

Elements of Distribution Theory

This detailed introduction to distribution theory uses no measure theory, making it suitable for students in statistics and econometrics as well as for researchers who use statistical methods. Good backgrounds in calculus and linear algebra are important and a course in elementary mathematical analysis is useful, but not required. An appendix gives a detailed summary of the mathematical definitions and results that are used in the book.

Topics covered range from the basic distribution and density functions, expectation, conditioning, characteristic functions, cumulants, convergence in distribution, and the central limit theorem to more advanced concepts such as exchangeability, models with a group structure, asymptotic approximations to integrals, orthogonal polynomials, and saddle-point approximations. The emphasis is on topics useful in understanding statistical methodology; thus, parametric statistical models and the distribution theory associated with the normal distribution are covered comprehensively.

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To My Parents

Contents

<i>Preface</i>	<i>page xi</i>
1. Properties of Probability Distributions	1
1.1 Introduction	1
1.2 Basic Framework	1
1.3 Random Variables	5
1.4 Distribution Functions	8
1.5 Quantile Functions	15
1.6 Density and Frequency Functions	20
1.7 Integration with Respect to a Distribution Function	26
1.8 Expectation	28
1.9 Exercises	34
1.10 Suggestions for Further Reading	38
2. Conditional Distributions and Expectation	39
2.1 Introduction	39
2.2 Marginal Distributions and Independence	39
2.3 Conditional Distributions	46
2.4 Conditional Expectation	53
2.5 Exchangeability	59
2.6 Martingales	62
2.7 Exercises	64
2.8 Suggestions for Further Reading	67
3. Characteristic Functions	69
3.1 Introduction	69
3.2 Basic Properties	72
3.3 Further Properties of Characteristic Functions	82
3.4 Exercises	90
3.5 Suggestions for Further Reading	93
4. Moments and Cumulants	94
4.1 Introduction	94
4.2 Moments and Central Moments	94
4.3 Laplace Transforms and Moment-Generating Functions	99
4.4 Cumulants	110

4.5	Moments and Cumulants of the Sample Mean	120
4.6	Conditional Moments and Cumulants	124
4.7	Exercises	127
4.8	Suggestions for Further Reading	130
5.	Parametric Families of Distributions	132
5.1	Introduction	132
5.2	Parameters and Identifiability	132
5.3	Exponential Family Models	137
5.4	Hierarchical Models	147
5.5	Regression Models	150
5.6	Models with a Group Structure	152
5.7	Exercises	164
5.8	Suggestions for Further Reading	169
6.	Stochastic Processes	170
6.1	Introduction	170
6.2	Discrete-Time Stationary Processes	171
6.3	Moving Average Processes	174
6.4	Markov Processes	182
6.5	Counting Processes	187
6.6	Wiener Processes	192
6.7	Exercises	195
6.8	Suggestions for Further Reading	198
7.	Distribution Theory for Functions of Random Variables	199
7.1	Introduction	199
7.2	Functions of a Real-Valued Random Variable	199
7.3	Functions of a Random Vector	202
7.4	Sums of Random Variables	212
7.5	Order Statistics	216
7.6	Ranks	224
7.7	Monte Carlo Methods	228
7.8	Exercises	231
7.9	Suggestions for Further Reading	234
8.	Normal Distribution Theory	235
8.1	Introduction	235
8.2	Multivariate Normal Distribution	235
8.3	Conditional Distributions	240
8.4	Quadratic Forms	244
8.5	Sampling Distributions	250
8.6	Exercises	253
8.7	Suggestions for Further Reading	256
9.	Approximation of Integrals	257
9.1	Introduction	257
9.2	Some Useful Functions	257
9.3	Asymptotic Expansions	264

Contents

ix

9.4	Watson's Lemma	268
9.5	Laplace's Method	276
9.6	Uniform Asymptotic Approximations	281
9.7	Approximation of Sums	288
9.8	Exercises	295
9.9	Suggestions for Further Reading	297
10.	Orthogonal Polynomials	299
10.1	Introduction	299
10.2	General Systems of Orthogonal Polynomials	299
10.3	Classical Orthogonal Polynomials	312
10.4	Gaussian Quadrature	317
10.5	Exercises	319
10.6	Suggestions for Further Reading	321
11.	Approximation of Probability Distributions	322
11.1	Introduction	322
11.2	Basic Properties of Convergence in Distribution	325
11.3	Convergence in Probability	338
11.4	Convergence in Distribution of Functions of Random Vectors	346
11.5	Convergence of Expected Values	349
11.6	O_p and o_p Notation	354
11.7	Exercises	359
11.8	Suggestions for Further Reading	364
12.	Central Limit Theorems	365
12.1	Introduction	365
12.2	Independent, Identically Distributed Random Variables	365
12.3	Triangular Arrays	367
12.4	Random Vectors	376
12.5	Random Variables with a Parametric Distribution	378
12.6	Dependent Random Variables	386
12.7	Exercises	395
12.8	Suggestions for Further Reading	399
13.	Approximations to the Distributions of More General Statistics	400
13.1	Introduction	400
13.2	Nonlinear Functions of Sample Means	400
13.3	Order Statistics	404
13.4	U -Statistics	415
13.5	Rank Statistics	422
13.6	Exercises	432
13.7	Suggestions for Further Reading	434
14.	Higher-Order Asymptotic Approximations	435
14.1	Introduction	435
14.2	Edgeworth Series Approximations	435

