Chapter 8

Experimental design

1 Studies in crop variation

R. A. Fisher created a lot of statistical theory (which is still heavily used) while working at Rothamsted agricultural research station. In particular, Fisher developed a method of designing and analyzing complex experiemnts. (For more about the history see a presentation by Roger Payne.)

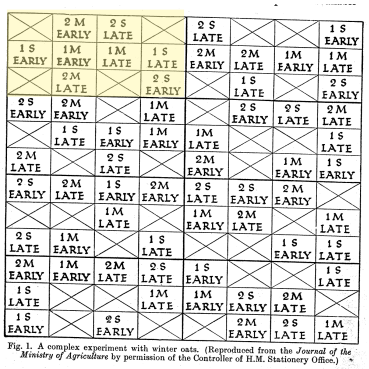
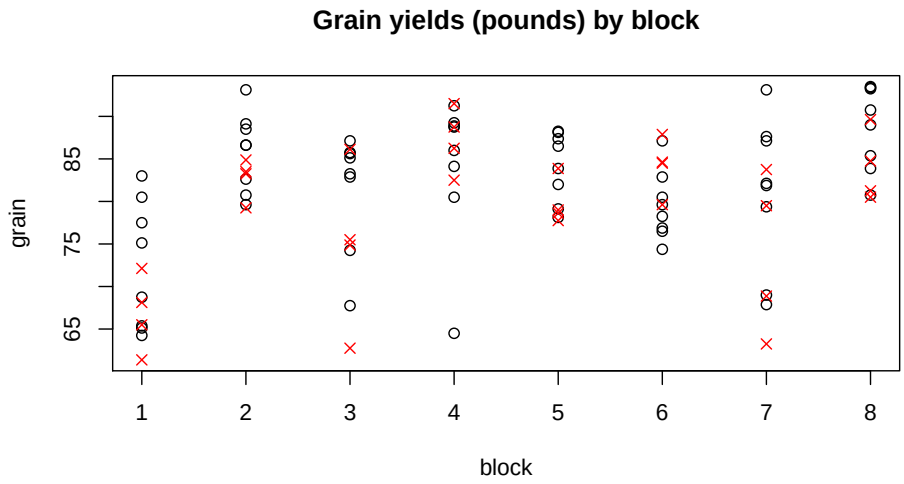


Fig. 1. A complex experiment with winter oats. (Reproduced from the *Journal of the Ministry of Agriculture* by permission of the Controller of H.M. Stationery Office.)

In a important early paper, Eden and Fisher (1927) described a way to compare the effects of various fertilizer treatments on the yield of grain (Grey Winter oats). They had two different nitrogen fertilizers (M = muriate of ammonia, S = sulphate of ammonia), applied in three different amounts (0, 1, or 2 cwt/acre), at two different stages of crop growth (E= early, L= late). They assigned the "treatments" to 96 plots of size 1/40 acre, arranged in 8 blocks of 12 plots each. Within each block, they assigned "treatments" to plots in

a random order: 4 plots with no treatment (that is, amount = 0), and each of the eight possible combinations of $\{M, S\}$, $\{1, 2\}$, and $\{E, L\}$ appearing once.

The random allocation was intended to offset differences in fertility between different plots within each block, which were known to exist. (You can see these differences by looking at just the yields for the no-treatment plots, the red X's in the next plot.)



	I	II	III	IV	V	VI	VII	VIII	total
none	61.38	79.25	75.50	91.50	78.62	84.62	68.88	81.25	621.00
none	65.50	83.50	74.88	86.25	79.00	84.50	79.50	80.50	633.62
none	68.12	83.25	62.75	88.75	83.88	87.88	63.25	89.62	627.50
none	72.12	84.88	86.12	82.50	77.75	79.62	83.75	84.75	651.50
1ME	77.50	80.75	85.12	80.50	88.25	76.88	69.00	90.75	648.75
1ML	80.50	93.12	67.75	88.88	88.12	79.62	67.88	80.75	646.62
1SE	65.38	89.12	85.75	86.00	86.50	76.50	79.38	93.50	662.12
1SL	75.12	86.62	85.62	89.25	87.38	87.12	87.62	93.25	692.00
2ME	83.00	86.62	83.25	64.50	82.00	82.88	82.12	85.38	649.75
2ML	64.25	79.62	87.12	88.75	79.12	74.38	87.12	89.00	649.38
2SE	68.75	88.50	82.88	84.12	83.88	78.25	81.88	83.88	652.12
2SL	65.12	82.62	74.25	91.25	78.12	80.50	93.12	93.38	658.38
total	846.75	1017.88	951.00	1022.25	992.62	972.75	943.50	1046.00	7792.75

