UNIVERSITÀ DEGLI STUDI DI TRIESTE

Dipartimento di scienze economiche, aziendali, matematiche e statistiche "Bruno de Finetti"

Bayesian Statistics

Introduction to Monte Carlo methods

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Motivations

The entire goal of Bayresian analysis is to compute and extract summaries from the posterior distribution for the parameter θ:

$$\pi(\theta|y) = \frac{\pi(\theta)p(y|\theta)}{\int_{\Theta} \pi(\theta)p(y|\theta)}. \tag{1}$$

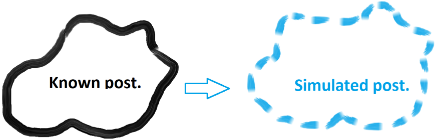
This is easy for conjugate models: normal likelihood + normal prior, beta+binomial, Poisson+gamma, multinomial+Dirichlet

However, in real applications and complex models there is not usually a closed and analytical form for the posterior. The problem is represented by the denominator of (1).

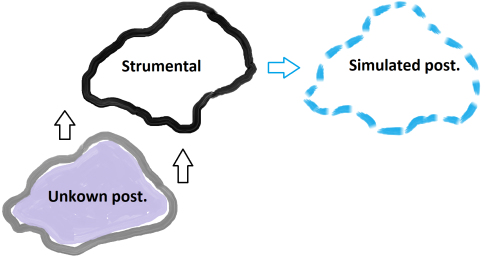
Motivations

The Bayesian idea is to use simulation to generate values from the posterior distribution:

- *directly* when the posterior is entirely/partially known



- via some suitable *instrumental* distributions when the posterior is unknown/not analytically available.



Motivations

In what follows, we will refer to the evaluation of the general integral:

$$E_f[h(X)] = \int_{\mathcal{X}} h(x)f(x)dx, \qquad (2)$$

where $f(\cdot)$ is referred as the target distribution, generally untractable/partially tractable. Possible solutions:

- Numerical integrations
- Asymptotic approximations
- Accept-reject methods
- Monte Carlo methods: i.i.d. draws from the posterior (or similar) distributions
- Markov Chain Monte Carlo (MCMC) methods: dependent draws from a Markov chain whose limiting distribution is the posterior distribution (Metropolis-Hastings, Gibbs sampling, Hamiltonian Monte Carlo).

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Numerical integration

Numerical integration methods often fails to spot the region of importance for the function to be integrated.

For example, consider a sample of ten Cauchy rv's y_i $(1 \leq y_i \leq 10)$ with location parameter $\theta = 350$. The marginal distribution of the sample under a flat prior is:

$$m(y) = \int_{-\infty}^{+\infty} \prod_{i=1}^{10} \frac{1}{\pi} \frac{1}{1 + (y_i - \theta)^2} d\theta$$

The R function `integrate` does not work well! In fact, it returns a wrong numerical output (see next slide) and fails to signal the difficulty since the error evaluation is absurdly small. Function `area` may work better.

Numerical integration: Cauchy example

```
set.seed(12345)
rc = rcauchy(10) + 350
 lik = function(the) {
 u = dcauchy(rc[1] - the)
 for (i in 2:10) u = u * dcauchy(rc[i] - the)
 return(u)}
 integrate(lik, -Inf, Inf)

[1] 3.728903e-44 with absolute error < 7.4e-44
 integrate(lik, 200, 400)

[1] 1.79671e-11 with absolute error < 3.3e-11
```

We need to know the range where the likelihood is not negligible. Moreover, numerical integration cannot easily face multidimensional integrals.

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Accept-reject method

Suppose we need to evaluate the following integral, but we cannot directly sample from the target density:

$$E_f[h(\theta)] = \int_\Theta h(\theta) f(\theta) d\theta, \tag{3}$$

where $h(\cdot)$ is a parameter function and $f(\cdot)$ is the target distribution (in Bayesian inference, this is usually the posterior).

Assume that

1. $f(\theta)$ is continuous and such that $f(\theta) = d(\theta)/K$, and we know how to evaluate $d(\theta) \Rightarrow$ we know the functional form of f.
2. There exists another density $g(\theta)$, an instrumental density, such that, for some big c, $d(\theta) \leq c \times g(\theta), \forall \theta$.

