting $X_3$ from $X_2$. We have

$$\begin{align*}
\frac{\text{Cov}[X_2, X_3]}{\text{Var}[X_2]} &= \lambda_{23} + \frac{\omega_{23}}{\text{Var}[X_2]}.
\end{align*}$$

Hence, linear regression predicting $X_3$ from $X_2$ only estimates the coefficient of interest if $\omega_{23} = 0$, as is the case when $X_2$ and $X_3$ do not depend on the latent variable $U$. When $\omega_{23} \neq 0$, the relation from (1.5), which involves all three variables, is needed to recover $\lambda_{23}$.

The remainder of this paper is organized as follows. Section 2 introduces linear structural equation models in full generality. We then formulate questions of statistical interest and the algebraic problems they correspond to (Section 3). Next, we examine the interplay between covariance matrices and mixed graphs. We treat the so-called trek rule (Section 4) and review useful results on subgraphs and graph decomposition (Sections 5 and 6). In Sections 7 and 8, we dive deeper into parameter identifiability, which here means the question of whether a coefficient of interest can be recovered from the covariance matrix of the observed variables. Finally, we discuss relations among the entries of the covariance matrix (Sections 9-12).

2. Linear Structural Equation Models

Let $\varepsilon = (\varepsilon_i : i \in V)$ be a random vector indexed by a finite set $V$. Define a new random vector $X = (X_i : i \in V)$ as the solution to the system of structural equations

$$X = \Lambda^T X + \varepsilon,$$

where $\Lambda = (\lambda_{ij}) \in \mathbb{R}^{V \times V}$ is a matrix of unknown parameters. Suppose $\varepsilon$ has covariance matrix $\Omega = (\omega_{ij}) = \text{Var}[\varepsilon]$, so $\Omega$ is a positive definite matrix whose entries are again unknown parameters. Write $I$ for the identity matrix. If $I - \Lambda$ is invertible, then the linear system in (2.1) is solved uniquely by $X = (I - \Lambda)^{-T} \varepsilon$, which has covariance matrix

$$\text{Var}[X] = (I - \Lambda)^{-T} \Omega (I - \Lambda)^{-1} =: \phi(\Lambda, \Omega).$$

Interesting settings are obtained by restricting the support of $\Lambda$ and $\Omega$, as is the case in our motivating example.
Example 2.1. Consider the setup from Example 1.2. If the equation system from (1.7)-(1.9) is written in vector form as in (2.1), then the coefficient matrix is

\begin{equation}
\Lambda = \begin{pmatrix}
0 & \lambda_{12} & 0 \\
0 & 0 & \lambda_{23} \\
0 & 0 & 0
\end{pmatrix}.
\end{equation}

The error covariance matrix is

\begin{equation}
\Omega = \text{Var}[\varepsilon] = \begin{pmatrix}
\omega_{11} & 0 & 0 \\
0 & \omega_{22} & \omega_{23} \\
0 & \omega_{23} & \omega_{33}
\end{pmatrix}.
\end{equation}

From (2.2), the covariance matrix of \( X = (X_1, X_2, X_3) \) is found to be

\begin{equation}
\text{Var}[X] = \begin{pmatrix}
\omega_{11} & \omega_{11}\lambda_{12} & \omega_{11}\lambda_{12}\lambda_{23} \\
\omega_{11}\lambda_{12} & \omega_{22} + \omega_{11}\lambda_{12}^2 & \omega_{23} + \lambda_{23}\sigma_{22} \\
\omega_{11}\lambda_{12}\lambda_{23} & \omega_{23} + \lambda_{23}\sigma_{22} & \omega_{33} + 2\omega_{23}\lambda_{23} + \lambda_{23}^2\sigma_{22}
\end{pmatrix},
\end{equation}

where \( \sigma_{22} \) denotes the (2, 2) entry of \( \text{Var}[X] \). The relation from (1.5) can be confirmed from the (1, 2) and (2, 3) entry of \( \text{Var}[X] \).

Restrictions on the support of a matrix naturally correspond to a graph. Specifically, we adopt mixed graphs because we are dealing with two matrices, \( \Lambda \) and \( \Omega \), whose rows and columns are indexed by the same set \( V \). In structural equation modeling, this point of view originated in the work of Sewall Wright [72, 73].

A mixed graph with vertex set \( V \) is a triple \( G = (V, D, B) \) where \( D, B \subseteq V \times V \) are two sets of edges. The set \( D \) comprises ordered pairs \((i, j)\) that we also denote by \( i \rightarrow j \) to visualize the fact that such a pair encodes a directed edge pointing from \( i \) to \( j \). Then \( i \) is the tail and \( j \) is the head of the edge. The pairs in \( B \) are unordered pairs \((i, j)\) that encode bidirected edges that we also denote by \( i \leftrightarrow j \). These edges have no orientation, and \( i \leftrightarrow j \in B \) if and only if \( j \leftrightarrow i \in B \). It will be convenient to call both endpoints \( i \) and \( j \) heads of \( i \leftrightarrow j \). In our context, neither the bidirected part \((V, B)\) nor the directed part \((V, D)\) contain loops, that is, \( i \rightarrow i \notin D \) and \( i \leftrightarrow i \notin B \) for all \( i \in V \). If \((V, D)\) does not contain any directed cycles \( i \rightarrow \ldots \rightarrow i \), then the mixed graph \( G \) is said to be acyclic.

Let \( \mathbb{R}^D \) be the set of real \( V \times V \)-matrices \( \Lambda = (\lambda_{ij}) \) with support in \( D \), that is,

\begin{equation}
\mathbb{R}^D = \{ \Lambda \in \mathbb{R}^{V \times V} : \lambda_{ij} = 0 \text{ if } i \rightarrow j \notin D \}.
\end{equation}

Define \( \mathbb{R}_{\text{reg}}^D \) to be the subset of matrices \( \Lambda \in \mathbb{R}^D \) for which \( I - \Lambda \) is invertible. If \( G \) is acyclic, then there is a permutation of \( V \) that makes \( I - \Lambda \) unit upper triangular such that \( \det(I - \Lambda) = 1 \) for all \( \Lambda \in \mathbb{R}^D \) and thus \( \mathbb{R}^D = \mathbb{R}_{\text{reg}}^D \). Similarly, let \( PD_V \) be the cone of positive definite symmetric \( V \times V \)-matrices \( \Omega = (\omega_{ij}) \), and define \( PD(B) \) to be the subcone of matrices supported over \( B \), that is,

\begin{equation}
PD(B) = \{ \Omega \in PD_V : \omega_{ij} = 0 \text{ if } i \neq j \text{ and } i \leftrightarrow j \notin B \}.
\end{equation}

Taking the error vector \( \varepsilon \) to be Gaussian (or in other words, to follow a multivariate normal distribution), we arrive at the following definition of a statistical model for the random vector \( X \) that solves (2.1). Readers looking for background such as the fact that linear transformations of a Gaussian random vector are Gaussian may consult a textbook on multivariate statistics, e.g., [2].
Definition 2.1. The linear structural equation model given by a mixed graph $G = (V, D, B)$ is the family of all multivariate normal distributions on $\mathbb{R}^V$ with covariance matrix in the set
\[
\mathcal{M}_G = \{(I - \Lambda)^{-T}\Omega(I - \Lambda)^{-1} : \Lambda \in \mathbb{R}^D_{\text{reg}}, \Omega \in PD(B)\}.
\]
The covariance parametrization of the model is the map
\[
\phi_G : \mathbb{R}^D \times PD(B) \to PD_V, \quad (\Lambda, \Omega) \mapsto (I - \Lambda)^{-T}\Omega(I - \Lambda)^{-1},
\]
for which we define the fiber of a pair $(\Lambda, \Omega) \in \mathbb{R}^D_{\text{reg}} \times PD(B)$ to be the preimage
\[
\mathcal{F}_G(\Lambda, \Omega) = \{(\Lambda', \Omega') \in \mathbb{R}^D_{\text{reg}} \times PD(B) : \phi_G(\Lambda', \Omega') = \phi_G(\Lambda, \Omega)\}.
\]

As defined, a linear structural equation model does not impose any restrictions on the mean vector of the normal distributions. Consequently, the mean vector plays no role in our discussion. For instance, in maximum likelihood estimation we may assume without loss of generality that the mean vector is zero. Other questions we consider will directly concern the covariance matrices of the model. Therefore, we may safely identify a linear structural equation model with its set of covariance matrices $\mathcal{M}_G$. On occasion, we will simply refer to $\mathcal{M}_G$ as the model.

Leaving statistics out of the picture, our interest is in the maps $\phi_G$, their fibers $\mathcal{F}_G$ and their images $\mathcal{M}_G$. Algebra comes into play naturally.

Proposition 2.1. For any mixed graph $G$, the map $\phi_G$ is a rational map whose image $\mathcal{M}_G$ and fibers $\mathcal{F}_G(\Lambda, \Omega)$ are semi-algebraic sets. The map $\phi_G$ is a polynomial map if and only if $G$ is acyclic.

Proof. That $\phi_G$ is rational follows from Cramer’s rule for matrix inversion. The domain of $\phi_G$ is a semi-algebraic set and, thus, the fibers $\mathcal{F}_G(\Lambda, \Omega)$ are semi-algebraic as well. The Tarski-Seidenberg theorem implies that $\mathcal{M}_G$ is semi-algebraic. If $G = (V, D, B)$ is acyclic, then $\det(I - \Lambda) = 1$ for all $\Lambda \in \mathbb{R}^D$. Consequently, the entries of $(I - \Lambda)^{-1}$ are polynomial in $\Lambda$. If $G$ is not acyclic, then $\det(I - \Lambda)$ is a non-constant polynomial. The Leibniz formula shows that its terms correspond to collections of disjoint directed cycles in the graph; compare Theorem 1 in [41].

Example 2.2. The mixed graph $G = (V, D, B)$ in Figure 2.1 encodes the structural equations
\[
\begin{align*}
X_1 &= \lambda_{01} + \varepsilon_1, \\
X_2 &= \lambda_{02} + \lambda_{12}X_1 + \varepsilon_2, \\
X_3 &= \lambda_{03} + \lambda_{13}X_1 + \lambda_{23}X_2 + \varepsilon_3, \\
X_4 &= \lambda_{04} + \lambda_{34}X_3 + \varepsilon_4.
\end{align*}
\]
Only the errors $\varepsilon_2$ and $\varepsilon_4$ may be dependent and the error covariance matrix is

$$\Omega = \begin{pmatrix} \omega_{11} & 0 & 0 & 0 \\ 0 & \omega_{22} & \omega_{24} & 0 \\ 0 & 0 & \omega_{33} & 0 \\ 0 & \omega_{24} & 0 & \omega_{44} \end{pmatrix}.$$

Subtracting the coefficient matrix from the identity gives

$$I - \Lambda = \begin{pmatrix} 1 & -\lambda_{12} & -\lambda_{13} & 0 \\ 0 & 1 & -\lambda_{23} & 0 \\ 0 & 0 & 1 & -\lambda_{34} \\ 0 & 0 & 0 & 1 \end{pmatrix}$$

with $\det(I - \Lambda) = 1$ and inverse

$$(I - \Lambda)^{-1} = \begin{pmatrix} 1 & \lambda_{12} & \lambda_{13} + \lambda_{12}\lambda_{23} & \lambda_{13}\lambda_{34} + \lambda_{12}\lambda_{23}\lambda_{34} \\ 0 & 1 & \lambda_{23} & \lambda_{23}\lambda_{34} \\ 0 & 0 & 1 & \lambda_{34} \\ 0 & 0 & 0 & 1 \end{pmatrix}.$$

To illustrate the form of the map $\phi_G$, we display the coordinate function

$$\phi_G(\Lambda, \Omega)_{24} = \lambda_{12}\lambda_{13}\lambda_{34}\omega_{11} + \lambda_{12}^2\lambda_{23}\lambda_{34}\omega_{11} + \lambda_{23}\lambda_{34}\omega_{22} + \omega_{24}. \tag{2.9}$$

### 3. Questions of Interest

Structural equation models are used to empirically estimate, test and possibly discover cause-effect relationships among a set of variables. In estimation and testing, the underlying graph is given. In discovery, we seek to estimate the underlying graph, or in other words, perform model selection. In this section we give a broad overview of algebraic problems that arise in the context of these statistical tasks. Only some of the problems are treated in the remainder of the paper, in which we focus on parameter identifiability and polynomial relations between covariances.

#### 3.1. Parameter identification.

When considering the model given by the mixed graph $G = (V, D, B)$, a first question is whether the effects of interest are identifiable, that is, whether they are determined by the joint distribution of the observed variables. The importance of the question is clear: The joint distribution is what can be estimated from data. In our setting of linear and Gaussian models, the problem is equivalent to deciding whether the coefficients $\lambda_{ij}$ in the linear structural equations can be recovered from the covariance matrix of the variables.

Different notions of parameter identifiability translate into related but slightly different algebraic problems. The most stringent identifiability property of a model is to have all of its coefficients $\lambda_{ij}, i \rightarrow j \in D$, identifiable. In this case, we seek to answer the following:

**Question 3.1.** Is the map $\phi_G$ is injective?

Injectivity of $\phi_G$ can be decided efficiently, as we will discuss in Section 7. However, injectivity can be too strong of a requirement because all fibers are required to be singletons with $F_G(\Lambda, \Omega) = \{(\Lambda, \Omega)\}$. Indeed, some interesting examples have fibers that are not singletons.
Example 3.1. The map \( \phi_G \) fails to be injective when \( G \) is the graph for the instrumental variable model from Example 1.2. The relation from (1.5) shows that \( \mathcal{F}_G(\Lambda, \Omega) = \{ (\Lambda, \Omega) \} \) if \( \lambda_{12} \neq 0 \). If \( \lambda_{12} = 0 \), however, then the fiber is infinite. Hence, all model parameters are identifiable as long as \( \lambda_{12} \neq 0 \). In the context of Example 1.2, this requires making an argument that higher tax rates impact the amount of smoking.

In the example just given, \( \mathcal{F}_G(\Lambda, \Omega) = \{ (\Lambda, \Omega) \} \) for generic choices of \( (\Lambda, \Omega) \in \mathbb{R}_{\text{reg}}^D \times PD(B) \). In this case, we call \( \phi_G \) generically injective. We are led to:

**Question 3.2.** Is the map \( \phi_G \) is generically injective?

It turns out that generic injectivity is more difficult to decide. The computational complexity of the problem has not yet been determined. In Section 8 we review methods to decide whether \( \phi_G \) is generically injective as well as methods to decide when the fibers are generically infinite.

