Bayes' Theorem

Rev. Thomas Bayes
1702-1761

Conditional Probability

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BAYES RULE

False Positives

- If a patient has a disease the test returns a positive 99% of the time
- If a patient does not have the disease, the test returns positive 5% of the time
- 0.1% of the population has the disease
- What is the probability that someone who tested positive has the disease?

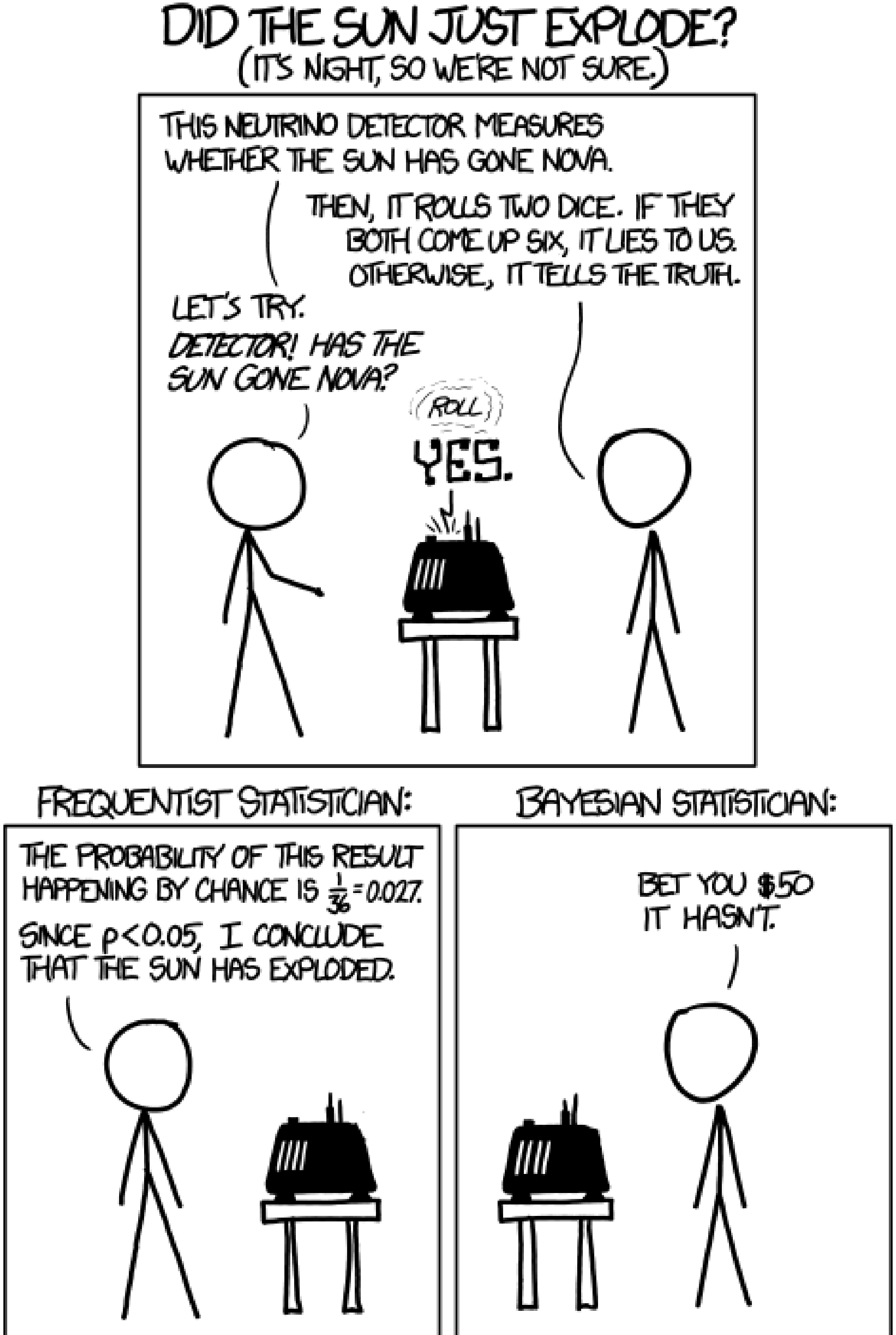
Suppose A = has disease

B = tested positive

$$P(A|B) = \frac{P(B|A)P(A)}{P(B|A)P(A) + P(B|not\ A)P(not\ A)}$$

$$P(A|B) = \frac{0.99 \cdot 0.001}{0.99 \cdot 0.001 + 0.05 \cdot 0.999}$$

$$P(A|B) = \frac{0.00099}{0.00099 + 0.04995} \approx 0.019$$



<u>What is</u> the probability that the sun exploded??

