
A Statisticians View on Informed Hypotheses

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1 Introduction

Theory testing is at the heart of scientific process. This is especially true in psychology where it is the norm rather than an exception that multiple theories are being advanced as explanation for a given psychological phenomenon, whether it is a mental disorder or a perceptual process. It is therefore important to have a rigorous methodology available for the psychologist to evaluate the validity and viability of such theories, or models for that matter. The current practice of theory testing in the psychological science, however, is not entirely satisfactory. Most often, data modeling and analysis in psychology are carried out using null hypothesis significant testing (NHST) methods. Problems with and deficiencies of NHST as a theory testing methodology have been well documented and widely discussed in the field, especially in the past few years. The reader is directed to the chapter by Wagenmakers and colleagues in this book for illuminating discussions of the issues. Below we highlight some of the main problems of NHST.

First of all, NHST does not allow one to address directly the questions s/he wants to answer: how does information in the data modify his or her initial beliefs about the underlying processes?; and how likely is it that a theory or hypothesis under consideration is an explanation for the data?, i.e., $p(\text{hypothesis}|\text{data})$. Instead, the decision as to whether one should retain or reject a hypothesis is based on the probability of observing the current data given the assumption that the hypothesis is correct, that is, $p(\text{data}|\text{hypothesis})$. The two probabilities, $p(\text{data}|\text{hypothesis})$ and $p(\text{hypothesis}|\text{data})$, are generally not the same, and may even differ from each other by large amounts. Second, NHST is set up in such a way that it is the null hypothesis that is put to test but not the hypothesis that the researcher would like to test. The latter, called the alternative hypothesis, does not get attended to until after the null hypothesis has been examined and

rejected subsequently. In other words, there is a serious imbalance in weighing the null and alternative hypotheses against each other as an explanation of the data. Third, many NHST tests are loaded with simplifying assumptions, such as normality, linearity, and equal variances, that are likely to be violated in the real-world data. Finally, the p-value, the yardstick of NHST, is prone to be misused and misinterpreted, which occurs more often than one might suspect, and in fact, quite commonly (see, e.g., Wagenmakers et al's chapter of this volume).

These methodological problems go beyond just NHST and are intrinsic to any frequentist methodology. Consequently, they represent limitations and challenges of frequentist statistics for in quantitative data modelling. Are there any alternatives to NHST? Fortunately, there is one. This is Bayesian statistics, which is free of the problems we discussed above. Unlike NHST, in Bayesian inference, (1) one directly computes the probability of hypothesis given data $p(\textit{hypothesis}|\textit{data})$; (2) evidence for two or more hypotheses are sought by *equally* weighing them; (3) any realistic assumptions about the underlying processes can easily be incorporated into a Bayesian model; and (4) interpretations of Bayesian results are intuitive and straightforward. What is especially fitting in the light of the current volume is the fact that it is much more straightforward, as well as easier-to-compute, to couch and test informed hypotheses with order constrains within the Bayesian framework, rather than the frequentist NHST framework.

A purpose of this chapter is to present an informed review of the recent Bayesian efforts to develop statistical tools for evaluating order constrained hypotheses with psychological data. In so doing, we provide our own critiques on some of the chapters in this volume, discussing their strengths and weaknesses. Another purpose of writing the chapter is to present an example application of the hierarchical Bayesian modelling for analyzing anova-like data and to compare performance of several Bayesian model comparison criteria proposed in the current volume. We begin by reviewing the literature on Bayesian order restricted inference.

2 Bayesian Order Restricted Inference

Inequality constrained models have been considered in frequentist statistics. Isotonic regression exemplifies this approach, the theoretical foundations of which are summarized in [34] and [2]. It seems appropriate, then, to include a brief description of the frequentist approach to order restricted inference before discussing a Bayesian alternative.

Isotonic regression is, in essence, a special kind of the likelihood ratio test. Specifically, the test statistic in isotonic regression is defined as a log likelihood ratio of the maximum likelihood estimate of a reduced model with order constraints imposed on its parameters to that of a full model without order constraints. Note that the former model is nested within the latter

one. The sampling distribution of the test statistic is then sought under the null hypothesis that the reduced model has generated the data, or is correct, in other words. This turns out, however, to be a major bottleneck to the method's widespread application in practice; there is no general solution for finding the sampling distribution for given forms of order constraints, unless the constraints belong to one of a few simplified forms. Even if one is able to derive the desired sampling distribution, given the fact that isotonic regression is a null hypothesis testing significance test (NHST), the problems associated with the use of NHST and p-value for model evaluation are still at issue, as discussed at length in Wagenmaker et al's chapter of this book and as critiqued by Kato and Hoijtink [21] who commented "Even though a great deal of frequentist literature exists on order restricted parameter problems, most of the attention is focused on estimation and hypothesis testing [as opposed to model evaluation and comparison]" (p. 1).

As an alternative to the frequentist framework, a Bayesian approach to order restricted inference was considered in the past (e.g., [38]). However, its application was limited due to the intractability of evaluating the posterior integral. This long-standing difficulty in Bayesian computation has been finally overcome only recently in the 1990s with the introduction of general purpose sampling algorithms collectively known as *Markov chain Monte Carlo* (MCMC: [9], [12], [33]). With MCMC, *theoretical Bayes* has become *practical Bayes*! In particular, Gelfand, Smith and Lee ([10] developed easily implementable MCMC methods for sampling from posterior distributions under ordinal constraints on model parameters. Since then, a group of quantitative psychologists have demonstrated the application of the Bayesian framework for a wide range of order restricted inference problems in psychology and education ([18], [19], [23], [28]). This success prompted Hoijtink and his colleagues to organize the Utrecht Workshop in the summer of 2007, which subsequently led to the publication of the current volume.