When \( \phi_G \) is not generically injective, its generic fibers may be discrete sets. This property is known as local identifiability in the statistical literature. We will instead speak of \( \phi_G \) being generically finite-to-one to highlight that in our case a discrete fiber is in fact finite because \( \phi_G \) is rational. By the inverse function theorem, the question of whether \( \phi_G \) is generically finite-to-one is the same as:

**Question 3.3.** Does the Jacobian of \( \phi_G \) have full column rank?

The fiber \( \mathcal{F}_G(\Lambda, \Omega) \) is defined by the equation system \( \phi_G(\Lambda', \Omega') = \phi_G(\Lambda, \Omega) \). These equation systems have a generic number of complex solutions (i.e., the free entries of \( \Lambda \) and \( \Omega \) are allowed to be complex numbers).

**Definition 3.1.** The map \( \phi_G \) is algebraically \( k \)-to-one if the equation systems defining its fibers generically have \( k \) complex solutions. We call the number \( k \) the algebraic degree of identifiability of \( G \).

The degree of identifiability may be determined by Gröbner basis methods (see Section 5). It is finite if and only if \( \phi_G \) is generically finite-to-one. The main theorem in Section 7.3 shows that if \( \phi_G \) is injective then its inverse is rational, which is the same as \( G \) having degree of identifiability one. Currently, there are no combinatorial results about when the degree is finite but larger than one. Example 8(b) in [34] has degree 3 but fibers whose cardinality over the reals is either one or three. To the author’s knowledge, no example has been discovered in which \( \phi_G \) is generically injective over the reals but algebraically \( k \)-to-one for \( k \geq 2 \).

An important question that we will not address in detail is the identifiability of only a single parameter \( \lambda_{ij} \) for a designated edge of interest \( i \to j \in D \). This amounts to checking whether in every fiber the coefficient for the edge has only a single value. In other words, it must hold that \( \lambda'_{ij} = \lambda''_{ij} \) whenever \( (\Lambda', \Omega') \) and \( (\Lambda'', \Omega'') \) are in the same fiber. In Example 1.2 the fiber of a pair \( (\Lambda, \Omega) \) with \( \lambda_{12} = 0 \) is infinite but all pairs \( (\Lambda', \Omega') \) such a fiber have \( \lambda'_{12} = 0 \). Two well-known graphical methods for identifying a single edge coefficient are the back-door and the front-door criterion [49]; see also [11, 36].

3.2. Model dimension. Statistical tests may be used to assess whether a model is compatible with empirical data. At an intuitive level, such tests are based on computing a distance between data and model and comparing this distance to typical distances that are obtained when data are generated from a distribution in
the model. For linear Gaussian models, a test can be thought of as assessing the distance between the empirical (or sample) covariance matrix and the model $\mathcal{M}_G$. Recall that we have defined $\mathcal{M}_G$ as the set of covariance matrices.

The challenging part of designing a statistical test is to quantify, in a probabilistic manner, what typical distances between data and model are. Many procedures rely on asymptotic approximations that are obtained by letting the number of data points grow to infinity. Under regularity conditions, limiting distribution theory leads to consideration of so-called chi-square distributions, which are indexed by an integer parameter. In our context, when testing the model given by the mixed graph $G = (V, D, B)$, the chi-square parameter is set equal to the codimension of $\mathcal{M}_G$, where we think of $\mathcal{M}_G$ as embedded in the space of symmetric matrices. This gives concrete statistical motivation for:

**Question 3.4.** What is the dimension of $\mathcal{M}_G$?

The model $\mathcal{M}_G$ is parametrized by the coefficients and covariances associated with the edges in $D$ and $B$ as well as the variances associated with the nodes in $V$. Being a subset of the space of $V \times V$ symmetric matrices, $\mathcal{M}_G$ has expected dimension

$$\min \left\{ |V| + |D| + |B|, \frac{|V|(|V| + 1)}{2} \right\}.$$ 

The term $|D| + |V| + |B|$ is the count of nodes and edges in $G$. Since $\mathcal{M}_G$ is the image of $\phi_G$, its actual dimension is equal to the rank of the Jacobian of $\phi_G$. A review of the connection between dimension and Jacobian in a statistical context is given in [38]. Question 3.4 is tied to parameter identifiability, most directly to Question 3.3. If $\phi_G$ is generically finite-to-one, then $\mathcal{M}_G$ has the expected dimension $|V| + |D| + |B|$.

3.3. **Covariance equivalence.** Different graphs may induce the same statistical model. For example, take $V = \{1, 2\}$, and let $G_1$ be the graph with the single edge $1 \to 2$. Let $G_2$ and $G_3$ be the graphs with single edge $1 \leftrightarrow 2$ and $1 \leftrightarrow 2$, respectively. Then $\mathcal{M}_{G_1} = \mathcal{M}_{G_2} = \mathcal{M}_{G_3}$ as each model is easily seen to be equal to the entire cone of positive definite $2 \times 2$ matrices.

From an applied perspective, two different graphs $G$ and $G'$ encode different scientific/causal hypotheses. If $\mathcal{M}_G = \mathcal{M}_{G'}$, then the two hypotheses cannot be distinguished based on data from a linear and Gaussian structural equation model. It is thus useful to be able to decide whether two graphs $G$ and $G'$ are covariance equivalent, that is, we would like to be able to answer:

**Question 3.5.** When do two maps $\phi_G$ and $\phi_{G'}$ have the same image?

Existing results addressing this question make comparisons between relations among the entries of the matrices in each model, and we record:

**Question 3.6.** What are the algebraic relations among the coordinates of $\phi_G$?

Such relations are also of interest for statistical tests that assess whether the model given by $G$ is compatible with available data; see, e.g., [6, 11, 17]. We review results on relations among the covariances in Sections 9-12. An important role is played by determinants that represent probabilistic conditional independence in a Gaussian random vector. We note that models can, in principle, also be distinguished using inequality constraints. However, as less is known about inequalities,
we do not treat them here. Examples of models with latent variables for which a full semi-algebraic description is available can be found in \[24, 53\].

Remark. As defined above, covariance equivalence is based on data that is observational, meaning that it is collected by merely observing the considered physical system. The situation is different when experimental data is available, meaning, that data is collected in different settings in which the system is subject to various experimental interventions. We will not treat such interventional data in this paper. Interested readers may find discussions of the problem in \[43, 49, 57\]. Similarly, even for observational data, questions of equivalence differ from Question 3.5 in non-linear models or linear models with Gaussian errors \[26, 54\].

3.4. Maximum likelihood. The parameters of linear structural equation models are most commonly estimated using the technique of maximum likelihood. Suppose we observe a sample \(X^{(1)}, \ldots, X^{(n)}\) drawn independently from the multivariate normal distribution with mean vector \(\mu\) and covariance matrix \(\Sigma\), which we denote by \(N(\mu, \Sigma)\). The joint distribution of the random vectors \(X^{(1)}, \ldots, X^{(n)}\) is the \(n\)-fold product of \(N(\mu, \Sigma)\). The likelihood of the sample is the value of the joint density of the product distribution at \((X^{(1)}, \ldots, X^{(n)})\). The likelihood function is the function mapping the pair \((\mu, \Sigma)\) to the likelihood of the sample. The maximum likelihood estimator (MLE) of \((\mu, \Sigma)\) under the model given by a mixed graph \(G\) is the maximizer of the likelihood function when restricting \(\Sigma\) to be in \(M_G\).

Define the sample mean vector and the sample covariance matrix as

\[
\bar{X}_n = \frac{1}{n} \sum_{i=1}^{n} X^{(i)} \quad \text{and} \quad S_n = \frac{1}{n} (X^{(i)} - \bar{X}_n)(X^{(i)} - \bar{X}_n)^T,
\]

respectively. It is convenient to treat the likelihood function on the log-scale. With an additive constant omitted and \(n/2\) divided out, the log-likelihood function is

\[
(\mu, \Sigma) \mapsto -\log \det(\Sigma) - \text{trace}(\Sigma^{-1} S_n) - (\bar{X}_n - \mu)^T \Sigma^{-1} (\bar{X}_n - \mu).
\]

Because the considered models place no constraint on the mean vector, its MLE is always \(\bar{X}_n\). The MLE of \(\Sigma\) solves the problem of maximizing the function

\[
(3.2) \quad \ell(\Sigma) = -\log \det(\Sigma) - \text{trace}(\Sigma^{-1} S_n)
\]

subject to \(\Sigma \in M_G\). Using the covariance parametrization, the MLE is found by maximizing \(\ell \circ \phi_G\). A key problem is then understanding the existence and uniqueness of the MLE. We record:

**Question 3.7.** For which sample covariance matrices \(S_n\) does the likelihood function \(\ell \circ \phi_G\) achieve its maximum?

Graphical models theory solves Question 3.7 when \(G = (V, D, B)\) is an acyclic digraph, i.e., has \(B = \emptyset\) and \(D\) without directed cycles \[40\]. More generally, it is well known that \(\ell \circ \phi_G\) is bounded when \(S_n\) is positive definite but this is not necessary \[52\]. An issue that is not well explored is the fact that even if \(\ell \circ \phi_G\) is bounded it may fail to achieve its maximum as the model \(M_G\) need not be closed. For instance, the model in Example 3.3 is not closed. We remark that Question 3.7 is closely related to a positive definite matrix completion problem that arises in ML estimation for other types of graphical models \[9, 63, 67\].

In some models, the MLE is known to admit a closed-form expression as a rational function of the data. Such models have maximum likelihood (ML) degree equal to one, in the sense of the following:
Figure 3.1. Mixed graph for a bivariate seemingly unrelated regressions model.

Question 3.8. The MLE of $\Sigma$ in model $M_G$ is an algebraic function of the data. What is the degree of this function?

An introduction to the notion of ML degree is given in [21, Chapter 2]. Here, we merely note that the ML degree is one when $G$ is an acyclic digraph. More general models may have higher ML degree and a log-likelihood function with more than one local maximum. We exemplify this for a model discussed in detail in [19].

Example 3.2. Suppose we have data with sample covariance matrix

$$S_n = \begin{pmatrix} X_1 & X_2 & X_3 & X_4 \\ X_1 & 8 & -5 & 10 & 3 \\ X_2 & -5 & 27 & 4 & 49 \\ X_3 & 10 & 4 & 21 & 24 \\ X_4 & 3 & 49 & 24 & 114 \end{pmatrix}.$$ 

The matrix is positive definite such that the log-likelihood function $\ell$ from (3.2) is bounded above on the entire cone of positive definite matrices. More precisely, $\ell$ has compact level sets, that is, for any constant $c \in \mathbb{R}$ the set of positive definite matrices $\Sigma$ with $\ell(\Sigma) \geq c$ is compact [2].

Let $G$ be the graph depicted in Figure 3.1. It is not difficult to show that the parametrization $\phi_G$ admits a rational inverse. Let $\Sigma = (\sigma_{ij})$ satisfy $\Sigma = \phi_G(\Lambda, \Omega)$ with $\Lambda = (\lambda_{ij}) \in \mathbb{R}^D$ and $\Omega = (\omega_{ij}) \in PD(B)$. Then

$$\lambda_{12} = \frac{\sigma_{12}}{\sigma_{11}}, \quad \lambda_{43} = \frac{\sigma_{34}}{\sigma_{44}},$$

and the entries of $\Omega = (I - \Lambda)^T \Sigma (I - \Lambda)$ are rational functions of $\Sigma$ as well. All the rational functions are defined on the entire cone of positive definite matrices because $\sigma_{11}, \sigma_{44} > 0$. It is also clear that the considered map $\phi_G$ is proper, that is, compact subsets of the positive definite cone have compact preimages under $\phi_G$. It follows that $\ell \circ \phi_G$ has compact level sets and, thus, achieves its maximum on the open set $\mathbb{R}^D \times PD(B)$.

The critical points of $\ell \circ \phi_G$ satisfy a rational equation system, in which the determinant of $\phi_G(\Lambda, \Omega)$ appears in the denominator. Since the directed part of $G$ is acyclic the determinant is equal to the determinant of $\Omega$. Clearing the denominator yields a polynomial equation system. Saturating the system with respect to the determinant removes infeasible solutions with $\det(\Omega) = 0$. Computing a lexicographic Gröbner basis after the saturation shows that the critical points $(\Lambda, \Omega)$ solve the equation

$$10583160 \lambda_{12}^3 + 43115307 \lambda_{12}^4 + 72738452 \lambda_{12}^3$$

$$+ 55482894 \lambda_{12} \lambda_{12}^2 + 8437660 \lambda_{12} - 4703765 = 0.$$ 

All other entries of $\Lambda$ and also $\Omega$ solve linear equations whose coefficients depend on $\lambda_{12}$ and the data. We conclude that the MLE of $\Sigma$ is an algebraic function of
3.5. Model singularities. As noted in Section 3.2, the distributions of test statistics are frequently approximated using asymptotic theory. For so-called likelihood ratio tests, this asymptotic theory can be thought of as assessing infinitesimal distances between a positive semidefinite data matrix and the given model $M_G$. The data matrix is generated from a distribution that corresponds to a particular point in $M_G$. At a smooth point of $M_G$, the distribution of the infinitesimal distance is given by a chi-square distribution which is the distribution of the distance between a Gaussian random vector and a linear space. At singular points, the distribution is determined by the tangent cone at the considered point [15]. Singularities also impact other approaches such as Wald tests [24], and it is important to clarify:

Question 3.9. Is the image of $\phi_G$ a smooth manifold? If not, what are the tangent cones of the image?

We do not address the question explicitly in this paper. However, whenever $\phi_G$ is injective (see Section 7) its image is smooth. Indeed, when $\phi_G$ is injective it has a rational inverse whose domain of definition includes the cone of all positive definite matrices [16]. The next example illustrates that not all models are smooth.