Remark. E&F Table I gave the grain yields in eighths of a pound:

```
##          I   II  III   IV    V   VI  VII VIII total
## none   491  634  604  732  629  677  551  650  4968
## none   524  668  599  690  632  676  636  644  5069
## none   545  666  502  710  671  703  506  717  5020
## none   577  679  689  660  622  637  670  678  5212
## 1ME    620  646  681  644  706  615  552  726  5190
## 1ML    644  745  542  711  705  637  543  646  5173
## 1SE    523  713  686  688  692  612  635  748  5297
## 1SL    601  693  685  714  699  697  701  746  5536
## 2ME    664  693  666  516  656  663  657  683  5198
## 2ML    514  637  697  710  633  595  697  712  5195
## 2SE    550  708  663  673  671  626  655  671  5217
## 2SL    521  661  594  730  625  644  745  747  5267
## total 6774 8143 7608 8178 7941 7782 7548 8368 62342
```

If you look at the paper, be aware that some tabulations are for pounds and some are for eighths of a pound.

The four untreated plots within each block give a way of estimating the variability within blocks:

```
## lm(formula = grain ~ -1 + block, data = EFdata, subset = notreat)
##           Estimate Std. Error t value Pr(>|t|)
## blockI      66.781      2.838  23.531        0
## blockII     82.719      2.838  29.147        0
## blockIII    74.812      2.838  26.361        0
## blockIV     87.250      2.838  30.743        0
## blockV      79.812      2.838  28.123        0
## blockVI     84.156      2.838  29.653        0
## blockVII    73.844      2.838  26.020        0
## blockVIII   84.031      2.838  29.609        0
## Estimate of sigma =  5.68 from  24 degrees of freedom
```

E&F also estimated σ using the residuals from an additive fit (not the way they put it):

```
out.bt <- lm(grain ~  block + treat,EFdata)
sighat <- sqrt(sum(out.bt$res^2)/out.bt$df)
round(sighat,3) # on 80 degrees of freedom

## [1] 6.405
```

Using an F-test, E&F decided that the two estimates of σ were not significantly different. They then declared that "the value derived from the whole 80 degrees of freedom may be used with confidence".

The analysis of variance table suggests that overall effect of the treatments is only at the noise level:

```
anova(out.bt)

## Analysis of Variance Table
##
## Response: grain
##           Df Sum Sq Mean Sq F value    Pr(>F)
## block      7 2286.4  326.63  7.9620 2.617e-07 ***
## treat      8  387.0   48.38  1.1792     0.322
## Residuals 80 3281.9   41.02
## ---
## Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
```

However, E&F also pointed out that the design of the experiment allows for more detailed comparisons. For example, there were 32 plots for each of the fertilizer treatments. The average yields provide a broad comparison of the three levels:

```
mean.fert <- tapply(EFdata$grain,EFdata$fert,mean)
round(mean.fert,3)

##      M   none      S
## 83.270 79.176 81.078
```

The difference 2.19 between the means for the M and S fertilizers is down at the level of the (estimated) standard error for a difference of two such averages: $\widehat{\sigma}\sqrt{2/32} = 1.6$.

E&F commented that the only significant differences appeared to be in the amount of fertilizer used:

```
round(tapply(EFdata$grain,EFdata$amount,mean),2)

##     d  none     s
## 81.55 79.18 82.80
```

Remark. These numbers are different from those in the first row of Table VI (E&F$_{560}$). My numbers are about 1.04 times bigger. Maybe that is the conversion factor for pounds to bushels, although I have my doubts. Probably I have made a silly mistake somewhere. The effects differences don't look very significant to me.

