An overview of Bayesian inference
Part I

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The information revolution and its problems

- We live in an era that produces enormous amounts of data.
  - Science: climate data, new generation sequencing of genomes, scientific literature
  - Society: government, health, digital archives
  - Business: e-commerce, social media, personalization

- We need tools that turn this data into knowledge.
  - Modelling, visualization, searching, prediction...

- This is the goal of machine learning, which ideally is based on sound probabilistic reasoning [3].
The aim of probabilistic modelling is to develop a mathematical model that represents the data obtained from a certain system.

This model makes use of the mathematics of probability theory to represent uncertainties and noise.

The Bayesian calculus provides the necessary machinery to infer the parameters of such a model from the data and to apply the model to problems of inference.
Bayesian view of probability

- The Bayesian view interprets probability as a degree of belief or a measure of certainty.

- An alternative is the frequentist view, which interprets probability as a frequency.

  - An event’s probability is the frequency of observing that event in a large number of trials.

- The Bayesian view has many advantages

  - Has a firm axiomatic base.
  - Makes intuitive sense.
  - Can be applied to a wide range of problems.
  - Can be implemented efficiently on computers.
  - Is general, i.e. as opposed to a collection of ad hoc methods.
Laplace and Stigler’s law

- Bayesian statistics derives its name from Thomas Bayes (170?-1761), an English Presbyterian minister who proved a special case of what is now called “Bayes’ theorem”.

- However, it was the French mathematician Pierre-Simon Laplace (1749-1827) who actually formulated the general case, and used it to solve problems in many areas of science.

- A classic case of what is called Stigler’s Law.
  - “No scientific discovery is named after its original discoverer” (Note: Stigler was not the first to come up with this law)

- No doubt, those skeptical about Bayesian statistics found it easier to argue against an obscure Presbyterian minister than against the genius of Laplace.
Bayes’ alleged picture on the left is an icon in statistics. However, this is not Thomas Bayes, as both wig and clothes are from the wrong time period [1]. It’s clearly Charlie Sheen. The picture on the right indeed shows Laplace.
The rise of frequentist statistics

- For about 100 years, the Bayesian interpretation reigned supreme.

- In the beginning of the 20th century, the so-called frequentist interpretation emerged.
  - Ronald Fisher, Jerzy Neyman, Egon Pearson

- The philosophical difference is illustrated by the “sunrise problem”
  - What is the probability that the sun will rise tomorrow?
  - The Bayesian approach formulates a model, estimates its parameters using the Bayesian calculus and uses the model to calculate the probability.
  - From a frequentist point of view, the question is meaningless, as there is no way to calculate this probability as a frequency in a large number of trials.
The theory that would not die

During the second half of the 20th century, Bayesian statistics made a strong comeback [8].

- The frequentist approach is plagued by inconsistencies and limitations.
- Bayesian models are often analytically intractable and thus require methods based on simulation. Cheap and fast computers, and general-purpose software such as BUGS, resolved this issue.
  - Probabilistic programming (STAN, pyMC3) is the next leap forward.
- Hierarchical graphical models, such as hidden Markov models and Bayesian networks, provided a unified framework for Bayesian computation.
- Bayesian approaches are very common in machine learning.
Bayes at war

- In WW2, German U-boats communicated using a code generated by the Enigma machine.
- Alan Turing cracked this code using Bayesian methods. It wasn’t until 1973 that the story of Turing and Bayes began to emerge [8].
Bayes and smoking

- In 1951, Jerome Cornfield used Bayesian methods to uncover the link between smoking and lung cancer.
- Frequentists Fisher and Neyman disagreed for many years.
- In 1959, Cornfield published a paper that systematically addressed Fisher’s arguments. Fisher and his methods lost a lot of credibility [8].
Sum and product rule