Example 3.3. Consider the mixed graph $G = (V, D, B)$ from Figure 3.2. Let $\Sigma \in \mathbb{R}^{4 \times 4}$ be a positive definite matrix. Define the matrix

$$\Sigma_{\{3,4\},\{1,2\}} = \Sigma_{\{3,4\},\{1,2\}} \left( \Sigma_{\{1,2\},\{1,2\}} \right)^{-1},$$

and the Schur complement

$$\Sigma_{\{3,4\},\{1,2\}} = \Sigma_{\{3,4\},\{1,2\}} - \Sigma_{\{3,4\},\{1,2\}} \left( \Sigma_{\{1,2\},\{1,2\}} \right)^{-1} \Sigma_{\{1,2\},\{3,4\}}.$$

Change coordinates to the triple of $2 \times 2$ matrices

$$(\Sigma_{\{1,2\},\{1,2\}}, \Sigma_{\{3,4\},\{1,2\}}, \Sigma_{\{3,4\},\{3,4\},\{1,2\}}).$$

If $\Sigma = \phi_G(\Lambda, \Omega)$ for $\Lambda = (\lambda_{ij}) \in \mathbb{R}^D$ and $\Omega = (\omega_{ij}) \in PD(B)$, then

$$\Sigma_{\{1,2\},\{1,2\}} = \begin{pmatrix} \omega_{11} & \lambda_{12}\omega_{11} \\ \lambda_{12}\omega_{11} & \omega_{22} \end{pmatrix},$$

$$\Sigma_{\{3,4\},\{1,2\}} = \begin{pmatrix} \lambda_{13} & \lambda_{23} \\ \lambda_{13}\lambda_{34} & \lambda_{23}\lambda_{34} \end{pmatrix},$$

$$\Sigma_{\{3,4\},\{3,4\},\{1,2\}} = \begin{pmatrix} \omega_{33} & \omega_{34} + \lambda_{34}\omega_{33} \\ \omega_{34} + \lambda_{34}\omega_{33} & \omega_{44} + 2\lambda_{34}\omega_{34} + \lambda_{34}^2\omega_{33} \end{pmatrix}.$$

We observe that $\Sigma$ is in the (topological) closure of $M_G$ if and only if $\Sigma_{\{3,4\},\{1,2\}}$ is a matrix of rank at most one. In order for $\Sigma$ to be in $M_G$ it must also hold that the second row of $\Sigma_{\{3,4\},\{1,2\}}$ is zero only if the first row is zero.
Geometrically, the closure of $\mathcal{M}_G$ is equivalent to the product of two cones of positive definite $2 \times 2$ matrices and the set of $2 \times 2$ matrices of rank at most one. The latter set is singular at the zero matrix. For more details see the related example in [21, Exercise 6.4].

3.6. **Singularities of fibers.** Finally, without going into any detail, we note that it is also of statistical interest to study the geometry of the fibers $\mathcal{F}_G(\Lambda, \Omega)$. In particular, the resolution of singularities of $\mathcal{F}_G(\Lambda, \Omega)$ is connected to asymptotic approximations in Bayesian approaches to model selection.

Bayesian methods assess the goodness-of-fit of a model by integrating the likelihood function with respect to a prior distribution. In models with many parameters, the integration is over a high-dimensional domain and, thus, constitutes a difficult numerical problem. While carefully tuned Monte Carlo methods can be effective, it can also be useful to invoke asymptotics. For large sample size $n$, the integrated likelihood function behaves like a Laplace integral. Under regularity conditions, a Laplace approximation can yield accurate approximations that have been used in many applications [42]. However, the models considered here may also lead to singular Laplace integrals for which asymptotic approximations are more involved.

Asymptotic expansions for singular Laplace integrals are well-studied [3]. The work of Sumio Watanabe brings the ideas to bear in the statistical context [70]. For several practically relevant settings, it has become tractable to determine or bound the real log-canonical threshold and its multiplicity, which determine how the integrated likelihood scales with the sample size $n$. This information can be used in model selection [18]. Computing real log-canonical thresholds for data generated under the distribution with covariance matrix $\phi_G(\Lambda, \Omega)$ requires careful study of the singularities of the fiber $\mathcal{F}_G(\Lambda, \Omega)$. Bounds on the thresholds can be obtained from cruder information such as the dimension of the fiber.

**Part II. Treks, Subgraphs and Decomposition**

4. **Trek Rule**

In solving the problems from Section 3 it is desirable to exploit the connection between the covariance parametrization $\phi_G$ of a structural equation model and the underlying mixed graph $G = (V, D, B)$. The trek rule that we present in this section makes the connection precise and is behind results that allow one to answer some of the questions we posed with efficient algorithms.

It is natural to expect the covariance between random variables $X_i$ and $X_j$ to be determined by the semi-walks between the nodes $i$ and $j$ in the graph $G$. A semi-walk is an alternating sequence of nodes from $V$ and edges from either $D$ or $B$ such that the endpoints of each edge are the nodes immediately preceding and succeeding the edge in the sequence. In other words, a semi-walk is a walk that uses bidirected or directed edges but is allowed to traverse directed edges in the ‘wrong direction’. As we will see, only special semi-walks contribute to the covariance.

**Definition 4.1.** A trek $\tau$ from *source* $i$ to *target* $j$ is a semi-walk from $i$ to $j$ whose consecutive edges do not have any colliding arrowheads. In other words, $\tau$ is a sequence of the form

(a) $i \leftarrow i_t \leftarrow \cdots \leftarrow i_1 \leftarrow i_0 \leftarrow j_0 \rightarrow j_1 \rightarrow \cdots \rightarrow j_r \rightarrow j$, or

(b) $i \leftarrow i_t \leftarrow \cdots \leftarrow i_1 \leftarrow i_0 \rightarrow j_1 \rightarrow \cdots \rightarrow j_r \rightarrow j$. 


A trek has a left- and a right-hand side, denoted left \((\tau)\) and right \((\tau)\), respectively. We have left \((\tau) = \{i_0, \ldots, i_l, i\}\) and right \((\tau) = \{j_0, \ldots, j_r, j\}\) in case (a), and left \((\tau) = \{i_0, \ldots, i, i\}\) and right \((\tau) = \{i_0, j_1, \ldots, j_r, j\}\) in case (b). In case (b) the top node \(i_0\) belongs to both sides. A trek \(\tau\) from \(i\) to \(i\) may have no edges, in which case \(i\) is the top node, left \((\tau) = \right (\tau) = \{i\}\). We call such a trek trivial.

In an acyclic graph, if we think of directed edges pointing ‘downward’, then a trek takes us up and/or down a ‘mountain’. Any directed path is a trek, in which case \(|left (\tau)| = 1\) or \(|right (\tau)| = 1\) depending on the direction in which the path is traversed. A trek may contain the same node on both its left- and right-hand sides. For a trek \(\tau\) that contains no bidirected edge and has top node \(i_0\), define a trek monomial as
\[
\tau(\Lambda, \Omega) = \omega_{i_0i_0} \prod_{k \to l \in \tau} \lambda_{kl}.
\]
For a trek \(\tau\) that contains a bidirected edge \(i_0 \leftrightarrow j_0\), define the trek monomial as
\[
\tau(\Lambda, \Omega) = \omega_{i_0j_0} \prod_{k \to l \in \tau} \lambda_{kl}.
\]

The following rule expresses the covariance matrix \(\Sigma\) as a summation over treks. We write \(T(i,j)\) for the set of all treks from \(i\) to \(j\).

**Theorem 4.1 (Trek rule).** Let \(G = (V, D, B)\) be any mixed graph, and let \(\Lambda \in \mathbb{R}^D\) and \(\Omega \in PD(B)\). Then the covariances are
\[
\phi_G(\Lambda, \Omega)_{ij} = \sum_{\tau \in T(i,j)} \tau(\Lambda, \Omega), \quad i, j \in V.
\]

Some clarification is in order. If \(G\) is acyclic, then the summation in (4.1) is finite and yields a polynomial. If \(G\) contains a directed cycle, then the right-hand side of (4.1) may yield a power series as shown in Example 4.2 below. Under assumptions on the spectrum of \(\Lambda\), the power series converges and yields the value of \(\phi_G(\Lambda, \Omega)_{ij}\). These spectral conditions are also needed to give cyclic models an interpretation of representing observation of an equilibrium. This said, it is also useful to treat the series as a formal power series. If so desired, a combinatorial description can also be given for a rational expression for \(\phi_G(\Lambda, \Omega)_{ij}\); compare [14].

**Proof of the trek rule.** Writing \((I - \Lambda)^{-1} = I + \Lambda + \Lambda^2 + \ldots,\), we observe that
\[
((I - \Lambda)^{-1})_{ij} = \sum_{\tau \in P(i, j), k \to l \in \tau} \lambda_{kl},
\]
where \(P(i, j)\) is the set of directed paths from \(i\) to \(j\) in \(G\). If \(G\) is acyclic, then \(\Lambda^m = 0\) for all \(m \geq |V|\), and the geometric series of matrices has only finitely many nonzero terms. If \(G\) is cyclic the geometric series is infinite and converges if and only if all eigenvalues of \(\Lambda\) have magnitude less than 1. Now, observe that a product of three entries of \((I - \Lambda)^{-1}, \Omega,\) and \((I - \Lambda)^{-1}\), respectively, corresponds to the concatenation of two directed paths at a common top node or by joining them with a bidirected edge. A top node represents a diagonal entry of \(\Omega\), and a bidirected edge an off-diagonal entry of \(\Omega\). \(\Box\)
Example 4.1. In Example 2.2 the coordinate function \((\phi_G)_{24}\) is a polynomial with four terms; see (2.9). The terms correspond to the four treks shown in Figure 4.1.

Example 4.2. Let \(G\) be the graph from Figure 4.2 which contains the directed cycle \(2 \rightarrow 3 \rightarrow 4 \rightarrow 2\). Due to this cycle, \(\det(I - \Lambda) = 1 - \lambda_{23}\lambda_{34}\lambda_{42}\). As an example of a coordinate of \(\phi_G\) we select \(\phi_G(\Lambda, \Omega)_{24} = 1 - (1 - \lambda_{23}\lambda_{34}\lambda_{42})^2\).

To understand how this rational formula relates to the trek rule, let us focus on the treks from 2 to 4 that use the bidirected edge \(2 \leftrightarrow 4\). There are then two treks for which both left and right side are self-avoiding paths, namely,

\[\tau_1: 2 \leftarrow 4 \leftrightarrow 3 \rightarrow 4, \quad \tau_2: 2 \leftarrow 4 \leftrightarrow 3 \leftrightarrow 4.\]

Both of these treks yield the same monomial and together contribute the term \(2\lambda_{34}\lambda_{42}\omega_{34}\) to \((\phi_G)_{24}\). All other treks from 2 to 4 that use edge \(2 \leftrightarrow 4\) are obtained by inserting directed cycles into \(\tau_1\) or \(\tau_2\). For instance, inserting one cycle on the left- and one on the right-hand side of \(\tau_1\) gives

\[2 \leftrightarrow 4 \leftrightarrow 3 \leftrightarrow 2 \leftrightarrow 4 \rightarrow 3 \rightarrow 2 \rightarrow 3 \rightarrow 4.\]

The monomials associated with these treks are

\[\lambda_{34}\lambda_{42}\omega_{34}(\lambda_{23}\lambda_{34}\lambda_{42})^k, \quad k = 1, 2, \ldots.\]

The monomial for exponent \(k\) arises from \(k + 1\) different treks; \(l = 0, 1, \ldots, k\) cycles are inserted on the left, the remaining \(k - l\) cycles are inserted on the right. Hence, the contribution to \((\phi_G)_{24}\) made by all treks from 2 to 4 that use edge \(2 \leftrightarrow 4\) is

\[2 \sum_{k=0}^{\infty} (k + 1)\lambda_{34}\lambda_{42}\omega_{34}(\lambda_{23}\lambda_{34}\lambda_{42})^k = \frac{2\lambda_{34}\lambda_{42}\omega_{34}}{(1 - \lambda_{23}\lambda_{34}\lambda_{42})^2},\]

assuming that \(|\lambda_{23}\lambda_{34}\lambda_{42}| < 1\). This explains one of the terms in the rational expression for \((\phi_G)_{24}\). The reasoning for the other terms is analogous.

5. Induced Subgraphs and Principal Submatrices

Suppose \(X = (X_i : i \in V)\) follows the linear structural equation model given by mixed graph \(G = (V, D, B)\), so \(\text{Var}[X] = \phi_G(\Lambda, \Omega)\) for some \(\Lambda \in \mathbb{R}^D_{\text{reg}}\) and \(\Omega \in \text{PD}(B)\). Let \(A \subseteq V\) be a subset of nodes. Then the covariance matrix of the
subvector \( X_A = (X_i : i \in A) \) is obtained by projecting to the relevant principal submatrix, that is,

\[
\text{Var}[X_A] = \phi_G(\Lambda, \Omega)_{A,A}.
\]

The resulting map \((\Lambda, \Omega) \mapsto \phi_G(\Lambda, \Omega)_{A,A}\) may be complicated, even when \(\phi_G\) is not.

**Example 5.1.** Suppose \( G = (V, D, \emptyset) \) is a directed graph with \( i \to j \in D \) if and only if \( i \notin A \) and \( j \in A \): the graph is thus bipartite. Then the image of \( \phi_G(\Lambda, \Omega)_{A,A} \) is the set of covariance matrices of a factor analysis model with \(|V \setminus A|\) factors. Factor analysis models have complicated geometric structure, particularly when \( V \setminus A \) has more than two elements [8, 20, 23, 62]. Open problems remain even for \(|V \setminus A| = 1\) when allowing additional directed edges among the nodes in \(A\) [17].

For a general mixed graph \( G = (V, D, B) \), let \( D_A = D \cap (A \times A) \) be the set of directed edges with both endpoints in \( A \). Similarly, let \( B_A \subset B \) be the set of bidirected edges that have both endpoints in \( A \). The subgraph induced by \( A \) is the mixed graph \( G_A = (A, D_A, B_A) \). Example 5.1 and also already Example 1.1 show that the covariance matrices obtained from \( \phi_G \) generally differ from those obtained by projecting \( \phi_G \) onto the \( A \times A \) submatrix. However, as we now emphasize, induced subgraphs are relevant in a special case.

Define the set of parents of a node \( i \in V \) as

\[ \text{pa}(i) = \{ j \in V : j \to i \}. \]

A set of nodes \( A \subseteq V \) is **ancestral** if \( i \in A \) implies that \( \text{pa}(i) \subseteq A \). The terminology indicates that such a set contains all its ancestors, where an ancestor is a node with a directed path to some node in \( A \). Ancestral sets are obtained by recursively removing sink nodes. We define node \( i \) to be a **sink node** of \( G \) if it is a sink of the directed part \((V, D)\), that is, if all directed edges incident to \( i \) have their head at \( i \).

