STAT 830

Hypothesis Testing

Hypothesis testing is a statistical problem where you must choose, on the basis of data X, between two alternatives. We formalize this as the problem of choosing between two *hypotheses*: $H_o : \theta \in \Theta_0$ or $H_1 : \theta \in \Theta_1$ where Θ_0 and Θ_1 are a partition of the model $P_\theta; \theta \in \Theta$. That is $\Theta_0 \cup \Theta_1 = \Theta$ and $\Theta_0 \cap \Theta_1 = \emptyset$.

A rule for making the required choice can be described in two ways:

1. In terms of the set

$$R = \{X : \text{we choose } \Theta_1 \text{ if we observe } X\}$$

   called the *rejection* or *critical* region of the test.

2. In terms of a function $\phi(x)$ which is equal to 1 for those x for which we choose Θ_1 and 0 for those x for which we choose Θ_0.

For technical reasons which will come up soon I prefer to use the second description. However, each ϕ corresponds to a unique rejection region $R_\phi = \{x : \phi(x) = 1\}$.

Neyman Pearson approach treats two hypotheses asymmetrically. Hypothesis H_o referred to as the *null* hypothesis (traditionally the hypothesis that some treatment has no effect).

Definition: The power function of a test ϕ (or the corresponding critical region R_ϕ) is

$$\pi(\theta) = P_\theta(X \in R_\phi) = E_\theta(\phi(X))$$

We might be interested in **optimality** theory, that is, the problem of finding the best ϕ. A good ϕ will evidently have $\pi(\theta)$ small for $\theta \in \Theta_0$ and large for $\theta \in \Theta_1$. There is generally a trade off which can be made in many ways, however.

Simple versus Simple testing

Finding a best test is easiest when the hypotheses are very precise.

Definition: A hypothesis H_i is **simple** if Θ_i contains only a single value θ_i.

The simple versus simple testing problem arises when we test $\theta = \theta_0$ against $\theta = \theta_1$ so that Θ has only two points in it. This problem is of importance as a technical tool, not because it is a realistic situation.

Suppose that the model specifies that if $\theta = \theta_0$ then the density of X is $f_0(x)$ and if $\theta = \theta_1$ then the density of X is $f_1(x)$. How should we choose ϕ? To answer the question we begin by studying the problem of minimizing the total error probability.

Jerzy Neyman and Egon Pearson (Egon's father Karl Pearson was also a famous statistician) invented the jargon which surrounds their philosophy of hypothesis testing. Unfortunately much of the jargon is lame:

Definition: **Type I error** is the error made when $\theta = \theta_0$ but we choose H_1, that is, $X \in R_\phi$.

Definition: **Type II error** is the error made when $\theta = \theta_1$ but we choose H_0.

Definition: The **level** of a simple versus simple test is

$$\alpha = P_{\theta_0}(\text{We make a Type I error})$$

or

$$\alpha = P_{\theta_0}(X \in R_\phi) = E_{\theta_0}(\phi(X))$$

The other error probability, denoted β, is

$$\beta = P_{\theta_1}(X \notin R_\phi) = E_{\theta_1}(1 - \phi(X)).$$

To illustrate a general strategy I now minimize $\alpha + \beta$, the total error probability, which is given by

$$\begin{aligned} \alpha + \beta = & \quad E_{\theta_0}(\phi(X)) + E_{\theta_1}(1 - \phi(X)) \\ = & \quad \int [\phi(x) f_0(x) + (1 - \phi(x)) f_1(x)] dx \end{aligned}$$

The problem is to choose, for each x, either the value 0 or the value 1, in such a way as to minimize the integral. But for each x the quantity

$$\phi(x) f_0(x) + (1 - \phi(x)) f_1(x)$$

is between $f_0(x)$ and $f_1(x)$. To make it small we take $\phi(x) = 1$ if $f_1(x) > f_0(x)$ and $\phi(x) = 0$ if $f_1(x) < f_0(x)$. It makes no difference what we do for those x for which $f_1(x) = f_0(x)$. Notice that we can divide both sides of the inequalities to express our condition in terms of the **likelihood ratio** $f_1(x)/f_0(x)$.

Theorem 1 *For each fixed λ the quantity $\beta + \lambda\alpha$ is minimized by any ϕ which has*

$$\phi(x) = \begin{cases} 1 & \frac{f_1(x)}{f_0(x)} > \lambda \\ 0 & \frac{f_1(x)}{f_0(x)} < \lambda \end{cases}$$

Neyman and Pearson suggested that in practice the two kinds of errors might well have unequal consequences. They suggested that rather than minimize any quantity of the form above you pick the more serious kind of error, label it **Type I** and require your rule to hold the probability α of a Type I error to be no more than some prespecified level α_0. (This value α_0 is typically 0.05 these days, chiefly for historical reasons.)