- Probability theory builds on two fundamental rules.
- **Sum rule**
  - Discrete case
    \[ p(a) = \sum_b p(a, b) \]
  - Continuous case
    \[ p(a) = \int p(a, b) \, db \]
- **Product rule**
  \[ p(a, b) = p(a \mid b)p(b) = p(b \mid a)p(a) \]
Bayes’ theorem

- **Bayes’ theorem** follows directly from the product rule

\[
p(a \mid b)p(b) = p(b \mid a)p(a)
\]

\[
\Rightarrow
\]

\[
p(a \mid b) = \frac{p(b \mid a)p(a)}{p(b)}
\]

and \( p(b \mid a) = \frac{p(a \mid b)p(b)}{p(a)} \)

- Bayes theorem is perfectly valid in both Bayesian and frequentist statistics.

- The Bayesian calculus is more than just an application of Bayes’ theorem.

  - See part II, foundations.
Conditional independence

- **a is conditionally independent** of *b* given *c*, if

\[
p(a \mid b, c) = p(a \mid c)
\]
\[
p(a, b \mid c) = p(a \mid c)p(b \mid c)
\]

- Conditional independence plays an important role in formulating tractable hierarchical probabilistic models.

- Two independent random variables are conditionally independent given the empty set.

\[
p(a, b) = p(a)p(b)
\]
\[
p(a, b \mid \emptyset) = p(a \mid \emptyset)p(b \mid \emptyset)
\]
Given a density $p_X(x)$, suppose there is a change of variables $y = f(x)$. What is $p_Y(y)$? The solution is

$$p_Y(y) = p_X(x) \left| \frac{dx}{dy} \right| = \frac{p_X(x)}{|f'(x)|}.$$ 

The absolute value ensures that the density is positive.

Given $p_X(x)$ with $x \geq 0$ and $y = f(x) = x^2$, what is $p_Y(y)$?

We know $|f'(x)| = 2x$ and $x = \sqrt{y}$, and thus

$$\frac{p_X(x)}{|f'(x)|} = \frac{p_X(x)}{2x} \Rightarrow p_Y(y) = \frac{p_X(\sqrt{y})}{2\sqrt{y}}.$$
The factor $|\frac{dx}{dy}|$ is called the Jacobian, after the German mathematician Karl Gustav Jacobi (1804–1851)\(^1\).

The probability in a differential area must be invariant under change of variables, thus $p(y)\,|dy| = p(x)\,|dx|$.

\(^1\)Picture: http://www.randomservices.org/random/dist/Transformations.html
Conditional probability tables

- For discrete random variables with a finite number of states.
- CPTs specify the probability of one variable conditioned on one or more variables.

**Example:** $P(\text{car ownership} \mid \text{size of income})$

<table>
<thead>
<tr>
<th>Income Level</th>
<th>No Car</th>
<th>Second hand car</th>
<th>New car</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low income</td>
<td>0.2</td>
<td>0.5</td>
<td>0.3</td>
</tr>
<tr>
<td>High income</td>
<td>0.1</td>
<td>0.2</td>
<td>0.7</td>
</tr>
</tbody>
</table>
The Dirichlet distribution is a probability density over $k$-dimensional probability vectors $\mu$.

- Vector with $k$ positive components, that sum to 1
- Devised by the German mathematician Johann Peter Gustav Lejeune Dirichlet (1805-1859).
- The support of the Dirichlet distribution is the $k$-dimensional simplex, which is a generalization of a triangle.
- This is an example of a probability distribution on a “special” space. We’ll see more of that later.
- The Dirichlet distribution is often used as a prior distribution for a probability vector.
The Dirichlet distribution

- The PDF is

\[ p(\mu \mid \alpha) = \frac{1}{C} \prod_{i=1}^{k} \mu_i^{\alpha_i - 1} \]

where \( \alpha \) is a \( k \)-dimensional vector of positive real numbers.

- \( C \) is a normalization factor.

