The one-shot deviation principle is fundamental to the theory of extensive games. It was originally formulated by David Blackwell (1965) in the context of dynamic programming. As the strategy of other players induces a normal maximization problem for any one player, we can formulate the principle in the context of a single-person decision tree.

Consider a possibly infinite tree. A path $y$ is an ordered collection of nodes in the tree, with adjacent entries connected by immediate succession, and having the property that if $y$ has a last entry, it must be a terminal node of the tree. *Note:* paths don’t necessarily start at the initial node of the tree.

Every path $y$ and node $x$ in $y$ induces a “subpath” $y_x$ with initial node $x$ in the obvious way. Two paths $y$ and $y'$ diverge at $x$ if they share the same nodes up to $x$ but have distinct subpaths thereafter.

To each path $y$ attach a return $\pi(y)$. We make the following assumptions on $\pi$:

[A.1] (consistency) If $\pi(y) \geq \pi(y')$, and if $y$ and $y'$ diverge at $x$, then $\pi(y_x) \geq \pi(y'_x)$.

[A.2] (continuity) Fix any path $y$. For every $\epsilon > 0$, there exists an integer $N$ such that if $n \geq N$ and if another path $y'$ shares the first $n$ nodes as $y$, then $|\pi(y) - \pi(y')| < \epsilon$.

Remarks:

(a) Finite decision trees with payoffs at terminal nodes automatically satisfy [A.1] and [A.2].

(b) Infinite optimization problems with discounting and additively separable payoffs also satisfy [A.1] and [A.2]. This is the case studied in Blackwell (1965).

(c) If nodes are interpreted as information sets and payoffs as expected payoffs then stochastic decision problems (or responses to opponent behavior strategies) can easily be included in this framework.

A strategy $\sigma$ assigns to each non-terminal node $x$ a probability distribution over $A(x)$, the set of immediate successors of $x$. Starting from any node $x$, a strategy induces probability distributions over paths with initial node $x$ in the obvious way. Define $\pi(\sigma, x)$ to be the expectation of $\pi(y)$ over all such paths. A strategy $\sigma$ is optimal if there is no strategy $\sigma'$ and node $x$ such that $\pi(\sigma', x) > \pi(\sigma, x)$.

For any strategy $\sigma$, node $x$, and any action (node) $a \in A(x)$, define $\sigma_a$ to be the strategy obtained by simply substituting the deterministic choice $a$ at $x$, instead of what was prescribed by $\sigma$, and leaving all else unchanged.¹

A strategy $\sigma$ is unimprovable if there is no node $x$, $a \in A(x)$ and corresponding $\sigma_a$ such that $\pi(\sigma_a, x) > \pi(\sigma, x)$.

Observe that $\sigma_a$ is a special strategy, differing as it does from $\sigma$ by only “a one-shot deviation” at the node $x$. It is therefore obvious that an optimal strategy is unimprovable. The converse is what we’re after:

¹I don’t use $x$ in the notation for the alternative strategy because each action (node) has a distinct name and a unique immediate predecessor, so $x$ is identifiable from this information.
Theorem 1. Under [A.1] and [A.2], an unimprovable strategy must be optimal.

Proof. Suppose, on the contrary, that \( \sigma \) is unimprovable, and yet it is not optimal. Then there exists \( \sigma' \) and node \( x_0 \) such that \( \pi(\sigma', x_0) > \pi(\sigma, x_0) \). Because stochastic strategies add nothing to best payoff, this is equivalent to the following assertion: there is a path \( y \) starting from \( x_0 \) such that
\[
\pi(y) \geq \pi(\sigma, x_0) + 2\epsilon
\]
for some \( \epsilon > 0 \). Now using [A.2], choose an integer \( N \) such that if any path \( y' \) starting from \( x_0 \) shares the first \( N + 1 \) nodes as \( y \),
\[
\pi(y') \geq \pi(y) - \epsilon.
\]
For all such paths \( y' \), it follows from the two inequalities above that
\[
\pi(y') \geq \pi(\sigma, x_0) + \epsilon.
\]
Call the first \( N + 1 \) nodes of \( y \) \( x_0, \ldots, x_N \). In particular, this means that a finite number of one-shot deviations at the nodes \( x_i \), with \( \sigma \) applied everywhere else, is enough to generate a payoff improvement at \( x_0 \).

Define a family of \( N \) different strategies \( \alpha_i \), for \( i = 0, \ldots, N - 1 \), by the property that \( \alpha_i \) chooses \( x_{j+1} \) at the node \( x_j \), for every \( j \) between \( 0 \) and \( i \), and concides with \( \sigma \) elsewhere. Then the conclusion of the previous paragraph informs us that
\[
\pi(\alpha_{N-1}, x_0) > \pi(\sigma, x_0).
\]
Notice that \( \alpha_{N-2} \) fully coincides with \( \sigma \) from the node \( x_{N-1} \) “downwards”, while \( \alpha_{N-1} \) is a one-shot deviation from \( \sigma \) at that node. Because \( \sigma \) is unimprovable by assumption, we have
\[
\pi(\alpha_{N-2}, x_{N-1}) = \pi(\sigma, x_{N-1}) \geq \pi(\alpha_{N-1}, x_{N-1}),
\]
and applying [A.1], we conclude that — since \( \alpha_{N-2} \) and \( \alpha_{N-1} \) will share the same nodes \( x_0, \ldots, x_{N-1} \) along every path generated by the two —
\[
\pi(\alpha_{N-2}, x_0) \geq \pi(\alpha_{N-1}, x_0).
\]
Combining (1) and (2), we may conclude that
\[
\pi(\alpha_{N-2}, x_0) > \pi(\sigma, x_0).
\]
Proceeding step by step in this way (and using unimprovability and [A.1] each time), we can finally see that
\[
\pi(\alpha_0, x_0) > \pi(\sigma, x_0).
\]
But \( \alpha_0 \) is just a one-shot deviation from \( \sigma \). Formally, \( \alpha_0 = \sigma_{x_1} \). Therefore (4) contradicts the unimprovability of \( \sigma \).

References