The Neyman and Pearson approach is then to minimize β subject to the constraint $\alpha \le \alpha_0$. Usually this is really equivalent to the constraint $\alpha = \alpha_0$ (because if you use $\alpha < \alpha_0$ you could make the rejection region R larger and keep $\alpha \le \alpha_0$ but make β smaller. For discrete models, however, this may not be possible.

Example: Suppose X is Binomial(n, p) and either $p = p_0 = 1/2$ or $p = p_1 = 3/4$. (It might be possible to conjure up some genetics problem in which this was vaguely realistic but I think it would be a stretch.)

If R is any critical region (so R is a subset of $\{0, 1, \ldots, n\}$) then

$$P_{1/2}(X \in R) = \frac{k}{2^n}$$

for some integer k. For example, try to get $\alpha_0 = 0.05$ with $n = 5$. The possible values of α are $0, 1/32 = 0.03125, 2/32 = 0.0625$, etc. Here are all the rejection regions which are possible for $\alpha_0 = 0.05$:

Region	α	β
$R_1 = \emptyset$	0	1
$R_2 = \{x = 0\}$	0.03125	$1 - (1/4)^5$
$R_3 = \{x = 5\}$	0.03125	$1 - (3/4)^5$

So R_3 minimizes β subject to $\alpha < 0.05$.

Now raise α_0 slightly to 0.0625; the possible rejection regions are R_1, R_2, R_3 and $R_4 = R_2 \cup R_3$. The first three have the same α and β as before while R_4 has $\alpha = \alpha_0 = 0.0625$ and $\beta = 1 - (3/4)^5 - (1/4)^5$. Thus R_4 is the best rejection region!

The problem is that if all trials are failures this "optimal" R chooses $p = 3/4$ rather than $p = 1/2$. But $p = 1/2$ makes 5 failures much more likely than $p = 3/4$ so it seems clear there must be a flaw in the theory; R_4 cannot really be the optimal way of doing hypothesis testing.

The real problem is discreteness. Here is a solution to the problem: Expand the set of possible values of ϕ to $[0, 1]$. Values of $\phi(x)$ between 0 and 1 represent the chance that we choose H_1 given that we observe x; the idea is that we actually toss a (biased) coin to decide! This tactic will show us the kinds of rejection regions which are sensible.

In practice we actually restrict our attention to levels α_0 for which the best ϕ is always either 0 or 1. In the binomial example we will insist that the value of α_0 be either 0 or $P_{\theta_0}(X \geq 5)$ or $P_{\theta_0}(X \geq 4)$ or ....

Example: For a smaller example I consider the case of $n = 3$ so that the random variable X has 4 possible values; there are then 2^4 possible rejection regions (subsets of $\{0, 1, 2, 3\}$). Here is a table of the levels for each possible rejection region R:

R	α
$\emptyset$	0
{3}, {0}	1/8
{0,3}	2/8
{1}, {2}	3/8
{0,1}, {0,2}, {1,3}, {2,3}	4/8
{0,1,3}, {0,2,3}	5/8
{1,2}	6/8
{0,1,2}, {1,2,3}	7/8
{0,1,2,3}	1

The best level 2/8 test has rejection region $\{0, 3\}$, $\beta = 1 - [(3/4)^3 + (1/4)^3] = 36/64$. The best level 2/8 test using randomization rejects when $X = 3$ and, when $X = 2$ tosses a coin with $P(H) = 1/3$, then rejects if you get H. The level of this randomized test is $1/8 + (1/3)(3/8) = 2/8$; the probability of a Type II error is

$$\beta = 1 - [(3/4)^3 + (1/3)(3)(3/4)^2(1/4)] = 28/64.$$

Definition: A hypothesis test is a function $\phi(x)$ whose values are always in $[0, 1]$. If we observe $X = x$ then we choose H_1 with conditional probability

$\phi(x)$. In this case we have

$$\begin{aligned} \pi(\theta) &= E_\theta(\phi(X)) \\ \alpha &= E_0(\phi(X)) \quad \text{and} \\ \beta &= 1 - E_1(\phi(X)) \end{aligned}$$