- The two-dimensional version of the Dirichlet distribution is called the Beta distribution.
Some 3-dimensional Dirichlet distributions.
The Dirichlet distribution

- Some 3-dimensional Dirichlet distributions.
The Dirichlet distribution

- Some 3-dimensional Dirichlet distributions.
For data in Euclidean space, one often uses the multivariate Gaussian distribution.

But there are other spaces (manifolds) than Euclidean space.
- Torus, sphere, cylinder, projective space, ...

**Question**

What would you use for data on the positive real axis, $[0, +\infty]$? Note that the Gaussian has support $[-\infty, +\infty]$.
- You can transform your way out of it.
For data in Euclidean space, one often uses the multivariate Gaussian distribution.

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**Question**

What would you use for data on the positive real axis, $[0, +\infty]$? Note that the Gaussian has support $[-\infty, +\infty]$.

- You can transform your way out of it.
- Take the log of the data, so the data is in $[-\infty, +\infty]$. 
For data in Euclidean space, one often uses the multivariate Gaussian distribution.

But there are other spaces (manifolds) than Euclidean space.

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Question

What would you use for data on the positive real axis, $[0, +\infty]$? Note that the Gaussian has support $[-\infty, +\infty]$.

- You can transform your way out of it.
- Take the log of the data, so the data is in $[-\infty, +\infty]$.
- Use the Gaussian distribution.
Sometimes no transformation will work for the general case – you need distributions on the right manifold.

This is the realm of directional statistics.

For example, the Kent and bivariate von Mises distributions on the sphere and the torus. They are used for modelling 3D protein structure [4, 6].
The goal of Bayesian inference is to obtain the probability distribution over the parameters $\mathbf{h}$ of a probabilistic model given the data $\mathbf{d}$.

This is called the posterior distribution.

Note that we obtain a probability distribution over all possible values of the parameters, rather than an “optimal” point estimate.

In order to calculate the posterior, we need:

- the likelihood $p(\mathbf{d} | \mathbf{h})$, which brings in the data.
- the prior $p(\mathbf{h})$, which specifies the situation before the data was observed.
- the evidence $p(\mathbf{d})$, which is the marginal probability of the data.
Full Bayesian approach II

- The Bayesian calculus is simple

\[
\text{posterior} = \frac{\text{likelihood} \times \text{prior}}{\text{evidence}}
\]

\[
p(h \mid d) = \frac{p(d \mid h)p(h)}{p(d)}
\]

with \(p(d) = \int p(d \mid h)p(h)dh\).

- The evidence is constant, and can often be ignored.

\[
p(h \mid d) \propto p(d \mid h)p(h)
\]
Example: The binomial distribution

Let’s consider Bayesian inference of the parameter $\theta$ of the binomial distribution.

- Model for trials with binary outcome - “success” or “failure”.
- Probability of observing $k$ successes in $n$ trials is given by

$$p(k \mid \theta, n) = \binom{n}{k} \theta^k (1 - \theta)^{n-k}$$

- **Note**: $n$ is given as part of the experimental design.
- Given $k$ and $n$, how do we infer $\theta$ according to the rules of the Bayesian calculus?
Example: The binomial distribution II

- Following, posterior $\propto$ likelihood $\times$ prior, we get
  \[ p(\theta \mid k, n) \propto p(k \mid \theta, n)\pi(\theta) \]

- Obviously, the first factor is just the binomial distribution.

- If we chose a uniform distribution for the prior $\pi(\theta)$, we obtain
  \[ p(\theta \mid k, n) \propto \theta^k(1 - \theta)^{n-k} \]
The posterior $\theta^k(1 - \theta)^{n-k}$ corresponds to the Beta distribution, which is a 2-dimensional Dirichlet distribution.

As expected, the posterior peaks at 0.5 for $k = n - k = 5$.

One might think that the uniform prior represents “complete ignorance”, but this is not the case. The ignorance prior is the Jeffrey’s prior.
The posterior from one data set \(d\) can serve as the prior when another data set \(d'\) becomes available.

