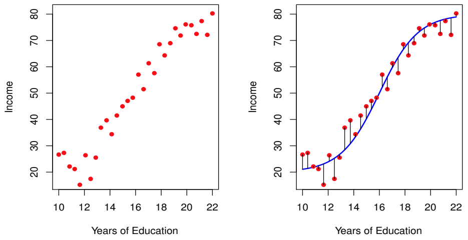

FIGURE 2.2. *The* `Income` *data set.* Left: *The red dots are the observed values of* `income` *(in tens of thousands of dollars) and* `years of education` *for* 30 *individuals.* Right: *The blue curve represents the true underlying relationship between* `income` *and* `years of education`*, which is generally unknown (but is known in this case because the data were simulated). The black lines represent the error associated with each observation. Note that some errors are positive (if an observation lies above the blue curve) and some are negative (if an observation lies below the curve). Overall, these errors have approximately mean zero.*

In essence, statistical learning refers to a set of approaches for estimating f. In this chapter we outline some of the key theoretical concepts that arise in estimating f, as well as tools for evaluating the estimates obtained.

2.1.1 *Why Estimate f?*

There are two main reasons that we may wish to estimate f: *prediction* and *inference*. We discuss each in turn.

Prediction

In many situations, a set of inputs X are readily available, but the output Y cannot be easily obtained. In this setting, since the error term averages to zero, we can predict Y using

$$\hat{Y} = \hat{f}(X), \tag{2.2}$$

where $\hat{f}$ represents our estimate for f, and $\hat{Y}$ represents the resulting prediction for Y. In this setting, $\hat{f}$ is often treated as a *black box*, in the sense that one is not typically concerned with the exact form of $\hat{f}$, provided that it yields accurate predictions for Y.

As an example, suppose that $X_1, \ldots, X_p$ are characteristics of a patient's blood sample that can be easily measured in a lab, and Y is a variable encoding the patient's risk for a severe adverse reaction to a particular

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