Maximum Likelihood Estimation and Bayesian Statistics

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Agenda

- Maximum Likelihood Esimation
- Unbiased Estimators
- Invariance Proptery of MLEs
- Mean Squared Error
- Practice Exercises

Traditional inference

You are given **data** X and there is an **unknown parameter** you wish to estimate θ

How would you estimate θ?

- Find an unbiased estimator of θ.
- Find the maximum likelihood estimate (MLE) of θ by looking at the likelihood of the data.
- Suppose that $\hat{\theta}$ estimates θ.

Note: $\hat{\theta}$ may depend on the data $x_{1:n} = x_1, \ldots x_n$.

Unbiased Estimator

Recall that $\hat{\theta}$ is an **unbiased estimator** of θ if

$$E[\hat{\theta}] = \theta. \tag{1}$$

.

Maximum Likelihood Estimation

Assume sample points $x_{1:n}$.

Let $\hat{\theta}$ be a parameter value at which $p(x_{1:n} \mid \theta)$ attains its maximum as a function of θ, with $x_{1:n}$ held fixed.

A **maximum likelihood esimator** (MLE) of the parameter θ based on a sample $x_{1:n}$ is denoted by $\hat{\theta}$.

Finding the MLE

The solution to the MLE are the possible candidates (θ) that solve

$$\frac{\partial p(x_{1:n} \mid \theta)}{\partial \theta} = 0. \tag{2}$$

The solution to equation 2 are only **possible candidates** for the MLE.

Our job is to find a **global maximum**, and make sure that we have not found a **local maximum**.

MLE of Normal distribution

Consider

$$X_1, \ldots, X_n \overset{iid}{\sim} \text{Normal}(\theta, 1).$$

Show that the MLE is $\hat{\theta} = \bar{x}$.

MLE of Normal distribution

Proof:

$$p(x_{1:n} \mid \theta) = (2\pi)^{-n/2} \times \exp\{\frac{-1}{2}\sum_{i=1}^{n}(x_i - \theta)^2\} \tag{3}$$

Consider

$$\log p(x_{1:n}) = -n/2 \log(2\pi) - \frac{1}{2}\sum_{i=1}^{n}(x_i - \theta)^2 \tag{4}$$

MLE of Normal distribution

$$\frac{\partial p(x_{1:n} \mid \theta)}{\partial \theta} = \sum_{i=1}^{n} (x_i - \theta) \tag{5}$$

This implies that

$$\sum_i (x_i - \theta) = 0 \implies \hat{\theta} = \bar{x}.$$

MLE of Normal distribution

Consider

$$\frac{\partial^2 p(x_{1:n} \mid \theta)}{\partial \theta^2} = -n < 0.$$

Thus, our solution is unique (and a global solution).

Invariance property of MLE's

If $\hat{\theta}$ is the MLE of θ, then for any function $g(\theta)$, the MLE of $g(\theta)$ is the MLE of $g(\hat{\theta})$.

Proof: Theorem 7.2.10, Casella and Berger, page 318.

Evaluation of Estimators

How do we evaluate estimators? We often use the mean squared error.

$$\text{MSE}(\hat{\theta}) = E_\theta[(\hat{\theta} - \theta)^2].$$

Observe that

$$\text{MSE}(\hat{\theta}) = Var_\theta(\hat{\theta}) + E_\theta[(\hat{\theta} - \theta)^2] = Var_\theta(\hat{\theta}) + \text{Bias}_\theta(\hat{\theta}),$$

where the

$$\text{Bias}_\theta(\hat{\theta}) = E_\theta(\hat{\theta}) - \theta.$$

For a more in depth treatment of MSE and bias, see Section 7.3.1, Casella and Berger, p. 330 - 334.

Exercise 1

Show that

$$\hat{\theta} = \bar{x}$$

is an unbiased estimator for θ.

Solution to Exercise 1

Proof.

$$E[\hat{\theta}] = E[\bar{x}] = \frac{1}{n}\sum_i E[x_i] = \frac{1}{n}\sum_i \theta = \theta.$$

Thus, we have showed that the MLE is an unbiased estimator for θ.

Exercise 2

Consider

$$X_1, \ldots, X_n \overset{iid}{\sim} \text{Normal}(\theta, 1) \tag{6}$$

$$\theta \overset{ind}{\sim} \text{Normal}(\mu, \tau^2) \tag{7}$$

Write the posterior mean as a function of the MLE and the prior mean μ.

Solution to Exercise 2

Let $\lambda = 1$ and $\lambda_o = 1/\tau^2$.

Recall that from module 3,

$$\theta \mid x_{1:n} \sim N(M, L^{-1}),$$

where

$$L = n\lambda + \lambda_o$$

and

$$M = \frac{n\lambda\bar{x} + \lambda_o\mu}{n\lambda + \lambda_o}.$$

Solution to Exercise 2

Observe that

$$M = \frac{n\lambda\bar{x} + \lambda_o\mu}{n\lambda + \lambda_o} = \frac{n\lambda\hat{\theta} + \lambda_o\mu}{n\lambda + \lambda_o} = \frac{n\lambda}{n\lambda + \lambda_o}\hat{\theta} + \frac{\lambda_o}{n\lambda + \lambda_o}\mu.$$

Thus, we can write the posterior mean as a function of the MLE and the prior mean μ.

Exercise 3

$$X_1, \ldots, X_n \overset{iid}{\sim} \text{Bernoulli}(\theta). \tag{8}$$
$$\theta \sim \text{Beta}(a, b) \tag{9}$$

Observe that $Y = \sum_i X_i \sim \text{Binomial}(n, \theta)$.

It can be shown that the MLE for θ is $\bar{x} = y/n$.

Recall that

$$\theta \mid y \sim \text{Beta}(y + a, n - y + b).$$

Exercise 3

Show that the posterior mean can be written as

$$E[\theta \mid y] = \text{MLE} \times \frac{n}{a+b+n} + \text{priorMean} \times \frac{a+b}{a+b+n},$$

where $\text{MLE} = \bar{x}$ and $\text{priorMean} = \frac{a}{a+b}$.

Solution to Exercise 3

Proof:

$$
\begin{aligned}
E[\theta \mid y] &= \frac{y+a}{y+a+n-y+b} = \frac{y+a}{a+n+b} \\
&= \frac{y}{a+b+n} + \frac{a}{a+b+n} \\
&= \frac{y}{n} \times \frac{n}{a+b+n} + \frac{a}{a+b} \times \frac{a+b}{a+b+n} \\
&= \text{MLE} \times \frac{n}{a+b+n} + \text{priorMean} \times \frac{a+b}{a+b+n}
\end{aligned}
$$

Thus, we have written the posterior mean as a linear comboination of the MLE and prior mean with weights being determined by a,b, and n.

Binomial MLE Exercise

Let

$$X_1, \ldots, X_n \overset{iid}{\sim} \text{Bernoulli}(\theta).$$

Show that the MLE is $\hat{\theta} = \bar{x}$.

Proof: Casella and Berger, Example 7.2.7, page 317-318.

Normal-Normal model Exercise

Suppose that

$$X_1, \ldots, X_n \overset{iid}{\sim} \text{Normal}(\theta, \sigma^2),$$

where θ, σ^2 are both unknown.

Show that $(\bar{x}, n^{-1} \sum_i (x_i - \bar{x})^2))$ are the MLE's for (θ, σ^2).

Proof: Casella and Berger, Example 7.2.7, page 317-318.

Summary

- Maximum Likelihood Estimators (MLEs)
- Invariance of MLEs
- Mean squared errors
- Unbiased Estimator
- Practice exercises