We assume the data sets are conditionally independent given \(h\).

Below we first apply the product rule and then invoke the conditionally independence assumption.

\[
p(h \mid d, d') \propto p(d, d' \mid h)\pi(h)
\]

\[
= p(d' \mid d, h)p(d \mid h)\pi(h)
\]

\[
= p(d' \mid h)p(d \mid h)\pi(h)
\]

\[
= \text{likelihood from } d' \times \text{posterior from } d
\]
Hierarchical models and nuisance variables

- Bayesian models often have a hierarchical structure. Observations depend on parameters which depend on other parameters – called *hyperparameters*. The chain ends at the priors with given, fixed hyperparameters.

- These models often contain *nuisance variables* – these are necessary to construct a valid model but are not of interest themselves.

- Nuisance variables are often unobserved or *latent*.

- A classic example of a hierarchical model is the *mixture model*. 
The Gaussian mixture model

- $h$ adopts a finite number $H$ of discrete values, each with an associated probability. $H$ is the number of mixture components.
- $p(x \mid h)$ is given by the Gaussian $p(x \mid \mu_h, \sigma_h)$. The mixture component $h$ specifies the mean and standard deviation.
- Mixture models allow modelling multimodal distributions using standard unimodal distributions.

$$p(x) = \sum_{h=1}^{H} \mathcal{N}(x \mid \mu_h, \sigma_h)p(h)$$
A 2D Gaussian mixture model with three components. The ellipses are equiprobability contours.
Bayesian inference of mixture models

- $p(h)$ is specified by a probability vector $\theta$. Following the Bayesian calculus, we want a density over $\theta$. Hence, an additional node is added to the hierarchical model.

- For inference of $\theta$, we need to specify a prior $p(\theta)$ with fixed parameters – a Dirichlet distribution is the classic choice.

- Already for this simple model, the posterior cannot be written down analytically. Estimation and inference can however be done using approaches based on sampling.
Graphical models and Bayesian networks

- The mixture model is an example of a graphical model.
- Because the arrows are directed and there are no cycles, it’s a Bayesian network.

\[ p(z) = \prod_{i} p(z_i \mid \text{Parents}(z_i)) \]

- Graphical models are carriers of conditional independencies. If two nodes are not connected by an arrow, they are guaranteed to be conditionally independent given a third set of nodes. Hence,

\[ p(x \mid \theta, h) = p(x \mid h) \]
Monte Carlo and Bayes

- The posterior is often unavailable in closed analytic form. The mixture model is a good example.
- The posterior can be approximated using methods based on sampling – Monte Carlo methods [5]. Fast computers made this approach possible!
- The core idea is simple – any expectation $\mathbb{E} [f(x)]$ can be approximated by sampling,

$$\mathbb{E} [f(x)] = \int f(x)p(x)dx \approx \frac{1}{S} \sum_{s=1}^{S} f(x_s)$$

with $x_s \sim p(x)$ and $S$ is the number of samples.
Markov chain Monte Carlo methods

- The idea is to construct a biased random walk that explores the target distribution $p(x)$.
  - This idea was launched by Gelfand and Smith in 1990.
- MCMC methods generate approximate - but correlated - samples from $p(x)$.
- The emergence of fast computers made MCMC methods tractable. This is a main reason behind the rapid spread of Bayesian methods in the late 20th century.
- Many methods exist
  - Metropolis-Hastings and Metropolis sampling
  - Gibbs sampling
Markov chains

- We generate a sequence of random variables \( \{x_0, x_1, \ldots\} \) such that at each time \( t \geq 0 \), the next variable \( x_{t+1} \) is sampled from a distribution \( p(x_{t+1} \mid x_t) \).
  - Markov property: the history of the chain before \( x_t \) does not matter.
  - \( p(x_{t+1} \mid x_t) \) is the *transition kernel*.

