

STAT 7200

Introduction to Advanced Probability

Lecture 9

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1 Foundations of Probability

- Expectations of Simple Random Variable
- Expectations of Non-Negative Random Variables

“A First Look at Rigorous Probability Theory” (Jeffrey Rosenthal)
Sections 4.1 and 4.2

Expectations of Simple Random Variable

- Over a probability triple (Ω, \mathcal{F}, P) , if we have an indicator random variable 1_A on $A \in \mathcal{F}$, so that $1_A = 1$ when $\omega \in A$, and $1_A = 0$ when $\omega \notin A$. Then we can define expectation of this indicator random variable as: $E(1_A) = P(A)$.
- Similarly, we can extend this definition to *simple random variables*. A random variable X is simple if it only takes a finite number of values. If we list the possible values that X may take as x_1, x_2, \dots, x_n , we should be able to represent X as: $X = \sum_{i=1}^n x_i 1_{A_i}$, where A_1, A_2, \dots, A_n forms a partition of Ω .
- Then we define the expectation of simple random variable as:
$$E(X) = \sum_{i=1}^n x_i P(A_i).$$

Property of Expectations: Linearity

- **Linearity** The expectation of a simple random variable is linear. That is, for two simple random variables X, Y and $a, b \in \mathbb{R}$, we have $E(aX + bY) = aE(X) + bE(Y)$.
- **Proof:** Let us denote $X = \sum_{i=1}^n x_i 1_{A_i}$ and $Y = \sum_{j=1}^m y_j 1_{B_j}$. Since $\{A_i\}$ forms a partition of Ω , $\{B_j\}$ forms a partition of Ω , $\{A_i \cap B_j\}$ also forms a partition of Ω . Then
$$aX + bY = \sum_{i=1}^n ax_i 1_{A_i} + \sum_{j=1}^m by_j 1_{B_j} = \sum_{i=1}^n \sum_{j=1}^m (ax_i + by_j) 1_{A_i \cap B_j}.$$
- So

$$\begin{aligned} E(aX + bY) &= \sum_{i=1}^n \sum_{j=1}^m (ax_i + by_j) P(A_i \cap B_j) \\ &= \sum_{i=1}^n ax_i \left[\sum_{j=1}^m P(A_i \cap B_j) \right] + \sum_{j=1}^m by_j \left[\sum_{i=1}^n P(A_i \cap B_j) \right] \\ &= \sum_{i=1}^n ax_i P(A_i) + \sum_{j=1}^m by_j P(B_j) = aE(X) + bE(Y) \end{aligned}$$

Property of Expectations: Others

- **Consequence of Linearity** By linearity of expectation, for $X = \sum_{i=1}^n x_i 1_{A_i}$ where A_1, \dots, A_n may not form a partition of Ω , we still have $E(X) = \sum_{i=1}^n x_i P(A_i)$.
- **Order Preserving** The expectation of simple random variable preserves the order, that is, for simple random variables X, Y , if $X \leq Y$ for every ω , then we have $E(X) \leq E(Y)$.
- **Proof:** This property is quite obvious since $X \leq Y$ implies $Y - X \geq 0$, then $E(Y - X) \geq 0$ and we have $E(X) \leq E(Y)$.
- A direct consequence of order preservation is the **triangle inequality**: since $-|X| \leq X \leq |X|$, we have $|E(X)| \leq E(|X|)$.
- **Functions of Simple Random Variables** Suppose X is simple random variable $X = \sum_{i=1}^n x_i 1_{A_i}$. Given any function $f : \mathbb{R} \rightarrow \mathbb{R}$, $f(X) = \sum_{i=1}^n f(x_i) 1_{A_i}$ is also a simple random variable and $E(f(X)) = \sum_{i=1}^n f(x_i) P(A_i)$.