2.1 Why Bayesian?

Bayesian inference, at the core, is the process of updating one's initial belief (prior) about the state of a world in light of observations (evidence) with the use of Bayes theorem, thereby forming a new belief (posterior). This way of making inferences is fundamentally different from that of frequentist inference. Among many differences between the two schools of statistics, Bayesian and frequentist, the most notable include the former's interpretation of probability as an individual's degree of belief as opposed to the long-run frequency ratio in the latter and also, the Bayesian view of model parameters as random variables as opposed to fixed but unknown constants in frequentist statistics. For up-to-date and comprehensive treatments of Bayesian methods, the reader is directed to [11] and [32].

Besides such theoretical and even philosophical differences between the two inference schemes, Bayesian inference offers many pragmatic advantages

over its frequentist counterpart, in particular, in the context of evaluating informed hypotheses with parametric order constraints. The advantages may be termed as directness of inference, automatic, power of priors, and finally, easy of computation. Firstly, by directness of inference, we mean that the Bayesian inference process directly addresses the question the researcher wishes to answer, that is, how data modifies his or her belief about initial hypothesis. In contrast, frequentist inferences are based on the probability (i.e., p-value) of obtaining current data or more extreme data under the assumption that the researcher's initial hypothesis is correct, which seems awkward and even confusing. Secondly, Bayesian inference is automatic as there is just *one road* to data analysis: each and every inference problem boils down to finding the posterior from the likelihood function and the prior by applying Bayes theorem. Thirdly, Bayesian statistics allows one to easily incorporate any available relevant information, other than observed data, into the inference process through priors. Being able to incorporate prior information into data modeling, which undoubtedly improves the quality of inferences, is indeed a powerful and uniquely Bayesian idea, with no counterpart in frequentist statistics. This is also one of the reasons Bayesian statistics has gained its popularity in the fields dealing with practical problems of real-world significance such as biomedical sciences and engineering disciplines—one cannot afford to disregard potentially useful information which might help save lives and bring millions of dollars. Lastly not leastly, as mentioned earlier, the recent breakthrough in Bayesian computation makes it routinely possible to make inferences about any given informed hypothesis. The necessary computations for any arbitrary form of order constraints can be performed via MCMC, as easily as one is running simple simulations on computer.

In what follows, we provide a broad-brush overview of the Bayesian order restricted inference framework that is described and illustrated in greater detail by various authors of this volume, with a special attention given to the comparative review on the pros and cons of the Bayesian methods discussed in the chapters.

2.2 The Specifics of The Bayesian Approach

The key idea of the Bayesian approach for testing and evaluating an informed hypothesis is to incorporate the information about order constraints specified in the hypothesis into the prior distribution. For example, for a hypothesis $H : \mu_1 < \mu_2 < \mu_3$, the order constraint is expressed as the following prior for the parameter vector $\boldsymbol{\theta} = (\mu_1, \mu_2, \mu_3)$

$$\pi(\boldsymbol{\theta}) = \begin{cases} g(\boldsymbol{\theta}) & \text{if } \mu_1 < \mu_2 < \mu_3 \\ 0 & \text{otherwise} \end{cases} \quad (1)$$

for some non-zero probability measure function $g(\boldsymbol{\theta})(> 0)$. Given observed data $\mathbf{y} = (y_1, \dots, y_n)$ and the likelihood $f(\mathbf{y}|\boldsymbol{\theta})$, the posterior is obtained from Bayes rule as

$$\pi(\boldsymbol{\theta}|\mathbf{y}) = \frac{f(\mathbf{y}|\boldsymbol{\theta})\pi(\boldsymbol{\theta})}{\int f(\mathbf{y}|\boldsymbol{\theta})\pi(\boldsymbol{\theta})d\boldsymbol{\theta}} \quad (2)$$

The posterior distribution in (2) represents a complete summary of information about the parameter $\boldsymbol{\theta}$ and is used to draw specific inferences about it. For instance, we may be interested in finding the posterior mean and Bayesian credible intervals. Each of these measures can be expressed as a posterior expectation. The trouble is that since the normalizing constant $\int f(\mathbf{y}|\boldsymbol{\theta})\pi(\boldsymbol{\theta})d\boldsymbol{\theta}$ in the denominator is commonly intractable to compute beyond the point of the most trivial models, the posterior distribution would only be known up to a proportionality constant. Even if the posterior is known in analytic form, finding its mean and credible intervals itself can be a challenge. The next best thing, then, beyond knowing the full expression of the posterior, is having a large number of samples that approximate the distribution and using the samples to numerically estimate the expectation of interest. This is where MCMC comes in handy as the technique allows us to draw samples from almost any form of posterior distribution without having to know its normalizing constant.

When one entertains multiple hypotheses and wishes to compare them, this can be achieved using the Bayes factor (BF), which, for two hypotheses H_i and H_j , is defined as the ratio of their marginal likelihoods

$$BF_{ij} = \frac{m(\mathbf{y}|H_i)}{m(\mathbf{y}|H_j)} = \frac{\int f(\mathbf{y}|\boldsymbol{\theta}, H_i)\pi(\boldsymbol{\theta}|H_i)d\boldsymbol{\theta}}{\int f(\mathbf{y}|\boldsymbol{\theta}, H_j)\pi(\boldsymbol{\theta}|H_j)d\boldsymbol{\theta}} \quad (3)$$

where $m(\mathbf{y}|H_i)$ denotes the marginal likelihood under hypothesis H_i . The Bayes factor has several attractive features as a model selection measure. First, the Bayes factor is related to the posterior hypothesis probability—the probability of a hypothesis being true given observed data. That is, from a set of BFs computed for each pair of competing hypotheses, the posterior probability of hypothesis $p(H_i|\mathbf{y}), i = 1, \dots, q$, is given as $p(H_i|\mathbf{y}) = BF_{ik} / \sum_{j=1}^q BF_{jk}, i = 1, \dots, q$ for any choice of $k = 1, \dots, q$, under the assumption of equal prior probabilities $p(H_i) = 1/q$ for all i 's. Further, Bayes factor-based model selection automatically adjusts for model complexity and avoids overfitting, thereby representing a formal implementation of the Occam's razor. What this means is that BF selects the one, among a set of competing hypotheses, that provides the simplest possible explanation of data.

