Foundations of Probability

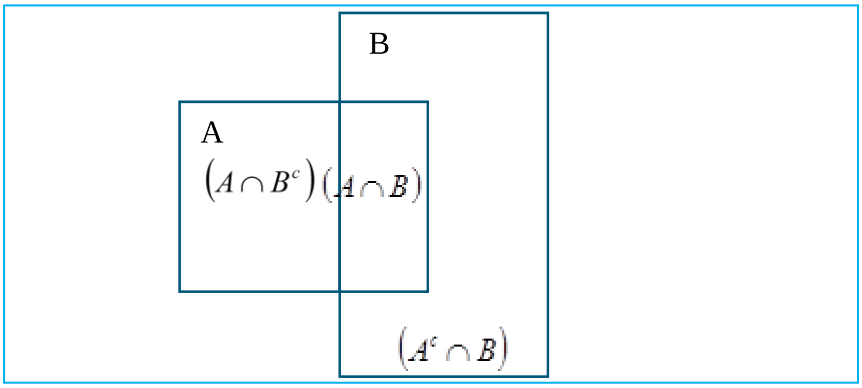
Definitions

Probaility of either of two events occuring	P(A∪B)= $P(A) + P(B) - P(A \cap B)$
Probability that both events occur	P(A ∩ B)
Conditional probability that A occurs given that B occurs	P(A|B) = $\frac{P(A \cap B)}{P(B)}$
Independent Events	If $P(E\|F) = P(E)P(F)$ then we say the events are independent
Multiplication Rule	$P(A_1 \cap A_2) = P(A_2\|A_1)P(A_1)$
Extended multiplication rule	$P(A_1 \cap A_2 \ldots \cap \ldots A_n) = P(A_n\|A_{n-1} \cap \ldots \cap A_1)P(A_{n-1} \cap \ldots \cap A_1)$ $\times P(A_{n-1}\|A_{n-2} \cap \ldots \cap A_1)P(A_{n-2} \cap \ldots \cap A_1)$ . . .
Partition Rule	$P(A) = P(A \cap B) + P(A \cap B^c)$ $= P(A\|B)P(B) + P(A\|B^c)P(B^c)$
Conditional partition rule	$P(A\|C) = P(A\|C \cap B)P(B\|C) +$ $P(A\|C \cap B)P(B^C\|C)$

Basic Rules

Probability that either of two events occurs P(A∪B)

We can calculate the probability of either one of two events A or B occuring hence.

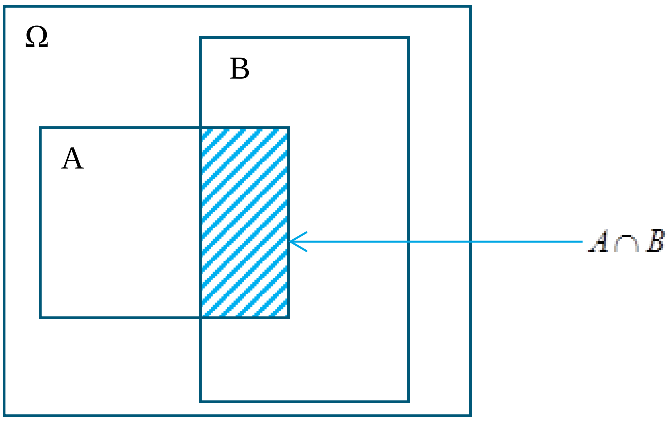


$$P(A \cup B) = P(A \cap B^c) + P(A^c \cap B) + P(A \cap B)$$

Because the three sets on the right hand side are disjoint. We can get a similar result by adding

$$P(A \cup B) = P(A) + P(B) - P(A \cap B)$$

Probability that both events occur P(A ∩ B)



If we consider discrete probability then where every outcome is equally likely then the probability of A∩B is simply the number of outcomes is A∩B divided by the number of outcomes in the sample space Ω