It is possible to carry out formal t-tests without so much manual labor.

2 Decomposition of treatment effects

The E&F design involves a few complications that I'll avoid by first discussing a simpler data set from Box et al. (1978, Section 10.1). The data involve three factors: temperature (at 160 or 180 degrees Celsius), concentration (at 20% or 40%), and catalyst (A or B), with the yield (in grams) as the response in a pilot study. (BHH devoted quite a few pages to the example.)

```
##   Temp Conc Cat yield
## 1  160   20   A    60
## 2  180   20   A    72
## 3  160   40   A    54
## 4  180   40   A    68
## 5  160   20   B    52
## 6  180   20   B    83
## 7  160   40   B    45
## 8  180   40   B    80
```

As usual, the factors can be represented by dummy variables:

```
T2 <- bhh$Temp == "180" ; T1 <- bhh$Temp == "160"
C2 <- bhh$Conc == "40" ; C1 <- bhh$Conc == "20"
K2 <- bhh$Cat == "B" ; K1 <- bhh$Cat == "A"
```

or coded as variables taking the values ± 1:

```
B <- data.frame(int=1, t=T2-T1, c=C2-C1, k=K2-K1)
B$tc <- B$t * B$c ; B$tk <- B$t * B$k ; B$ck <- B$c * B$k
B$tck <- B$t * B$c * B$k
B <- as.matrix(B)
print(B)

##      int  t  c  k tc tk ck tck
## [1,]   1 -1 -1 -1  1  1  1  -1
## [2,]   1  1 -1 -1 -1 -1  1   1
## [3,]   1 -1  1 -1 -1  1 -1   1
## [4,]   1  1  1 -1  1 -1 -1  -1
## [5,]   1 -1 -1  1  1 -1 -1   1
## [6,]   1  1 -1  1 -1  1 -1  -1
```

```
## [7,]   1 -1  1  1 -1 -1  1  -1
## [8,]   1  1  1  1  1  1  1   1
```

You will see in a moment why I created the matrix `B`. Observe that its columns are orthogonal, each with squared length equal to 8:

```
# Matrix(t(B) %*% B) # remove the comment char to see the matrix
```

Why are they orthogonal?

Let me drop the B\$ prefix for a while. First note that

$$\langle int, t\rangle = \langle \mathbb{1}_8, T2 - T1\rangle = 4 - 4 = 0.$$

This equality relects the fact that `Temp` appears the same number of times at each of its levels. Similarly

$$\begin{aligned}\langle t, c\rangle &= \langle T2 - T1, C2 - C1\rangle \\ &= sum(T2 * C2 - T1 * C2 - T1 * C1 + T1 * C1) = 2 - 2 - 2 + 2 = 0.\end{aligned}$$

Again the orthogonality comes from balance in the design. The interactions re more interesting.

$$\begin{aligned}\langle t, ck\rangle &= sum\left((T2 - T1) * (C2 - C1) * (K2 - K1)\right) \\ &= sum\left(T2 * C2 * K2 - T2 * C2 * K1 + \cdots - T1 * C1 * K1\right) \\ &= 1 - 1 + \cdots - 1 = 0.\end{aligned}$$

More balance. Finally,

$$\begin{aligned}\langle tk, tck\rangle &= sum(t * k * t * c * k) \\ &= sum(t^2 * c * k^2) = sum(1 * c * 1) = 0.\end{aligned}$$

And so on.