Another attractive feature of the Bayes factor, that is particularly fitting for evaluating inequality constrained hypotheses, is that the model selection measure is applicable for choosing between hypotheses that vary in the number of parameters but also importantly, for comparing multiple informed hypotheses that posit different order constraints but share a common set of parameters. For example, consider the following three hypotheses: $H_1 : \mu_1, \mu_2, \mu_3$; $H_2 : \mu_1, (\mu_2 < \mu_3)$; $H_3 : \mu_1 < \mu_2 < \mu_3$. It is worth noting here that commonly used selection criteria like the Akaike Information Criterion (AIC, [1]) and the Bayesian Information Criterion (BIC, [37]) that

only consider the number of parameters in their complexity penalty term are inappropriate in this case. This is because the two criteria treat the above three hypotheses equally complex (or flexible), which is obviously not.

Accompanying these desirable properties of the Bayes factor are some important caveats. First of all, the Bayes factor can be ill-defined and cannot be used under certain improper priors. An improper prior, by definition, does not integrate to one so we will have $\int \pi(\boldsymbol{\theta})_{improper} d\boldsymbol{\theta} = \infty$. For example, the prior $\pi(\theta) \propto 1/\theta$ is improper over the parameter range $0 < \theta < \infty$ so is the uniform prior $\pi(\theta) = c$ for an unspecified constant c over the same range of the parameter θ . To illustrate, suppose that each element of the data vector $\mathbf{y} = (y_1, \dots, y_n)$ is an independent sample from a normal distribution $N(\mu, \sigma^2)$ with unknown mean μ but known variance σ^2 . In this case, the sample mean \bar{y} is a sufficient statistic for parameter μ . The likelihood is then given by

$$f(\bar{y}|\mu) = \frac{1}{\sqrt{2\pi}\sigma} \exp\left(-\frac{1}{2\sigma^2/n}(\mu - \bar{y})^2\right) \quad (4)$$

as a function of parameter μ . If we were to use the improper uniform prior $\pi(\mu) = c$ for $-\infty < \mu < \infty$, the marginal likelihood $m(\bar{y}) = \int_{-\infty}^{+\infty} f(\bar{y}|\mu)\pi(\mu)d\mu$ would contain the ‘unspecified constant’ c , and as such, the Bayes factor value in (3) would be undetermined.⁴ Interestingly however, for the present example, it is easy to see that the posterior distribution $\pi(\mu|\bar{y})$ is proper with its finite normalizing constant. This is because the unspecified constant c ‘conveniently’ cancels out in the application of Bayes rule to find the posterior

$$\pi(\mu|\bar{y}) = \frac{f(\bar{y}|\mu)\pi(\mu)}{\int f(\bar{y}|\mu)\pi(\mu) d\mu} = \frac{f(\bar{y}|\mu)}{\int f(\bar{y}|\mu) d\mu} \quad (5)$$

which integrates to one for $-\infty < \mu < \infty$. An important implication is that in a case like this, posterior-based inferences such as Bayesian confidence interval estimation and Deviance Information Criterion (DIC, [39]) based model selection are well-defined and applicable whereas the Bayes factor is not. We will come back to later in this chapter.

Secondly, another caveat is about using the Bayes factor for the comparison between two nested models. It is well known that the Bayes factor can be highly sensitive to the choice of priors, especially under diffuse priors with relatively large variances. In other words, the Bayes factor value can fluctuate widely and nonsensically to incidental minor variations of the priors. This is known as the *Lindley’s paradox* (e.g., [29]). Therefore, for nested models, Bayes factors under non-informative priors must be interpreted with great care.

⁴ An exception to this ‘undetermined’ Bayes factor case is when the marginal likelihood of the other hypothesis being compared against the current one also contains the same constant c so both ‘unspecified constants’ do cancel each other out in the calculation of the ratio of the two marginal likelihoods.

The last but not least challenge in the application of the Bayes factor as a model selection measure is its heavy computational burden. The Bayes factor is non-trivial to compute. To date, there exists no general purpose numerical method for routinely computing the required marginal likelihood, especially for non-linear models with many parameters and non-conjugate priors.

Addressing these issues and challenges in Bayes factor calculations, the Utrecht group led by Herbert Hoijtink and Irene Klugkist has developed an elegant technique for estimating the Bayes factor from prior and posterior samples, without having to directly compute the marginal likelihoods. In following section, we provide a critical review of the essentials of the method, which may be call the *encompassing prior Bayes factor* approach, or the encompassing Bayes approach in short ([23], [24], [22]).