Expectation and Independence

- **Expectation and Independence** If X, Y are simple random variables and $X \perp Y$, then $E(XY) = E(X)E(Y)$.
- **Proof:** Denote $X = \sum_{i=1}^n x_i 1_{A_i}$ and $Y = \sum_{j=1}^m y_j 1_{B_j}$, and without loss of generality, suppose $\{x_i\}$ are distinct and $\{y_j\}$ are distinct.
 - Since $X \perp Y$, $P(X = x_i, Y = y_j) = P(X = x_i)P(Y = y_j)$, then we have $P(A_i \cap B_j) = P(A_i)P(B_j)$
 - $XY = \sum_{i=1}^n \sum_{j=1}^m x_i y_j 1_{A_i \cap B_j}$ is a simple random variable and

$$\begin{aligned} E(XY) &= \sum_{i=1}^n \sum_{j=1}^m x_i y_j P(A_i \cap B_j) \\ &= \sum_{i=1}^n \sum_{j=1}^m x_i y_j P(A_i)P(B_j) \\ &= \left[\sum_{i=1}^n x_i P(A_i) \right] \left[\sum_{j=1}^m y_j P(B_j) \right] = E(X)E(Y) \end{aligned}$$

Expectations of Non-Negative Random Variables

- For a non-negative random variable X , we define its expectation as the supremum of all the expectations of the simple random variables Y not greater than X . That is:

$$E(X) = \sup\{E(Y) : Y \text{ is simple, } Y \leq X\}$$

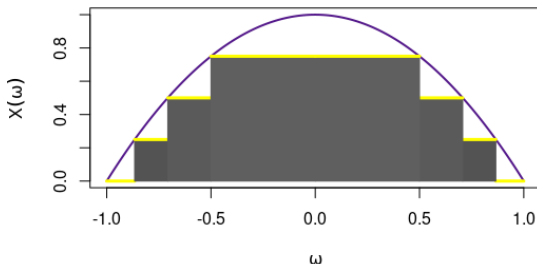


Figure: $Y \leq X$, X is nonnegative, and Y is simple and nonnegative

Expectations of Non-Negative Random Variables

$$E(X) = \sup\{E(Y) : Y \text{ is simple, } Y \leq X\}$$

- First, this definition does not contradict the definition for simple random variables since $E(X) = \sup\{E(Y) : Y \text{ simple, } Y \leq X\}$ if X is simple.
- Second, this definition still preserves orderings: If X_1 and X_2 are two non-negative random variables so that $X_1 \leq X_2$, then $E(X_1) \leq E(X_2)$.
- Example: $E[X^k] < \infty \implies E[X^{k-1}] < \infty$ because $x^{k-1} \leq \max(x^k, 1) \leq 1 + x^k$
- Third, the expectation might be infinite. Example:
 $X(\omega) = \sum_{n=1}^{\infty} 2^n 1(2^{-n} \leq \omega < 2^{-(n-1)})$ on $([0, 1], \mathcal{F}, P)$
- Proving linearity requires another result...

The Monotone Convergence Theorem

Theorem 1 (The Monotone Convergence Theorem)

If X_1, X_2, \dots are non-negative random variables such that $\{X_n\} \nearrow X$. Then X is a random variable and $\lim_{n \rightarrow \infty} E(X_n) = E(X)$.

$\{X_n\} \nearrow X$ means $X_1 \leq X_2 \leq \dots$ and $\lim_{n \rightarrow \infty} X_n(\omega) = X(\omega)$.

Proof on next slide...

The Monotone Convergence Theorem

Proof.

For any real x , $\{X \leq x\} = \cap_n \{X_n \leq x\}$, so the limit of random variables is still a rv.

By order preservation, $E[X_n] \leq E[X]$ for all. Taking the limit yields $\lim_{n \rightarrow \infty} E[X_n] \leq E[X]$. The limit exists because it is a monotonic sequence, and it may be infinite.

Last, pick $Y = \sum_{i=1}^m y_i 1_{A_i}$ be a simple rv such that $Y \leq X$ and such that $\{A_i\}$ partitions Ω . Pick an $0 < \epsilon$, and for each i , define $A_{in} = \{\omega \in A_i : X_n(\omega) \geq y_i - \epsilon\}$ (not a partition). Clearly $\{A_{in}\} \nearrow A_i$ for any i . For a fixed n ,
 $E[X_n] \geq \sum_{i=1}^m (y_i - \epsilon) P(A_{in}) = \sum_{i=1}^m y_i P(A_{in}) - \epsilon P(\cup_{i=1}^m A_{in})$. Taking the limit: $\lim_{n \rightarrow \infty} E[X_n] \geq \sum_{i=1}^m y_i P(A_i) - \epsilon$. This is true for any epsilon, and any simple random variable $Y \leq X$, and so the result holds.