- Under general conditions, the chain will “forget” the initial state \( x_0 \) with time.
  - \( p(x_t \mid x_0) \) will converge to the *stationary or invariant distribution* for \( t \to \infty \).

- The idea is to construct a Markov chain whose stationary distribution is the posterior of interest.
MCMC sampling of a bivariate Gaussian

Metropolis-Hastings sampling$^2$

$^2$Picture from https://theclevermachine.wordpress.com/tag/hybrid-monte-carlo/
Metropolis-Hastings sampling

**Algorithm: Markov chain with stationary distribution $p(x)$**

- Start with a random point $x$
- Repeat until enough samples have been generated:
  - Generate a potential next sample $x'$ from a proposal distribution $q(x' | x)$
  - Accept $x'$ with probability $\min\left(1, \frac{p(x')q(x|x')}{p(x)q(x'|x)}\right)$.
  - Otherwise, set $x'$ to $x$ (re-use $x$ as next sample)

- The choice of the proposal distribution is critical.
- First samples (from the burn-in period) are discarded.
- In Metropolis sampling, $q(x' | x) = q(x | x')$.
  - For example, $q(x' | x)$ could be a Gaussian $\mathcal{N}(x' | x, \sigma)$.
Gibbs sampling

- For multivariate probability distributions.
- A variant of MH-MCMC. All samples are accepted.
- Makes use of sampling from the conditional distributions.

Algorithm

- Chose a random start $x$
  - $x$ is an $N$-dimensional vector.
- Repeat until enough samples:
  - For every $i$, replace $x_i$ with
    $x'_i \sim p(x'_i \mid x_1, \ldots, x_{i-1}, x_{i+1}, \ldots, x_N)$, where the conditioning is on the latest samples.
The Bayesian posterior contains all information of interest on the parameters of interest. However, sometimes we might settle for a point estimate.

- It might be a lot faster, while still offering a fairly good estimate of a sharply peaked posterior.
- We might be dealing with a decision problem, where an optimal decision needs to be made.

Point estimates such as maximum likelihood estimates are typically seen as “frequentist methods”, but they are perfectly acceptable as approximation of full Bayesian inference.

- These approximations WILL be very poor in some cases, however.
Decision problems require the definition of a loss function, $L(\hat{\theta}, \theta)$, which measures the cost of using point estimate $\hat{\theta}$ instead of the “true” value $\theta$.

The expected loss is

$$\bar{L}(\hat{\theta}) = \int L(\hat{\theta}, \theta) p(\theta | d) d\theta$$

A point estimate $\hat{\theta}$ that minimizes $\bar{L}(\hat{\theta})$ is a Bayes estimator for a given loss function.

Different loss functions give rise to different point estimates. MAP and ML are the most common point estimates.
The MAP estimate

- The **maximum a posteriori** estimate uses the maximum (mode) of the posterior.

\[ \hat{\theta}_{\text{MAP}} = \arg \max_{\theta} p(d \mid \theta)p(\theta) \]

- The MAP estimate optimizes the zero-one loss function.

\[ L(\theta, \theta) = 0, \text{ if } \|\hat{\theta} - \theta\| \leq \varepsilon \]

\[ L(\hat{\theta}, \theta) = 1, \text{ if } \|\hat{\theta} - \theta\| > \varepsilon \]

with \( \varepsilon \to 0. \)
Different loss functions and their point estimates

- Mean, median and mode of the posterior all arise as Bayes estimators for specific loss functions.
- Mode for the zero-one error (L0)
  \[ L(\hat{\theta}, \theta) = 0, \text{ if } \| \hat{\theta} - \theta \| \leq \varepsilon \]
  \[ L(\hat{\theta}, \theta) = 1, \text{ if } \| \hat{\theta} - \theta \| > \varepsilon \]
- Median for the absolute error (L1)
  \[ L(\hat{\theta}, \theta) = \| \hat{\theta} - \theta \| \]
- Mean for the quadratic error (L2)
  \[ L(\hat{\theta}, \theta) = \| \hat{\theta} - \theta \|^2 \]
The posterior (blue) specifies where a missing person might be located. L0, L1 and L2 indicate the best guess (mode, median and mean) for different loss functions.