Note that a test using a rejection region C is equivalent to

$$\phi(x) = 1(x \in C)$$

Theorem 2 (The Neyman Pearson Lemma) *In testing f_0 against f_1 the probability β of a type II error is minimized, subject to $\alpha \leq \alpha_0$ by the test function:*

$$\phi(x) = \begin{cases} 1 & \frac{f_1(x)}{f_0(x)} > \lambda \\ \gamma & \frac{f_1(x)}{f_0(x)} = \lambda \\ 0 & \frac{f_1(x)}{f_0(x)} < \lambda \end{cases}$$

where λ is the largest constant such that

$$P_0(\frac{f_1(X)}{f_0(X)} \geq \lambda) \geq \alpha_0$$

and

$$P_0(\frac{f_1(X)}{f_0(X)} \leq \lambda) \geq 1 - \alpha_0$$

and where γ is any number chosen so that

$$\begin{aligned} E_0(\phi(X)) &= P_0(\frac{f_1(X)}{f_0(X)} > \lambda) \\ &\quad + \quad \gamma P_0(\frac{f_1(X)}{f_0(X)} = \lambda) \\ &= \alpha_0 \end{aligned}$$

The value of γ is unique if $P_0(\frac{f_1(X)}{f_0(X)} = \lambda) > 0$.

Example: Consider again the Binomial(n, p) problem with $p_0 = 1/2$ and $p_1 = 3/4$. The ratio f_1/f_0 is

$$3^x 2^{-n}.$$

If $n = 5$ this ratio is one of the numbers 1, 3, 9, 27, 81, 243 divided by 32.

Suppose we have $\alpha = 0.05$. Then λ must be one of the possible values of f_1/f_0. If we try $\lambda = 243/32$ then

$$\begin{aligned} P_0(3^X 2^{-5} \geq 243/32) &= P_0(X = 5) \\ &= 1/32 < 0.05 \end{aligned}$$

and

$$\begin{aligned} P_0(3^X 2^{-5} \geq 81/32) &= P_0(X \geq 4) \\ &= 6/32 > 0.05 \end{aligned}$$

So $\lambda = 81/32$. Since

$$P_0(3^X 2^{-5} > 81/32) = P_0(X = 5) = 1/32$$

we must solve

$$P_0(X = 5) + \gamma P_0(X = 4) = 0.05$$

for γ and find

$$\gamma = \frac{0.05 - 1/32}{5/32} = 0.12$$

Note: No-one ever uses this procedure. Instead the value of α_0 used in discrete problems is chosen to be a possible value of the rejection probability corresponding to $\gamma = 0$ (or $\gamma = 1$). When the sample size is large you can come very close to any desired α_0 with a *non-randomized test*, that is, a test for which the function ϕ takes no values other than 0 or 1.

In our example, if $\alpha_0 = 6/32$ then we can either take λ to be $243/32$ and $\gamma = 1$ or $\lambda = 81/32$ and $\gamma = 0$. However, our definition of λ in the theorem makes $\lambda = 81/32$ and $\gamma = 0$.

When the theorem is used for continuous distributions it can be the case that the cdf of $f_1(X)/f_0(X)$ has a flat spot where it is equal to $1 - \alpha_0$. This is the point of the word "largest" in the theorem.

Example: : If $X_1, \ldots, X_n$ are iid $N(\mu, 1)$ and we have $\mu_0 = 0$ and $\mu_1 > 0$ then

$$\frac{f_1(X_1, \ldots, X_n)}{f_0(X_1, \ldots, X_n)} = \exp\{\mu_1 \sum X_i - n\mu_1^2/2 - \mu_0 \sum X_i + n\mu_0^2/2\}$$

which simplifies to

$$\exp\{\mu_1 \sum X_i - n\mu_1^2/2\}$$

Now choose λ so that

$$P_0(\exp\{\mu_1 \sum X_i - n\mu_1^2/2\} > \lambda) = \alpha_0$$

Can make it equal because $f_1(X)/f_0(X)$ has a continuous distribution. Rewrite probability as

$$P_0(\sum X_i > [\log(\lambda) + n\mu_1^2/2]/\mu_1) = 1 - \Phi\left(\frac{\log(\lambda) + n\mu_1^2/2}{n^{1/2}\mu_1}\right)$$

Let z_α be the upper α critical point of $N(0,1)$; then

$$z_{\alpha_0} = [\log(\lambda) + n\mu_1^2/2]/[n^{1/2}\mu_1]\,.$$

Solve this equation to get a formula for λ in terms of z_{α_0}, n and μ_1.

