## **CONTENTS**

Introduction and Descriptive Statistics		1	1
1.1	Statistics and statistical analysis	1	1
1.2	Descriptive statistics	6	
1.3	Central location	13	
1.4	Measures of dispersion	20	
1.5	Other descriptive measures	30	
1.6	Summary	35	
	Glossary	39	
Probability Theory: Discrete Sample Spaces		41	0
2.1	Introduction	41	K
2.2	The probability model	42	
2.3	Subjective and objective probability	46	
2.4	Counting rules	50	
2.5	Permutations and combinations	54	
2.6	Probability rules	60	
2.7	Special cases of probability rules	69	
2.8	Marginal probability	79	
2.9	Bayes' rule	82	
2.10	Application of probability theory: An example	85	
	Glossary	92	
Discrete Random Variables and Expectations		95	2
3.1	Introduction and probability models	95	U
3.2	Probability mass functions (p.m.f.)	101	
3.3	Expected values	106	

	3.4 Expectation rules*	118
	3.5 Bivariate probability functions*	120
	3.6 Bivariate expectations*	125
	Glossary	134
1	Discrete Probability Distributions	135
	4.1 Introduction	135
	4.2 Binomial distribution	135
	4.3 Characteristics and use of the binomial distribution	144
	4.4 Binomial proportions	152
	4.5 The hypergeometric distribution	156
	4.6 The Poisson distribution†	161
	4.7 Approximation of discrete random variables by continuous	
	random variables	168
	Glossary	171
K	Probability Theory: Continuous Random Variables	173
<b>O</b>	5.1 Introduction	173
	5.2 Probability density functions	173
	5.3 Similarities between probability concepts for discrete and	
	continuous random variables	182
	5.4 The normal distribution	187
	5.5 Standardized normal	192
	5.6 Normal approximation to the binomial	202
	5.7 Exponential distribution†	209
	5.8 Probability distributions—Summary	212
C	Sampling and Sampling Distributions	219
O	6.1 Introduction	219
	6.2 Sampling designs	220
	6.3 Sample statistics	227
	6.4 Sampling distribution of $\bar{x}$	234
	6.5 Sampling distribution of $\bar{x}$ , normal parent population	239
	6.6 Sampling distribution of $\bar{x}$ , population distribution	
	unknown, $\sigma$ known	242
	6.7 Finite population correction factor	246
	6.8 Sampling distribution of $\bar{x}$ , normal population, $\sigma$ unknown	250
	0.0 Damping distribution of w, mornior population, o distribution	

6.9	The sampling distribution of s <sup>2</sup> , normal population*	257	
	Glossary	264	
Estin	nation	269	
7.1	Introduction	269	
7.2	Four properties of a "good" estimator	270	
7.3	Estimating unknown parameters	275	
7.4	Confidence intervals for $\mu$ ( $\sigma$ known)	281	
7.5	Confidence intervals for $\mu$ ( $\sigma$ unknown)	286	
7.6	Confidence intervals for the binomial parameter <i>p</i> ,		
	using the normal approximation	289	
7.7	Determining the size of the sample $(n)$	293	
7.8	Confidence interval for $\sigma^2\dagger$	296	
	Glossary	303	
Hypothesis Testing: One-sample Tests		305	6
8.1	Introduction and basic concepts	305	
	The standard format of hypothesis testing	311	
	One-sample tests on $\mu$	321	
	Measuring $\beta$ and the power of a test*	328	
	Test on the binomial parameter	334	
	Balancing the risks and costs of making a wrong decision*	340	
	Tests using the chi-square distribution*	345	
	Summary	349	
	Glossary	354	
Нуро	thesis Testing: Multi-sample Tests	357	0
9.1	Introduction	357	
	Test on the difference between two means $(\sigma_1^2)$ and $\sigma_2^2$	00.	
	known)	357	
9.3	Test on the difference between two means $(\sigma_1^2)$ and		
	$\sigma_2^2$ unknown, but assumed equal)	360	
	Test on the difference between two proportions	364	
	Two-sample tests for population variances	366	
9.6	A nonparametric test on differences between two		
	populations*	374	
9.7	Chi-square test for independence	379	

	9.8 Analysis-of-variance test of differences among means	
	of two or more populations*	384
	Glossary	397
<b>10</b> St	atistical Decision Theory	399
IU :	0.1 Introduction to a decision problem	399
	0.2 Expected monetary value criterion	402
	10.3 Perkins Plastics—An example	403
1	10.4 The revision of probabilities	406
	10.5 The value of information $(n = 1)$	409
]	10.6 Analysis for larger sample sizes	412
:	10.7 Utility analysis*	421
	10.8 Decision analysis for continuous functions*	427
	10.9 Bayes' rule for continuous functions	432
10	0.10 Bayesian analysis: Advantages and disadvantages	438
	Glossary	442
<b>44</b> s	imple Regression and Correlation Analysis	445
<b>11</b> s	11.1 Introduction	445
	11.2 Estimating the values of $\alpha$ and $\beta$ by least squares	452
	11.3 Assumptions and estimation	460
	11.4 Measures of goodness of fit	467
	11.5 Correlation analysis	473
	11.6 Test on the significance of the sample regression line	481
	11.7 A sample problem	485
	11.8 The <b>F</b> -test*	488
	11.9 Constructing a forecast interval	491
	Glossary	499
<b>10</b> E	xtensions of Regression Analysis and Correlation	501
	12.1 Introduction to multiple regression	501
	12.2 Multiple least-squares estimation	503
	12.3 Goodness-of-fit measures in multiple analysis	506
	12.4 Multiple correlation analysis	510
	12.5 Tests for the multiple analysis*	512
	12.6 Multicollinearity	519
	12.7 Violation of assumptions 4 or 5	522
	12.8 Dummy variables in regression analysis	529
	12.9 Nonparametric correlation measures	535
	Glossary	545

Time Series and Index Numbers	547
13.1 Introduction	547
13.2 Linear trend	550
13.3 Nonlinear trends	556
13.4 Moving averages to smooth a time series	562
13.5 Estimation of seasonal and cyclical components	565
13.6 Index numbers	577
13.7 Price index numbers	581
13.8 Economic indexes and their limitations	586
Glossary	593
Selected bibliography	595
Appendixes	
A Subscriptions, summations, variables and functions	A.1
B Tables of functions	A.9
Answers to odd-numbered problems	A.35
Index	I.1
Endpapers: Glossary of symbols	