Picture from http://www.sumsar.net/blog/2015/01/probable-points-and-credible-intervals-part-two/
Bayesian credible interval

- Instead of a point estimate, we can summarize the posterior with an interval.
- Bayesian 95% credible interval
  - “I believe the value of the parameter of interest lies in that interval with probability 0.95.”
  - Example: If $\theta$ has a posterior $\theta \sim \mathcal{N}(0, \sigma)$ then $[-1.96\sigma, 1.96\sigma]$ is a 95% Bayesian credible interval.
  - Intuitive interpretation.
- Frequentist 95% confidence interval
  - “For 100 experiments and the procedure chosen, at least 95 of the resulting confidence intervals will be expected to include the true value of the parameter.”
  - Often interpreted wrongly as a Bayesian credible interval!
Now, say the search should cost maximum 1000$. We know the cost to search a mile of each type of terrain. Hence, we can pick the interval that costs 1000$ and that maximizes the probability of success.
The ML estimate

- If one assumes the prior is uniform and a zero-one error, one obtains the maximum likelihood estimate.

$$\hat{\theta}_{\text{ML}} = \arg \max_{\theta} p(d \mid \theta)$$

- The ML estimate is very common, and often used in frequentist methods.

- Often a good approximation but can go badly wrong.
  - If the data are sparse.
  - If a uniform prior actually induces strong and unsuited prior beliefs. A uniform prior is not necessarily a prior that indicates ignorance.
Asymptotic properties of point estimates

- Under some general assumptions, and for large data sets, one can approximate the posterior as a Gaussian with mean equal to the ML estimate $\hat{\theta}_{ML}$.

- The variance is

$$\sigma^2 = \frac{1}{M \mathcal{I}(\hat{\theta}_{ML})}$$

where $M \to \infty$ is the number of observations.

- For a density $p(x \mid \theta)$, the Fisher information is given by

$$\mathcal{I}(\theta) = -\mathbb{E}_{p(x \mid \theta)} \left[ \frac{d^2 \log p(x \mid \theta)}{d\theta^2} \right]$$

with $0 \leq \mathcal{I}(\theta) < \infty$.

- This generalizes to the multivariate case.
Consider the derivative of the log-likelihood function

\[ \mathcal{L}(x \mid \theta) = \frac{d \log p(x \mid \theta)}{d\theta} \]

- If \( \mathcal{L}(x \mid \theta) \approx 0 \), the data \( x \) does not provide much information on \( \theta \).
- If \( |\mathcal{L}(x \mid \theta)| \) or \( \mathcal{L}(x \mid \theta)^2 \) is large, the data \( x \) provides much information on \( \theta \).
- Thus, \( \mathcal{L}(d \mid \theta)^2 \) can serve to measure the amount of information associated with \( x \).

Now, the Fisher information can be written as the expected value of the “information” \( \mathcal{L}(d \mid \theta)^2 \).

\[ \mathcal{I}(\theta) = \mathbb{E}_{p(x \mid \theta)} \left[ \left( \frac{d \log p(x \mid \theta)}{d\theta} \right)^2 \right] . \]
Fisher information of the Gaussian I

- We use the following definition of the Fisher information

\[ \mathcal{I}(\theta) = \mathbb{E}_{p(x|\theta)} \left[ \left( \frac{d \log p(x | \theta)}{d \theta} \right)^2 \right]. \]

- Let's consider the case of the Gaussian density with unknown mean \( \theta \) and known variance \( \sigma^2 \). Thus,

\[ \log p = -\frac{1}{2} \log 2\pi - \log \sigma - \frac{1}{2} \left( \frac{x - \theta}{\sigma^2} \right)^2 \Rightarrow \frac{d \log p}{d \theta} = \frac{x - \theta}{\sigma^2}. \]