The rejection region looks complicated: reject if a complicated statistic is larger than λ which has a complicated formula. But in calculating λ we re-expressed the rejection region in terms of

$$\frac{\sum X_i}{\sqrt{n}} > z_{\alpha_0}$$

The key feature is that this rejection region is the same for any $\mu_1 > 0$. [WARNING: in the algebra above I used $\mu_1 > 0$.] This is why the Neyman Pearson lemma is a lemma!

Definition: In the general problem of testing Θ_0 against Θ_1 the level of a test function ϕ is

$$\alpha = \sup_{\theta \in \Theta_0} E_\theta(\phi(X))$$

The power function is

$$\pi(\theta) = E_\theta(\phi(X))$$

A test ϕ^* is a Uniformly Most Powerful level α_0 test if

1. ϕ^* has level $\alpha \le \alpha_o$
2. If ϕ has level $\alpha \le \alpha_0$ then for every $\theta \in \Theta_1$ we have

$$E_\theta(\phi(X)) \le E_\theta(\phi^*(X))$$

Proof of Neyman Pearson lemma: Given a test ϕ with level strictly less than α_0 we can define the test

$$\phi^*(x) = \frac{1-\alpha_0}{1-\alpha}\phi(x) + \frac{\alpha_0 - \alpha}{1-\alpha}$$

has level α_0 and β smaller than that of ϕ. Hence we may assume without loss that $\alpha = \alpha_0$ and minimize β subject to $\alpha = \alpha_0$. However, the argument which follows doesn't actually need this.

Lagrange Multipliers

Suppose you want to minimize $f(x)$ subject to $g(x) = 0$. Consider first the function

$$h_\lambda(x) = f(x) + \lambda g(x)$$

If x_λ minimizes h_λ then for any other x

$$f(x_\lambda) \le f(x) + \lambda[g(x) - g(x_\lambda)]$$

Now suppose you can find a value of λ such that the solution x_λ has $g(x_\lambda) = 0$. Then for any x we have

$$f(x_\lambda) \le f(x) + \lambda g(x)$$

and for any x satisfying the constraint $g(x) = 0$ we have

$$f(x_\lambda) \le f(x)$$

This proves that for this special value of λ the quantity x_λ minimizes $f(x)$ subject to $g(x) = 0$.

Notice that to find x_λ you set the usual partial derivatives equal to 0; then to find the special x_λ you add in the condition $g(x_\lambda) = 0$.

Return to proof of NP lemma

For each $\lambda > 0$ we have seen that ϕ_λ minimizes $\lambda\alpha+\beta$ where $\phi_\lambda = 1(f_1(x)/f_0(x) \ge \lambda)$.

As λ increases the level of ϕ_λ decreases from 1 when $\lambda = 0$ to 0 when $\lambda = \infty$. There is thus a value λ_0 where for $\lambda > \lambda_0$ the level is less than α_0 while for

$\lambda < \lambda_0$ the level is at least α_0. Temporarily let $\delta = P_0(f_1(X)/f_0(X) = \lambda_0)$. If $\delta = 0$ define $\phi = \phi_\lambda$. If $\delta > 0$ define

$$\phi(x) = \begin{cases} 1 & \frac{f_1(x)}{f_0(x)} > \lambda_0 \\ \gamma & \frac{f_1(x)}{f_0(x)} = \lambda_0 \\ 0 & \frac{f_1(x)}{f_0(x)} < \lambda_0 \end{cases}$$

where $P_0(f_1(X)/f_0(X) > \lambda_0) + \gamma\delta = \alpha_0$. You can check that $\gamma \in [0, 1]$.

Now ϕ has level α_0 and according to the theorem above minimizes $\lambda_0\alpha+\beta$. Suppose ϕ^* is some other test with level $\alpha^* \leq \alpha_0$. Then

$$\lambda_0\alpha_\phi + \beta_\phi \leq \lambda_0\alpha_{\phi^*} + \beta_{\phi^*}$$

We can rearrange this as

$$\beta_{\phi^*} \geq \beta_\phi + (\alpha_\phi - \alpha_{\phi^*})\lambda_0$$

Since

$$\alpha_{\phi^*} \leq \alpha_0 = \alpha_\phi$$

the second term is non-negative and

$$\beta_{\phi^*} \geq \beta_\phi$$

which proves the Neyman Pearson Lemma.

