

Lecture Note: Week 5

MATH 461: Probability Theory, Spring 2021
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Lecture 12. Variance (Sec 4.5)

Let X be a random variable with its distribution function F . If X is a discrete random variable, then the expectation is defined by $\mathbb{E}[X] = \sum_i x_i p(x_i)$. The expectation tells us what is the “typical” value of the random variable. It is natural to ask how the random variable is concentrated around the typical value. Consider the following three random variables

$$\begin{aligned} W &= 0 \text{ with probability } 1, \\ Y &= \begin{cases} -1 & \text{with probability } \frac{1}{2}, \\ 1 & \text{with probability } \frac{1}{2}, \end{cases} \\ Z &= \begin{cases} -100 & \text{with probability } \frac{1}{2}, \\ 100 & \text{with probability } \frac{1}{2}. \end{cases} \end{aligned}$$

One can see that $\mathbb{E}[W] = \mathbb{E}[Y] = \mathbb{E}[Z] = 0$. In order to measure how the random variables are concentrated around the expectation, we introduce the following quantity

$$\text{Var}(X) = \mathbb{E}[|X - \mathbb{E}[X]|^2],$$

which is called the variance. One can directly compute the variances of W, Y, Z , that is,

$$\begin{aligned} \text{Var}(W) &= 0, \\ \text{Var}(Y) &= 1, \\ \text{Var}(Z) &= 10000. \end{aligned}$$

Proposition 1. Let X be a random variable with $\text{Var}(X) < \infty$.

- (i) $\text{Var}(X) = \mathbb{E}[X^2] - (\mathbb{E}[X])^2$.
- (ii) $(\mathbb{E}[X])^2 \leq \mathbb{E}[X^2]$.
- (iii) For real numbers a and b , $\text{Var}(aX + b) = a^2 \text{Var}(X)$.

Example 2. Calculate $\text{Var}(X)$ if X represents the outcome when a fair die is rolled.

Lecture 13. Bernoulli and Binomial Random Variables (Sec 4.6)

We consider an experiment with two outcomes, success with probability p and failure with probability $1 - p$, for some $p \in [0, 1]$. This is called *Bernoulli experiment*. Let X be a random variable such that it takes 1 if the outcome is success and 0 otherwise. We say X is a *Bernoulli random variable* with success probability p .

Example 3. Tossing a fair coin is a Bernoulli experiment with success probability $\frac{1}{2}$. If we define a random variable X by $X = 1$ if the outcome is heads, and $X = 0$ otherwise, then X is a Bernoulli random variable.

Suppose we perform n independent Bernoulli experiment with probability p . Let X be the number of successes that occur in the n experiment. This random variable is called *Binomial random variable* with parameter (n, p) and denoted by $X \sim \text{Bin}(n, p)$. In particular, if a Bernoulli random variable X is a special case of Binomial random variable $X \sim \text{Bin}(1, p)$.

Proposition 4. Let $X \sim \text{Bin}(n, p)$.

- (i) $p(k) = \mathbb{P}(X = k) = \binom{n}{k} p^k (1-p)^{n-k}$.
- (ii) $\mathbb{E}[X] = np$.
- (iii) $\text{Var}(X) = np(1-p)$.

Proof. (i) In the n experiment, we have $\binom{n}{k}$ different sequences of length n consisting of successes and failures. For each sequence, we have a probability $p^k (1-p)^{n-k}$.

- (ii) Using the Binomial theorem and the fact that $\binom{n}{k} = \frac{n}{k} \binom{n-1}{k-1}$, we have

$$\begin{aligned} \mathbb{E}[X] &= \sum_{k=1}^n k \binom{n}{k} p^k (1-p)^{n-k} \\ &= n \sum_{k=1}^n \binom{n-1}{k-1} p^k (1-p)^{n-k} \\ &= np \sum_{k=0}^{n-1} \binom{n-1}{k} p^k (1-p)^{(n-1)-k} \\ &= np(p + (1-p))^{n-1} \\ &= np. \end{aligned}$$

- (iii) Similarly, we have

$$\begin{aligned} \mathbb{E}[X(X-1)] &= \sum_{k=2}^n k(k-1) \binom{n}{k} p^k (1-p)^{n-k} \\ &= n(n-1) \sum_{k=2}^n \binom{n-2}{k-2} p^k (1-p)^{n-k} \\ &= n(n-1)p^2. \end{aligned}$$

Thus,

$$\begin{aligned} \text{Var}(X) &= \mathbb{E}[X^2] - (\mathbb{E}[X])^2 \\ &= \mathbb{E}[X(X-1)] + \mathbb{E}[X] - (\mathbb{E}[X])^2 \\ &= n(n-1)p^2 + np - n^2p^2 \\ &= np(1-p). \end{aligned}$$

□

Example 5. It is known that screws produced by a certain company will be defective with probability .01, independently of one another. The company sells the screws in packages of 10 and offers a money-back guarantee that at most 1 of the 10 screws is defective. What proportion of packages sold must the company replace?