2.3 Encompassing Prior Bayes Factors

The encompassing Bayes approach has been developed specifically for model selection with informed hypotheses. Specifically, the approach requires the setting of two nested hypotheses, H_1 and H_2 , that share the same set of parameters but differ from each other in the form of parametric constraints, for example, $H_1 : \mu_1, \mu_2, \mu_3$ and $H_2 : \mu_1, (\mu_2 < \mu_3)$. For simplicity, in this section we assume that hypothesis H_2 is nested within hypothesis H_1 . Another condition required for the application of the encompassing Bayes approach is that the prior distribution of the smaller hypothesis H_2 is obtained from the prior distribution of the larger hypothesis H_1 simply by restricting the parameter space of H_1 in accordance with the order constraints of H_2 . Formally, this condition can be stated as

$$\pi(\boldsymbol{\theta}|H_2) \propto \begin{cases} \pi(\boldsymbol{\theta}|H_1) & \text{if } \boldsymbol{\theta} \text{ in agreement with } H_2 \\ 0 & \text{otherwise} \end{cases} \quad (6)$$

With these two conditions met, it has been shown that the Bayes factor can be approximated as a ratio of two proportions ([24], [22])

$$BF_{21} \approx \frac{r_{post21}}{r_{pre21}}. \quad (7)$$

In the equation, r_{post21} denotes the proportion of samples from the posterior distribution of hypothesis H_1 , $\pi(\boldsymbol{\theta}|\mathbf{y}, H_1)$, that also satisfy the order constraints of hypothesis H_2 . Similarly, r_{pre21} denotes the proportion of samples from the prior distribution $\pi(\boldsymbol{\theta}|H_1)$ that also satisfy the order constraints of hypothesis H_2 . The beauty of the encompassing Bayes lies in that its implementation requires only the ability to sample from the prior and the posterior of the larger of the two hypotheses, without having to deal with their marginal likelihoods, which can be quite difficult to compute, as mentioned earlier.

The Bayes factor calculated using the computational ‘trick’ in (7) may have large variances especially when the smaller hypothesis is too highly constrained to yield stable estimates of the proportions. r_{post} and r_{pre} . In such

cases, one may resort to the following more efficient estimation method. That is, we first note that the Bayes factor for two hypotheses H_q and H_1 can be rewritten in terms of a series of (artificial) Bayes factors corresponding to pairs of nested hypotheses created by recursively constraining the parameter space of H_1 as

$$BF_{q1} = BF_{q(q-1)} \cdot BF_{(q-1)(q-2)} \cdots BF_{21} \quad (8)$$

for $H_q \subset H_{q-1} \subset \dots \subset H_2 \subset H_1$. Using this equality, one can then compute the desired BF_{q1} as a product of BF_{ij} 's, each of which is in turn estimated from the equation (7) using any standard MCMC algorithms or the ones that are specifically tailored to order constrained hypotheses (e.g., [10]).

The encompassing Bayes approach is quite an ingenious idea that allows one to routinely compute Bayes factors simply by sampling from prior and posterior distributions, thereby bypassing the potentially steep hurdle of computing the marginal likelihood. As demonstrated in various chapters of this book, the approach has been successfully applied to comparing order constrained hypotheses that arise in a wide range of data analysis problems including analysis of variance, analysis of covariance, multilevel analysis, and analysis of contingency tables.

There is, however, one assumption of the encompassing Bayes approach that may limit its usefulness in practice. This is the requirement that all hypotheses, constrained or unconstrained, be of the same dimension. To illustrate, consider the following two hypotheses:

$$\begin{aligned} H_1 &: \mu_1, \mu_2, \mu_3 \\ H_2 &: \mu_1 = \mu_2 < \mu_3 \end{aligned} \quad (9)$$

Note that H_1 has three free parameters whereas H_2 has two. In this case, the Bayes factor in (7) is undefined as both prior and posterior proportions is effectively equal to zero. Klugkist, in her contributing chapter of the present volume [22], outlines a heuristic procedure that may be employed to approximate the Bayes factor for equality constrained hypotheses. Briefly, according to the procedure, we first construct a series of ‘about equality’ hypotheses of varying degrees,

$$H_2(\delta_i) : |\mu_1 - \mu_2| < \delta, \mu_2 < \mu_3, \quad (i = 1, 2, \dots, q) \quad (10)$$

for $\delta_1 > \delta_2 > \dots > \delta_q > 0$. We then estimate the Bayes factor using the formulation in (8) by letting $\delta_q \rightarrow 0$, provided that the estimate converges to a constant. This is quite an elegant trick, though a problem may arise if the estimate does not converge, meaning that the final estimate is highly dependent upon the particular choice of limiting sequences $\{\delta_1, \delta_2, \dots, \delta_q\}$ and/or upon the choice of priors. Further theoretical work showing that this is not generally the case is clearly needed.

Continuing the discussion on the model selection problem with informed hypotheses involving equality constrained hypotheses, one can think of at least two alternative methods, other than Kluglist’ procedure described above.

The first is the *completing and splitting* method that is introduced in Pericchi, Liu and Torres’ chapter of this volume [31]. To illustrate, consider again the two hypotheses: $H_1 : \mu_1, \mu_2, \mu_3$; $H_2 : \mu_1 = \mu_2 < \mu_3$. The basic idea of the completing and splitting method is to add a third “surrogating” hypothesis H_3 to the original two. The new hypothesis is constructed by removing the inequality constraint from H_2 but keeping the equality constraint, that is, $H_3 : \mu_1 = \mu_2, \mu_3$. Note that H_3 is of the same dimension (i.e., 2) as H_2 so one can apply the encompassing Bayes approach to obtain the Bayes factor for these two hypotheses. Now, the desired Bayes factor BF_{21} we wanted to compute is then expressed in terms of the “surrogating” hypothesis H_3 as $BF_{21} = BF_{23} \cdot BF_{31}$. In this expression, the first factor BF_{23} in the right hand side is calculated using the encompassing Bayes approach in (7). As for the second factor BF_{31} for two unconstrained hypotheses that differ in dimensions, this quantity may be computed with the usual Bayesian computational methods such as the intrinsic Bayes factor [3] or the fractional Bayes factor [30]. Incidentally, it would be of interest to examine whether Kluglist’s procedure would yield the same Bayes factor value as the completing and splitting method.