14.3 Saddlepoint Approximations	447
14.4 Stochastic Asymptotic Expansions	454
14.5 Approximation of Moments	460
14.6 Exercises	466
14.7 Suggestions for Further Reading	469
Appendix 1. Integration with Respect to a Distribution Function	471
Appendix 2. Basic Properties of Complex Numbers	479
Appendix 3. Some Useful Mathematical Facts	483
<i>References</i>	503
<i>Name Index</i>	507
<i>Subject Index</i>	509

Preface

Distribution theory lies at the interface of probability and statistics. It is closely related to probability theory; however, it differs in its focus on the calculation and approximation of probability distributions and associated quantities such as moments and cumulants. Although distribution theory plays a central role in the development of statistical methodology, distribution theory itself does not deal with issues of statistical inference.

Many standard texts on mathematical statistics and statistical inference contain either a few chapters or an appendix on basic distribution theory. I have found that such treatments are generally too brief, often ignoring such important concepts as characteristic functions or cumulants. On the other hand, the discussion in books on probability theory is often too abstract for readers whose primary interest is in statistical methodology.

The purpose of this book is to provide a detailed introduction to the central results of distribution theory, in particular, those results needed to understand statistical methodology, without requiring an extensive background in mathematics. Chapters 1 to 4 cover basic topics such as random variables, distribution and density functions, expectation, conditioning, characteristic functions, moments, and cumulants. Chapter 5 covers parametric families of distributions, including exponential families, hierarchical models, and models with a group structure. Chapter 6 contains an introduction to stochastic processes.

Chapter 7 covers distribution theory for functions of random variables and Chapter 8 covers distribution theory associated with the normal distribution. Chapters 9 and 10 are more specialized, covering asymptotic approximations to integrals and orthogonal polynomials, respectively. Although these are classical topics in mathematics, they are often overlooked in statistics texts, despite the fact that the results are often used in statistics. For instance, Watson's lemma and Laplace's method are general, useful tools for approximating the integrals that arise in statistics, and orthogonal polynomials are used in areas ranging from nonparametric function estimation to experimental design.

Chapters 11 to 14 cover large-sample approximations to probability distributions. Chapter 11 covers the basic ideas of convergence in distribution and Chapter 12 contains several versions of the central limit theorem. Chapter 13 considers the problem of approximating the distribution of statistics that are more general than sample means, such as nonlinear functions of sample means and U -statistics. Higher-order asymptotic approximations such as Edgeworth series approximations and saddlepoint approximations are presented in Chapter 14.

I have attempted to keep each chapter as self-contained as possible, but some dependencies are inevitable. Chapter 1 and Sections 2.1–2.4, 3.1–3.2, and 4.1–4.4 contain core topics that are used throughout the book; the material covered in these sections will most likely be

familiar to readers who have taken a course in basic probability theory. Chapter 12 requires Chapter 11 and Chapters 13 and 14 require Chapter 12; in addition, Sections 13.3 and 13.5 use material from Sections 7.5 and 7.6.

The mathematical prerequisites for this book are modest. Good backgrounds in calculus and linear algebra are important and a course in elementary mathematical analysis at the level of Rudin (1976) is useful, but not required. Appendix 3 gives a detailed summary of the mathematical definitions and results that are used in the book.

Although many results from elementary probability theory are presented in Chapters 1 to 4, it is assumed that readers have had some previous exposure to basic probability theory. Measure theory, however, is not needed and is not used in the book. Thus, although measurability is briefly discussed in Chapter 1, throughout the book all subsets of a given sample space are implicitly assumed to be measurable. The main drawback of this is that it is not possible to rigorously define an integral with respect to a distribution function and to establish commonly used properties of this integral. Although, ideally, readers will have had previous exposure to integration theory, it is possible to use these results without fully understanding their proofs; to help in this regard, Appendix 1 contains a brief summary of the integration theory needed, along with important properties of the integral.

Proofs are given for nearly every result stated. The main exceptions are results requiring measure theory, although there are surprisingly few results of this type. In these cases, I have tried to outline the basic ideas of the proof and to give an indication of why more sophisticated mathematical results are needed. The other exceptions are a few cases in which a proof is given for the case of real-valued random variables and the extension to random vectors is omitted and a number of cases in which the proof is left as an exercise. I have not attempted to state results under the weakest possible conditions; on the contrary, I have often imposed relatively strong conditions if that allows a simpler and more transparent proof.

Evanston, IL, January, 2005
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