Bayes' Theorem

Posterior — Likelihood — Prior

$$P(\theta|y) = \frac{P(y|\theta)P(\theta)}{P(y)}$$

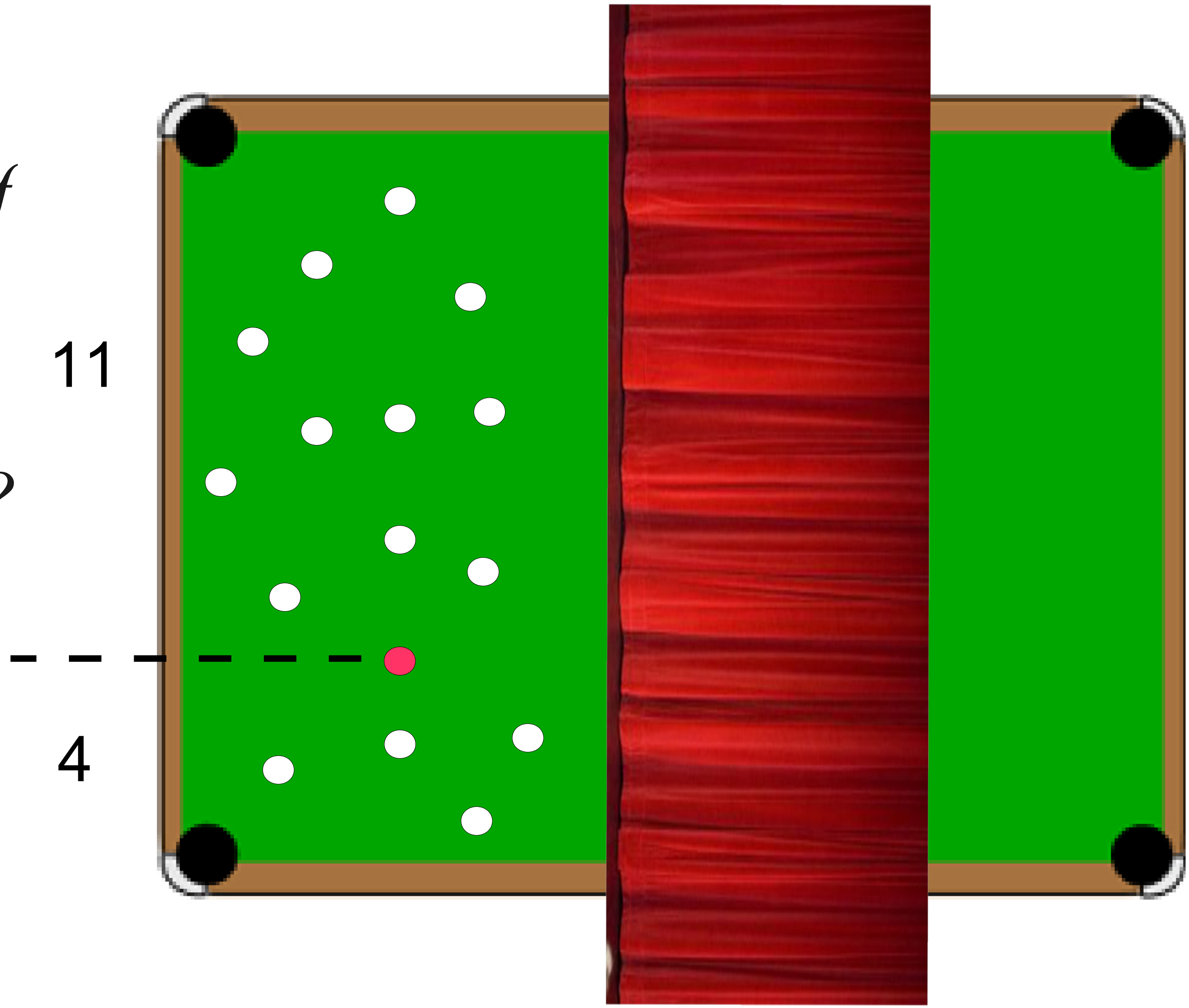
$$= \frac{P(y|\theta)P(\theta)}{\int_{-\infty}^{\infty} P(y|\theta)P(\theta)\,d\theta}$$