$P(A \cap B) = \frac{|A \cap B|}{|\Omega|} A \cap B^C$

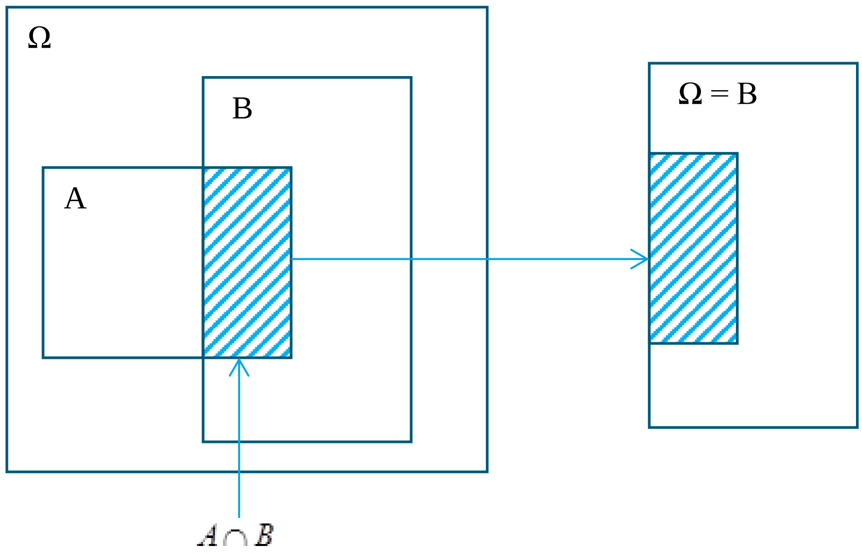
Conditional Probability

P(A | B)

The conditional probability P(A|B) is the probability that the event A occurs given that the event B has occurred. Of course for A to occur given that B has occurred, the two events A and B must share outcomes. We know that

$$P(A \cap B) = \frac{|A \cap B|}{|\Omega|}$$

But if we know that B has occurred there is a higher probability than P(A∩B) that A occurs because the extra information that B has occurred allows us to reduce the sample space.



$$P(A|B) = \frac{P(A \cap B)}{P(B)}$$

Because.

$$P(A|B) = \frac{|A \cap B|}{|B|} = \frac{|A \cap B|}{|B|} \div \frac{|\Omega|}{|\Omega|} = \frac{|A \cap B|}{|\Omega|} \div \frac{|B|}{|\Omega|} = \frac{P(A \cap B)}{P(B)}$$

Multiplication Rule

Similarly if we are given $P(A_2|A_1)$ we can covert it back to $P(A_1 \cap A_2)$ by multiplying it through by $P(A_1)$

$$P(A_1 \cap A_2) = P(A_2|A_1)P(A_1)$$

We can extend this to three events

$$\begin{aligned} &P(A_1 \cap A_2 \cap A_3) = P(A_3|A_2 \cap A)P(A_2 \cap A_1) \\ &= P(A_3|A_2 \cap A)P(A_2|A_1)P(A_1) \end{aligned}$$

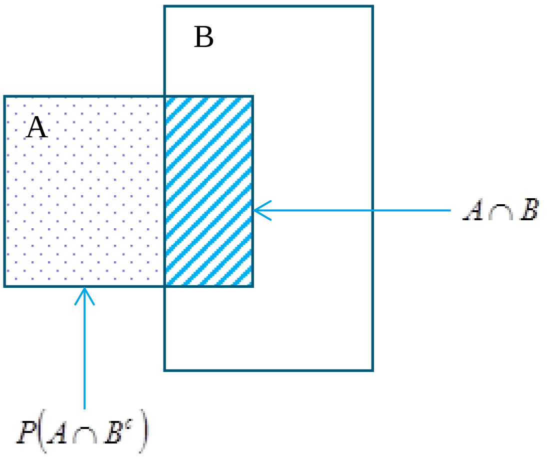
And then n events

$$\begin{aligned} &P(A_1 \cap A_2 \ldots \cap \ldots A_n) = P(A_n|A_{n-1} \cap \ldots \cap A_1)P(A_{n-1} \cap \ldots \cap A_1) \\ &\times P(A_{n-1}|A_{n-2} \cap \ldots \cap A_1)P(A_{n-2} \cap \ldots \cap A_1) \\ &. \\ &. \\ &. \end{aligned}$$

Partitition Rule

Any event A can be partitioned into those outsomes it shares with a second event B and those outcomes it doesn't share with B.