The second approach for dealing with equality hypotheses represents a departure for Bayes factor based model selection. Model selection criteria proposed under this approach may be termed collectively *posterior predictive selection methods* and are discussed in great detail in Chen and Kim’s chapter of this volume [5]. In the following section, we provide a critical review of these methods and their relations to Bayes factors.

2.4 Posterior Predictive Selection Criteria

The posterior predictive model selection criteria discussed in Chen et al’s chapter [5] are the L measure ([4], [13]), the Deviance Information Criterion (DIC, [39], [11]), and the Logarithm of the Pseudomarginal Likelihood (LPML, [8], [14]). All three measures are defined with respect to the posterior predictive distribution (ppd) of future, yet-to-observed data \mathbf{z}

$$f_{ppd}(\mathbf{z}|\mathbf{y}_{obs}) = \int f(\mathbf{z}|\boldsymbol{\theta})\pi(\boldsymbol{\theta}|\mathbf{y}_{obs})d\boldsymbol{\theta} \quad (11)$$

where $\mathbf{y}_{obs} = (y_{1,obs}, \dots, y_{n,obs})$ is the currently observed data.⁵ Samples from this predictive distribution represent predictions for future observations from the same process that has generated the observed data.

⁵ The subscript *obs* in \mathbf{y}_{obs} is inserted to explicitly indicate the observed data so as to avoid confusions with another symbol \mathbf{y} , which is being used in an equation below to denote a random vector.

A posterior predictive criterion is designed to assess a model's or hypothesis's predictive accuracy for future samples. The above three criteria differ from one another in the form of the predictive accuracy measure employed

$$\begin{aligned} L - measure &= E(\mathbf{z} - \mathbf{y})^2 \\ DIC &= E[-2 \ln f(\mathbf{z} | \bar{\boldsymbol{\theta}}(\mathbf{y}_{obs}))] \\ LPML &= \sum_{i=1}^n \ln f_{ppd}(y_{i,obs} | \mathbf{y}_{obs}^{(-i)}) \end{aligned} \quad (12)$$

where $\bar{\boldsymbol{\theta}}$ denotes the posterior mean, $\mathbf{y}_{obs}^{(-i)}$ denotes \mathbf{y}_{obs} with the i -th observation deleted, and finally, all expectations $E(\cdot)$ are taken with respect to the posterior predictive distribution $f_{ppd}(\mathbf{z} | \mathbf{y}_{obs})$. Under suitable assumptions, each of the above 'theoretical' measures is approximately estimated by the following 'computable' expression

$$\begin{aligned} L - measure &= \sum_{i=1}^n (E_{\boldsymbol{\theta} | \mathbf{y}_{obs}} [E_{\mathbf{y} | \boldsymbol{\theta}}(y_i^2 | \boldsymbol{\theta})] - \mu_i^2) + \nu \sum_{i=1}^n (\mu_i - y_{i,obs})^2 \\ DIC &= D(\bar{\boldsymbol{\theta}}) + 2p_D \\ LPML &= \sum_{i=1}^n \ln E_{\boldsymbol{\theta} | \mathbf{y}_{obs}^{(-i)}} [f(y_{i,obs} | \boldsymbol{\theta})] \end{aligned} \quad (13)$$

In the first equation defining the $L - measure$ criterion, ν is a tuning parameter to be fixed between 0 and 1, and $\mu_i = E_{\boldsymbol{\theta} | \mathbf{y}_{obs}} [E_{\mathbf{y} | \boldsymbol{\theta}}(y_i | \boldsymbol{\theta})]$ with the first expectation defined with respect to the posterior distribution $\pi(\boldsymbol{\theta} | \mathbf{y}_{obs})$ and the second expectation defined with respect to the sampling distribution $f(\mathbf{y} | \boldsymbol{\theta})$ given the parameter $\boldsymbol{\theta}$. In the second expression defining DIC, $D(\boldsymbol{\theta})$ is the deviance function given data vector \mathbf{y}_{obs} defined as $D(\boldsymbol{\theta}) = -2 \ln f(\mathbf{y}_{obs} | \boldsymbol{\theta})$ (see, e.g., [27]), $\bar{\boldsymbol{\theta}}$ denotes the mean of $\boldsymbol{\theta}$ with respect to the posterior distribution $\pi(\boldsymbol{\theta} | \mathbf{y}_{obs})$, and finally, p_D is the effective number of model parameters, or a model complexity (flexibility) measure, defined as $p_D = \bar{D}(\boldsymbol{\theta}) - D(\bar{\boldsymbol{\theta}})$. In the third expression regarding LPML, the expectation is with regard to the posterior distribution $\pi(\boldsymbol{\theta} | \mathbf{y}_{obs}^{(-i)})$. For L-measure and DIC, the smaller their value, the better the model. The opposite is true for LPML.

The three model selection criteria in (13) differ in at least two important ways from the Bayes factor. First, they are predictive measures the goal of each of which is to pick a model or hypothesis that achieves best predictions for future data. In contrast, the goal of Bayes factor model selection is to find the model with highest posterior model probability. Second, the all three criteria are defined based on samples from the posterior distribution $\pi(\boldsymbol{\theta} | \mathbf{y}_{obs})$. As such, it is straightforward to compute the criteria with any standard MCMC methods for inequality constrained hypotheses and even for equality constrained hypotheses, which can be particularly thorny for Bayes factor computation.