Accept-reject method

It is possible to show that the following algorithm will generate values from the target density $f(\theta)$:

A-R algorithm

1. draw a candidate $W = w \sim g(w)$ and a value $Y = y \sim \text{Unif}(0, 1)$.
2. if

$$y \leq \frac{d(w)}{c \times g(w)},$$

set $\theta = w$, otherwise reject the candidate w and go back to step 1.

Accept-reject method

Theorem

(a) *The distribution of the accepted value is exactly the target density $f(\theta)$.*

(b) *The marginal probability that a single candidate is accepted is K/c.*

Accept-reject method

Proof.

(a) The cdf of $W|[Y \leq \frac{d(w)}{c \times g(w)}]$ can be written as:

$$F_W(\theta) = \frac{\Pr(W \leq \theta, Y \leq \frac{d(w)}{c\times g(w)})}{\Pr(Y \leq \frac{d(w)}{c\times g(w)})} = \frac{\int_W \Pr(W \leq \theta, Y \leq \frac{d(w)}{c\times g(w)}|w)g(w)dw}{\int_W \Pr(Y \leq \frac{d(w)}{c\times g(w)}|w)g(w)dw} =$$

$$= \frac{\int_{-\infty}^{\theta} \Pr(Y \leq \frac{d(w)}{c\times g(w)}|w)g(w)dw}{\int_{-\infty}^{+\infty} \Pr(Y \leq \frac{d(w)}{c\times g(w)}|w)g(w)dw} = \frac{\int_{-\infty}^{\theta} \frac{d(w)}{c}dw}{\int_{-\infty}^{+\infty} \frac{d(w)}{c}dw} =$$

$$= \frac{\int_{-\infty}^{\theta} \frac{Kf(w)}{c}dw}{\int_{-\infty}^{+\infty} \frac{Kf(w)}{c}dw} = \int_{-\infty}^{\theta} f(w)dw.$$

(b) The probability that a single candidate $W = w$ will be accepted is

$$\Pr(W \text{ accepted}) = \Pr(Y \leq \frac{d(W)}{c \times g(W)}) =$$

$$= \int_W \Pr(Y \leq \frac{d(W)}{c \times g(W)}|W = w)g(w)dw =$$

$$= \int_W \frac{d(w)}{c}dw = \int_W \frac{K}{c}f(w)dw = \frac{K}{c}$$

A-R algorithm: simulation from a Beta distribution

Suppose we need to draw values from a Beta(a, b), our f, but we only have a random number generator for the interval (0,1), a Unif$(0, 1)$, or instrumental distribution g. Both the distribution have support (0,1), then we have:

$$f(\theta) = \frac{d(\theta)}{K} = \frac{\theta^{a-1}(1-\theta)^{b-1}}{\text{B(a,b)}},$$

where B(a,b) is the Beta function with arguments a and b.

The AR steps are:

- draw $\theta^* \sim g = \text{Unif}(0,1)$, $U \sim \text{Unif}(0,1)$.
- we accept $\theta = \theta^*$ iff $U \leq \frac{d(\theta^*)}{c \times g(\theta^*)}$.
- otherwise, go back to step 1

A-R algorithm: simulation from a Beta distribution

```
Nsims=2500
#parameters
a=2.7; b=6.3
#find optimal c
c=optimise(f=function(x) {dbeta(x,a,b)},
           interval=c(0,1), maximum=TRUE)$objective
u=runif(Nsims, max=c)
theta_star=runif(Nsims)
theta=theta_star[u<dbeta(theta_star,a,b)]
# accept prob
1/c

[1] 0.3745677
```

A-R algorithm: simulation from a Beta distribution

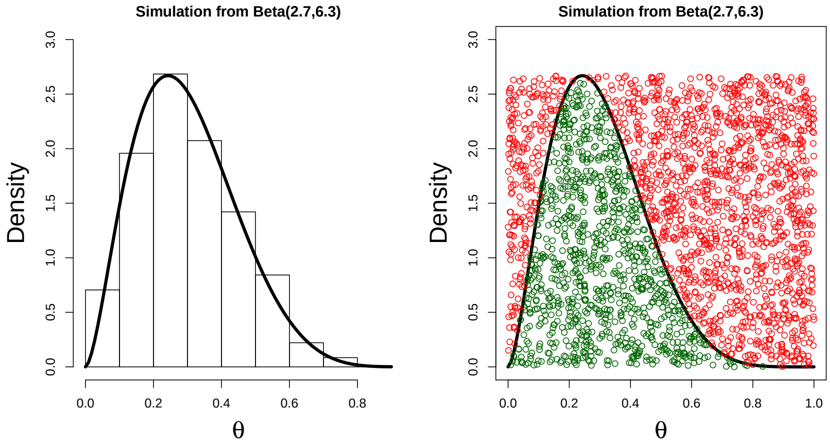

Figure: On the left plot, the true Beta$(2.7, 6.3)$, and the histogram of the simulated distribution. On the right plot, the pairs (θ^*, U): the accepted (green) and the discarded (red). $K = 1$.