**Theorem 5.1.** Let \( G = (V, D, B) \) be a mixed graph, and let \( G_A \) be the subgraph induced by an ancestral set \( A \subset V \). Then for all \( \Lambda \in \mathbb{R}^D_{\text{reg}} \) and \( \Omega \in \text{PD}(B) \), we have

\[
\phi_{G_A}(\Lambda_{A,A}, \Omega_{A,A}) = [\phi_G(\Lambda, \Omega)]_{A,A}.
\]

**Proof.** Let \( i, j \in A \). By the trek-rule, the \((i, j)\) entry of \( \phi_G(\Lambda, \Omega) \) is given by summing the monomials associated to treks from \( i \) to \( j \) in \( G \). Because \( A \) is ancestral, a trek from \( i \) to \( j \) in \( G \) cannot leave \( A \). Hence, the set of treks from \( i \) to \( j \) in \( G \) coincides with the set of treks from \( i \) to \( j \) in the subgraph \( G_A \). Applying the trek-rule to \( G_A \) yields the claim. \( \square \)

**Example 5.2.** Take up Example 2.1. Clearly, node 3 is a sink in the graph from Figure 1.2. Hence, the set \( \{1, 2\} \) is ancestral. Inspecting the matrix displayed...
in (2.5), we see that removing the third row and column yields the matrix for the
induced subgraph $1 \rightarrow 2$.

6. Graph Decomposition

We now present a very useful graph decomposition, which allows one to address
several questions of interest by considering smaller subgraphs. The decomposition
for acyclic mixed graphs was introduced in work of Jin Tian [65, 66]. Here we
formulate the natural extension to possibly cyclic mixed graphs.

Consider partitioning the vertex set of a mixed graph $G = (V, D, B)$ in two ways.
The first partition is given by the connected components of the bidirected part
$(V, B)$. The second partition is obtained from the strongly connected component
of the digraph $(V, D)$. For two distinct nodes to belong to the same strongly connected
component, there must be directed paths in either direction between them. Let
$C(G)$ be the finest common coarsening of the two partitions. Two nodes $i \neq j$ are
in the same block of $C(G)$ if and only if they are connected by a path that uses only
edges that are bidirected or part of some directed cycle. Note that $G$ is acyclic if
and only if all strongly connected components are singleton sets, in which case the
blocks of $C(G)$ are simply the connected components of the bidirected part $(V, B)$.

For a block $C \in C(G)$, define

$$V[C] := C \cup \bigcup_{i \in C} \text{pa}(i)$$

to be the union of the block and all parents of nodes in the block. Let $D[C] = D \cap (V[C] \times C)$ be the set of directed edges with head in $C$. Let $B[C]$ be the set
of bidirected with both endpoints in $C$.

**Definition 6.1.** The graphs $G[C] = (V[C], D[C], B[C]), C \in C(G)$, form a decom-
position of $G$, and we refer to them as the mixed components of $G$.

A graph decomposition partitions the edge set. As we are working with mixed
graphs both edge sets are partitioned in the decomposition. We note that the set
$V[C] \setminus C$ is the set of sources nodes of $G[C]$. Here, we define a source node as a node
that is a tail on all edges it is incident to, with the convention that both endpoints
of a bidirected edge are heads.

**Example 6.1.** The graph in Figure 6.1 has the bidirected components $\{1, 4\}, \{3\},$
and $\{2, 5\}$. The strong components of the directed part are $\{1\}, \{2, 3\}, \{4\},$ and $\{5\}.$
The finest common coarsening of the two partitions is $\{\{1, 4\}, \{2, 3, 5\}\}$. The graph
thus has two mixed components with vertex sets $V[\{2, 3, 5\}] = \{1, 2, 3, 4, 5\}$ and
$V[\{1, 4\}] = \{1, 2, 3, 4\}.$ The mixed component with vertex set $V[\{2, 3, 5\}]$ contains
all edges with a head in $\{2, 3, 5\}$, and the second mixed component contains all
edges with a head in $\{1, 4\}.$ The components are depicted in Figure 6.1.

For $C \in C(G)$, define the projection $\pi^C : \mathbb{R}^{V \times V} \rightarrow \mathbb{R}^{V[C] \times V[C]}$ by setting

$$\pi^C(A)_{ij} = \begin{cases} 
\lambda_{ij} & \text{if } j \in C, \\
0 & \text{if } j \in V[C] \setminus C.
\end{cases}$$
Define a second map $\pi_C: \mathbb{R}^{V \times V} \to \mathbb{R}^{V[C] \times V[C]}$ by

$$\pi_C^{\leftrightarrow}(\Omega)_{ij} = \begin{cases} 
\omega_{ij} & \text{if } i, j \in C, \\
1 & \text{if } i = j \in V[C] \setminus C, \\
0 & \text{otherwise.}
\end{cases}$$

It projects onto the $C \times C$ submatrix of $\Omega$ and then adds an identity matrix as a diagonal block over $V[C] \setminus C$. Define a subset of $\text{PD}(B[C]) \subset \mathbb{R}^{V[C] \times V[C]}$ as

$$\text{PD}_1(B[C]) = \{ \Omega = (\omega_{ij}) \in \text{PD}(B[C]) : \omega_{ii} = 1 \text{ if } i \in V[C] \setminus C \}.$$ 

Then we have $\pi_C^{\rightarrow}: \mathbb{R}^D \to \mathbb{R}^{D[C]}$ and $\pi_C^{\leftarrow}: \text{PD}(B) \to \text{PD}_1(B[C])$ because $G[C]$ is a subgraph of $G$. With $\pi_C = (\pi_C^{\rightarrow}, \pi_C^{\leftarrow})$, we obtain the isomorphism

$$\pi = (\pi_C)_{C \in \mathcal{C}(G)} : \mathbb{R}^D \times \text{PD}(B) \to \prod_{C \in \mathcal{C}(G)} [\mathbb{R}^{D[C]} \times \text{PD}_1(B[C])].$$

**Example 6.2.** Let $G$ be the graph from Figure 6.1 which has $\mathcal{C}(G) = \{\{1, 4\}, \{2, 3, 5\}\}$. A matrix in $\mathbb{R}^D$ is of the form

$$\Lambda = \begin{bmatrix} 
0 & \lambda_{12} & \lambda_{13} & 0 & 0 \\
0 & 0 & \lambda_{23} & \lambda_{24} & \lambda_{25} \\
0 & \lambda_{32} & 0 & \lambda_{34} & 0 \\
0 & 0 & 0 & 0 & \lambda_{45} \\
0 & 0 & 0 & 0 & 0
\end{bmatrix}.$$ 

Its projections are

$$\pi_{\{2,3,5\}}^{\rightarrow}(\Lambda) = \begin{bmatrix} 
0 & \lambda_{12} & \lambda_{13} & 0 & 0 \\
0 & 0 & \lambda_{23} & \lambda_{25} & 0 \\
0 & \lambda_{32} & 0 & 0 & 0 \\
0 & 0 & 0 & \lambda_{45} & 0 \\
0 & 0 & 0 & 0 & 0
\end{bmatrix}, \quad \pi_{\{1,4\}}^{\rightarrow}(\Lambda) = \begin{bmatrix} 
0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & \lambda_{24} & 0 \\
0 & 0 & 0 & \lambda_{34} & 0 \\
0 & 0 & 0 & 0 & 0 \\
0 & 0 & 0 & 0 & 0
\end{bmatrix}.$$ 

An error covariance matrix in $\text{PD}(B)$ has the form

$$\Omega = \begin{bmatrix} 
\omega_{11} & 0 & 0 & \omega_{14} & 0 \\
0 & \omega_{22} & 0 & 0 & \omega_{25} \\
0 & 0 & \omega_{33} & 0 & 0 \\
\omega_{14} & 0 & 0 & \omega_{44} & 0 \\
0 & \omega_{25} & 0 & 0 & \omega_{55}
\end{bmatrix},$$

Figure 6.1. A mixed graph is decomposed into its two mixed components.
and we have
\[
\pi_{\{2,3,5\}}(\Omega) = \begin{bmatrix}
1 & 0 & 0 & 0 & 0 \\
0 & \omega_{22} & 0 & 0 & \omega_{25} \\
0 & 0 & \omega_{33} & 0 & 0 \\
0 & 0 & 0 & 1 & 0 \\
0 & \omega_{25} & 0 & 0 & \omega_{55}
\end{bmatrix}, \quad \pi_{\{1,4\}}(\Omega) = \begin{bmatrix}
\omega_{11} & 0 & 0 & \omega_{14} & 0 \\
0 & 1 & 0 & 0 & 0 \\
0 & 0 & 1 & 0 & 0 \\
\omega_{14} & 0 & 0 & \omega_{44} & 0 \\
0 & 0 & 0 & 0 & 1
\end{bmatrix}.
\]

With these preparation in place we may state Tian’s theorem as follows. Recall that \(PD_V\) is our symbol for the cone of positive definite \(V \times V\) matrices.

**Theorem 6.1.** Let \(G = (V, D, B)\) be a mixed graph with mixed components \(G[C] = (V[C], D[C], B[C])\) for \(C \in \mathcal{C}(G)\). Then there is an invertible map \(\tau\) such that the following diagram commutes:

\[
\begin{array}{ccc}
\mathbb{R}_c^D \times PD(B) & \xrightarrow{\phi_G} & PD_V \\
\uparrow\pi & & \downarrow\tau \\
\prod_{C \in \mathcal{C}(G)} \mathbb{R}_c^D \times PD_I(B[C]) & \xrightarrow{(\phi_G|C)\circ \pi_C} & \prod_{C \in \mathcal{C}(G)} PD_V|C
\end{array}
\]

In other words, \(\tau \circ \phi_G = (\phi_G|C) \circ \pi_C\). Both \(\tau\) and its inverse are rational maps, defined on all of \(PD_V\) and all of \(\prod_{k=1}^m PD_{V_k}\), respectively.

Below we give a linear algebraic proof that makes \(\tau\) and its rational nature explicit. Alternatively, a proof in probabilistic notation could be given by generalizing the proof of [66, Lemma 1]. For the generalization, the nodes in the setup of [66] may be replaced by the strong components of the directed part \((V, D)\).

**Theorem 6.1** is a very useful result as questions about \(\phi_G\) can be answered by studying, one by one, the maps \(\phi_G|C\) for the mixed components. The fact that \(\tau\) and \(\tau^{-1}\) are rational is important. For instance, it allows one to obtain precise algebraic information about parameter identifiability in the sense of Definition 3.1.

**Corollary 6.1.** The degree of identifiability of a mixed graph \(G\) is the product of the degrees of identifiability of its mixed components \(G[C], C \in \mathcal{C}(G)\). In particular, \(\phi_G\) is (generically) injective if and only if each \(\phi_G|C\) is so, for \(C \in \mathcal{C}(G)\).

Our proof of Theorem 6.1 is presented in terms of Cholesky decompositions. When applied to a Gaussian covariance matrix, the Cholesky decomposition corresponds to factoring the multivariate normal density into a product of conditional densities, which is the connection to the probabilistic setting of [66]. We begin by stating a lemma on uniqueness and sparsity in block-Cholesky decomposition.

If \(\mathcal{C}\) is a partition of a finite set \(V\), then we write \(\text{Diag}(\mathcal{C})\) for the space of block-diagonal matrices. So, \(A = (a_{ij}) \in \mathbb{R}^V \times V\) is in \(\text{Diag}(\mathcal{C})\) if and only if \(a_{ij} = 0\) whenever \(i\) and \(j\) are in distinct blocks of \(\mathcal{C}\). If we order the blocks of the partition as \(\mathcal{C} = \{C_1, \ldots, C_b\}\), then we may define a space of strictly block upper-triangular matrices \(\text{Upper}(\mathcal{C})\), which contains \(A = (a_{ij}) \in \mathbb{R}^V \times V\) if and only if \(a_{ij} = 0\) whenever \(i \in C_u\) and \(j \in C_v\) with \(u \geq v\).

**Lemma 6.1.** Let \(\Sigma \in PD_V\), and let \(\mathcal{C}\) be a partition of \(V\), with ordered blocks.

(i) There exist unique matrices \(A \in \text{Upper}(\mathcal{C})\) and \(\Delta \in \text{Diag}(\mathcal{C})\) such that

\[
\Sigma = (I - A)^{-T} \Delta (I - A)^{-1}.
\]

The matrix \(\Delta\) has positive definite diagonal blocks.
(ii) Let \( C' \) be a second partition of \( V \) that is coarser than \( C \). If \( \Sigma \in \text{Diag}(C') \), then the matrix \( A \) from (i) satisfies \( A \in \text{Diag}(C') \).

**Proof.** (i) A block-LDL decomposition yields \( \Sigma = (I + L)\Delta(I + L)^T \) for unique \( L^T \in \text{Upper}(C) \) and \( \Delta \in \text{Diag}(C) \). Unit block upper-triangular matrices form a group and, thus, \((I + L)^{-T} = I - A \) for \( A \in \text{Upper}(C) \). (ii) The claim is a consequence of the way fill-in occurs when computing the Cholesky decomposition of a sparse matrix [68, Section 4.1].

