

M378K Introduction to Mathematical Statistics

Problem Set #12

The Central Limit Theorem (CLT).

Let $\{X_n, n = 1, 2, 3, \dots\}$ be a sequence of independent, identically distributed random variables such that $\mu_X = \mathbb{E}[X_1] < \infty$ and $\text{Var}[X] = \sigma_X^2 < \infty$. For every $n = 1, 2, \dots$ define

$$S_n = X_1 + X_2 + \dots + X_n$$

and

$$\bar{X}_n = \frac{X_1 + X_2 + \dots + X_n}{n}.$$

Problem 12.1. Find the expected value of S_n and \bar{X}_n for every n .

Problem 12.2. Find the variance and standard deviation of S_n and \bar{X}_n for every n .

Theorem 12.1. The Central Limit Theorem (CLT). *If the above conditions are satisfied, we have that*

$$\frac{S_n - n\mu_X}{\sigma_X \sqrt{n}} = \frac{\bar{X}_n - \mu_X}{\frac{\sigma_X}{\sqrt{n}}} \xrightarrow{\mathcal{D}} N(0, 1) \quad \text{as } n \rightarrow \infty.$$

Practically, for "large enough" n , \bar{X}_n is approximately normal with mean μ_X and variance $\frac{\sigma_X^2}{n}$. The rule of thumb is that we use the theorem for $n \geq 30$. If that is the case, we have that for any real $l < r$,

$$\mathbb{P}[l < S_n \leq r] = \mathbb{P}\left[\frac{l - n\mu_X}{\sigma_X \sqrt{n}} < \frac{S_n - n\mu_X}{\sigma_X \sqrt{n}} \leq \frac{r - n\mu_X}{\sigma_X \sqrt{n}}\right] \approx \Phi\left(\frac{r - n\mu_X}{\sigma_X \sqrt{n}}\right) - \Phi\left(\frac{l - n\mu_X}{\sigma_X \sqrt{n}}\right).$$

Similarly, for any real $a < b$,

$$\mathbb{P}[a < \bar{X}_n \leq b] = \mathbb{P}\left[\frac{a - \mu_X}{\frac{\sigma_X}{\sqrt{n}}} < \frac{\bar{X}_n - \mu_X}{\frac{\sigma_X}{\sqrt{n}}} \leq \frac{b - \mu_X}{\frac{\sigma_X}{\sqrt{n}}}\right] \approx \Phi\left(\frac{b - \mu_X}{\frac{\sigma_X}{\sqrt{n}}}\right) - \Phi\left(\frac{a - \mu_X}{\frac{\sigma_X}{\sqrt{n}}}\right).$$

Problem 12.3. *The Really Terrible Orchestra¹ plans a concert at a gazebo in a local park. The orchestra has 169 members whose weights are assumed to be independent and identically distributed with mean 100 kilos and standard deviation of 10 kilos (the weight of the instruments is taken into account here). The gazebo can safely support up to 17 tons (each ton is 1000 kilos). What is the approximate probability that the gazebo will collapse?*

Problem 12.4. Source: Sample P exam, Problem #65.

A charity receives 2025 contributions. Contributions are assumed to be mutually independent and identically distributed with mean 3125 and standard deviation 250. Calculate the approximate 90th percentile for the distribution of the total contributions received.

¹<http://thereallyterribleorchestra.com/wordpress/>