A-R algorithm: simulation from a Beta distribution

```
Nsims=2500
#beta parameters
a=2; b=3
#find optimal c
c=optimise(f=function(x) {dbeta(x,a,b)},
           interval=c(0,1), maximum=TRUE)$objective
u=runif(Nsims, max=c)
theta_star=runif(Nsims)
theta=theta_star[u<dbeta(theta_star,a,b)]
#accept prob
1/c
[1] 0.5625
```

A-R algorithm: simulation from a Beta distribution

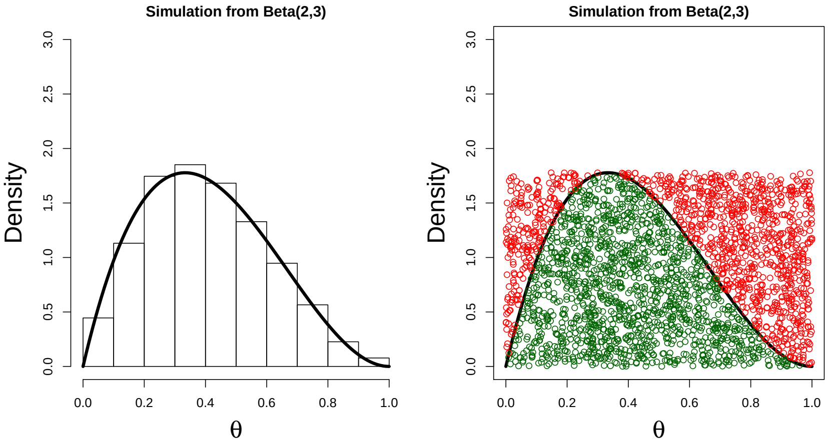

Figure: On the left plot, the true Beta$(2,3)$, and the histogram of the simulated distribution. On the right plot, the pairs (θ^*, U): the accepted (green) and the discarded (red). $K = 1$.

A-R algorithm: simulation from a Beta distribution

Comments:

- The probability of accepting the candidate θ^* is higher in the second case, since a Beta$(2, 3)$ is more similar to a Unif$(0, 1)$ than a Beta$(2.7, 6.3)$.
- c must be chosen in such a way that the condition $d(\theta) \leq c \times g(\theta)$ is verified for all θ.
- K has been fixed to 1, since all the distribution π to be sampled from is completely known.
- In general, g needs to have thicker tail than d for d/g to remain bounded for all θ. For instance, normal g cannot be used to sample from a Cauchy d. You can do the opposite of course.
- One criticism of the A-R method is that it generates *useless* simulations from the proposal g when rejecting, even those necessary to validate the output as being generated from the target f.

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Classical Monte Carlo integration

Two major classes of numerical problems that arise in statistical inference are *optimization* problems and *integration* problems.

Suppose we need to calculate:

$$E_f[h(X)] = \int_{\mathcal{X}} h(x)f(x)dx, \tag{4}$$

where $f(\cdot)$ is a probability density and $h(\cdot)$ is a function of x. When an analytical solution is not possible, how do we approximate this integral?

If $|I| < \infty$ and $X_1, X_2, \ldots, X_S$ are i.i.d $\sim f$, then by the Strong Law of Large Numbers, we have that the empirical mean is consistent for $E_f[h(X)]$

$$\widehat{E_f[h(X)]} = \frac{1}{S}\sum_{s=1}^{S} h(X_s) \rightarrow E_f[h(X)] \text{ in probability, as } S \rightarrow \infty \tag{5}$$