**Proof of Theorem 6.1.** We first show that, for every block \( C \in \mathcal{C}(G) \), there exists a map \( \tau_C \) such that \( \tau_C \circ \phi_G = \phi_{G[C]} \circ \pi_C \). Let \( \Lambda \in \mathbb{R}_{\text{reg}}^D, \Omega \in PD(B) \), and \( \Sigma = \phi_G(\Lambda, \Omega) \). Then the claim is that

\[
\tau_C(\Sigma) = \left[ I - \begin{pmatrix} 0 & A_{\mathcal{G},C} \end{pmatrix} \right] - T \left( \begin{pmatrix} I & 0 \\ 0 & \Omega_{C,C} \end{pmatrix} \right) \left[ I - \begin{pmatrix} 0 & A_{\mathcal{G},C} \\ 0 & A_{C,C} \end{pmatrix} \right]^{-1}.
\]

Let \( \mathcal{C}(D) \) be the partition of \( V \) given by the strongly connected components of \((V, D)\). Order the blocks of \( \mathcal{C}(D) \) topologically as \( W_1, \ldots, W_k \) such that the existence of a directed path from a node in \( W_u \) to a node in \( W_v \) implies that \( v \geq u \). By Lemma 6.1(i), there are \( A \in \text{Upper}(\mathcal{C}(D)) \) and \( \Delta \in \text{Diag}(\mathcal{C}(D)) \) such that

\[
\Sigma = (I - A)^{-T} \Delta(I - A)^{-1}
\]

Letting \( \bar{\mathcal{C}} = V[\mathcal{C}] \setminus C \), we define

\[
\tau_C(\Sigma) = \left[ I - \begin{pmatrix} 0 & A_{\mathcal{G},C} \end{pmatrix} \right] - T \left( \begin{pmatrix} I & 0 \\ 0 & \Omega_{C,C} \end{pmatrix} \right) \left[ I - \begin{pmatrix} 0 & A_{\mathcal{G},C} \\ 0 & A_{C,C} \end{pmatrix} \right]^{-1}.
\]

If \( G \) is acyclic then \( \Lambda \) is strictly upper-triangular under a topological ordering and, thus, \( \Lambda \in \text{Upper}(\mathcal{C}(D)) \). When \( G \) has directed cycles, then \( \Lambda \) is block upper-triangular but not strictly so. Hence, we consider the block-diagonal matrix

\[
\Delta_\Lambda = \text{diag}(I - \Lambda_{W_i}: W \in \mathcal{C}(D)),
\]

which is invertible because \( \det(I - \Lambda) = \det(\Delta_\Lambda) \) and \( \Lambda \in \mathbb{R}_{\text{reg}}^D \). Hence,

\[
\Sigma = [(I - \Lambda)\Delta_\Lambda^{-1}]^{-T} [\Delta_\Lambda^{-1} \Omega \Delta_\Lambda^{-1}] [(I - \Lambda)\Delta_\Lambda^{-1}]^{-1}.
\]

Because \( \Delta_\Lambda, \Omega \in \text{Diag}(\mathcal{C}(G)) \), we have

\[
\hat{\Omega} = \Delta_\Lambda^{-T} \Omega \Delta_\Lambda^{-1} \in \text{Diag}(\mathcal{C}(G)).
\]

Moreover, due to the block upper-triangular shape of \( \Lambda \),

\[
\hat{\Lambda} = I - (I - \Lambda)\Delta_\Lambda^{-1} \in \text{Upper}(\mathcal{C}(D)).
\]

By Lemma 6.1(i) and (ii), there are \( \Delta_\Omega \in \text{Diag}(\mathcal{C}(D)) \) and \( U \in \text{Upper}(\mathcal{C}(D)) \cap \text{Diag}(\mathcal{C}(G)) \) such that

\[
\hat{\Omega} = (I - U)^{-T} \Delta_\Omega (I - U)^{-1}.
\]

Combining (6.4) and (6.5) gives

\[
\Sigma = [(I - \hat{\Lambda})(I - U)]^{-T} \Delta_\Omega [(I - \hat{\Lambda})(I - U)]^{-1},
\]

where \( (I - \hat{\Lambda})(I - U) = I - (\hat{\Lambda} + U - \hat{\Lambda}U) \) with \( \hat{\Lambda} + U - \hat{\Lambda}U \in \text{Upper}(\mathcal{C}(D)) \).

By the uniqueness in Lemma 6.1(i), equations (6.2) and (6.6) imply that

\[
\Delta = \Delta_\Omega,
\]

(6.7)

\[
A = \hat{\Lambda} + U - \hat{\Lambda}U.
\]
Since $U \in \text{Diag}(\mathcal{C}(G))$, we have that

\begin{equation}
(6.9) \quad U_{V \times C} = \begin{pmatrix} U_{(V \setminus C) \times C} \\ U_{C \times C} \end{pmatrix} = \begin{pmatrix} 0 \\ U_{C \times C} \end{pmatrix}.
\end{equation}

Therefore, by (6.8), $A_{C,C} = \tilde{\Lambda}_{C,C} + U_{C,C} - \tilde{\Lambda}_{C,C} U_{C,C}$, and we deduce that

\begin{equation}
(6.10) \quad I - A_{C,C} = (I - \tilde{\Lambda}_{C,C})(I - U_{C,C}) \quad \text{and} \quad A_{C,C} = \tilde{\Lambda}_{C,C}(I - U_{C,C}).
\end{equation}

Moreover,

\begin{equation}
(6.11) \quad \tilde{\Omega}_{C,C} = (I - U_{C,C})^{-T} \Delta_{C,C}(I - U_{C,C})^{-1},
\end{equation}

which follows from (6.7) and the fact that

\begin{equation}
[(I - U)^{-1}]_{V,C} = \begin{pmatrix} 0 \\ (I - U)^{-1} \end{pmatrix} = \begin{pmatrix} 0 \\ (I - U_{C,C})^{-1} \end{pmatrix},
\end{equation}

which in turn follows from $U$ being in $\text{Diag}(\mathcal{C}(G))$.

Substituting the formulas from (6.10) into (6.3) yields that

\begin{equation}
(6.12) \quad \tau_C(\Sigma) = \left[ \begin{pmatrix} I & 0 \\ 0 & I - \tilde{\Lambda}_{C,C} \end{pmatrix} \right]^{-T} 
\times \begin{pmatrix} I & 0 \\ 0 & \Delta_{C,C} \end{pmatrix} 
\left[ \begin{pmatrix} I & 0 \\ 0 & I - \tilde{\Lambda}_{C,C} \end{pmatrix} \right]^{-1}.
\end{equation}

Using (6.11), we get that

\begin{equation}
(6.13) \quad \left( \begin{pmatrix} I & 0 \\ 0 & I - U_{C,C} \end{pmatrix} \right)^{-T} 
\left( \begin{pmatrix} I & 0 \\ 0 & \Delta_{C,C} \end{pmatrix} \right) 
\left( \begin{pmatrix} I & 0 \\ 0 & I - U_{C,C} \end{pmatrix} \right)^{-1} = \begin{pmatrix} I & 0 \\ 0 & \tilde{\Omega}_{C,C} \end{pmatrix}.
\end{equation}

Recalling the definition of $\Delta_{\Lambda}$ and $\tilde{\Lambda}$, we have

\begin{equation}
(6.14) \quad \begin{pmatrix} I & 0 \\ 0 & I - \tilde{\Lambda}_{C,C} \end{pmatrix} = \begin{pmatrix} I & -\Delta_{\Lambda,C} \\ 0 & I - \Delta_{C,C} \end{pmatrix} \begin{pmatrix} I & 0 \\ 0 & (\Delta_{\Lambda}^{-1})_{C,C} \end{pmatrix}.
\end{equation}

Plugging (6.13) and (6.14) into (6.12), we obtain the claim from (6.1).

The entries of the matrices $A$ and $\Delta$ in (6.2) are rational functions of $\Sigma$ that are defined on all of $PD_V$. Hence, the same is true for the map $\tau_C$ defined in (6.3).

The value of $\tau_C(\Sigma)$ uniquely determines the matrices $A_{C,C}$, $A_{C,C}$, and $\Delta_{C,C}$ in (6.3). They are determined through a block LDL decomposition and, thus, rational functions of $\tau_C(\Sigma)$. Knowing the three matrices for all $C \in \mathcal{C}(G)$, we can form $A$ and $\Delta$ and recover $\Sigma$ using (6.2). Hence, $\tau$ is invertible and the inverse is rational. \hfill $\Box$

Part III. Parameter Identification

7. Global Identifiability

This section discusses Question 3.1, which asks for a characterization of the mixed graphs $G = (V, D, B)$ for which the map $\phi_G$ is injective. In the statistical literature a model with injective parametrization is also called \textit{globally identifiable}. 

Example 7.1. If $G$ is the graph from Figure 3.1 then $\phi_G$ is injective. Indeed, the coefficients for the two directed edges of $G$ satisfy $\sigma_{11} \lambda_{12} = \sigma_{12}$ and $\sigma_{44} \lambda_{13} = \sigma_{34}$; recall (3.3). Since every positive definite matrix $\Sigma = (\sigma_{ij}) \in \mathbb{R}^{4 \times 4}$ has $\sigma_{11}, \sigma_{44} > 0$, these two equations always have a unique solution. Hence, all fibers $F_G(\Lambda, \Omega)$ are singleton sets. In contrast, if $G$ is the graph from Figure 1.2 then only generic fibers are singleton sets and $\phi_G$ is not injective; recall Example 3.1.

Our first observation ties in with classical linear algebra.

Theorem 7.1. If $G = (V, D, \emptyset)$ is an acyclic digraph, then $\phi_G$ is injective and has a rational inverse.

We give two proofs. The first one emphasizes the connection to Cholesky decomposition.

Proof A. Suppose $V = \{1, \ldots, m\}$ is enumerated in reversed topological order such that $i \rightarrow j \in D$ implies that $j < i$. Then $\Lambda$ is a strictly lower-triangular matrix, and $\phi_G(\Lambda, \Omega)$ has matrix inverse $(I - \Lambda)\Omega^{-1}(I - \Lambda)^T$. This is the product of a unit lower-triangular matrix, a positive diagonal matrix and a unit upper-triangular matrix. We may compute $I - \Lambda$ and $\Omega^{-1}$ by an LDL decomposition.

The second proof emphasizes the graphical nature of the problem and possible sparsity of $\Lambda$. It shows more explicitly that the inverse of $\phi_G$ is rational.

Proof B. Letting $\Sigma = (\sigma_{ij}) = \phi_G(\Lambda, \Omega)$, we have that

\[
(\Sigma)_{\text{pa}(i),i} = \Sigma_{\text{pa}(i),\text{pa}(i)}^{\text{pa}(i),i}
\]

because if $j \in \text{pa}(i)$, then every trek from $j$ to $i$ ends with an edge $k \rightarrow i$ for $k \in \text{pa}(i)$. Indeed, a trek from $j$ to $i$ for which this fails has to be a directed path from $i$ to $j$. Adding the edge $j \rightarrow i$ to this path would yield a directed cycle. Similarly, every nontrivial trek from $i$ to $i$ begins and ends with a directed edge whose tail is a parent of $i$. Hence,

\[
\sigma_{ii} = \omega_{ii} + \Lambda_{\text{pa}(i),i}^{\text{pa}(i),i}\Sigma_{\text{pa}(i),\text{pa}(i)}^{\text{pa}(i),i}\Lambda_{\text{pa}(i),i}\Sigma_{\text{pa}(i),i}^{\text{pa}(i),i}.
\]

The matrix $\Sigma_{\text{pa}(i),\text{pa}(i)}$ is a principal submatrix of the positive definite matrix $\Sigma$ and, thus, invertible. Therefore,

\[
\Lambda_{\text{pa}(i),i} = (\Sigma_{\text{pa}(i),\text{pa}(i)})^{-1}\Sigma_{\text{pa}(i),i}, \quad \omega_{ii} = \sigma_{ii} - \Sigma_{i,\text{pa}(i)}^{\text{pa}(i),i}(\Sigma_{\text{pa}(i),\text{pa}(i)})^{-1}\Sigma_{\text{pa}(i),i}^{\text{pa}(i),i}.
\]

Proof B shows that the formula from (7.3) holds more generally. It merely needs to hold that every trek from a node $j \in \text{pa}(i)$ to $i$ ends with a directed edge with $i$ as its head, so an edge of the form $k \rightarrow i$. This holds for every node in the graph if and only if the graph is ancestral [50]. A mixed graph is ancestral if the presence of a directed path from node $i$ to node $j$ implies that $i \neq j$ and $i \leftrightarrow j \notin B$. An ancestral graph is in particular acyclic.

The next easy lemma is crucial for the understanding of injectivity of $\phi_G$.

Lemma 7.1. If $\phi_G$ is injective and $H \subseteq G$ is a subgraph, then $\phi_H$ is injective.

Proof. Any subgraphs can be obtained by removing edges one at a time, and then removing isolated nodes. If $H$ is obtained from $G = (V, D, B)$ by removing the edge $i \rightarrow j$, then $\phi_H$ is the restriction of $\phi_G$ to the subset of matrices $\Lambda \in \mathbb{R}^{D}$ that have $\lambda_{ij} = 0$. If we instead remove the edge $i \leftrightarrow j$, then the restrictions is to
Figure 7.1. (a) A mixed graph for which the parametrization \( \phi_G \) is injective. (b) A graph for which \( \phi_G \) is not injective.

matrices \( \Omega \in PD(B) \) with \( \omega_{ij} = 0 \). If \( H \) is obtained by removing the isolated node \( i \), then

\[
\phi_G(\Lambda, \Omega) = \begin{pmatrix}
\phi_H(\Lambda, \Omega) & 0 \\
0 & \omega_{ii}
\end{pmatrix}.
\]

In either case non-injectivity of \( \phi_H \) implies non-injectivity of \( \phi_G \). □

**Corollary 7.1.** If \( \phi_G \) is injective, then \( G \) is simple, that is, for any vertices \( i \neq j \) at most one of the three edges \( i \leftrightarrow j, i \rightarrow j \) and \( i \leftarrow j \) may appear in \( G \).

**Proof.** If \( G \) is not simple then it contains a subgraph \( H \) with two nodes and two edges. The map \( \phi_H \) is infinite-to-one as it maps a four-dimensional domain into the three-dimensional set of symmetric \( 2 \times 2 \) matrices. Now apply Lemma 7.1. □

**Theorem 7.2.** If \( \phi_G \) is injective, then \( G \) is acyclic.

**Proof sketch.** By Lemma 7.1 we may restrict to studying directed cycles \( 1 \rightarrow 2 \rightarrow \ldots \rightarrow m \rightarrow 1 \). The case of \( m = 2 \) is covered by Corollary 7.1. If \( m \geq 3 \), then it is possible to show that \( \phi_G \) is generically 2-to-1, that is, the fiber \( F_G(\Lambda, \Omega) \) is generically of size two. □

It remains to characterize injectivity for acyclic graphs \( G = (V, D, B) \). The following theorem shows that injectivity can be decided in polynomial time by alternatingly decomposing the bidirected part \((V, B)\) into connected components and removing sink nodes of the directed part \((V, D)\).

**Theorem 7.3.** Suppose \( G \) is an acyclic mixed graph. Then:

(a) \( \phi_G \) is injective if and only if \( G \) does not contain a subgraph whose bidirected part is connected and whose directed part has a unique sink.

(b) If \( \phi_G \) is injective, then its inverse is rational and \( M_G \) smooth.

Figure 7.1 illustrates the characterization in part (a) of the theorem. The fact that \( \phi_G \) is not injective if the combinatorial condition in (a) fails can be shown by a counterexample for the particular subgraph and then invoking Lemma 7.1. For a proof of the sufficient condition in Theorem 7.3 we refer the reader to [10]. We note that the sufficiency of the condition for injectivity can be proven by repeatedly applying the graph decomposition result in Theorem 6.1 and the result on ancestral subgraphs from Theorem 5.1. These results as well as Theorem 7.3 have generalizations to nonlinear structural equation models [56, 66].