Bayes' Billiard Table

$$P(\theta) = Unif$$

$$\downarrow$$

$$P(\theta|y) = ??$$



$$P(\theta|y) \propto P(y|\theta)\,P(\theta)$$

Unif(0,1)

What is $P(y \mid \theta)$?

$$L = P(y|\theta) = \mathrm{Binom}(y|n,\theta)$$

$$P(\theta|y) = \frac{\mathrm{Binom}(y|n,\theta)\,Unif(\theta|0,1)}{\int_0^1 \mathrm{Binom}(y|n,\theta)\,Unif(\theta|0,1)}$$

$$P(\theta|y) = \frac{\binom{n}{y}\theta^{y}(1-\theta)^{n-y}\cdot 1}{\int_0^1 \binom{n}{y}\theta^{y}(1-\theta)^{n-y}\cdot 1}$$

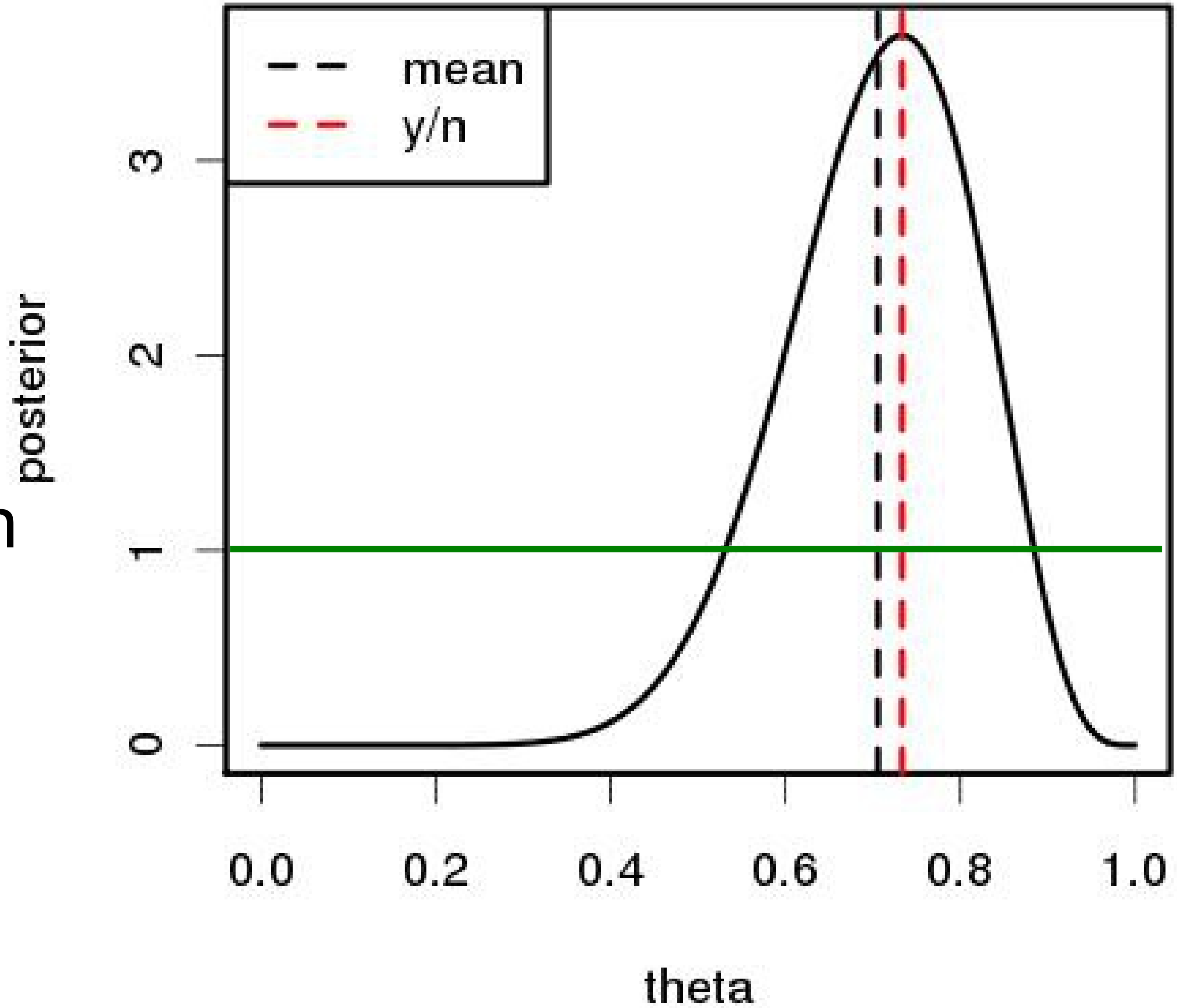
$$P(\theta|y)=\frac{\theta^{y}(1-\theta)^{n-y}}{\int_{0}^{1}\theta^{y}(1-\theta)^{n-y}}$$