Classical Monte Carlo integration

The variance of $\widehat{E_f[h(X)]}$ is

$$\mathrm{Var}(\widehat{E_f[h(X)]}) = \frac{1}{S}\int_{\mathcal{X}} [h(x) - E_f[h(x)]]^2 f(x)dx$$

and it can be approximated by

$$\hat{V} = \frac{1}{S}\sum_{s=1}^{S}[h(x_s) - \widehat{E_f[h(X)]}]^2.$$

When S is large (approximately) for the Central Limit Theorem we have that:

$$\frac{\widehat{E_f[h(X)]} - E_f[h(X)]}{\sqrt{\hat{V}}} \sim \mathcal{N}(0,1).$$

Example: Normal mean with Cauchy prior

Consider:

$$y|\theta \sim \mathcal{N}(\theta, 1), \quad \theta \sim \text{Cauchy}(0, 1).$$

The posterior mean for a single observation y is:

$$E(\theta|y) = \frac{\int_{-\infty}^{+\infty} \frac{\theta}{1+\theta^2} e^{-(y-\theta)^2/2} d\theta}{\int_{-\infty}^{+\infty} \frac{1}{1+\theta^2} e^{-(y-\theta)^2/2} d\theta}.$$

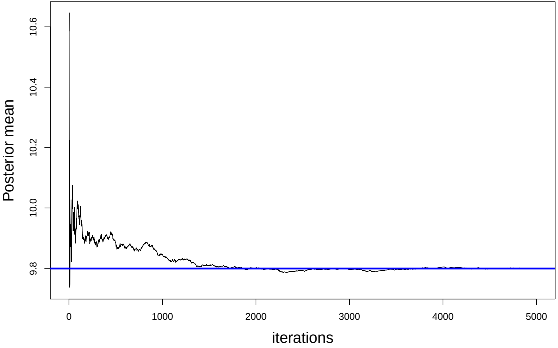
We could draw $\theta_1, \ldots, \theta_S$ from $\mathcal{N}(y, 1)$ and compute:

$$\hat{E}(\theta|y) = \frac{\sum_{s=1}^{S} \frac{\theta_s}{1+\theta_s^2}}{\sum_{s=1}^{S} \frac{1}{1+\theta_s^2}}$$

The effect of the prior is to pull a little bit the estimate of θ toward 0.

Example: Normal mean with Cauchy prior

```
set.seed(12345)
theta = rnorm(5000, 10, 1)
I = sum(theta/(1 + theta^2))/sum(1/(1 + theta^2))
I
[1] 9.793254
```



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Importance sampling

Importance sampling is based on the following representation:

$$
\begin{aligned}
E_f[h(X)] &= \int_{\mathcal{X}} h(x)f(x)dx = \\
&= \int_{\mathcal{X}} h(x)\frac{f(x)}{g(x)}g(x)dx = E_g\left[h(X)\frac{f(X)}{g(X)},\right]
\end{aligned} \tag{6}
$$

where g is an arbitrary density function, called instrumental distribution, whose support is greater than $\mathcal{X}$.

Given a sequence $X_1, \ldots, X_S$ i.i.d. from g we can estimate the integral above by

$$
E_f^{is}[h(X)] = \frac{1}{S}\sum_{s=1}^{S} h(x_s)\frac{f(x_s)}{g(x_s)} = \frac{1}{S}\sum_{s=1}^{S} h(x_s)w(x_s), \tag{7}
$$

where $w(x) = f(x)/g(x)$ is called importance function.

Importance sampling

Note that classical Monte Carlo and importance sampling both produce unbiased estimator for the integral (4), but:

$$\mathrm{Var}(\widehat{E_f[h(X)]}) = \frac{1}{S}\int_{\mathcal{X}}[h(x) - E_f[h(x)]]^2 f(x)dx$$
$$\mathrm{Var}(E_f^{is}[h(X)]) = \frac{1}{S}\int_{\mathcal{X}}[h(x)\frac{f(x)}{g(x)} - E_f[h(x)]]^2 g(x)dx$$

We can work on g in order to minimize the variance of (7). The constraint that $\mathrm{supp}(h \times f) \subset \mathrm{supp}(g)$ is absolute in that using a smaller support truncates the integral (4) and thus produces a biased result.

It puts very little restriction on the choice of the instrumental distribution g, which can be chosen from distributions that are either easy to simulate or efficient in the approximation of the integral.