8. Generic Identifiability

The difference between injectivity and generic injectivity of \( \phi_G \) may appear minute. However, the two properties are quite different, and failure of generic injectivity cannot be argued by studying subgraphs (as in Lemma 7.1). According to Corollary 7.1, a mixed graph \( G \) can have the map \( \phi_G \) injective only if it is acyclic.
and simple. The deeper issue is then to find out which simple acyclic mixed graphs have \( \phi_G \) injective. In contrast, the next result shows that all simple acyclic mixed graphs are generically injective. The deeper issue for generic injectivity is thus the treatment of graphs that contain directed cycles or are not simple.

**Theorem 8.1.** If \( G = (V, D, B) \) is acyclic and simple, then \( \phi_G \) is generically injective and algebraically one-to-one.

The theorem is due to \[7\]. It shows that the graph from Figure 7.1(b) has \( \phi_G \) generically injective, but not injective. A short proof of Theorem 8.1 is obtained through the following observation that we use repeatedly in this section.

**Lemma 8.1.** Let \( G = (V, D, B) \) be a mixed graph, and let \( \Sigma = \phi_G(\Lambda_0, \Omega_0) \) for \( \Lambda_0 \in \mathbb{R}^D_{\text{reg}} \) and \( \Omega_0 \in PD(B) \). The fiber \( \mathcal{F}_G(\Lambda_0, \Omega_0) \) is isomorphic to the set of matrices \( \Lambda \in \mathbb{R}^D_{\text{reg}} \) that solve the equation system

\[
(I - \Lambda)^T \Sigma (I - \Lambda)_{ij} = 0, \quad i \neq j, \quad i \leftrightarrow j \notin B.
\]

**Proof.** The projection \( (\Lambda, \Omega) \mapsto \Lambda \) maps \( \mathcal{F}_G(\Lambda_0, \Omega_0) \) to the set of matrices \( \Lambda \in \mathbb{R}^D_{\text{reg}} \) that solve the equations in (8.1). Indeed, as \( I - \Lambda \) is invertible for \( \Lambda \in \mathbb{R}^D_{\text{reg}} \),

\[
\Sigma = \phi_G(\Lambda, \Omega) = (I - \Lambda)^T \Omega (I - \Lambda) \implies \Omega = (I - \Lambda)^T \Sigma (I - \Lambda).
\]

Any entry of \( \Omega \) that is indexed by a pair \((i, j)\) with \( i \neq j \) and \( i \leftrightarrow j \notin B \) is zero. Conversely, if \( \Lambda \in \mathcal{F}_G(\Lambda_0) \), then \((\Lambda, (I - \Lambda)^T \Sigma (I - \Lambda)) \in \mathcal{F}_G(\Lambda, \Omega)\). □

We emphasize that the equations in (8.1) are bilinear as

\[
(I - \Lambda)^T \Sigma (I - \Lambda)_{ij} = \sigma_{ij} - \sum_{k \in \text{pa}(i)} \lambda_k \sigma_{ki} - \sum_{l \in \text{pa}(j)} \sigma_{il} \lambda_{lj} + \sum_{k \in \text{pa}(i)} \sum_{l \in \text{pa}(j)} \lambda_k \sigma_{kl} \lambda_{lj}.
\]

**Proof of Theorem 8.1.** Because \( G \) is acyclic, we may enumerate the vertex set in a topological order as \( V = \{1, \ldots, m\} \). Then \( \text{pa}(i) \subseteq \{1, \ldots, i - 1\} \) for \( i = 1, \ldots, m \). Moreover, because \( G \) is simple, \( j \in \text{pa}(i) \) implies that \( j \leftrightarrow i \notin B \). By Lemma 8.1

\[
(I - \Lambda)^T \Sigma (I - \Lambda)_{\text{pa}(i), i} = 0, \quad i = 1, \ldots, m.
\]

These equations can be rewritten as

\[
(I - \Lambda)^T \Sigma_{\text{pa}(i), \text{pa}(i)} \Lambda_{\text{pa}(i), i} = (I - \Lambda)^T \Sigma_{\text{pa}(i), i}, \quad i = 1, \ldots, m.
\]

By the topological order, if \( j \in \text{pa}(i) \), then the entries in the \( j \)-th row of \( (I - \Lambda)^T \Sigma \) depend only on the first \( i - 1 \) columns of \( \Lambda \). The system in (8.2) can thus be solved recursively, where each step requires solving a linear system.

To show that \( \phi_G \) is generically injective, it remains to argue that the equations in (8.2) generically have a unique solution. It suffices to exhibit a single pair \((\Lambda, \Omega)\) for which this is true. We may choose \( \Lambda = 0 \) and \( \Omega = I \), so \( \Sigma = I \). Then the matrix for the \( i \)-th group of equations in (8.2) is \( \Sigma_{\text{pa}(i), \text{pa}(i)} \), which is invertible. □

Although a combinatorial characterization of the graphs with generically injective parametrization \( \phi_G \) is not known, Gröbner basis techniques can be used to determine the degree of identifiability from Definition 8.1 and, thus, decide whether \( \phi_G \) is algebraically one-to-one. Gröbner bases are computationally tractable for non-trivial examples and have been used for a classification of all graphs with up to 5 nodes [33]. For larger graphs, algebraic methods can be applied after decomposition according to Theorem 6.1.
We describe two options for the computation. In either case, we advocate working with the equation system from (8.1) as opposed to the fiber equation \( \Sigma = \phi_G(\Lambda, \Omega) \). System (8.1) has \( \Omega \) eliminated and may be far more compact as it avoids the inversion of \( I - \Lambda \). This said, although system (8.1) is polynomial also for graphs that contain directed cycles, care must be taken to avoid spurious solutions with \( I - \Lambda \) non-invertible.

The first possibility is to perform a parametric Gröbner basis computation. We introduce a matrix \( \Lambda \) whose nonzero entries \( \lambda_{ij}, i \rightarrow j \in D \), are indeterminates and a pair of matrices \( (\Lambda_0, \Omega_0) \) that are parameters. We form the matrix \((I - \Lambda)^T \phi_G(\Lambda_0, \Omega_0)(I - \Lambda)\) and set to zero the off-diagonal entries indexed by non-edges of the bidirected part \((V, B)\). We then compute a Gröbner basis for the resulting system in the polynomial ring with coefficients in the field of rational fractions \( \mathbb{R}(\Lambda_0, \Omega_0) \). The Gröbner basis readily yields the dimension of the generic fibers. If the dimension is finite we may also find the algebraic degree of the generic fibers, which is what we referred to as degree of identifiability. When the graph \( G \) contains directed cycles, the matrix \( I - \Lambda \) can be non-invertible. We thus first saturate our equation system with respect to \( \det(I - \Lambda) \).

Example 8.1. The following code for the system \textsc{Singular} \cite{13} implements the approach just described for a directed 3-cycle:

```
LIB "linalg.lib"; option(redSB);
ring R = (0,l012,l023,l031,w011,w022,w033),dp;
matrix L[3][3] = 1,-112,0,
              0,1,-123,
              -131,0,1;
matrix L0[3][3] = 1,-1012,0,
                0,1,-1023,
                -1031,0,1;
matrix W0[3][3] = w011,0,0,
               0,w022,0,
               0,0,w033;
matrix W[3][3] = transpose(L)*inverse(transpose(L0))*W0*inverse(L0)*L;
ideal GB = sat(ideal(W[1,2],W[1,3],W[2,3]), det(L))[1];
dim(GB); mult(GB);
```

The output from the last line first certifies that the fibers are generically zero-dimensional, that is, contain finitely many points. The multiplicity computed with the last command shows the degree of identifiability to be two.

The second possibility is to consider only polynomials with real-valued coefficients but to introduce as polynomial variables the nonzero entries of \( \Lambda \) as well as a symmetric matrix \( \Sigma \). These variables are ordered with respect to a block monomial order in which the variables in \( \Lambda \) are larger than the variables in \( \Sigma \). Let \( \mathcal{I} \) be the ideal generated by the off-diagonal entries of \((I - \Lambda)^T \Sigma(I - \Lambda)\) that are indexed by the non-edges of \((V, B)\). Saturate \( \mathcal{I} \) with respect to \( \det(I - \Lambda) \). Let \( \mathcal{J} \) be the reduced Gröbner basis of the resulting ideal. Elimination theory yields the following [34, Section 8 of the supplemental material].

**Proposition 8.1.** The parametrization \( \phi_G \) of a mixed graph \( G = (V, D, B) \) is algebraically one-to-one if and only if for each \( i \rightarrow j \in D \), the reduced Gröbner basis \( \mathcal{J} \) contains an element with leading monomial \( a(\Sigma)\lambda_{ij} \).
More generally, the generic dimension and degree of the fibers $F_G(\Lambda, \Omega)$ can be determined by analyzing the monomials under the staircase of the initial ideal of $J$ [12, Chapter 9]. This way we may determine the degree of identifiability of $G$.

In comparison to the first approach, the second method yields relations that show how to identify coefficients $\lambda_{ij}$ from $\Sigma$.

Example 8.2. Treating again a directed 3-cycle, we give an example of the second type of computation in SINGULAR:

LIB "linalg.lib"; option(redSB);
ring R = 0,(l12,l23,l31,s11,s12,s13,s22,s23,s33),(dp(3));
matrix L[3][3] = 1,-l12,0,
0,1,-l23,
-l31,0,1;
matrix S[3][3] = s11,s12,s13,
s12,s22,s23,
s13,s23,s33;
matrix W[3][3] = transpose(L)*S*L;
ideal GB = sat(ideal(W[1,2],W[1,3],W[2,3]), det(L))[1];GB;
The output is a list of 9 polynomials whose leading terms are, in our usual notation,

\[
\lambda_{23}\lambda_{31}\sigma_{23}, \quad \lambda_{12}\lambda_{31}\sigma_{13}, \quad \lambda_{12}\lambda_{23}\sigma_{12}, \quad \lambda_{12}\lambda_{31}\sigma_{12}\sigma_{33},
\]

\[
\lambda_{12}\lambda_{13}\sigma_{13}\sigma_{23}, \quad \lambda_{12}\lambda_{31}\sigma_{11}\sigma_{23}, \quad \lambda_{23}\lambda_{13}\sigma_{13}\sigma_{22}, \quad \lambda_{23}\lambda_{31}\sigma_{13}\sigma_{22}, \quad \lambda_{12}^{2}\sigma_{13}\sigma_{22}\sigma_{33}.
\]

By Proposition 8.1, $\phi_G$ is not algebraically one-to-one because there is no leading term of the form $\lambda_{31}a(\Sigma)$. The last leading term belongs to a polynomial that shows that $\lambda_{31}$ is algebraic function of degree 2 of the covariance matrix $\Sigma$ because it solves the equation

\[
\lambda_{31}^{2}\sigma_{33}(\sigma_{13}\sigma_{22} - \sigma_{12}\sigma_{23}) - \lambda_{31}((\sigma_{13}^{2}\sigma_{22} - \sigma_{11}\sigma_{23}^{2} - \sigma_{12}^{2}\sigma_{33} + \sigma_{11}\sigma_{22}\sigma_{33})
+ \sigma_{11}(\sigma_{13}\sigma_{22} - \sigma_{12}\sigma_{23}) = 0.
\]

The equations with leading terms $\lambda_{23}\sigma_{12}\sigma_{13}\sigma_{22}$ and $\lambda_{12}\sigma_{11}\sigma_{13}\sigma_{23}$ show that $\lambda_{23}$ and $\lambda_{12}$ are rational functions of $\Sigma$ and $\lambda_{31}$. Altogether, we have verified that $\phi_G$ is algebraically $2$-to-one. Checking this by counting monomials under the staircase means considering the leading monomials considering only the variables $\lambda_{12}, \lambda_{23}, \lambda_{31}$ we seek to solve for. The monomials are

\[
(8.3) \quad \lambda_{23}\lambda_{31}, \quad \lambda_{12}\lambda_{31}, \quad \lambda_{12}\lambda_{23}, \quad \lambda_{12}, \quad \lambda_{23}, \quad \lambda_{31}^{2},
\]

and generate the ideal $I = \langle \lambda_{12}, \lambda_{23}, \lambda_{31}^{2} \rangle$. The monomials under the staircase are the monomials in $\mathbb{R}[\lambda_{12}, \lambda_{23}, \lambda_{31}] \setminus I$. There are two, namely, $1$ and $\lambda_{31}$.

Although Gröbner basis methods can be effective, it is desirable to obtain combinatorial methods that are efficient also for large-scale problems. The half-trek criteria of [34] are state-of-the-art criteria that can be checked in time that is polynomial in the size of the vertex set of the considered graph. They provide a sufficient as well as a necessary condition for generic injectivity of $\phi_G$.

More precisely, there is a condition that is sufficient for $\phi_G$ to be algebraically one-to-one and a related condition that is necessary for $\phi_G$ to be generically finite-to-one. The conditions are implemented in a package for the R project for statistical computing [4]. We begin our discussion of the half-trek criteria by introducing some needed terminology.

A half-trek from source node $i$ to target node $j$ is a trek $\tau$ from $i$ to $j$ whose left-hand side is a singleton set, so left($\tau$) = \{i\}. In other words, a half-trek is of
the form
\[ i \to j_1 \to \ldots \to j_r \to j \quad \text{or} \quad i \leftrightarrow j_1 \to \ldots \to j_r \to j. \]

Let \( X, Y \subseteq V \) be two sets of nodes of equal cardinality \(|X| = |Y| = k\). Let \( \Pi \) be a set of \( k \) treks. Then \( \Pi \) is a system of treks from \( X \) to \( Y \), denoted \( \Pi : X \to Y \), if \( X \) is the set of source nodes of the treks in \( \Pi \) and \( Y \) is the set of target nodes. Note that we allow \( X \cap Y \neq \emptyset \). The system \( \Pi \) is a system of half-treks if every trek \( \pi_i \) is a half-trek. Finally, a system \( \Pi \) has no sided intersection if
\[ \text{left}(\pi) \cap \text{left}(\pi') = \emptyset = \text{right}(\pi) \cap \text{right}(\pi') \]
for all pairs of treks \( \pi, \pi' \in \Pi \).

**Definition 8.1.** A set \( Y \subseteq V \) satisfies the *half-trek criterion* with respect to node \( i \) if (i) \(|Y| = |\text{pa}(i)|\), (ii) \( j = i \) or \( j \leftrightarrow i \) implies that \( j \notin Y \), and (iii) there exists a system of half-treks \( \Pi : Y \rightarrow \text{pa}(i) \) that has no sided intersection.

