2021.02.24

Thinking Statistically by Uri Bram

Category: Analysis

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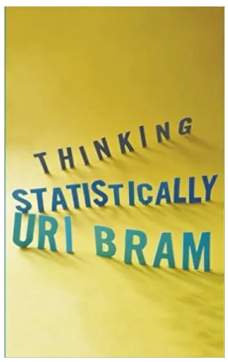


Why: I need to make an unbiased judgment.
Goal: avoid common stats mistakes in daily life.

Action: Use real random sample and consider proportion.

3 Key Concepts

1. Is this sample really random? Does it truly represent the whole data?
2. Is there a correlation between X variable and the error term in the model?
3. Bayes' Theorem : proportion vs probability to quantify belief

Summary

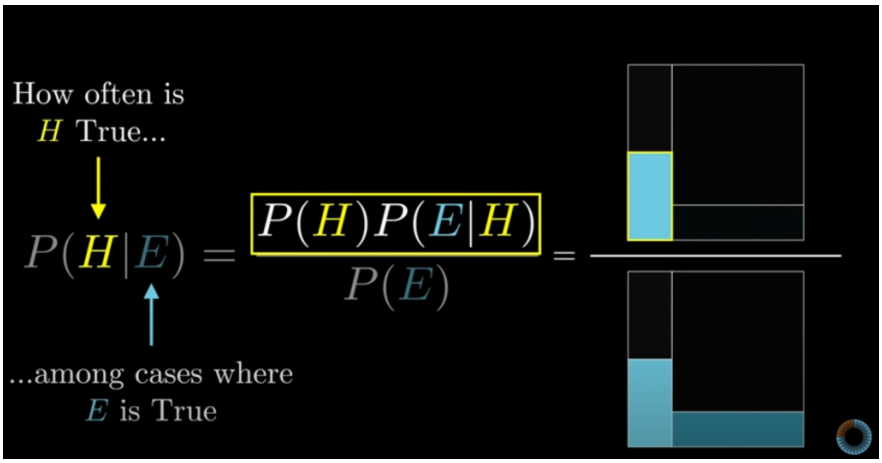
In daily conversation, we tend to make extreme statements. This is also my biggest guilt during the debate. We throw extraordinary facts at each other to prove our point, that something is justified. These arguments are in many cases merely an exception. But both speakers and audiences like to hear them. For example, we like to talk about extremely successful figures in each field, superstars, geniuses, etc.
Be aware! They are also an "extremely bad" sample.

Endogeneity: X(a) = Y(b) + Z; a=kb. X and Y are dependent. At first, you do not see it. Without being aware of the **dependency**, you might eliminate the factor that leads to a solution or misinterpret the

meaning of the model.

Bayes' Theorem: "Perhaps the most important formula in probability".
Check out this video from 3Blue1Brown
The probability that shows how often an event (H) is true among cases where cases (E) are true.
This theorem helps one to understand both in terms of ratio and proportion of the occurrence.

For example, the probability that a quiet and book-loving person to be a librarian comparing to be a farmer. One might think that the description fits librarian better than a **farmer**. But when we consider how **few librarians** and how **many farmers** there are in a population, one would see that there is a **bigger chance that such a person is a farmer** rather than a librarian.



Credit: 3BlueBrown YouTube Channel

Goal check: I learned common statistics mistakes when choosing a sample to give as an example, dependent model, and the probability on proportion.

Wasu's Review
(4.0 / 5.0)

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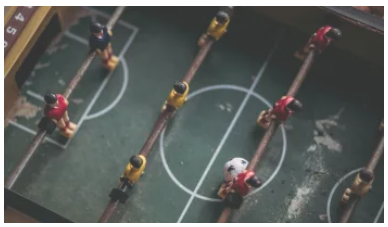
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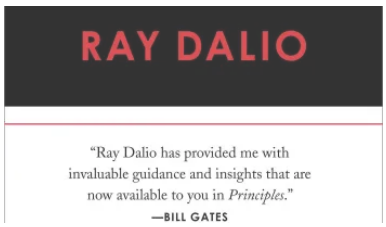

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