If we divide each of the columns of B by $\sqrt{8}$ we are left with an orthonormal basis for $\mathbb{R}^8$. The coefficients obtained from

```
print( bhh$yield %*% B / 8 )

##        int    t    c    k   tc tk ck  tck
## [1,] 64.25 11.5 -2.5 0.75 0.75  5  0 0.25
```

give a representation of `yield` in this basis. Moreover, $t/\sqrt{8}$ is a unit vector in span$(T1, T2)$ that is orthogonal to $\mathbb{1}$. The least squares fit

```
lm(yield ~ Temp + Conc + Cat, bhh)
```

represents the component of the `yield` vector in the four-dimensional subspace span$(\mathbb{1}, T1, T2, C1, C2, K1, K2)$ in the new basis:

```
## lm(formula = yield ~ Temp + Conc + Cat, data = bhh)
##             Estimate Std. Error t value Pr(>|t|)
## (Intercept)    64.25      2.531  25.385    0.000
## Temp1          11.50      2.531   4.544    0.010
## Conc1          -2.50      2.531  -0.988    0.379
## Cat1            0.75      2.531   0.296    0.782
## Estimate of sigma =  7.16 from  4 degrees of freedom
```

Note the coefficients.

Table 5.4. Calculated Effects and Standard Errors for 2^3 Factorial: Pilot Plant Example

Average	Effect with Standard Error
Main effects	
Temperature, T	23.0 ± 1.4
Concentration, C	−5.0 ± 1.4
Catalyst, K	1.5 ± 1.4
Two-factor interactions	
$T \times C$	1.5 ± 1.4
$T \times K$	10.0 ± 1.4
$C \times K$	0.0 ± 1.4
Three-factor interaction	
$T \times C \times K$	0.5 ± 1.4

The rescaled inner product $\langle bhh\$yield, B\$t\rangle/4$ also has the interpretation

mean of yields at 180° − mean of yields at 160°,

which estimates the "main temperature effect", a difference between the average (over the the other factors) effect of temperature 180° and the average effect of temperature 160°. Similarly, $\langle bhh\$yield, B\$tk\rangle/4$ equals some multiple of the difference between the average temperature effects at the two levels of catalyst, a measure of the interaction between temperature and catalyst.

Remark. I can never keep track of how many averages are involved in these interactions. I much prefer to think of interactions as estimates of departures from additivity under some parametrization of the model. Compare with the estimates of main effects and interactions in the table copied from BHH.

```
## lm(formula = yield ~ Temp + Conc + Cat + Temp:Cat, data = bhh)
##             Estimate Std. Error t value Pr(>|t|)
## (Intercept)    64.25      0.456 140.765    0.000
## Temp1          11.50      0.456  25.195    0.000
```

```
## Conc1          -2.50      0.456  -5.477    0.012
## Cat1            0.75      0.456   1.643    0.199
## Temp1:Cat1      5.00      0.456  10.954    0.002
## Estimate of sigma =  1.29 from  3 degrees of freedom
```

BHH (Section 10.8):

The main effect of a factor should be individually interpreted only if there is no evidence that the factor interacts with otl1er factors. When there is evidence of one or more such interactions, the interacting variables must be considered jointly.

If we keep throwing in interactions we eventually run out of degrees of freedom. We get a perfect fit, which **R** flags as not such a good thing.

```
##
## Call:
## lm(formula = yield ~ Temp * Conc * Cat, data = bhh)
##
## Residuals:
## ALL 8 residuals are 0: no residual degrees of freedom!
##
## Coefficients:
##                    Estimate Std. Error t value Pr(>|t|)
## (Intercept)       6.425e+01         NA      NA       NA
## Temp1             1.150e+01         NA      NA       NA
## Conc1            -2.500e+00         NA      NA       NA
## Cat1              7.500e-01         NA      NA       NA
## Temp1:Conc1       7.500e-01         NA      NA       NA
## Temp1:Cat1        5.000e+00         NA      NA       NA
## Conc1:Cat1       -1.963e-15         NA      NA       NA
## Temp1:Conc1:Cat1  2.500e-01         NA      NA       NA
##
## Residual standard error: NaN on 0 degrees of freedom
## Multiple R-squared:      1,Adjusted R-squared:    NaN
## F-statistic:   NaN on 7 and 0 DF,  p-value: NA
```

3 A more complicated factorial design: confounding

Here is one of the data sets that come with **R**:

```
data(npk)
summary(npk)

##  block N      P      K          yield
##  1:4   0:12   0:12   0:12   Min.   :44.20
##  2:4   1:12   1:12   1:12   1st Qu.:49.73
##  3:4                       Median :55.65
##  4:4                       Mean   :54.88
##  5:4                       3rd Qu.:58.62
##  6:4                       Max.   :69.50
```