Importance sampling

- IS variance is finite only when

$$E\left[h(X)^2\frac{f(X)^2}{g(X)^2}\right] = \int_{\mathcal{X}} h(x)^2\frac{f(x)^2}{g(x)^2}dx < \infty$$

- Densities g with lighter tails than f, ($\sup f/g = \infty$) are not good proposals because they can lead to infinite variance.
- When $\sup f/g = \infty$ the weights $f(x_i)/g(x_i)$ may take very high values and few values x_i influence the estimate of (4).
- Note also that

$$E_g\left[h(X)^2\frac{f(X)^2}{g(X)^2}\right] = \int_{\mathcal{X}} h(x)^2\frac{f(x)^2}{g(x)^2}dx$$

the ratio $f(x)/g(x)$ should be bounded when $f(x)$ is not negligible...hence the modes of $f(x)$ and $g(x)$ should be close each other.

Importance sampling for Bayesian inference

In Bayesian inference we need to compute quantities coming from the posterior distribution, such as::

$$E_{\pi(\theta|y)}[h(\theta)] = \frac{\int_{\Theta} h(\theta)p(y|\theta)\pi(\theta)d\theta}{\int_{\Theta} p(y|\theta)\pi(\theta)} d\theta = \int_{\Theta} h(\theta)\frac{p(y|\theta)\pi(\theta)}{p(y)} d\theta, \quad (8)$$

where $\pi(\theta)$ is the prior, $p(y|\theta)$ is the likelihood function and $p(y) = \int_{\Theta} p(y|\theta)\pi(\theta)d\theta$, the marginal likelihood, is often *unknown*.

Given $\theta_1, \ldots, \theta_S$ i.i.d. from $g(\theta)$ an IS estimator for (8) is given by:

$$E^{is}_{\pi(\theta|y)}[h(\theta)] = \frac{S^{-1}\sum_{s=1}^{S} h(\theta_s)\frac{p(y|\theta_s)\pi(\theta_s)}{p(y)g(\theta_s)}}{S^{-1}\sum_{s=1}^{S} \frac{p(y|\theta_s)\pi(\theta_s)}{p(y)g(\theta_s)}} \quad (9)$$

IS for Bayesian inference: location of a t-distribution

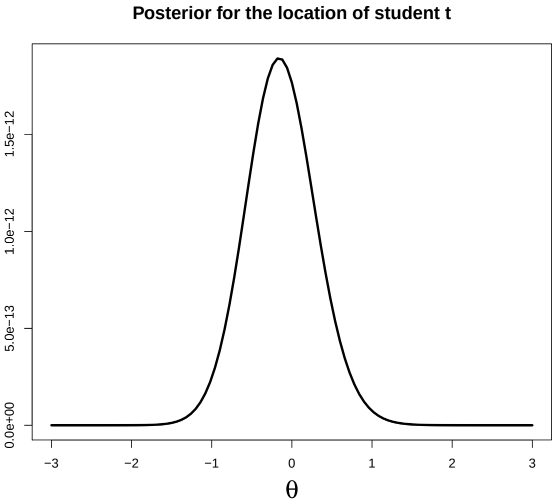
Let $y_1, \ldots . y_n$ be an i.i.d. sample from a student-t with fixed degrees of freedom:

```
y.t <- rt(n=9, df =3)
```

Let be θ the location parameter (in the simulation $\theta = 0$) and take $\pi(\theta) \propto 1$. Then the posterior for θ is:

$$\pi(\theta|y) \propto \prod_{i=1}^{n} [3 + (y_i - \theta)^2]^{-2}$$

IS for Bayesian inference: location of a t-distribution



IS for Bayesian inference: location of a t-distribution

Consider the posterior mean:

$$E(\theta|y) = \frac{\int_\Theta \theta \prod_{i=1}^n [3 + (y_i - \theta)^2]^{-2} d\theta}{\int_\Theta \prod_{i=1}^n [3 + (y_i - \theta)^2]^{-2} d\theta}$$

Possible strategies for computation:

- draws from the prior are not proper (the prior is improper)
- draws from the posterior are not possible (we are not able to do them)
- draws from the components $g(\theta) \propto p(y_i|\theta)$? maybe...