Mean? Variance? Confidence Interval?

$$Beta(x|\alpha,\beta)=\frac{x^{\alpha-1}(1-x)^{\beta-1}}{\int_{0}^{1}x^{\alpha-1}(1-x)^{\beta-1}}$$

$$P(\theta|y)=Beta(x|y+1,n-y+1)$$

- Posterior **<u>is</u>** a PDF
- θ **<u>is</u>** a random variable
- Interested in full distribution

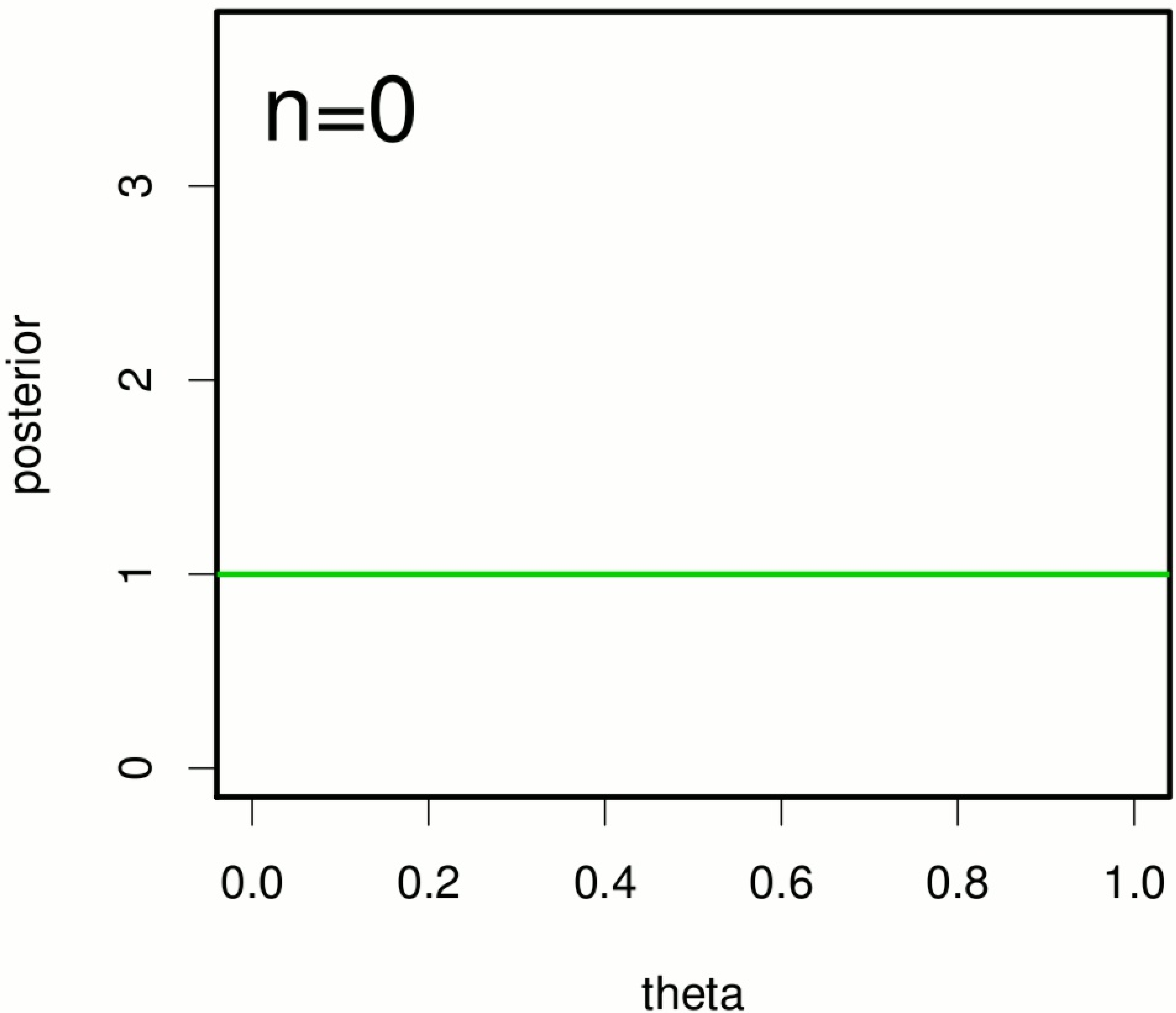


Priors

- Makes it possible to calculate a posterior density of the model parameter rather than the likelihood of the data
- Provides a way of incorporating information that is external to the data set(s) at hand
- Inherently sequential

Previous Posterior = New Prior

Data updates the prior



Where do Priors come from?

- Uninformative / vague
  - Chosen to have minimal information content, allows the likelihood to dominate the analysis
- Previous analyses
  - Must be equivalent
  - Variance inflation
- “The literature”
  - Meta-analysis
- Expert knowledge

Where do Priors come from?

- Uninformative / vague
  - Ch nt, allows the
- Prev
  - Mu
  - Va
- "The
  - Me
- Expert knowledge

Prior specification must be "blind" to the data in the analysis!!

No "double dipping" -- leads to falsely overconfident results

How do I choose a prior PDF?

- Analogous to how we choose the data model
  - Range restrictions, shape, etc.
- Conjugacy
  - A prior is conjugate to the likelihood if the posterior PDF is in the same family as the prior
  - Allow for closed-form analytical solutions to either full posterior or (in multiparameter models) for the conditional distribution of that parameter.
  - Modern computational methods no longer require conjugacy

Example: Tree mortality rate

- Data: observed n=4 trees, y=1 died this year

$$L = P(y|\theta) = \mathrm{Binom}(y|\theta, n)$$

- Prior: last year observed n_0=2 trees, y_0=1 died

$$Prior = P(\theta) = \mathrm{Beta}(\theta|y_{0,} n_0 - y_0)$$

$$P(\theta|y) \propto \mathrm{Binom}(y|\theta, n)\,\mathrm{Beta}(\theta|y_{0,}n_0 - y_0)$$