Notwithstanding these attractive features of the predictive model selection criteria, one may object them on the ground that they may be intuitive but are based on arbitrary measures of predictive accuracy. That is, one may ask questions such as: Why the squared error loss function in L-measure, or for that matter, the deviance function in DIC?; which of the three is the “best”; what should we do if their model choices disagree with one another’s? Further, regarding DIC, it is known to violate the reparameterization invariance rule ([39]). Reparameterization invariance means that a model’s data fitting capability does not change, as it should, when the model’s equation is rewritten under a reparameterization of the model’s parameter. For instance, the model equation $y = \exp(-\theta x)$ can be re-expressed as $y = \eta^{-x}$ through the reparameterization $\eta = \exp(\theta)$. DIC is generally not reparameterization-invariant as the posterior mean $\hat{\theta}$ in the DIC equation (13) does change its value under reparameterization. In short, the reader should be aware of these issues and interprets the results from the application of the posterior predictive criteria with a grain of salt.

3 Hierarchical Bayes Inequality Constrained Analysis of Variance

In the section, we present and discuss an example application of the Bayesian approach for analyzing anova-like data. In particular, we implement and demonstrate a hierarchical Bayes framework. Also discussed in the example application is a comparison between the results from Bayes factor model selection and those from posterior predictive model selection using DIC.

3.1 Blood Pressure Data and Informed Hypotheses

We consider blood pressure data that was discussed in Maxell and Delaney book [26] on experimental designs. This is hypothetical data created to illustrate certain statistical ideas in their book. The data are imagined to be from an experiment in which a researcher wants to study the effectiveness of diet, drugs, and biofeedback for treating hypertension. The researcher designs a 2 x 3 x 2 between-subjects factorial experiment in which the diet factor varies over two levels (absent and present), the drug factor over three levels (drug X, Y and Z) and the biofeedback factor over two levels (absent and present). Blood pressure is measured for six individuals in each of a total of twelve cells. Cell means for the data are shown in Table 1.

Some general trends can be noticed from the table. Both diet and biofeedback seem to be effective in lowering blood pressure. Also, among the three drugs, it appears that drug X is the most effective, and that drug Z seems better than drug Y, though the latter differences may be due to sampling error. Results from an analysis of variance applied to these data indicate that all three main effects are statistically significant, with each p-value being less

Table 1. Blood pressure data from a hypothetical experiment. Shown in each of 12 cells in non-boldface is the sample mean of six individual observations. Adapted from Table 8.13 of Maxwell and Delaney (2003, [26]).

Diet Absent		Drug			
		X	Y	Z	Mean
Biofeedback	Absent	188	200	209	199
	Present	168	204	189	187
	Mean	178	202	199	193
Diet Present		Drug			
		X	Y	Z	Mean
Biofeedback	Absent	173	187	182	180.67
	Present	169	172	173	171.33
	Mean	171	179.5	177.5	176

than 0.001, and that none of the two-way and three-way interactions are significant [26].

Based these analysis-of-variance results, to illustrate a hierarchical Bayes order restricted inference framework, we consider five hypotheses. They include the null hypothesis, H_0 , with no order constraints, and four informed hypotheses, $H_1 - H_4$, with varying degrees of order constraints on the population cell means:

$$\begin{aligned}
 H_0 &: \text{Unconstrained } \mu_{ijk}'s \\
 H_1 &: \mu_{DB\bullet} < \{\mu_{D\bar{B}\bullet}, \mu_{D\underline{B}\bullet}\}; \{\mu_{D\bar{B}\bullet}, \mu_{D\underline{B}\bullet}\} < \mu_{D\bar{B}\bullet} \\
 H_2 &: \mu_{DB\bullet} < \mu_{D\bar{B}\bullet} < \mu_{D\underline{B}\bullet} < \mu_{D\underline{\bar{B}}\bullet} \\
 H_3 &: \mu_{DBk} < \{\mu_{D\bar{B}k}, \mu_{D\underline{B}k}\}; \{\mu_{D\bar{B}k}, \mu_{D\underline{B}k}\} < \mu_{D\bar{B}k} \text{ for all } k \\
 &\quad \mu_{ijX} < \mu_{ijZ} < \mu_{ijY} \text{ for all } i, j \\
 H_4 &: \mu_{DBk} < \mu_{D\bar{B}k} < \mu_{D\underline{B}k} < \mu_{D\underline{\bar{B}}k} \text{ for all } k \\
 &\quad \mu_{ijX} < \mu_{ijZ} < \mu_{ijY} \text{ for all } i, j
 \end{aligned} \tag{14}$$

In the above equation the subscript i denotes the level of the diet factor (D : present; \underline{D} : absent), the subscript j denotes the level of the biofeedback factor (B : present; \underline{B} : absent), and finally, the subscript k denotes the drug type (X, Y, or B). The subscript \bullet indicates that the result is averaged across all levels of the corresponding factor. Shown in Figure 1 are the four informed hypotheses in graphical form.

3.2 Hierarchical Bayesian Analysis

Given the five hypotheses in (14) we are interested in evaluating, the model selection problem is to identify the hypothesis that best describes the blood

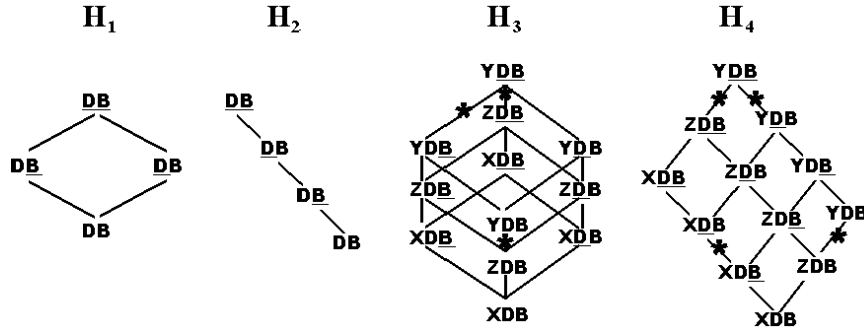


Fig. 1. The four informed hypotheses defined in (14). In each connected graph, for two treatment conditions that are connected to each other, the one that is positioned above the other has a higher population mean value and as such is *less effective* in treating high blood pressure than the other condition. The asterisk mark * indicates a violation of the corresponding ordinal prediction in the data.

pressure data in Table 1. To this end, we present a hierarchical Bayesian framework and discuss results from its application to the data.