Example 6. A communication system consists of n components, each of which will, independently, function with probability p . The total system will be able to operate effectively if at least one-half of its components function.

- (i) For what values of p is a 5-component system more likely to operate effectively than a 3-component system?
- (ii) In general, when is a $(2k+1)$ -component system better than a $(2k-1)$ -component system?

Lecture 14. Poisson Random Variables (Sec 4.7)

A random variable X is called a *Poisson random variable* with parameter $\lambda > 0$ if the probability mass function is given by

$$p(i) = \mathbb{P}(X = i) = e^{-\lambda} \frac{\lambda^i}{i!},$$

and denoted by $X \sim \text{Poisson}(\lambda)$. Note that

$$\sum_{i=0}^{\infty} p(i) = e^{-\lambda} \sum_{i=0}^{\infty} \frac{\lambda^i}{i!} = e^{-\lambda} e^{\lambda} = 1.$$

Example 7. Suppose that the number of typographical errors on a single page of this book has a Poisson distribution with $\lambda = \frac{1}{2}$. Calculate the probability that there is at least one error on this page.

Other examples of random variables that usually obey Poisson law are

- (i) the number of misprints on a page of a book;
- (ii) the number of people in a community living to 100 years;
- (iii) the number of customers entering a post office on a given day; etc.

Relation to Binomial Random Variables

Consider $Y \sim \text{Bin}(n, p)$ with $np = \lambda$. If $n \rightarrow \infty$ and $p \rightarrow 0$ maintaining $np = \lambda$, one can show that

$$\mathbb{P}(Y = k) \rightarrow \mathbb{P}(X = k)$$

for each $k = 0, 1, 2, \dots$. Thus, a Poisson random variable can be thought of as a limit of Binomial random variables. Since $\mathbb{E}[Y] = np = \lambda$ and $\text{Var}(Y) = np(1-p) = \lambda(1-p) \rightarrow \lambda$, it is expected that $\mathbb{E}[X] = \text{Var}(X) = \lambda$.

Proposition 8. If $X \sim \text{Poisson}(\lambda)$, then $\mathbb{E}[X] = \text{Var}(X) = \lambda$.

Proof. The results follow from

$$\begin{aligned} \mathbb{E}[X] &= \sum_{k=1}^{\infty} k e^{-\lambda} \frac{\lambda^k}{k!} \\ &= \lambda e^{-\lambda} \sum_{k=1}^{\infty} \frac{\lambda^{k-1}}{(k-1)!} \\ &= \lambda \end{aligned}$$

and

$$\begin{aligned} \mathbb{E}[X(X-1)] &= \sum_{k=2}^{\infty} k(k-1) e^{-\lambda} \frac{\lambda^k}{k!} \\ &= \lambda^2 e^{-\lambda} \sum_{k=2}^{\infty} \frac{\lambda^{k-2}}{(k-2)!} \\ &= \lambda^2. \end{aligned}$$

□

Example 9. If you buy a lottery ticket in 50 lotteries, in each of which your chance of winning a prize is 1/100, what is the (approximate) probability that you will win a prize (a) at least once? (b) exactly once? (c) at least twice?

Example 10. The monthly worldwide average number of airplane crashes of commercial airlines is 3.5. What is the probability that there will be at least 2 such accidents in the next month? Explain your reasoning!

Poisson Paradigm

Recall that $\text{Poisson}(\lambda) \approx \text{Bin}(n, p)$ with $\lambda = np$, n large, p small. Suppose there are n event and the probability of each event is p_i with $\sum_i p_i = 1$. If p_i 's are small and the trials are independent (or weakly dependent), then the number of these events that occur approximately has a Poisson distribution with mean $\lambda = \sum_{i=1}^n p_i$.

Example 11. A total of $2n$ people, consisting of n married couples, are randomly seated (all possible orderings being equally likely) at a round table. Let C_i denote the event that the members of couple i are seated next to each other, $i = 1, 2, \dots, n$.

- (i) Find $\mathbb{P}(C_i)$.
- (ii) For $j \neq i$, find $\mathbb{P}(C_j|C_i)$.
- (iii) Approximate the probability, for n large, that there are no married couples who are seated next to each other.

References

[SR] Sheldon Ross, *A First Course in Probability*, 9th Edition, Pearson

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