IS for Bayesian inference: location of a t-distribution

For example take:

$$g(\theta) \propto p(y_i|\theta) \propto [3 + (y_i - \theta)^2]^{-2}.$$

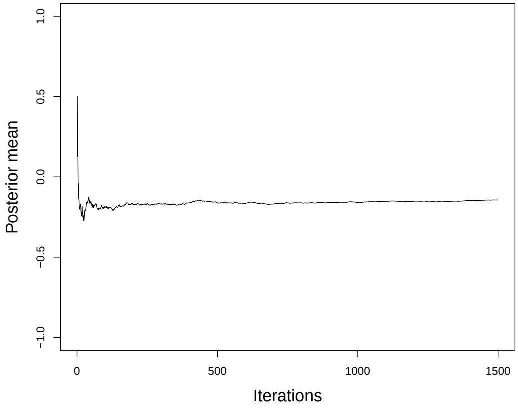
Given S draws from $g(\theta)$, estimate the posterior mean by:

$$E^{is}(\theta|y) = \frac{\sum_{s=1}^{S} \theta_s \frac{\prod_{i=1}^{n}[3+(y_i-\theta)^2]^{-2}}{[3+(y_i-\theta)^2]^{-2}}}{\sum_{s=1}^{S} \frac{\prod_{i=1}^{n}[3+(y_i-\theta)^2]^{-2}}{[3+(y_i-\theta)^2]^{-2}}} = \frac{\sum_{s=1}^{S} \theta_s \prod_{i=1}^{n}[3 + (y_i - \theta)^2]^{-2}}{\sum_{s=1}^{S} \prod_{i=1}^{n}[3 + (y_i - \theta)^2]^{-2}}$$

IS for Bayesian inference: location of a t-distribution

```
t.medpost = function(nsim, data, l) {
   sim <- data[l] + rt(nsim, 3)
   n <- length(data)
   s <- c(1:n)[-l]
   num <- cumsum(sim * sapply(sim,
    function(theta) t.lik(theta, data[s])))
   den <- cumsum(sapply(sim,
    function(theta) t.lik(theta, data[s])))
   num/den
   }
 media.post <- t.medpost(nsim = 1500, data = y.t,
                          l = which(y.t == median(y.t)))
 media.post[1500]
[1]-0.1440603
```

IS for Bayesian inference: location of a t-distribution



The convergence seems to be reached even after a few observations. What if we sample from other g's?

IS for Bayesian inference: location of a t-distribution

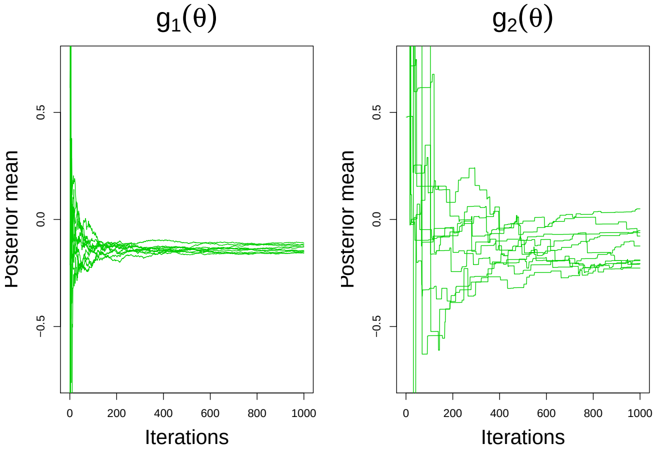
$g_1(\theta) \propto p(y_{(n/2)}|\theta)$

```
par(mfrow = c(1, 2))
  plot(c(0, 0), xlim = c(0, 1000),
       ylim = c(-0.75,0.75), type = "n", ylab = "Posterior mean",
       xlab="Iterations", main =)
  for (i in 1:10) {
    lines(x = c(1:1000), y = t.medpost(nsim = 1000,
          data = y.t, l = which(y.t == median(y.t))), col = 3)}
```

$g_2(\theta) \propto p(y_{(n)}|\theta)$

```
  plot(c(0, 0), xlim = c(0, 1000), ylim = c(-0.75,  0.75),
        type = "n", ylab = "Posterior mean",
        xlab ="Iterations")
  for (i in 1:10) {
    lines(x = c(1:1000), y = t.medpost(nsim = 1000,
                data = y.t, l = which(y.t == max(y.t))), col = 3)}
```

IS for Bayesian inference: location of a t-distribution



There is greater variability and slower convergence if we sample from the distribution of the maximum.

Further reading

Further reading:

- Chapter 5 from *Bayesian computation with R*, J. Albert
- Chapter 3 and 5 from *Introducing Monte Carlo Methods with R*, C. Robert and G. Casella.