A defining feature of hierarchical Bayesian modelling is the set-up of multi-level dependency relationships between model parameters such that lower-level parameters are specified probabilistically in terms of higher-level parameters, known as *hyper parameters*, which themselves may in turn be given another probabilistic specification in terms of even higher-level parameters, and so on [11]. The hierarchical modelling generally improves the robustness of the resulting Bayesian inferences with respect to prior specification [32]. Further importantly, the hierarchical set-up of parameters is particularly suitable for modelling various kinds of dependence structure that the data might exhibit, such as individual differences in response variables and trial-by-trial dependency of reaction times. Recently, the hierarchical Bayesian modelling has become increasingly popular in cognitive modelling, and its utility and success have been well demonstrated (see, e.g., [35], [36], [25])

Using the standard distributional notation, we now specify the hierarchical Bayesian framework for modelling the blood pressure data in Table 1 as

$$\begin{aligned}
 \text{Data : } & y_{ijkl} = \mu_{ijk} + \epsilon_{ijkl} \\
 & \mu_{ijk} | \eta, \tau^2 \sim N(\eta, \tau^2) \\
 \text{Priors : } & \eta | \psi^2 \sim N(0, \psi^2) \\
 & \tau^2 | a, b \sim IG(a, b) \\
 & \sigma^2 | c, d \sim IG(c, d)
 \end{aligned}
 \tag{15}$$

where $\epsilon_{ijkl} \sim N(0, \sigma^2)$, $i = 1, \dots, I, j = 1, \dots, J, k = 1, \dots, K, l = 1, \dots, n$, N denotes a normal distribution, IG denotes an inverse Gamma distribution⁶, and ψ^2, a, b, c, d are fixed constants. Note in the above equation that η and τ^2 represent two hyper-parameters assumed in the model. For the blood pressure data, $I = 2, J = 3, K = 2$ and $n = 6$.

Let us define the data vector as $\mathbf{y} = (y_{111}, \dots, y_{IJK})$ and the parameter vector as $\boldsymbol{\theta} = (\boldsymbol{\mu}, \sigma^2, \eta, \tau^2)$ where $\boldsymbol{\mu} = (\mu_{111}, \dots, \mu_{IJK})$. The posterior density under the unconstrained hypothesis H_0 in (14) is then given by

$$\pi(\boldsymbol{\theta}|\mathbf{y}) \propto f(\mathbf{y}|\boldsymbol{\mu}, \sigma^2, \eta, \tau^2) \pi(\boldsymbol{\mu}|\eta, \tau^2) \pi(\eta|\psi^2) \pi(\tau^2|a, b) \pi(\sigma^2|c, d) \quad (16)$$

From this, one can easily derive the full conditional posterior distributions of various parameters as

$$\begin{aligned} \pi(\mu_{ijk}|\mathbf{y}, \boldsymbol{\mu}^{(-ijk)}, \sigma^2, \eta, \tau^2) &\sim N\left(\frac{\frac{\sigma^2}{n}\eta + \tau^2 \frac{\sum_{l=1}^n y_{ijkl}}{n}}{\frac{\sigma^2}{n} + \tau^2}, \frac{\frac{\sigma^2}{n}\tau^2}{\frac{\sigma^2}{n} + \tau^2}\right) \\ \pi(\eta|\mathbf{y}, \boldsymbol{\mu}, \sigma^2, \tau^2) &\sim N\left(\frac{\psi^2}{IJK\psi^2 + \tau^2} \sum_{i=1}^I \sum_{j=1}^J \sum_{k=1}^K \mu_{ijk}, \frac{\psi^2\tau^2}{IJK\sigma^2 + \tau^2}\right) \\ \pi(\tau^2|\mathbf{y}, \boldsymbol{\mu}, \sigma^2, \mu) &\sim IG\left(a + \frac{IJK}{2}, \left[\frac{1}{b} + \frac{1}{2} \sum_{i=1}^I \sum_{j=1}^J \sum_{k=1}^K (\mu_{ijk} - \eta)^2\right]^{-1}\right) \\ \pi(\sigma^2|\mathbf{y}, \boldsymbol{\mu}, \eta, \tau^2) &\sim IG\left(c + \frac{IJKn}{2}, \left[\frac{1}{d} + \frac{1}{2} \sum_{i=1}^I \sum_{j=1}^J \sum_{k=1}^K \sum_{l=1}^n (y_{ijkl} - \mu_{ijk})^2\right]^{-1}\right) \end{aligned} \quad (17)$$

From these full conditionals for the unconstrained hypothesis, a Gibbs sampler can be devised to draw posterior samples from an informed hypotheses with order constraints of the form $\alpha \leq \theta_i \leq \beta$, specifically, the following *inverse probability sampling* procedure [10]

$$\theta_i = F_i^{-1} [F_i(\alpha) + U \cdot (F_i(\beta) - F_i(\alpha))] \quad (18)$$

where F_i is the cumulative full conditional distribution for θ_i of the unconstrained hypothesis, F_i^{-1} is its inverse, and U is a uniform random number on $[0, 1]$. It should be noted that special care needs to be taken in applying this procedure for hierarchical models with constrained parameters. This is because the normalizing constants for lower-level parameters generally depend upon the values of higher-level parameters so the constants do not cancel one another out, thereby making the implementation of Gibbs sampling difficult, if not impossible. Chen and Shao [6] developed efficient Monte Carlo methods

