

Phil/LPS 31 Introduction to Inductive Logic

Lecture 13

David Mwakima

dmwakima@uci.edu

Department of Logic and Philosophy of Science
University of California, Irvine

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Topics

- ▶ Odds
- ▶ Expected Value (Discrete Case Only)

Recap: Probability Rules

Rule 1 $P(S) = 1$

Rule 2 $0 \leq P(E) \leq 1$

Rule 3 If $E \cap F = \emptyset$, then $P(E \cup F) = P(E) + P(F)$ (Special Disjunction Rule)

Rule 4 $P(E \cup E^c) = 1$

Rule 5 $P(E^c) = 1 - P(E)$

Rule 6 $P(\emptyset) = 0$

Rule 7 $P(E) = P(E \cap F) + P(E \cap F^c)$

Rule 8 $P(E \cup F) = P(E) + P(F) - P(E \cap F)$ (General Disjunction Rule)

Rule 9 $P(E \cap F) = P(E) \times P(F)$ if E and F are independent.

Rule 10 $P(E \cap F) = P(E) \times P(F|E)$ if E and F are dependent.

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- ▶ A slightly more general form of Bayes Theorem says that if $\{E_1, E_2, E_3, E_4, \dots, E_n\}$ is a partition of S , then for any $E_i \subset S$:

$$P(E_i | F) = \frac{P(F|E_i)P(E_i)}{\sum_{i=1}^n P(F|E_i)P(E_i)}$$

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- ▶ Odds are a useful way of talking about the chances of an event and many people often go back and forth between probability and odds as if they mean the same thing. They don't!
- ▶ In this lecture we will see why and also introduce ways of going (1) from probability to odds and (2) from odds to probability.

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 - (1) The odds of Manchester City winning if the probability that Manchester City will win after being ahead 2 - 0 at half time is 0.8.
 - (2) The odds of having two girls, if the probability that a family has two children who are both girls is $\frac{1}{4}$.

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- ▶ Exercise. What are the ways that probabilities are different from odds given these properties of odds?

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- ▶ We will see later that the **Odds Ratio** provides a good measure of association (or dependence) between two groups in the same way that we used joint and marginal probabilities to assess independence between groups.

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- ▶ Solving this equation for p we get:

$$p = \frac{\mathcal{O}(E)}{1 + \mathcal{O}(E)}$$

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- ▶ See **Homework 7** for more exercises.

Expected Value (Discrete Case)

- The number of telephone calls received at a remote call center per minute show the following frequencies:

Number of Calls	Count
1	10
2	8
3	4
4	4
5	2
6	2
7	1
8	1
TOTAL	32

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- ▶ For our purposes it is enough to think that whenever we have an event that can occur with different probabilities, we can **model** the **number of occurrences** of that event using a **probability distribution**
- ▶ Using the probability distribution, we can then ask useful questions such as: what is the **expected value** or **expectation** of the random variable.

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- ▶ For example, in the call center example, we can let the number of calls received at the center be a random variable X . We can calculate its expected value of the number of calls received per minute in two ways. Let's do that.

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- ▶ Here is the data for your convenience.

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- ▶ Commit this formula to memory!