

Contents

Chapter 1	
Basic Concepts	1
1.1 Introduction	1
1.2 Basic Elements	3
1.3 Decision Rules and Risk	7
1.4 Randomized Decision Rules	10
1.5 Decision Principles	14
1.6 Foundations	17
1.6.1 Criticisms of Classical Statistics	18
1.6.2 The Likelihood Principle	23
1.6.3 Choosing the Decision Principle	28
1.7 Sufficient Statistics	30
1.8 Convexity	33
Exercises	37
 Chapter 2	
Utility and Loss	40
2.1 Introduction	40
2.2 Utility Theory	41
2.3 The Utility of Money	47
2.4 The Loss Function	51
2.5 Criticisms	57
Exercises	58
 Chapter 3	
Prior Information and Subjective Probability	61
3.1 Subjective Probability	61
3.2 Prior Information	63
3.2.1 Subjective Determination of the Prior Density	63
	 xi

3.2.2	Noninformative Priors	68
3.2.3	Maximum Entropy Priors	75
3.2.4	Determination of the Prior from Past Data	78
3.2.5	Combining Past Data and Subjective Information	83
3.3	Criticisms	84
3.4	The Statistician's Role	86
	Exercises	86
 Chapter 4		
	Bayesian Analysis	89
4.1	Introduction	89
4.2	The Posterior Distribution	92
4.2.1	Definition and Determination	92
4.2.2	Conjugate Families	96
4.2.3	The Predictive Distribution	98
4.2.4	Improper Priors	98
4.3	Bayesian Inference	99
4.3.1	Estimation	100
4.3.2	Credible Regions	102
4.3.3	Hypothesis Testing	104
4.4	Bayesian Decision Theory	108
4.4.1	Normal and Extensive Forms of Analysis	108
4.4.2	Estimation	110
4.4.3	Finite Action Problems and Hypothesis Testing	112
4.4.4	Improper Priors and Generalized Bayes Rules	116
4.4.5	Empirical Bayes Analysis and Compound Decision Problems	117
4.5	Admissibility of Bayes and Generalized Bayes Rules	121
4.5.1	Bayes Rules	121
4.5.2	Generalized Bayes Rules	123
4.6	Robustness of Bayes Rules	127
4.6.1	Introduction	127
4.6.2	Measuring Robustness	129
4.6.3	The Development of Robust Priors	139
4.6.4	Robust Bayesian Procedures for a Multivariate Normal Mean	142
4.6.5	The Robustness of Noninformative Priors	152
4.7	Conclusions	155
	Exercises	156
 Chapter 5		
	Minimax Analysis	169
5.1	Introduction	169
5.2	Game Theory	171
5.2.1	Basic Elements	171
5.2.2	General Techniques for Solving Games	179
5.2.3	Finite Games	186
5.2.4	Games with Finite Θ	192
5.2.5	The Supporting and Separating Hyperplane Theorems	200
5.2.6	The Minimax Theorem	206

5.3	Statistical Games	208
5.3.1	Introduction	208
5.3.2	General Techniques for Solving Statistical Games	210
5.3.3	Statistical Games with Finite Θ	215
5.4	Evaluation of the Minimax Principle	220
5.4.1	Admissibility of Minimax Rules	220
5.4.2	Rationality and the Minimax Principle	221
5.4.3	Comparison with the Bayesian Approach	222
5.4.4	The Desire to Act Conservatively	226
5.4.5	Minimax Regret	226
5.4.6	Conclusions	228
	Exercises	229
Chapter 6		
	Invariance	237
6.1	Introduction	237
6.2	Formulation	240
6.2.1	Groups of Transformations	240
6.2.2	Invariant Decision Problems	242
6.2.3	Invariant Decision Rules	244
6.3	Location Parameter Problems	246
6.4	Other Examples of Invariance	249
6.5	Maximal Invariants	251
6.6	Invariance and Noninformative Priors	255
6.6.1	Right and Left Invariant Haar Densities	255
6.6.2	The Best Invariant Rule	259
6.6.3	Confidence and Credible Regions	263
6.7	Invariance and Minimality	267
6.8	Admissibility of Invariant Rules	271
6.9	Conclusions	273
	Exercises	274
Chapter 7		
	Preposterior and Sequential Analysis	281
7.1	Introduction	281
7.2	Optimal Fixed Sample Size	283
7.3	Sequential Analysis—Notation	290
7.4	Bayesian Sequential Analysis	291
7.4.1	Introduction	291
7.4.2	Notation	293
7.4.3	The Bayes Decision Rule	295
7.4.4	Constant Posterior Bayes Risk	296
7.4.5	The Bayes Truncated Procedure	297
7.4.6	Look Ahead Procedures	304
7.4.7	Inner Truncation	307
7.4.8	Approximating the Bayes Procedure and the Bayes Risk	310
7.4.9	Theoretical Results	316
7.4.10	Other Techniques for Finding a Bayes Procedure	322

7.5	The Sequential Probability Ratio Test	330
7.5.1	The SPRT as a Bayes Procedure	331
7.5.2	Approximating the Power Function and the Expected Sample Size	334
7.5.3	Accuracy of the Wald Approximations	344
7.5.4	Bayes Risk and Admissibility	348
7.5.5	Other Uses of the SPRT	349
7.6	Minimax Sequential Procedures	350
7.7	Discussion of Sequential Analysis	351
7.7.1	Bayesian Philosophy	352
7.7.2	The Loss Function	355
	Exercises	356
Chapter 8		
Complete and Essentially Complete Classes		364
8.1	Preliminaries	364
8.2	Complete and Essentially Complete Classes from Earlier Chapters	365
8.2.1	Decision Rules Based on a Sufficient Statistic	365
8.2.2	Nonrandomized Decision Rules	366
8.2.3	Finite Θ	366
8.2.4	The Neyman–Pearson Lemma	366
8.3	One-Sided Testing	368
8.4	Monotone Decision Problems	373
8.4.1	Monotone Multiple Decision Problems	374
8.4.2	Monotone Estimation Problems	377
8.5	Limits of Bayes Rules	379
8.6	Other Complete and Essentially Complete Classes of Tests	380
8.6.1	Two-Sided Testing	380
8.6.2	Higher Dimensional Results	381
8.6.3	Sequential Testing	382
8.7	Continuous Risk Functions	384
8.8	Stein’s Necessary and Sufficient Condition for Admissibility	385
8.8.1	Heuristic Statement of the Condition	385
8.8.2	Proving Admissibility	386
8.8.3	Generalized Bayes Rules	388
	Exercises	390
Appendix 1. Common Statistical Densities		393
I.	Continuous	393
II.	Discrete	395
Appendix 2. Technical Arguments from Chapter 4		397
I.	Verification of Formulas (4.6) through (4.8)	397
II.	Verification of Formula (4.10)	399
III.	Verification of Formula (4.12)	400

Appendix 3. Technical Arguments from Chapter 7	402
I. Verification of Formula (7.8)	402
II. Verification of Formula (7.10)	403
Bibliography	405
Notation and Abbreviations	411
Author Index	415
Subject Index	417