

# STA732

## Statistical Inference

### Lecture 17: Uniformly Most Powerful Tests

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<https://www2.stat.duke.edu/courses/Spring22/sta732.01/>



- Reviewed hypothesis testing
- Introduced the Neyman-Pearson Paradigm
- Proved Neyman-Pearson Lemma in simple vs simple testing: likelihood ratio test exists and is optimal (most powerful at level  $\alpha$ )

## Goal of Lecture 17

1. Uniformly most powerful tests
2. One-param exponential family and UMP one-sided tests
3. Monotone likelihood ratios and UMP one-sided tests
4. p-values
5. Duality between testing and interval estimation

Chap. 12.3-12.7 of Keener or Chap. 3 of Lehmann and Romano

# Uniformly most powerful tests (UMP)

## Def. Uniformly most powerful tests

A test  $\phi^*$  with level  $\alpha$  is called **uniformly most powerful (UMP)** if

$$\mathbb{E}_\theta \phi^* \geq \mathbb{E}_\theta \phi, \quad \forall \theta \in \Omega_1,$$

for all  $\phi$  with level at most  $\alpha$ .

**In other words,**

$$\beta_{\phi^*}(\theta) \geq \beta_\phi(\theta), \quad \forall \theta \in \Omega_1$$

$$\text{s.t. } \beta_\phi(\theta) \leq \alpha, \quad \forall \theta \in \Omega_0$$

UMP typically only exist for 1 sided testing in certain 1 parameter families

- Compare the above formulation to a loss-based formulation
- Compare to Bayes factor

## Def. Identifiable family

A family  $\mathcal{P} = \{P_\theta, \theta \in \Omega\}$  is **identifiable** if

$$\theta_1 \neq \theta_2 \Rightarrow P_{\theta_1} \neq P_{\theta_2}.$$

## One-param exponential family and UMP one-sided tests

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## One-param exponential family in simple vs simple

$$X_1, \dots, X_n \stackrel{\text{i.i.d.}}{\sim} p_\eta(x) = e^{\eta T(x) - A(\eta)} h(x)$$

$$H_0 : \eta = \eta_0 \text{ vs } H_1 : \eta = \eta_1 > \eta_0.$$



What can we say about LRT in the previous slide? for the testing

$$H_0 : \eta = \eta_0 \text{ vs } H_1 : \eta > \eta_0.$$

$H_1$  is an example of **one-sided alternative**, since the parameter values only lie on one side of the parameter  $\eta_0$ .

The LRT  $\phi^*$  is also UMP for the simple vs one-sided composite test!

## Monotone likelihood ratios and UMP one-sided Tests

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## Def. Families with monotone likelihood ratio

We say that the family of densities  $p_\theta : \theta \in \mathbb{R}$  has monotone likelihood ratio in  $T(x)$  if

1.  $\theta \neq \theta'$  implies  $p_\theta \neq p_{\theta'}$  (identifiability)
2.  $\theta < \theta'$  implies  $\frac{p_{\theta'}(x)}{p_\theta(x)}$  is a nondecreasing function of  $T(x)$  (monotonicity)

## Example of MLR family: double exponential

$$p_{\theta}(x) = \frac{1}{2} \exp(-|x - \theta|)$$

## Not an example of MLR family: Cauchy location

$$p_{\theta}(x) = \frac{1}{\pi} \frac{1}{1 + (x - \theta)^2}$$

Show that it is not MLR with  $T(x) = x$ .

**Thm. 12.9 in Keener**

Suppose the family of densities has monotone likelihood ratios. The testing problem is  $H_0 : \theta \leq \theta_0$  vs  $H_1 : \theta > \theta_0$ . Set the level  $\alpha \in (0, 1)$ . Let

$$\phi^*(x) = \begin{cases} 0 & T(x) < c \\ \gamma & T(x) = c \\ 1 & T(x) > c \end{cases}$$

with  $c, \gamma$  chosen such that  $\mathbb{E}_{\theta_0} \phi^*(x) = \alpha$ . Then

1.  $\phi^*$  is a UMP level- $\alpha$  test
2.  $\beta(\theta) = \mathbb{E}_{\theta} \phi^*(X)$  is non-decreasing in  $\theta$ , strictly increasing whenever  $\beta(\theta) \in (0, 1)$
3. If  $\theta_1 < \theta_0$  then  $\phi^*$  minimizes  $\mathbb{E}_{\theta_1} \phi(X)$  among all tests with  $\mathbb{E}_{\theta_0} \phi(X) = \alpha$

Picture and proof: Intuitively,  $\phi^*$  is a LRT for  $H_0 : \theta = \theta_0$  vs  $H_1 : \theta = \theta_1$  for any pair  $\theta_0 < \theta_1$  (with sig. level depends on  $\theta_0$ ). The arbitrary choice of  $\theta_0, \theta_1$  allows us to extend the simple vs. simple to composite vs. composite