⁶ The probability density function of the Gamma and Inverse-Gamma distributions are defined as $G(a, b) : f(x|a, b) = \frac{1}{\Gamma(a)b^a} x^{a-1} e^{-x/b} (a, b > 0; 0 < x < \infty)$; $IG(a, b) : f(x|a, b) = \frac{1}{\Gamma(a)b^a} x^{-a-1} e^{-1/bx} (a, b > 0; 0 < x < \infty)$. Note that $X \sim G(a, b) \iff 1/X \sim IG(a, b)$.

that address the problem. We implemented their methods in our application of the inverse probability sampling procedure.

From posterior samples, one can then compute the DIC criterion in (13) with the deviance function $D(\boldsymbol{\theta})$ for the data model in (15) expressed as

$$\begin{aligned}
 D(\boldsymbol{\theta}) &= -2 \ln f(\mathbf{y} | \boldsymbol{\theta} = (\boldsymbol{\mu}, \sigma^2, \eta, \tau^2)) \\
 &= \sum_{i=1}^I \sum_{j=1}^J \sum_{k=1}^K \frac{(\mu_{ijk} - \bar{y}_{ijk})^2}{\sigma^2/n} + IJK \cdot \ln(2\pi\sigma^2/n) \tag{19}
 \end{aligned}$$

where \bar{y}_{ijk} represents the sample mean for cell ijk . The Bayes factors and the posterior model probabilities for the five hypotheses in (14) are estimated using the encompassing Bayes approach discussed earlier.

The model comparison results are presented in Table 2. Shown in the second column of the table are the p_D values, which measure the effective number of parameters. All five hypotheses assume the same number of parameters (i.e., 15) including the two hyper-parameters of η and τ^2 , and yet, obviously they differ in model complexity as each imposes different degrees of order constraints upon the parameters. Note that the unconstrained hypothesis H_0 has the largest p_D value of 9.61 and then the complexity value decreases from top to bottom of the column. This pattern of result agrees with the intuitive notion that the more order constraints an informed hypothesis assumes, the less complexity the hypothesis becomes. The DIC results shown on the third column indicate that among the five informed hypotheses, the simplest one H_4 is the best predicting model from the posterior predictive standpoint.

Table 2. Model comparison results for the five hypotheses in (14) and the blood pressure data in Table 1. The DIC results are based on the following parameter values for the hyper priors: $a = 10, b = 0.01, c = 10, d = 0.01; \psi = 4000$. For each hypothesis, the mean DIC value and the 95% confidence interval based on ten independent runs of the inverse probability sampling procedure are shown. The encompassing prior Bayes factors are based on 30 million samples drawn from each of the prior and posterior distributions under the unconstrained hypothesis H_0 .

Hypothesis	p_D	DIC	r_{preq0}	r_{postq0}	BF_{q0}	$p(H_q \mathbf{y})$
H_0	9.61	37.06 ± 0.11	1.000	1.000	1.00	0.0004
H_1	7.50	34.10 ± 0.52	0.080	0.570	7.15	0.003
H_2	7.03	33.52 ± 1.42	0.041	0.49	12.0	0.005
H_3	5.70	32.14 ± 1.57	5.0e-06	0.0038	711	0.31
H_4	5.03	30.96 ± 1.09	7.7e-07	0.0012	1533	0.67

The remaining columns of the table present the encompassing Bayes results. First of all, recall that the r_{preq0} and r_{postq0} values estimate the proportions of prior and posterior samples, respectively, drawn from the unconstrained hypothesis H_0 that satisfy the order constraints of an informed hypothesis. We note that both of these proportion values exhibit the same decreasing trend as the p_D values, though it is a much steeper in the former. Next, the Bayes factor results, shown in the sixth column, clearly point to H_3 and H_4 as two ‘winners’ in the model selection competition. Between these two, H_4 has about twice higher Bayes factor value than H_3 . This result, taking into account the other Bayes factor values on the same column, translates into the posterior hypothesis probabilities of 0.67 and 0.31 for H_4 and H_3 , respectively. So if we were to choose between these two informed hypotheses, it would then be H_4 as the one that is most likely to have generated the data.

To summarize, both DIC and Bayes factor based selection pick the hypothesis H_4 as the best model among the five competing hypotheses. Therefore, as far as the present data are concerned, the best predicting model turns out to be also the most likely model, which we find is often the case in practice.

4 Concluding Remarks

In this chapter we provided an overview of the recent developments in Bayesian order restricted inference that are well suited to be adopted for theory testing in the psychological science. We also discussed our own example application of the Bayesian framework in the hierarchical modelling context. Fuelled by a series of the computational breakthroughs in the early 1990s, Bayesian statistics has become increasingly popular in various scientific disciplines, in particular, in the biomedical and engineering sciences. We believe that it is the time for psychological researchers to take notice and reap the benefits of applying the powerful and versatile inference tool to advance our understanding of the mental and behavioral phenomena we are studying. We hope this chapter will serve as another example that demonstrates the power of the Bayesian approach.

We conclude the chapter by reiterating what we said earlier: the Bayesian methods developed over the past decade through the pioneering efforts of Hoijtink, Klugkist and their colleagues at the Utrecht University for testing informed hypotheses are quite impressive in their applicability and success, as demonstrated in their chapters of this book. The work is likely to be recognized in the years to come as one of the major contributions to the field of quantitative data modelling.

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