**Theorem 8.2.** Let \( G = (V, D, B) \) be a mixed graph.

(i) If for every \( i \in V \) there exists a set \( Y_i \subseteq V \) that satisfies the half-trek criterion with respect to \( i \), and if there exists a total ordering \( \prec \) such that \( j \prec i \) whenever \( j \in Y_i \) and there is a half-trek from \( i \) to \( j \), then \( \phi_G \) is generically injective and algebraically one-to-one.

(ii) For \( \phi_G \) to be generically finite-to-one it is necessary that there exists a family of subsets \( Y_i \subseteq V, i \in V \), such that \( Y_i \) satisfies the half-trek criterion with respect to \( i \) and \( j \in Y_i \) implies \( i \notin Y_j \).

We merely outline the proof of the theorem; for details see [34]. Some of the arguments are further illustrated in Example 8.3. Note also that Theorem 8.1 is obtained from Theorem 8.2(i) by taking \( Y_i = \text{pa}(i) \) and \( \prec \) as a topological order.

**Outline of proof of Theorem 8.2.** (i) Let \( \Sigma = \phi_G(\Lambda_0, \Omega_0) \) for \( \Lambda_0 \in \mathbb{R}^{D,\text{reg}}_D \) and \( \Omega_0 \in PD(B) \). Suppose \( (\Lambda, \Omega) \in F_G(\Lambda_0, \Omega_0) \). To show that \( (\Lambda, \Omega) = (\Lambda_0, \Omega_0) \), we visit the nodes \( i \in V \) from smallest to largest in the order \( \prec \) and iteratively find a linear equation system that is uniquely solved by the \( i \)-th column of \( \Lambda \). The starting point is Lemma 8.1 by which we have
\[
[(I - \Lambda)^T \Sigma (I - \Lambda)]_{Y_i, i} = 0, \quad i \in V.
\]

This is true because Definition 8.1 yields that \( j \neq i \) and \( j \leftrightarrow i \notin B \) when \( j \in Y_i \).

Similar to the proof of Theorem 8.1 we may rearrange (8.4) to
\[
A_{i}(\Lambda, \Sigma)\Lambda_{\text{pa}(i), i} = b_{i}(\Lambda, \Sigma),
\]
with \( A_{i}(\Lambda, \Sigma) = [(I - \Lambda)^T \Sigma]_{Y_i, \text{pa}(i)} \) and \( b_{i}(\Lambda, \Sigma) = [(I - \Lambda)^T \Sigma]_{Y_i, i} \). Both \( A_{i}(\Lambda, \Sigma) \) and \( b_{i}(\Lambda, \Sigma) \) can be shown to only depend on those columns of \( \Lambda \) that are indexed by nodes \( j \) with a half-trek from \( i \) to \( j \). Hence, the proof is complete if we can show that \( A_{i}(\Lambda_0, \Sigma) \) is invertible for generic choices of \( \Lambda_0 \) and \( \Omega_0 \). To verify this, we may use the existence of a half-trek system without sided intersection from \( Y_i \) to \( \text{pa}(i) \) to argue that the determinant of \( A_{i}(\Lambda_0, \Sigma) \) is not the zero polynomial. This last step is in the spirit of the Lindström-Gessel-Viennot lemma.

(ii) We study the Jacobian of the equations from Lemma 8.1. Its rows are indexed by the non-edges of the bidirected part \((V, B)\) and its columns by the edges in \( D \). For \( \phi_G \) to be generically finite-to-one, it is necessary that the Jacobian has full column rank \( D \). It can be shown that the Jacobian contains an invertible \(|D| \times |D|\) submatrix only if the given condition holds. Let \( J_i \) be the submatrix of the Jacobian
obtained by selecting the columns corresponding to directed edges with head at $i$. Then, more specifically, $J_i$ has full column rank only if there exists a subset $Y_i \subseteq V$ that satisfies the half-trek criterion with respect to $i$. Moreover, if $j \in Y_i$ and $i \notin Y_j$, then the same row, namely, that corresponding to $i \leftrightarrow j \notin B$, would be used to get an invertible square submatrix of $J_i$ and $J_j$.

The conditions from Theorem 8.2 seem involved but as we mentioned they can be checked in polynomial time. Indeed, the problem of finding suitable sets $Y_i$ that satisfy the half-trek criteria can be shown to correspond to solving network-flow problems. For condition (i), we repeatedly solve a network-flow problem. Condition (ii) can be implemented as a single larger network-flow problem [34, Section 6].

Example 8.3. Let $G$ be the graph in Figure 8.1. Each one of the sets

$Y_1 = \{2, 5\}$, $Y_2 = \{5\}$, $Y_3 = \emptyset$, $Y_4 = \emptyset$, $Y_5 = \{3\}$

satisfies the half-trek criterion with respect to the node it is indexed by. This is least evident for $Y_1$, and we highlight the half-treks $2 \leftrightarrow 3$ and $5 \leftrightarrow 4 \rightarrow 2$, which have no sided intersection. Choosing the ordering as $3 \prec 4 \prec 5 \prec 1 \prec 2$, Theorem 8.2(i) shows that $\phi_G$ is algebraically one-to-one. Other possible orderings are obtained by permuting $\{3, 4, 5\}$ or $\{1, 2\}$.

To illustrate ideas from the proof of Theorem 8.2(i), we focus on node 1, with $\text{pa}(1) = \{2, 3\}$. Since $Y_1 = \{2, 5\}$, we work with the equations

$[(I - \Lambda)^T \Sigma (I - \Lambda)]_{51} = 0$, $[(I - \Lambda)^T \Sigma (I - \Lambda)]_{21} = 0$.

Expanding out the matrix product, the equations become

$\sigma_{51} - (\sigma_{52} \lambda_{21} + \sigma_{53} \lambda_{31}) - \lambda_{35} \sigma_{31} + (\lambda_{35} \sigma_{32} \lambda_{21} + \lambda_{35} \sigma_{33} \lambda_{31}) = 0$, $\sigma_{21} - (\sigma_{22} \lambda_{21} + \sigma_{23} \lambda_{31}) - \lambda_{42} \sigma_{41} + (\lambda_{42} \sigma_{42} \lambda_{21} + \lambda_{42} \sigma_{43} \lambda_{31}) = 0$,

and we wish to solve for $\lambda_{21}$ and $\lambda_{31}$. With $5 \prec 1$, we have already solved for $\lambda_{35}$; since $Y_5 = \text{pa}(5)$ we have $\lambda_{35} = \sigma_{35}/\sigma_{55}$ as is also clear from the discussion after Proof B for Theorem 7.1. Substituting the ratio for $\lambda_{35}$ turns (8.5) into a linear equation in $\lambda_{21}$ and $\lambda_{31}$. The equation in (8.6) could be linearized similarly, except that now the relevant coefficient $\lambda_{42}$ has not yet been determined in an ordering with $1 \prec 2$. However, if $\Lambda$ is part of a pair $(\Lambda, \Omega)$ in the fiber given by $\Sigma$, then

$-\lambda_{42} \sigma_{41} + (\lambda_{42} \sigma_{42} \lambda_{21} + \lambda_{42} \sigma_{43} \lambda_{31}) = 0$

because there is no half-trek from 1 to 2. To see this note that the term $\lambda_{42} \sigma_{41}$ corresponds to treks from 2 to 1 that start with the edge $2 \leftarrow 4$, whereas the sum $\lambda_{42} \sigma_{42} \lambda_{21} + \lambda_{42} \sigma_{43} \lambda_{31}$ corresponds to treks from 2 to 1 that start with the edge $2 \leftarrow 4$ and end in either $2 \rightarrow 1$ or $3 \rightarrow 1$. These two sets of treks coincide when there is no half-trek from 1 to 2.
Figure 8.2. Graphs that satisfy the necessary but not the sufficient condition from Theorem 8.2: (a) $\phi_G$ is algebraically 3-to-one, (b) $\phi_G$ is algebraically one-to-one and, thus, generically injective.

The sufficient condition from Theorem 8.2(i) can be strengthened by first applying the graph decomposition from Section 6 and then check condition (i) in each subgraph. No such strengthening is possible for the necessary condition from part (ii) of the theorem [34]. Further strengthening of the sufficient condition is possible by first removing sink nodes from the graph using the observation from Theorem 5.1. When a sink node is removed a more refined graph decomposition may become possible; we refer the reader to [10, 22]. While a specific polynomial-time algorithm using this idea is given in [22], it is still unclear how to best design algorithms based on recursive graph decomposition and removal of sink nodes.

We conclude our discussion of parameter identification with two examples from the exhaustive computational study of graphs with up to 5 nodes in [34]. Both graphs in Figure 8.1 satisfy the necessary condition in Theorem 8.2(ii) and, thus, have $\phi_G$ generically finite-to-one. Neither graph satisfies the sufficient condition from Theorem 8.2(i). The graph in panel (a) indeed does not have $\phi_G$ generically injective. Instead, $\phi_G$ is algebraically 3-to-one. The graph in panel (b), however, is algebraically one-to-one but Theorem 8.2(i) fails to recognize it. Decomposition and removal of sink nodes do not help.

Part IV. Relations Among Covariances

9. Implicitization

Let $M_G$ be the set of covariance matrices of the structural equation model given by a mixed graph $G = (V, D, B)$. Motivated, in particular, by the covariance equivalence problem from Question 3.5, we now discuss polynomial relations among the entries of the matrices in $M_G$. Let $\Sigma = (\sigma_{ij})$ be a symmetric $V \times V$ matrix of variables, and let $\mathbb{R}[\Sigma]$ be the ring of polynomials in the $\sigma_{ij}$ with real coefficients. Then the polynomial relations we seek to understand make up the vanishing ideal

$$I(G) = \{ f \in \mathbb{R}[\Sigma] : f(\Sigma) = 0 \text{ for all } \Sigma \in M_G \}.$$

Since $M_G$ is the image of the rational map $\phi_G$, we may compute a generating set for $I(G)$ by implicitization. Assuming for simplicity that $G$ is acyclic and, thus, $\phi_G$ polynomial, we have

$$I(G) = \langle \Sigma - \phi_G(\Lambda, \Omega) \rangle \cap \mathbb{R}[\Sigma].$$
A better approach, however, is to start with the equations from Lemma 8.1, which have $\Omega$ already eliminated. We compute

$$I(G) = \left\{ \left[ (I - \Lambda)^T \Sigma (I - \Lambda) \right]_{ij} : i \neq j, \ i \leftrightarrow j \notin B \right\} \cap \mathbb{R}^{|\Sigma|}.$$  

If $G$ is not acyclic, we saturate with respect to $\det(I - \Lambda)$ before intersecting with $\mathbb{R}^{|\Sigma|}$; compare the examples in Section 8.

**Example 9.1.** To illustrate the use of a different software, we change to Macaulay2 [40]. The following code computes a generating set for the vanishing ideal of the graph $G$ shown in Figure 9.1:

```plaintext
R = QQ[l12,l13,l24,l34, s11,s12,s13,s14, s22,s23,s24, s33,s34, s44, 
MonomialOrder => Eliminate 4];
Lambda = matrix{{1, -l12, -l13, 0}, 
{0, 1, 0, -l24}, 
{0, 0, 1, -l34}, 
{0, 0, 0, 1}};
S = matrix{{s11, s12, s13, s14}, 
{s12, s22, s23, s24}, 
{s13, s23, s33, s34}, 
{s14, s24, s34, s44}};
W = transpose(Lambda)*S*Lambda;
I = ideal{W_(0,1),W_(0,2),W_(0,3),W_(1,2),W_(1,3),W_(2,3)};
eliminate({l12,l13,l24,l34},I)
```

Reproduced in our notation, the output shows that the ideal $I(G)$ is generated by the two polynomials

$$f_1 = \sigma_{12}\sigma_{13} - \sigma_{11}\sigma_{23},$$

$$f_2 = \sigma_{14}\sigma_{23}^2 - \sigma_{13}\sigma_{23}\sigma_{24} - \sigma_{14}\sigma_{22}\sigma_{33} + \sigma_{12}\sigma_{24}\sigma_{33} + \sigma_{13}\sigma_{22}\sigma_{34} - \sigma_{12}\sigma_{23}\sigma_{34}.$$  

Computing $I(G)$ using Gröbner bases is a method that applies to any mixed graph but can be computationally prohibitive for graphs with more than 5 or 6 nodes. In order to solve model equivalence problems combinatorial insight on particular types of relations is needed.

**Example 9.2.** Continuing with Example 9.1, observe that the two polynomials $f_1$ and $f_2$ from (9.1) and (9.2) are determinants of submatrices of the covariance

![Figure 9.1. An acyclic digraph.](image-url)
matrix $\Sigma$. The following two displays locate the submatrices
\[
\begin{pmatrix}
\sigma_{11} & \sigma_{12} & \sigma_{13} & \sigma_{14} \\
\sigma_{12} & \sigma_{22} & \sigma_{23} & \sigma_{24} \\
\sigma_{13} & \sigma_{23} & \sigma_{33} & \sigma_{34} \\
\sigma_{14} & \sigma_{24} & \sigma_{34} & \sigma_{44}
\end{pmatrix}
\]
and show two boxes to visualize that each submatrix is obtained by bordering a principal submatrix by one additional row and column. The determinants $f_1$ and $f_2$ are seen to be almost principal minors of $\Sigma$. As we discuss in Section 10, the vanishing of almost principal minors of a Gaussian covariance matrix has a particular probabilistic meaning, namely, conditional independence [60].

10. Conditional Independence

Suppose $X = (X_i : i \in V)$ is a Gaussian random vector indexed by a finite set $V$ and with covariance matrix $\Sigma \in PD_V$. Let $i,j \in V$ be two distinct indices, and let $S \subseteq V \setminus \{i,j\}$. The random variables $X_i$ and $X_j$ are conditionally independent given $X_S$ if and only if $\det(\Sigma_{iS}X_jS) = 0$. This connection between Gaussian conditional independence and the vanishing of almost principal minors of the covariance matrix is explained in detail in [21, Chapter 3] and [48].