- Hence

\[ \mathcal{I}(\theta) = \int \left( \frac{x - \theta}{\sigma^2} \right)^2 \frac{1}{\sqrt{2\pi}\sigma} \exp \left( -\frac{1}{2} \left( \frac{x - \theta}{\sigma} \right)^2 \right) \, dx = \frac{1}{\sigma^2}. \]
Fisher information of the Gaussian II

- Suppose we obtain \(10^5\) data points from a Gaussian with unknown mean \(\theta\) and given variance \(\sigma^2\).
- The ML estimate of the mean is the data average, \(\hat{\theta}_{\text{ML}}\).
- Now, let's approximate the Bayesian posterior using the Fisher information. We know that for this case

\[
\mathcal{I}(\theta) = \frac{1}{\sigma^2}.
\]

- Thus,

\[
\text{posterior of } \theta \approx \mathcal{N}(\hat{\theta}_{\text{ML}}, \frac{\sigma^2}{10^5}),
\]

as expected.

- Will this be a good approximation?
Empirical Bayes estimation

In Bayesian inference, the parameters of the prior distribution (α) are supposed to be given and known.

\[ p(h \mid d) \propto p(d \mid h) \pi(h \mid \alpha) \]

But what if that is not the case? One can use a point estimate for the parameters of the prior.

\[ \hat{\alpha}_{EB} = \arg \max_{\alpha} p(d \mid \alpha) = \int p(d \mid h) \pi(h \mid \alpha) \, dh \]

This \textit{empirical Bayes estimate} corresponds to the maximum likelihood estimate of a hierarchical model.

The result is an Empirical Bayes posterior.

\[ p(h \mid d) \propto p(d \mid h) \pi(h \mid \hat{\alpha}_{EB}) \]
Shrinkage estimators

- Suppose \( y_1, y_2, \ldots, y_N \) are samples from an \( N \)-dimensional Gaussian with \( N > 2 \) and given covariance matrix \( \sigma^2 I_N \).
  - The ML estimate of the mean \( \hat{\mu}_{\text{ML}} \) is \( \bar{y} \).
- In 1955, Charles Stein showed that this ML estimate is suboptimal in terms of the expected squared error loss function for \( \text{dim} > 2 \).

\[
L(\hat{\theta}, \theta) = \left\| \hat{\theta} - \theta \right\|^2
\]

- The superior James–Stein shrinkage estimate of the mean is

\[
\hat{\mu}_{\text{JS}} = \left( 1 - \frac{\sigma^2(N - 2)}{||\bar{y}||^2} \right) \bar{y}
\]
Bayesian view of shrinkage estimators

- A shrinkage estimator can be seen as a Bayes estimator.
  - Assume a prior over $\mu$ that is Gaussian with mean 0 and covariance matrix $\tau^2 I_N$, with $\tau$ unknown.
  - Estimate $\tau$ using the Empirical Bayes approach.

$$\hat{\tau}_{EB} = \arg \max_{\tau} p(d \mid \tau)$$

$$= \arg \max_{\tau} \int \mathcal{N}(d \mid \mu, \sigma^2 I_N) \mathcal{N}(\mu \mid 0, \tau^2 I_N) \, d\mu$$

- The JS estimate is the Bayes estimator of $\mu$ under a squared loss function and using the estimate $\hat{\tau}_{EB}$.