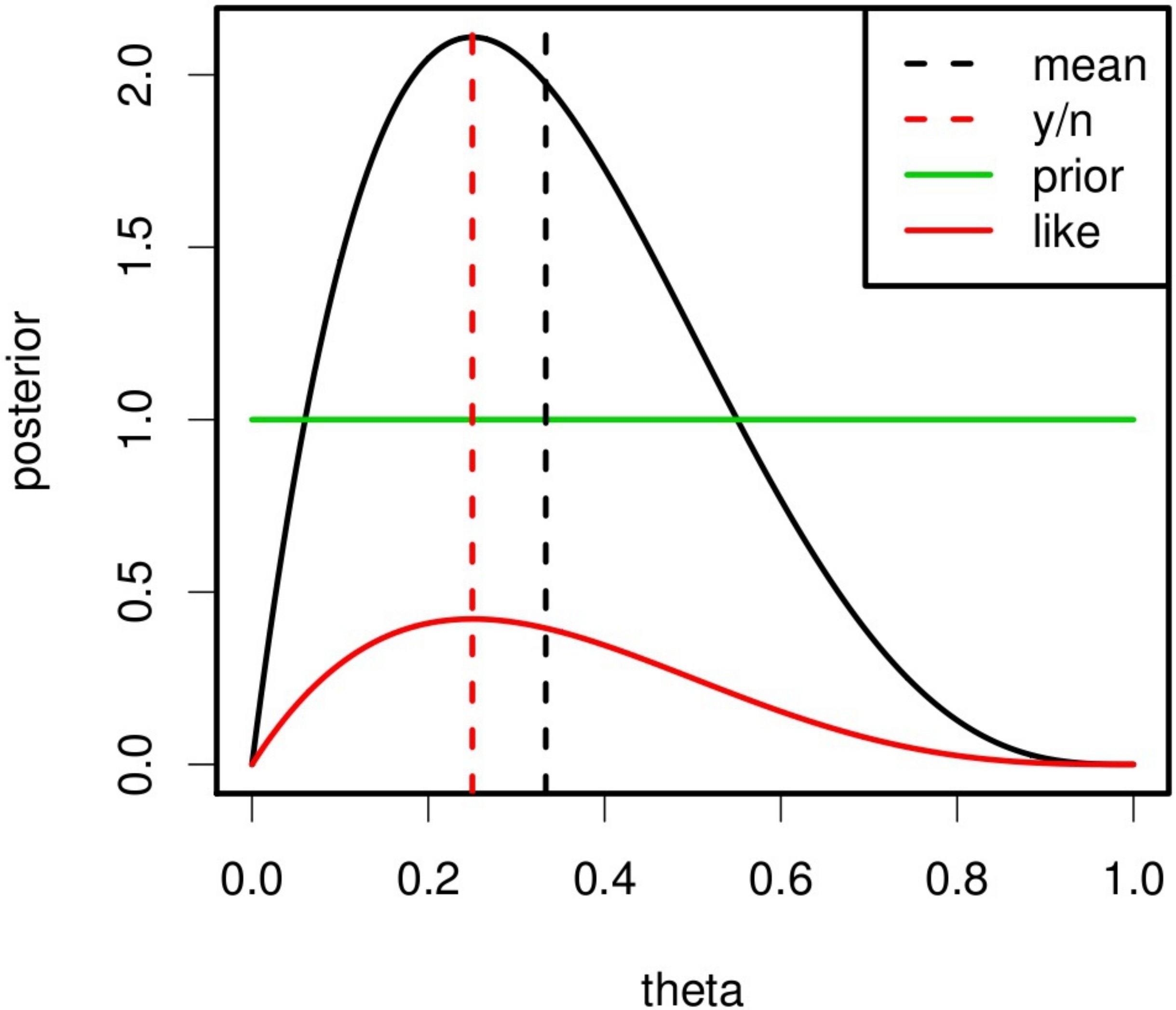
$$P(\theta|y) \propto \binom{n}{y}\theta^{y}(1-\theta)^{n-y} \times \frac{\theta^{y_0-1}(1-\theta)^{n_0-y_0-1}}{\mathrm{B}(y_{0,}n_0 - y_0)}$$

$$P(\theta|y) \propto \theta^{y+y_0-1}(1-\theta)^{n-y+n_0-y_0-1}$$

$$P(\theta|y) = \mathrm{Beta}(\theta|y+y_{0,}n+n_0-y-y_0)$$

Beta-Binomial Model

$$
\begin{aligned}
P(\theta|y) &= \mathrm{Beta}(\theta|y+y_{0,}n+n_0-y-y_0) \\
&= \mathrm{Beta}(\theta|2,4)
\end{aligned}
$$



How much impact does the prior have on the analysis?