## Example

Suppose our data  $X_1, \dots, X_n$  are i.i.d. from uniform distribution on  $(0, \theta)$ .

$$p_{\theta}(x) = \begin{cases} \frac{1}{\theta^n}, & M(x) > 0 \text{ and } T(x) < \theta \\ 0 & \text{otherwise} \end{cases}$$

where  $M(x) = \min \{x_1, \dots, x_n\} > 0$  and  $T(x) = \max \{x_1, \dots, x_n\} < \theta$ . Show that

- It has monotone likelihood ratios
- For  $H_0 : \theta \leq 1$ , vs  $H_1 : \theta > 1$ , calculate the power function of the UMP test



**p-values**

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- Testing at a fixed level  $\alpha$  as described is one of two standard (non-Bayesian) approaches to the evaluation of hypotheses
- The other way is based on **p-values**
  - The LRT determines  $k$  in  $\frac{p_1(x)}{p_0(x)} > k$  as a function of  $\alpha$
  - Instead of determine whether the hypothesis is accepted or rejected at the given significance level, we can determine the smallest significance level at which the hypothesis would be rejected for the given observation

### “Informal definition” of p-value

Suppose  $\phi(x)$  rejects for large values of  $T(x)$ . Then

$$\hat{p}(x) = \mathbb{P}_{H_0} (T(X) \geq T(x)).$$

The chance that you observe something more extreme than what you have observed

## Example

$X \sim \mathcal{N}(\theta, 1)$ ,  $H_0 : \theta = 0$  vs  $H_1 : \theta > 0$ . Let

$$\phi_\alpha(x) = \mathbf{1}_{x > z_\alpha},$$

the one sided test rejects for large value of  $T(X) = X$ .

Then the p-value is

$$\hat{p}(x) = \mathbb{P}_0(X > x) = 1 - \Phi(x).$$

## Formal definition

Assume we have a test  $\phi_\alpha$  for each significance level,

$$\sup_{\theta \in \Omega_0} \mathbb{E}_\theta \phi_\alpha \leq \alpha.$$

Assume tests are monotone in  $\alpha$ :

if  $\alpha_1 \leq \alpha_2$ , then  $\phi_{\alpha_1}(x) \leq \phi_{\alpha_2}(x)$

Then

$$\hat{p}(x) = \inf \{ \alpha : \phi_\alpha(x) = 1 \}$$

**In the non-randomized test case,**

$$\hat{p}(x) = \inf \{ \alpha : x \in R_\alpha \}$$

# Duality between testing and interval estimation

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## Def. Confidence region

We say a random set  $C(X)$  is a  $1 - \alpha$  confidence region for a parameter  $g(\theta)$  if

$$\mathbb{P}_\theta(g(\theta) \in C(X)) \geq 1 - \alpha, \forall \theta \in \Omega.$$

## Get a confidence region from a test

Suppose we have a level- $\alpha$  test  $\phi(x; a)$  for the testing

$$H_0 : g(\theta) = a \text{ vs } H_1 : g(\theta) \neq a, \forall a \in g(\Omega)$$

Let  $C(x) = \{a : \phi(x; a) < 1\}$ , which is the all non-rejected values of  $\theta$ .

Then we have

$$\mathbb{P}_\theta(g(\theta) \notin C(X)) = \mathbb{P}_\theta(\phi(X; g(\theta)) = 1) \leq \alpha, \forall \theta$$

**We get a  $1 - \alpha$  confidence region!**



## Get a test from a confidence region

Let  $\phi(X) = \mathbf{1}_{a \notin C(X)}$ . Then for any  $\theta$  such that  $g(\theta) = a$ , we have

$$\mathbb{E}_{\theta} \phi(X) = \mathbb{P}_{\theta}(g(\theta) \notin C(X)) \leq \alpha.$$

**We get a  $\alpha$ -level test!**

## Example

Suppose  $X \sim \text{Exp}(\theta) = \frac{1}{\theta}e^{-\frac{x}{\theta}}, x > 0, \theta > 0$

with CDF  $\mathbb{P}_\theta(X \leq x) = 1 - e^{-\frac{x}{\theta}}$ .

Invert the LRT for  $H_0 : \theta \leq \theta_0$ , to get a confidence region (or lower confidence bound)

- Introduced UMP: uniformly most powerful tests
- UMP is possible, for one sided tests, for exponential family and family with monotone likelihood ratios
- p-value as the second standard (non-Bayesian) approach to evaluate hypothesis testing
- There is duality between testing and interval estimation

## What is next?

- Two-Sided Hypotheses
- Least Favorable Distributions

Thank you for attending  
See you on Wednesday in Old  
Chem 025