The Monotone Convergence Theorem

You can't always move the limit inside and outside of the expectation operator.

Example, on $([0, 1], \mathcal{F}, P)$ consider $X_n(\omega) = n1_{(0, n^{-1})}$.

Non-Negative Random Variables as a Limit of Simple Random Variables

- Given any non-negative random variable X , we will construct a sequence of simple random variable $\Psi_n(X)$, such that the expectation of $\Psi_n(X)$ would approach the expectation of X .
- To construct $\Psi_n(X)$, for each n :
- If $X \geq n$, $\Psi_n(X) = n$.
- When $X < n$, we divide the region $[0, n)$ evenly into $n2^n$ intervals.
 - ▶ For instance, if $n = 1$, we will divide $[0, 1)$ into $[0, 1/2), [1/2, 1)$;
 - ▶ If $n = 2$, we divide $[0, 2)$ into $[0, 1/4), [1/4, 1/2), \dots, [7/4, 2)$.
- If $k/2^n \leq X < (k+1)/2^n$ ($0 \leq k \leq n2^n - 1$), $\Psi_n(X) = k/2^n$.
- This definition ensures that 1) $\Psi_n(X)$ is simple, as it only takes at most $n2^n + 1$ different values; 2) $\Psi_n(X) \leq X$; 3) $\Psi_n(X)$ forms a sequence of increasing random variables, and 4.) $\Psi_n(x) \rightarrow x$ as $n \rightarrow \infty$.

Property of Expectations of Non-Negative Random Variables

- As $\Psi_n(X) \rightarrow X$ as $n \rightarrow \infty$, by the monotone convergence theorem, we have $\lim_{n \rightarrow \infty} E(\Psi_n(X)) = E(X)$. Then we may prove the following properties for non-negative random variables based on the similar properties for simple random variables.
- Linearity** For non-negative random variables X, Y , and $a, b > 0$, we have $E(aX + bY) = aE(X) + bE(Y)$.

Proof We may construct $\Psi_n(X) \rightarrow X$ and $\Psi_n(Y) \rightarrow Y$, then $a\Psi_n(X) + b\Psi_n(Y)$ is an increasing sequence of non-negative random variables that converge to $aX + bY$. By the monotone convergence theorem:

$$\begin{aligned} E(aX + bY) &= \lim_{n \rightarrow \infty} E(a\Psi_n(X) + b\Psi_n(Y)) \\ &= \lim_{n \rightarrow \infty} [aE(\Psi_n(X)) + bE(\Psi_n(Y))] = aE(X) + bE(Y) \end{aligned}$$

Property of Expectations of Non-Negative Random Variables

- **Expectation and Independence** For non-negative random variables $X \perp Y$, we have $E(XY) = E(X)E(Y)$. ($\Psi_n(X)$ is a function of X , $\Psi_n(Y)$ is a function of Y , then if $X \perp Y$, $\Psi_n(X) \perp \Psi_n(Y)$)
- **Proof** We may construct $\Psi_n(X) \rightarrow X$ and $\Psi_n(Y) \rightarrow Y$, then $\Psi_n(X)\Psi_n(Y)$ are an increasing sequence of non-negative random variables that converge to XY . Furthermore, as $\Psi_n(X)$ is a function of X , $\Psi_n(Y)$ is a function of Y , then if $X \perp Y$, $\Psi_n(X) \perp \Psi_n(Y)$.
 - By the monotone convergence theorem:

$$\begin{aligned} E(XY) &= \lim_{n \rightarrow \infty} E(\Psi_n(X)\Psi_n(Y)) \\ &= \lim_{n \rightarrow \infty} [E(\Psi_n(X))E(\Psi_n(Y))] = E(X)E(Y) \end{aligned}$$