We have 6 blocks (a factor on 6 levels), each of size 4, and 3 factors (N, P, K), each at 2 levels. Clearly there is not enough room in each block to make comparisons between all 8 ways of combining the other factors.

```
out0 <- lm(yield ~ block + N*P*K,npk); anova(out0)

## Analysis of Variance Table
##
## Response: yield
##           Df Sum Sq Mean Sq F value   Pr(>F)
## block      5 343.29  68.659  4.4467 0.015939 *
## N          1 189.28 189.282 12.2587 0.004372 **
## P          1   8.40   8.402  0.5441 0.474904
## K          1  95.20  95.202  6.1657 0.028795 *
## N:P        1  21.28  21.282  1.3783 0.263165
## N:K        1  33.13  33.135  2.1460 0.168648
## P:K        1   0.48   0.482  0.0312 0.862752
## Residuals 12 185.29  15.441
## ---
## Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
```

What happened to the N:P:K interaction?

The RSS has 12 degrees of freedom. The design subspace of $\mathbb{R}^{24}$ spanned by all the dummy variables must have dimension 12. The degrees of freedom in the table only add to 11, because the intercept term does not count as interesting for anova purposes. Note the 5 degrees of freedom for the blocks. That leaves only 6 degrees of freedom for N, P, K and their interactions.

For consistency with my approach in the other examples of experimental design I'll also (invisibly) modify the factors N, P, K to use Helmert con-

trasts and I'll omit the intercept term, rather than have it taken out of the block subspace:

```
## lm(formula = yield ~ -1 + block + N * P * K, data = npkH)
##        Estimate Std. Error t value Pr(>|t|)
## block1   54.025      1.965  27.498    0.000
## block2   57.450      1.965  29.241    0.000
## block3   60.775      1.965  30.933    0.000
## block4   50.125      1.965  25.512    0.000
## block5   50.525      1.965  25.716    0.000
## block6   56.350      1.965  28.681    0.000
## N1        2.808      0.802   3.501    0.004
## P1       -0.592      0.802  -0.738    0.475
## K1       -1.992      0.802  -2.483    0.029
## N1:P1    -0.942      0.802  -1.174    0.263
## N1:K1    -1.175      0.802  -1.465    0.169
## P1:K1     0.142      0.802   0.177    0.863
## Estimate of sigma =  3.93 from  12 degrees of freedom
```

As requested, there is no intercept term. The vector $\mathbb{1}_{24}$ belongs to the 6-dimensional subspace spanned by the dummy variables for npk$block. Again there is no estimate for the N:P:K term. To see why, look at the model matrix (with some names abbreviated) and some of the inner products between columns:

```
##   B1 B2 B3 B4 B5 B6 N1 P1 K1 N1:P1 N1:K1 P1:K1 N1:P1:K1
## 1  1  0  0  0  0  0 -1  1  1    -1    -1     1      -1
## 2  1  0  0  0  0  0  1  1 -1     1    -1    -1      -1
## 3  1  0  0  0  0  0 -1 -1 -1     1     1     1      -1
## 4  1  0  0  0  0  0  1 -1  1    -1     1    -1      -1
## 5  0  1  0  0  0  0  1 -1 -1    -1    -1     1       1
## 6  0  1  0  0  0  0  1  1  1     1     1     1       1
```

```
##    N1 P1 K1 N1:P1 N1:K1 P1:K1 N1:P1:K1
## B1  0  0  0     0     0     0       -4
## B2  0  0  0     0     0     0        4
## B3  0  0  0     0     0     0        4
## B4  0  0  0     0     0     0        4
## B5  0  0  0     0     0     0       -4
## B6  0  0  0     0     0     0       -4
```

The `N1:P1:K1` column gives the clue. Each element of that column is a ± 1. To get $\langle B_i, N1:P1:K1\rangle = \pm 4$ the $\pm$ signs for `N1:P1:K1` must be the same within each block. Put another way

$$N1:P1:K1 = -B_1 + B_2 + B_3 + B_4 - B_5 - B_6.$$

The three-way interaction is confounded with the blocks. **R** silently discards it from the basis when calculating the least squares fit.