It is fully understood which conditional independence relations hold in the covariance matrices of a linear structural equation model. The following concepts are needed to state the result. Let $\pi$ be a semi-walk from node $i$ to node $j$ in the considered mixed graph $G = (V, D, B)$, and let node $k$ be a non-endpoint of $\pi$. A collider on $\pi$ is a node $k$ that is an internal node on $\pi$, and a head on the two edges that precede and succeed $k$ on $\pi$. We recall our convention that the two nodes incident to a bidirected edge are both heads. Pictorially, $\pi$ includes the segment $\rightarrow k \leftarrow$, $\rightarrow k \leftrightarrow$, $\leftrightarrow k \leftarrow$ or $\leftrightarrow k \leftrightarrow$. A non-collider on $\pi$ is an internal node of $\pi$ that is not a collider on $\pi$.

**Definition 10.1.** Fix a set $S \subseteq V$. Two nodes $i, j \in V$ are $d$-connected by $S$ if $G$ contains a semi-walk from $i$ to $j$ that has all colliders in $S$ and all non-colliders outside $S$. If no such semi-walk exists, then $i$ and $j$ are $d$-separated by $S$.

The following theorem was first proven for acyclic digraphs [39] and later extended to cover arbitrary mixed graphs [58].

**Theorem 10.1.** Let $G = (V, D, B)$ be a mixed graph. Two nodes $i, j \in V$ are $d$-separated by $S$ if and only if $\det(\phi_G(\Lambda, \Omega)_{iS}X_jS) = 0$ for all $\Lambda \in \mathbb{R}^D_{\text{reg}}, \Omega \in PD(B)$.

For acyclic digraphs, the theorem can be derived in a probabilistic setup that extends to non-Gaussian conditional independence [40]. When lecturing about the result, the author likes to discuss the example with three binary variables shown in Figure 10.1. In our linear Gaussian setting, Theorem 10.1 is a special case of Theorem 11.1 that we treat in more detail.

Define the conditional independence ideal
\[
\mathcal{I}_{CI}(G) = \langle \det(\Sigma_{iS}X_jS) : i, j \text{ d-separated by } S \rangle.
\]

By Theorem 10.1, $\mathcal{I}_{CI}(G) \subseteq \mathcal{I}(G)$ for any mixed graph $G$. In Example 9.1, $\mathcal{I}_{CI}(G) = \mathcal{I}(G)$ but this may be false even for acyclic digraphs [61]. Nevertheless, if $G$ is an
acyclic digraph, then the set of covariance matrices $\mathcal{M}_G$ is cut out by conditional independence relations. In other words, for an acyclic digraph,

$$\mathcal{M}_G = V(\mathcal{I}_{CI}(G)) \cap PD_V$$

(10.1)
is the positive definite part of the variety of the conditional independence ideal. The equality in (10.1) also holds when $G$ is an ancestral graph, as defined in Section 7. However, it is false in general as can be seen in Example 3.3. We remark that for acyclic digraphs it has been proven that saturating the conditional independence with respect to all principal minors yields the vanishing ideal $[52]$:

$$\mathcal{I}(G) = \mathcal{I}_{CI}(G) : \left( \prod_{\mathcal{A} \subset V} \det(\Sigma_{\mathcal{A} \times \mathcal{A}}) \right)^\infty.$$

For acyclic digraphs and more generally ancestral graphs, the equality from (10.1) allows us to answer Question 3.5 on covariance equivalence by checking whether two graphs have the same d-separation relations. The latter comparison can be accomplished in polynomial time. We state the result for acyclic digraphs $[35, 69]$. A generalization for ancestral graphs was given more recently $[1]$; see also $[74]$.

**Theorem 10.2.** Let $G$ and $G'$ be two acyclic digraphs. Then $\mathcal{M}_G = \mathcal{M}_{G'}$ if and only if $G$ and $G'$ have the same adjacencies and the same unshielded colliders. An unshielded collider is an induced subgraph of the form $i \rightarrow j \leftarrow k$.

We remark that it can also be decided in polynomial time whether two digraphs that are not necessarily acyclic have the same d-separation relations $[51]$. When the graphs have directed cycles then d-separation equivalence is necessary but not sufficient for covariance equivalence; see, e.g., the example in $[15]$.

11. **Trek Separation**

We now turn to the characterization of the vanishing of general minors of the covariance matrices in a linear structural equation model. Our first example clarifies the importance of minors that are not almost principal.

**Example 11.1.** If $G$ is the graph from Figure 8.2 and Example 8.3 then $\mathcal{I}(G)$ is generated by $\det(\Sigma_{12,34})$. Such off-diagonal $2 \times 2$ minors are known as tetrads in the statistical literature; see $[20]$ and the references therein.

The tetrad representation theorem gives a combinatorial characterization of the vanishing of any $2 \times 2$ determinant $[57]$. The theorem has been greatly generalized, and we now have a full combinatorial understanding of when a minor of the covariance matrix vanishes based on the notion of trek-separation $[64]$. Moreover, the non-vanishing determinants can be described precisely $[14]$.
Definition 11.1. Let $A, C, S_A, S_C \subseteq V$ be sets of nodes of the mixed graph $G = (V, D, B)$. The pair $(S_A, S_C)$ trek-separates $A$ and $C$ if every trek from $i \in A$ to $j \in C$ intersects $S_A$ on its left side or $S_C$ on its right side.

Theorem 11.1. Let $G$ be a mixed graph. Then the $A \times C$ submatrix of $\phi_G(\Lambda, \Omega)$ has generic rank $\leq r$ if and only if there exist sets $S_A$ and $S_C$ with $|S_A| + |S_C| \leq r$ such that $(S_A, S_C)$ trek-separates $A$ and $C$.

The theorem for acyclic mixed graphs is proven in [64]. The cases with directed cycles are covered by the results in [14]. We describe the ideas behind the proof.

Proof outline. The problem can be reduced to the case where $G$ is a digraph by subdividing bidirected edges. For each edge $i \leftrightarrow j \in B$ we introduce a new node $\{i, j\}$ and two edges $\{i, j\} \to i$ and $\{i, j\} \to j$. The new digraph $G'$ thus has $|V| + |B|$ nodes and $|D| + 2|B|$ edges. If $G$ is the mixed graph from Figure 12 then $G'$ is the digraph in Figure 14. Every trek in $G$ corresponds to a trek in $G'$ where an edge $i \leftrightarrow j \in G$ corresponds to $i \leftrightarrow \{i, j\} \to j$ in $G'$. The entries of $(\phi_G)_{A,C}$ and those of $(\phi_G)'_{A,C}$ can be shown to admit the same set of relations.

In the sequel, assume that $G$ itself is a digraph. Then $PD(B)$ contains diagonal matrices with positive entries. The rank of $\phi_G(\Lambda, \Omega)$ for $\Lambda \in \mathbb{R}^D_{\text{reg}}$ and $\Omega \in PD(B)$ is then the same as that of $\Sigma = \phi_G(\Lambda, I)$.

To establish the claim, we may study the vanishing of the determinants of square submatrices. So assume that $|A| = |C| = r + 1$. The Cauchy-Binet formula gives that

$$\det(\Sigma_{A \times C}) = \sum_{E} \det \left(\left[(I - \Lambda)^{-1}\right]_{E \times A}\right) \det \left(\left[(I - \Lambda)^{-1}\right]_{E \times C}\right),$$

where the sum is over subsets $E \subseteq V$ of cardinality $r + 1$. By the Lindström-Gessel-Viennot lemma for general digraphs, it holds that

$$\det \left(\left[(I - \Lambda)^{-1}\right]_{E \times A}\right) = 0 \quad \text{for all } \Lambda \in \mathbb{R}^D_{\text{reg}},$$

if and only if no system of $r + 1$ directed paths from $E$ to $A$ is vertex-disjoint. Applying this to all terms in (11.1) shows that $\det(\Sigma_{A \times C})$ vanishes if and only if every system of treks from $A$ to $C$ has a sided intersection. Here, an intersection on the left side of a trek corresponds to the vanishing of determinants of the matrices $\left[(I - \Lambda)^{-1}\right]_{E \times A}$ and, similarly, intersections on the right side are related to the determinants of the matrices $\left[(I - \Lambda)^{-1}\right]_{E \times C}$. The characterization by sided intersections in trek systems can be turned into the claimed statement about trek-separation via Menger’s theorem. To account for the distinct role played by the left and the right sides of the treks, Menger’s theorem is applied in a digraph $G$ that results from duplicating the nodes and edges of $G$. Each node and each edge of $G$ has a left and a right side version in $G$. Menger’s theorem yields a cut set $S$ of cardinality $|S| \leq r$ in $G$. Partitioning $S$ according to the left and right side yields the pair $(S_A, S_C)$ for the claimed trek-separation.}

Example 11.2. When $G$ is the graph from Figure 32 then the submatrix $[\phi_G(\Lambda, \Omega)]_{12,34}$ has generic rank 1; recall Example 11.1 Theorem 11.1 shows that the rank is at least 1 because $(\emptyset, \emptyset)$ does not trek-separate $\{1, 2\}$ and $\{3, 4\}$. For instance, there is the trek $1 \to 3$. That the rank is no larger than 1 follows from $(\emptyset, \{3\})$ trek-separating $\{1, 2\}$ and $\{3, 4\}$. For instance, the node 3 is on the right side of the two treks $1 \to 3$ and $2 \to 3 \to 4$. 


Example 11.3. What is the generic rank of the $A \times C$ of $\phi_G(\Lambda, \Omega)$ when $G$ is the ‘spider graph’ from Figure 11.1, $A = \{1, 2, 3, 4\}$ and $C = \{5, 6, 7\}$? The node $c$ is on every trek between $A$ and $C$. It follows that $\{\{c\}, \{c\}\}$ trek-separates $A$ and $C$ and thus the rank is no larger than two. In fact, the rank is equal to two. Consider the two treks

$$\begin{align*}
\pi_1 : 1 &\leftrightarrow o \to c \to 5, \\
\pi_2 : 3 &\leftarrow c \leftarrow o \leftrightarrow 6.
\end{align*}$$

They have only node $c$ in common but $c \in \text{right}(\pi_1)$ and $c \in \text{left}(\pi_2)$. Hence, a pair of trek-separating sets must use at least two nodes.

Trek separation solves the problem of characterizing the vanishing of determinants. However, there is currently no efficient method for deciding when two mixed graphs are trek separation equivalent.

12. Verma Constraints

Much interesting ground lies beyond determinants of the covariance matrix. We content ourselves with two examples concerning a relation first presented in [69].

Example 12.1. Let $G$ be the graph from Figure 2.1. The graph has no trek-separation relations as can be checked with the package ‘GraphicalModels’ for MACAULAY2 [37]. The commands

```plaintext
needsPackage "GraphicalModels";
G = mixedGraph(digraph {{1,{2,3}},{2,{3}},{3,{4}}}, bigraph {{2,4}});
R = gaussianRing G;
trekIdeal(R,G)
```

return the zero ideal. Issuing the command

```plaintext
gaussianVanishingIdeal R
```

shows that $\mathcal{I}(G)$ is generated by

$$(12.1) \quad f_{\text{Verma}} = \sigma_{11}\sigma_{13}\sigma_{22}\sigma_{34} - \sigma_{11}\sigma_{13}\sigma_{23}\sigma_{24} - \sigma_{11}\sigma_{14}\sigma_{22}\sigma_{33} + \sigma_{11}\sigma_{14}\sigma_{23}^2 - \sigma_{12}\sigma_{13}\sigma_{34} + \sigma_{12}\sigma_{14}\sigma_{33} + \sigma_{12}\sigma_{13}\sigma_{33}^2 - \sigma_{12}\sigma_{13}\sigma_{14}\sigma_{23}.$$  

Clearly, $f_{\text{Verma}}$ is not a determinant. Its vanishing can be explained as follows. Decompose $G$ into its mixed components. The largest component $G[\{2, 4\}]$ is depicted in Figure 12.1. Appealing to Theorem 6.1 there is a rational function $\tau_{\{2,4\}} : M_G \to M_{G'}$, so $\tau_{\{2,4\}}$ is the covariance matrix for $G[\{2, 4\}]$. In $G[\{2, 4\}]$,
there is no trek from node 1 to node 4. Hence, the $(1, 4)$ entry of $\tau_{\{2, 4\}}(\Sigma)$ is zero. Clearing the denominator yields $f_{\text{Verma}}(\Sigma) = 0$ for $\Sigma \in \mathcal{M}_G$.

The example suggests that new relations can be discovered by decomposing the graph and studying d-separation or trek-separation relations in the mixed components. The matter is more delicate, however.

**Example 12.2.** In order to prevent decomposition of the Verma graph, add a fifth node and bidirected edges such that $(V, B)$ becomes connected. Specifically, consider the graph $G$ from Figure 12.2. The new graph $G$ is simple and acyclic and, thus, has expected dimension 13. Because the nodes 2 and 5 are d-separated by 1, we have $\sigma_{12}\sigma_{15} - \sigma_{11}\sigma_{25} \in I(G)$. Other relations must exist, and indeed a Gröbner basis computation shows that

$$I(G) = \langle \sigma_{12}\sigma_{15} - \sigma_{11}\sigma_{25}, f_{\text{Verma}} \rangle : \sigma_{11}^\infty$$

with $f_{\text{Verma}}$ being the polynomial from (12.1). The fact that $f_{\text{Verma}} \in I(G)$ is explained by Theorem 5.1. Since no directed edge of $G$ has a tail at node 5, the theorem allows us to consider the subgraph induced by the set of nodes $\{1, 2, 3, 4\}$. We are back in Example 12.1 and decomposition yields $f_{\text{Verma}}$ as a relation.

It is clear that more contrived examples can be constructed in which d-/trek-separation applies only after several rounds of alternating between graph decomposition and forming a subgraph induced by an ancestral set. An overview of what is known about such a recursive approach can be found in [55], where the focus is on non-linear models and manipulation of probability density functions.

13. **Conclusion**

Linear structural equation models have covariance matrices with rich algebraic structure. As we showed in Section 8 statistical considerations motivate a host of different algebraic problems. In this review, we focused on methods for parameter identification as well as relations among covariances. While much progress has been made, and continues to be made [30], we have encountered a plethora of open problems of algebraic and combinatorial nature.
In our review, we focused exclusively on linear and Gaussian models. As noted repeatedly, many of the questions have interesting generalizations to non-linear or non-Gaussian models. In particular, in settings with discrete random variables, as considered in [27, 28], algebra and Gröbner basis techniques continue to be useful [21]. Similarly, many additional challenges arise in models with explicit latent variables, which motivate studying the map $\phi_G$ when projected onto a principal submatrix (recall Section 5).

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**Department of Statistics, University of Washington**