Example application of NP: Again consider the Binomial(n, p) problem. In order to test $p = p_0$ versus p_1 for a $p_1 > p_0$ the NP test is of the form

$$\phi(x) = 1(X > k) + \gamma 1(X = k)$$

where we choose k so that

$$P_{p_0}(X > k) \leq \alpha_0 < P_{p_0}(X \geq k)$$

and $\gamma \in [0, 1)$ so that

$$\alpha_0 = P_{p_0}(X > k) + \gamma P_{p_0}(X = k)$$

This rejection region depends only on p_0 and not on p_1 so that this test is UMP for $p = p_0$ against $p > p_0$. Since this test has level α_0 even for the larger null hypothesis $p \leq p_0$, it is also UMP for $p \leq p_0$ against $p > p_0$.

Application of the NP lemma: In the $N(\mu, 1)$ model consider $\Theta_1 = \{\mu > 0\}$ and $\Theta_0 = \{0\}$ or $\Theta_0 = \{\mu \leq 0\}$. The UMP level α_0 test of $H_0 : \mu \in \Theta_0$ against $H_1 : \mu \in \Theta_1$ is

$$\phi(X_1, \ldots, X_n) = 1(n^{1/2}\bar{X} > z_{\alpha_0})$$

Proof: For either choice of Θ_0 this test has level α_0 because for $\mu \leq 0$ we have

$$\begin{aligned} & P_\mu(n^{1/2}\bar{X} > z_{\alpha_0}) \\ & \quad = P_\mu(n^{1/2}(\bar{X} - \mu) > z_{\alpha_0} - n^{1/2}\mu) \\ & \quad = P(N(0,1) > z_{\alpha_0} - n^{1/2}\mu) \\ & \quad \leq P(N(0,1) > z_{\alpha_0}) \\ & \quad = \alpha_0 \end{aligned}$$

(Notice the use of $\mu \leq 0$. The central point is that the critical point is determined by the behaviour on the edge of the null hypothesis.) Now if ϕ is any other level α_0 test then we have

$$E_0(\phi(X_1, \ldots, X_n)) \leq \alpha_0$$

Fix a $\mu > 0$. According to the NP lemma

$$E_\mu(\phi(X_1, \ldots, X_n)) \leq E_\mu(\phi_\mu(X_1, \ldots, X_n))$$

where ϕ_μ rejects if

$$f_\mu(X_1, \ldots, X_n)/f_0(X_1, \ldots, X_n) > \lambda$$

for a suitable λ. But we just checked that this test had a rejection region of the form

$$n^{1/2}\bar{X} > z_{\alpha_0}$$

which is the rejection region of ϕ^*. The NP lemma produces the same test for every $\mu > 0$ chosen as an alternative. So we have shown that $\phi_\mu = \phi^*$ for any $\mu > 0$.

This is a fairly general phenomenon: for any $\mu > \mu_0$ the likelihood ratio f_μ/f_0 is an increasing function of $\sum X_i$. The rejection region of the NP test is thus always a region of the form $\sum X_i > k$. The value of the constant k is

determined by the requirement that the test have level α_0 and this depends on μ_0 not on μ_1.

Definition: The family $f_\theta; \theta \in \Theta \subset R$ has monotone likelihood ratio with respect to a statistic $T(X)$ if for each $\theta_1 > \theta_0$ the likelihood ratio $f_{\theta_1}(X)/f_{\theta_0}(X)$ is a monotone increasing function of $T(X)$.

Theorem 3 *For a monotone likelihood ratio family the Uniformly Most Powerful level α test of $\theta \leq \theta_0$ (or of $\theta = \theta_0$) against the alternative $\theta > \theta_0$ is*

$$\phi(x) = \begin{cases} 1 & T(x) > t_\alpha \\ \gamma & T(X) = t_\alpha \\ 0 & T(x) < t_\alpha \end{cases}$$

where

$$P_{\theta_0}(T(X) > t_\alpha) + \gamma P_{\theta_0}(T(X) = t_\alpha) = \alpha_0 \, .$$

A typical family where this works is a one parameter exponential family. Usually there is no UMP test.

Example: test $\mu = \mu_0$ against the two sided alternative $\mu \neq \mu_0$ in the $N(\mu, 1)$ model. There is no UMP level α test.

If there were such a test its power at $\mu > \mu_0$ would have to be as high as that of the one sided level α test and so its rejection region would have to be the same as that test, rejecting for large positive values of $\bar{X} - \mu_0$. But it also has to have power as good as the one sided test for the alternative $\mu < \mu_0$ and so would have to reject for large negative values of $\bar{X} - \mu_0$. This would make its level too large.

Everybody's favourite test is the usual 2 sided z-test which rejects for large values of $|\bar{X} - \mu_0|$. This test maximizes power subject to two constraints: first, that the test have level α; second, that the power function is minimized at $\mu = \mu_0$. The second condition means that the power on alternative is larger than the power on the null.