

Mary Kathryn Cowles

Applied Bayesian Statistics

With R and OpenBUGS Examples

 Springer

Contents

1	What Is Bayesian Statistics?	1
1.1	The Scientific Method (But It Is Not Just for Science...)	1
1.2	A Bit of History	2
1.3	Example of the Bayesian Method: Does My Friend Have Breast Cancer?	3
1.3.1	Quantifying Uncertainty Using Probabilities.....	3
1.3.2	Models and Prior Probabilities	5
1.3.3	Data	6
1.3.4	Likelihoods and Posterior Probabilities	7
1.3.5	Bayesian Sequential Analysis.....	8
1.4	Calibration Experiments for Assessing Subjective Probabilities...	8
1.5	What Is to Come?	10
	Problems	11
2	Review of Probability	13
2.1	Review of Probability	13
2.1.1	Events and Sample Spaces	13
2.1.2	Unions, Intersections, Complements	14
2.1.3	The Addition Rule	15
2.1.4	Marginal and Conditional Probabilities	15
2.1.5	The Multiplication Rule	17
2.2	Putting It All Together: Did Brendan Mail the Bill Payment?	17
2.2.1	The Law of Total Probability	17
2.2.2	Bayes' Rule in the Discrete Case	19
2.3	Random Variables and Probability Distributions	20
	Problems	21
3	Introduction to One-Parameter Models: Estimating a Population Proportion	25
3.1	What Proportion of Students Would Quit School If Tuition Were Raised 19%: Estimating a Population Proportion	25

3.2	The First Stage of a Bayesian Model	25
3.2.1	The Binomial Distribution for Our Survey	26
3.2.2	Kernels and Normalizing Constants	27
3.2.3	The Likelihood Function	27
3.3	The Second Stage of the Bayesian Model: The Prior	28
3.3.1	Other Possible Prior Distributions	29
3.3.2	Prior Probability Intervals	31
3.4	Using the Data to Update the Prior: The Posterior Distribution ...	32
3.5	Conjugate Priors	34
3.5.1	Computing the Posterior Distribution with a Conjugate Prior	34
3.5.2	Choosing the Parameters of a Beta Distribution to Match Prior Beliefs	35
3.5.3	Computing and Graphing the Posterior Distribution	38
3.5.4	Plotting the Prior Density, the Likelihood, and the Posterior Density	38
3.6	Introduction to R for Bayesian Analysis	38
3.6.1	Functions and Objects in R	39
3.6.2	Summarizing and Graphing Probability Distributions in R	42
3.6.3	Printing and Saving R Graphics	44
3.6.4	R Packages Useful in Bayesian Analysis	44
3.6.5	Ending a Session	46
	Problems	46
4	Inference for a Population Proportion	49
4.1	Estimation and Testing: Frequentist Approach	49
4.1.1	Maximum Likelihood Estimation	49
4.1.2	Frequentist Confidence Intervals	51
4.1.3	Frequentist Hypothesis Testing	52
4.2	Bayesian Inference: Summarizing the Posterior Distribution	54
4.2.1	The Posterior Mean	54
4.2.2	Other Bayesian Point Estimates	55
4.2.3	Bayesian Posterior Intervals	57
4.3	Using the Posterior Distribution to Test Hypotheses	59
4.4	Posterior Predictive Distributions	61
	Problems	63
5	Special Considerations in Bayesian Inference	67
5.1	Robustness to Prior Specifications	67
5.2	Inference Using Nonconjugate Priors	69
5.2.1	Discrete Priors	69
5.2.2	A Histogram Prior	71
5.3	Noninformative Priors	72
5.3.1	Review of Proper and Improper Distributions	72
5.3.2	A Noninformative Prior for the Binomial Likelihood	73

5.3.3	Jeffreys Prior	73
5.3.4	Verifying the Propriety of the Posterior Distribution When Using an Improper Prior	77
	Problems	78
6	Other One-Parameter Models and Their Conjugate Priors	81
6.1	Poisson	81
6.2	Normal: Unknown Mean, Variance Assumed Known	81
6.2.1	Example: Mercury Concentration in the Tissue of Edible Fish	82
6.2.2	Parametric Family for Likelihood	83
6.2.3	Likelihood for μ Assuming that Population Variance Is Known	85
6.2.4	Sufficient Statistics	85
6.2.5	Finding a Conjugate Prior for μ	86
6.2.6	Updating from Prior to Posterior in the Normal-Normal Case	86
6.2.7	Specifying Prior Parameters	88
6.2.8	Mercury in Fish Tissue	89
6.2.9	The Jeffreys Prior for the Normal Mean	92
6.2.10	Posterior Predictive Density in the Normal-Normal Model	93
6.3	Normal: Unknown Variance, Mean Assumed Known	94
6.3.1	Conjugate Prior for the Normal Variance, μ Assumed Known	95
6.3.2	Obtaining the Posterior Density	96
6.3.3	Jeffreys Prior for Normal Variance, Mean Assumed Known	97
6.4	Normal: Unknown Precision, Mean Assumed Known	97
6.4.1	Inference for the Variance in the Mercury Concentration Problem	98
	Problems	99
7	More Realism Please: Introduction to Multiparameter Models	101
7.1	Conventional Noninformative Prior for a Normal Likelihood with Both Mean and Variance Unknown	102
7.1.1	Example: The Mercury Concentration Data	104
7.2	Informative Priors for μ and σ^2	106
7.3	A Conjugate Joint Prior Density for the Normal Mean and Variance	106
7.3.1	Example: The Mercury Contamination Data	108
7.3.2	The Standard Noninformative Joint Prior as a Limiting Form of the Conjugate Prior	109
	Problems	110