- The prior “shrinks” the estimate of $\mu$ towards 0, compared to the ML estimate. In this case, the uniform ML prior is overly informative.
The posterior (with given parameters underlined) is

\[ p(d \mid \mu, \sigma, m, \tau) \propto \mathcal{N}(d \mid \mu, \sigma^2 I_N) \mathcal{N}(\mu \mid m = 0, \tau^2 I_N). \]

The value of \( \tau \) is determined using Empirical Bayes,

\[ \hat{\tau}_{EB} = \arg \max_{\tau} p(d \mid \tau). \]
Expectation maximization

- The goal of EM is ML estimation of $\theta$ in the presence of latent nuisance parameters $h$.
- The hidden parameters are integrated or summed away.

$$\hat{\theta}_{\text{ML}} = \arg \max_\theta \sum_h p(d, h | \theta)$$

- This can be done using an iterative algorithm.
  - E-step: the hidden variables are estimated
  - M-step: update the estimate of $\theta$
  - Guaranteed to converge to a local maximum.

- EM is often used for ML estimation of mixture models and hidden Markov models (the Baum-Welch algorithm).
EM algorithm

- Start with an estimate $\hat{\theta}$ of $\theta$.
- E-step: infer the distribution of $h$ for the current estimate of $\theta$.
  \[ p(h \mid d, \hat{\theta}) \]
- M-step: replace $\hat{\theta}$ with $\hat{\theta}_{\text{new}}$ which maximizes the expectation of the “completed” log-likelihood.
  \[ \hat{\theta}_{\text{new}} = \arg \max_{\theta} \int_h p(h \mid d, \hat{\theta}) \log p(h, d \mid \theta) \, dh \]
- Repeat until convergence.
Stochastic EM

- A simple, stochastic version of EM that is less prone to get stuck in local maxima [5].
- Key idea: if we fill in the value of $h$, the problem reverts to simple ML estimation.
- In the M-step, instead of estimating $p(h \mid d, \hat{\theta})$ we simply fill in the values of $h$ by sampling.

$$
\hat{h} \sim p(h \mid d, \hat{\theta})
$$

- This is often very tractable, for example using Gibbs sampling in hierarchical models.
- The E-step corresponds to ML estimation from the “completed” data set $(\hat{h}, d)$.

$$
\hat{\theta}_{\text{new}} = \arg \max_{\theta} \log p(\hat{h}, d \mid \theta)
$$
Pseudolikelihood estimation

- Sometimes MAP and even ML estimates are intractable. What then?
- Pseudolikelihood approximation of the ML estimate

\[
p(d \mid \theta) = p(d_1, d_2, \ldots, d_N \mid \theta) \\
\approx \prod_{n=1}^{N} p(d_n \mid \{d_1, \ldots, d_N\} \setminus d_n, \theta)
\]

- The MPL estimate is often tractable due to conditional independencies.
  - You often only need to condition on a small subset of \(\{d_1, \ldots, d_N\} \setminus d_n\) to maximize \(\theta\).
- MPL is often used for graphical models.
Moment estimation

- A point estimate is obtained by relating the moments of a distribution (typically the mean) to its parameters.

Example: the Gamma distribution

\[ \Gamma(x) \propto x^{\alpha-1} \exp \left( -\frac{x}{\beta} \right) \]

- Mean \( \mu = \alpha \beta \), variance \( \sigma^2 = \alpha \beta^2 \)
- We can estimate \( \alpha \) and \( \beta \) making use of the observed mean \( \hat{\mu} \) and variance \( \hat{\sigma} \).

\[ \hat{\alpha}_M = \frac{\hat{\mu}^2}{\hat{\sigma}^2} \text{ and } \hat{\beta}_M = \frac{\hat{\sigma}^2}{\hat{\mu}} \]
Summary of part I

- The Bayesian calculus offers a straightforward and systematic approach to updating a current belief in the light of new data.
- All relevant information on the parameters of interest is included in the posterior.
- The posterior can be “summarized” by various point estimates and credible intervals.
- Various point estimates can serve as useful, tractable approximations of a full Bayesian treatment.
  - Empirical Bayes, Shrinkage, ML and EM, Pseudo-ML, Moment estimation…
  - However, they will sometimes be very bad!
References part I

http://www.york.ac.uk/depts/maths/histstat/bayespic.htm