$P(A) = P(A \cap B) + P(A \cap B^c)$



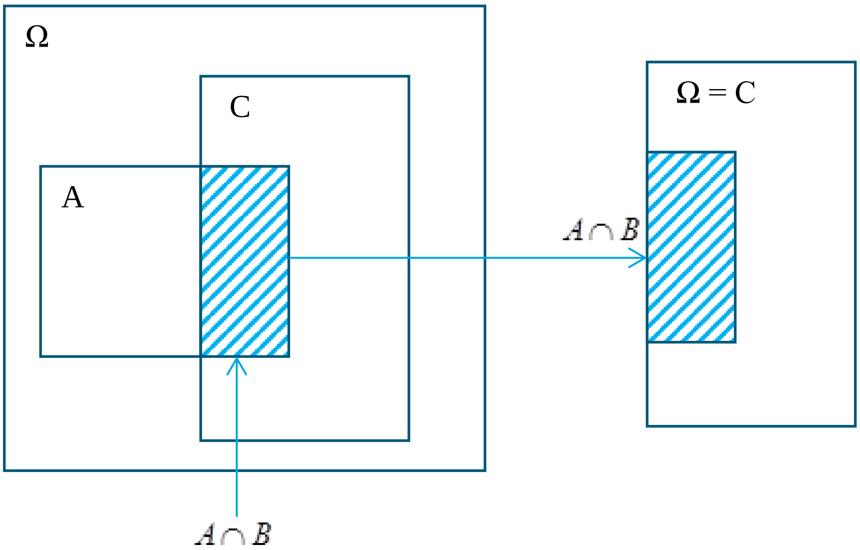
We can express this using conditional probabilities as.

$$P(A) = P(A|B)P(B) + P(A|B^c)P(B^c)$$

Conditional Partitition Rule

$$P(A|C) = P(A|B \cap C)P(B|C) + P(A|B^c \cap C)P(B^c|C)$$

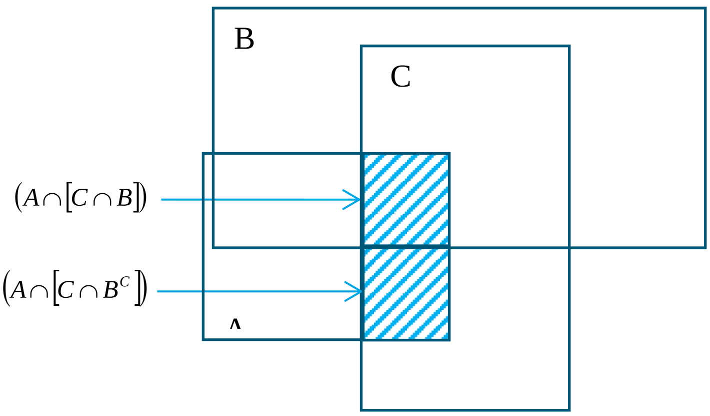
For a proof of this consider the following



$$P(A|C) = \frac{P(A \cap C)}{P(C)} \tag{1}$$

But the set $A \cap C$ can be broken up into the part that interects with a third set B and the part that doesn't intersect with the third set B

$$A \cap C = (A \cap [C \cap B]) \cup (A \cap [C \cap B^C]) \tag{2}$$



So we can insert 2 into 1

$$P(A|C) = \frac{P(A \cap [(C \cap B) \cup (C \cap B^C)])}{P(C)} \quad (3)$$

Now we need to remember that $P(A \cap C \cap B) = P(A|C \cap B)P(C \cap B)$we update the numerator on the RHS of 3

$$P(A|C) = \frac{P(A|C \cap B)P(C \cap B) + P(A|C \cap B)P(C \cap B^C)}{P(C)} \quad (4)$$

Finally we note that $P(C \cap B) = P(B|C)P(B)$and use this to update the numerator on the RHS

$$P(A|C) = \frac{P(A|C \cap B)P(B|C)P(C) + P(A|C \cap B)P(B^C|C)P(C)}{P(C)} \quad (5)$$

Finally we cancel the P(C)'s

$$P(A|C) = P(A|C \cap B)P(B|C) + P(A|C \cap B)P(B^C|C) \quad (6)$$

Axioms

Conditional Probability

Given two events E and F

$$P(E|F) = \frac{P(EF)}{P(F)}$$

Independent Events

If $P(E|F) = P(E)P(F)$ then the events E and F are said to be independent. The occurent of E does not change the probability of F occuring.