Look up the entries under "confounding" in the BHH book.

4 Block what you can and randomize what you cannot

I do not know who first used the title of this Section to summarize one of the key ideas in Experimental Design. (I got it from Box et al., 1978, Section 4.3.)

To illustrate the ideas let me consider a simple example where a treatment, represented by a factor $\mathbb{F}$ on t levels, is applied to each of $n = tk$ experimental units (plots), with each level being applied k times. Suppose the responses y_α for $\alpha = 1, 2, \ldots, n$ are independent across plots (conditional on the choice of treatment levels for the plots) and

$$y_\alpha \sim N(d_\alpha + \tau_j, \sigma^2) \qquad \text{if } \mathbb{F}[\alpha] = j.$$

Think of the d_α as a largely unknown contribution coming from the plot itself, regardless of which level of treatment is applied. If we write d for the column vector $[d_1, \ldots, d_n]$ and $F_1, \ldots, F_t$ for the treament dummy vectors, the model becomes

<8.1> $$y = d + \sum_{i=1}^{t} \tau_i F_i + \xi \qquad \text{with } \xi \sim N(0, \sigma^2 I_n).$$

Suppose we are interested in estimating differences $\tau_j - \tau_\ell$.

If the treatments were applied in some deterministic fashion, $\mathbb{F}$ (and each F_j) would be fixed. The vector d would then represent an unknown bias, which would complicate estimation of the treatment effects. If we randomize the allocation of treatments then $\mathbb{F}$ becomes a random vector, independent of ξ. When we take expectations over both the randomness in ξ and the randomness artificially created for $\mathbb{F}$, we can hope to remove some of the bad effects of the unknown biases.

I'll compare two ways of assigning treatments to plots:

(i) a ***completely randomized*** design (CRD), where the set of plots is partitioned at random into k subsets of size t, with equal probability for each partition

(ii) a ***randomized block*** design (RBD), where the partition into k blocks, each of size t, is made with some rough idea of how the unknown d_α's are varying. We hope to reduce the variability within each block, as in the Eden-Fisher example. Within each block the levels are assigned at random, each level exactly once.

For both designs **R** would estimate the difference $\tau_j - \tau_\ell$ by taking the difference between the average response for plots that receive treatments j

and plots that received treatment ℓ,

$$\widehat{\Delta}_{j,\ell} = \frac{1}{k}\sum\nolimits_{\alpha} \mathbb{1}\{\mathbb{F}[\alpha] = j\} y_\alpha - \frac{1}{k}\sum\nolimits_{\alpha} \mathbb{1}\{\mathbb{F}[\alpha] = \ell\} y_\alpha = \frac{1}{k}\langle y, F_j - F_\ell\rangle.$$

In both cases there is a symmetry between the treatments,

<8.2> $$\mathbb{P}\{\mathbb{F}[\alpha] = i\} = 1/t \qquad \text{for each } \alpha = 1, \ldots, n \text{ and each } i = 1, \ldots, t.$$

The difference between the designs only shows up in the calculations of variances and covariances.

4.1 Expected values

As there is so much symmetry it suffices to consider just one pair of levels, say

$$\begin{aligned}\widehat{\Delta} = \langle y, F_1 - F_2\rangle/k &= \left(\langle d + \xi, F_1 - F_2\rangle + \sum\nolimits_{i=1}^{t} \tau_i \langle F_i, F_1 - F_2\rangle\right)/k \\ &= \langle d + \xi, F_1 - F_2\rangle/k + \tau_1 - \tau_2.\end{aligned}$$

For the last line I have used facts like $\langle F_i, F_1\rangle = k$ if $i = 1$ and 0 if $i \neq 1$. Even though the F_i's are random, their inner products are non-random, by design.