8	Fitting More Complex Bayesian Models: Markov Chain Monte Carlo	111
8.1	Why Sampling-Based Methods Are Needed	111
8.1.1	Single-Parameter Model Example	111
8.1.2	Numeric Integration	113
8.1.3	Monte Carlo Integration	118
8.2	Sampling-Based Methods	120
8.2.1	Independent Sampling	120
8.3	Introduction to Markov Chain Monte Carlo Methods	123
8.3.1	Markov Chains	123
8.3.2	Markov Chains for Bayesian Inference	124
8.4	Introduction to OpenBUGS and WinBUGS	125
8.4.1	Using OpenBUGS for the Problem of Estimating a Binomial Success Parameter	126
8.4.2	Model Specification	127
8.4.3	Data and Initial Values Files	127
8.4.4	Running the Model	128
8.4.5	Assessing Convergence in OpenBUGS	133
8.4.6	Posterior Inference Using OpenBUGS	138
8.4.7	OpenBUGS for Normal Models	140
8.5	Exercises	144
9	Hierarchical Models and More on Convergence Assessment	147
9.1	Specifying Bayesian Hierarchical Models Example: A Better Model for the College Softball Player's Batting Average	147
9.1.1	The First Stage: The Likelihood	148
9.1.2	The Second Stage: Priors on the Parameters That Appeared in the Likelihood	149
9.1.3	The Third Stage: Priors on Any Parameters That Do Not Already Have Them	150
9.1.4	The Joint Posterior Distribution in Hierarchical Models	150
9.1.5	Higher-Order Hierarchical Models	151
9.2	Fitting Bayesian Hierarchical Models	151
9.3	Estimation Based on Hierarchical Models	153
9.3.1	Prediction from Hierarchical Models	154
9.4	More on Convergence Assessment in WinBUGS/OpenBUGS	156
9.4.1	The Brooks Gelman and Rubin Diagnostic	158
9.4.2	Convergence in the Hierarchical Softball Example with a Vague Prior	162
9.5	Other Hierarchical Models	167
9.5.1	Hierarchical Normal Means	167
9.6	Directed Graphs for Hierarchical Models	170
9.6.1	Parts of a DAG	170

9.7	*Gibbs Sampling for Hierarchical Models.....	171
9.7.1	Deriving Full Conditional Distributions.....	172
9.8	Recommendations for Using MCMC to Fit Bayesian Models.....	174
9.8.1	How Many Chains.....	174
9.8.2	Initial Values.....	174
9.8.3	General Advice.....	175
9.9	Exercises.....	175
10	Regression and Hierarchical Regression Models.....	179
10.1	Review of Linear Regression.....	179
10.1.1	Centering the Covariate.....	180
10.1.2	Frequentist Estimation in Regression.....	180
10.1.3	Example: Mercury Deposited by Precipitation Near the Brule River in Wisconsin.....	181
10.2	Introduction to Bayesian Simple Linear Regression.....	187
10.2.1	Standard Noninformative Prior.....	187
10.2.2	Bayesian Analysis of the Brule River Mercury Concentration Data.....	189
10.2.3	Informative Prior Densities for Regression Coefficients and Variance.....	192
10.3	Generalized Linear Models.....	192
10.4	Hierarchical Normal Linear Models.....	194
10.4.1	Example: Estimating the Slope of Mean Log Mercury Concentration Throughout North America Using Data from Multiple MDN Sites.....	195
10.4.2	Stages of a Hierarchical Normal Linear Model.....	195
10.4.3	Univariate Formulation of the Second Stage.....	196
10.4.4	Bivariate Formulation of the Second Stage.....	196
10.4.5	Third Stage: Univariate Formulation.....	197
10.4.6	Third Stage: Bivariate Formulation.....	197
10.4.7	The Wishart Density.....	198
10.5	WinBUGS Examples for Hierarchical Normal Linear Models....	199
10.5.1	Example with Univariate Formulation at Second and Third Stages.....	200
10.5.2	Example with Bivariate Formulation at Second and Third Stages.....	202
	Problems.....	204
11	Model Comparison, Model Checking, and Hypothesis Testing.....	207
11.1	Bayes Factors for Model Comparison and Hypothesis Testing....	207
11.1.1	Bayes Factors in the Simple/Simple Case.....	207
11.1.2	Interpreting a Bayes Factor.....	210
11.1.3	The Bayes Factor in More General Models.....	210
11.2	Bayes Factors and Bayesian Hypothesis Testing.....	212
11.2.1	Obtaining Posterior Probabilities from WinBUGS/OpenBUGS.....	214
11.2.2	Bayesian Viewpoint on Point Null Hypotheses.....	215