Remember that the expected value is taken over the independent random quantities ξ and $\mathbb{F}$; and by <8.2>, $\mathbb{E}F_i[\alpha] = 1/t$ for each α and i, that is, $\mathbb{E}F_i = t^{-1}\mathbb{1}_n$ for each i. Thus

$$\mathbb{E}\widehat{\Delta} = \langle d + \mathbb{E}\xi, \mathbb{E}(F_1 - F_2)\rangle/k + \tau_1 - \tau_2 = \tau_1 - \tau_2.$$

In effect, the randomization has converted a systematic bias d into a new random error $\langle d, F_1 - F_2\rangle$ with zero expected value, which combines with ξ. The extra randomness will show up in the variances and covariances.

4.2 Variances and covariances

The difference $\tau_j - \tau_\ell$ has no effect on the variance of $\widehat{\Delta}$. Indeed

$$\begin{aligned}&k^2 \mathrm{var}(\widehat{\Delta}) \\ &\quad = \mathrm{var}\left(\langle d + \xi, F_1 - F_2\rangle\right) = \mathbb{E}\left(\langle d + \xi, F_1 - F_2\rangle^2\right) - 0^2 \\ &\quad = \mathbb{E}\left(\sum\nolimits_{\alpha} (d_\alpha + \xi_\alpha)(F_1[\alpha] - F_2[\alpha])\right)^2 \\ &\quad = \sum_{\alpha} \mathbb{E}(d_\alpha + \xi_\alpha)^2 \mathbb{E}(F_1[\alpha] - F_2[\alpha])^2 \\ &\qquad + 2\sum_{\alpha<\beta} \mathbb{E}(d_\alpha + \xi_\alpha)(d_\beta + \xi_\beta)\mathbb{E}(F_1[\alpha] - F_2[\alpha])(F_1[\beta] - F_2[\beta])\end{aligned} \quad \text{<8.3>}$$

Remark. Things would have looked simpler if I had used matrix notation and the trace trick.

The random variables $F_i[\alpha]$ and $F_i[\beta]$ take values in $\{0,1\}$. And by symmetry, $\mathbb{P}\{\mathbb{F}[\alpha]=i,\mathbb{F}[\beta]=j\}=\mathbb{P}\{\mathbb{F}[\alpha]=j,\mathbb{F}[\beta]=i\}$ for each pair of distinct α and β. The terms involving F_1-F_2 simplify.

$$\begin{aligned}
&\mathbb{E}(F_1[\alpha]-F_2[\alpha])^2=\mathbb{P}\{\mathbb{F}[\alpha]=\text{ 1 or 2 }\}=2/t\\
&\tfrac{1}{2}\mathbb{E}(F_1[\alpha]-F_2[\alpha])(F_1[\beta]-F_2[\beta])=\psi(\alpha,\beta)\\
&:=\mathbb{P}\{\mathbb{F}[\alpha]=1,\mathbb{F}[\beta]=1\}-\mathbb{P}\{\mathbb{F}[\alpha]=1,\mathbb{F}[\beta]=2\}\qquad\text{for }\alpha\neq\beta.
\end{aligned}$$

Equality <8.3> reduces to

$$\begin{aligned}
k^2\text{var}(\widehat{\Delta})&=\sum\nolimits_\alpha(d_\alpha^2+\sigma^2)(2/t)-4\sum\nolimits_{\alpha<\beta}d_\alpha d_\beta\psi(\alpha,\beta).\\
&=2k\sigma^2+\frac{2\,\|d\|^2}{t}-4\sum\nolimits_{\alpha<\beta}d_\alpha d_\beta\psi(\alpha,\beta).
\end{aligned}\tag{8.4}$$

The CAR and RBD cases differ only in the $\psi(\alpha,\beta)$ contributions.

For Homework 8 you will calculate simpler expressions for $\text{var}(\widehat{\Delta})$ for both the CAR and RBD cases. You will see that we get a reduction in the variance if we can choose the blocks so that most of the variability in $d_\alpha-\overline{d}$ is accounted for by the variability in the block means $\overline{d}_i$, with a small variation within the blocks.

References

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