Lecfure-1
Introduction to probability
Philosophy:-
Make "reasonable" assumptions $(\Leftrightarrow)$ mathematical axioms) to build a framework
Reason about reat-world eramplesusing the model built upon axioms.

Statements: "The probability of an event $A$ is $p^{u}$.
$A=C l a s x$ is interactive today \& weather is not so-hot in Chennai

$$
p=\frac{1}{2}, \frac{1}{4}, \ldots \text { or "Low", "high" }
$$

Experiment $\rightarrow$ out come
Sample spare $\Omega=$ set of all possible out comes

Example D
A coin is tossed

$$
\Omega=\{H, T\}
$$

Some cents:
(1) Out come is a head $\{H\}$
(2) not a head $\{H\}^{c}$
(3) a head or a tail

$$
\{H\} \cup\{T\}
$$

(4) neither s a head nor a

$$
\begin{aligned}
& \operatorname{taic} \\
& \{H\}^{c} \cap\{T\}^{x}
\end{aligned}
$$

Example 2)
Throw a die

$$
\Omega=\{1,2, \ldots 6\}
$$

Some events:
(1) Ont come is ।
$\{1\}$
(2) U even $\{2,4,6\}$
(3) as $\leq 3$ \& even $\{1,2,3\} \cap$ $\{2,4,6\}$
(4) as is not odd $\{2,4,6\}$

Event is a subset of $\Omega$
$A, B$ are events, then it is "reasonable" to be concerned about
$A \cup B, A \cap B, A^{C}$
If $A \cap B=\phi$, then $A \& B$ are disjoint
Let 7 be a collection of even Is. (a) If $A, B \in 7$, then $A \cup B, A \cap B \in 7$
(b) If $A \in 7$, then $A^{c} \in 7$
(c) $\quad \phi \in 7$.

Such an 7 is called a "Field".
Note: (1) $\Omega \in 7$.
(2) If $A, \ldots A_{n} \in 7$, then $\bigcup_{i=1}^{n} A_{i}$ and $\bigcap_{i=c}^{n} A_{i}$ are in 7 .

Is a field adequate for understanding probability of an event?
Yes, if $\Omega$ is finite.
No if $\Omega$ is infinite
Example 3) A coin is tossed repeatedly until a head appears

$$
\Omega=\left\{w_{1}, w_{2}, \ldots \ldots\right\}
$$

$\omega_{i}=(i-1)$ tails 4 th tors is a head
$A=$ first head appears offer a even \# of tosses

$$
=\left\{\omega_{2}, \omega_{4}, \omega_{6} \ldots\right\}
$$

$=$ infinite countable union of elements of $\Omega$
we want $A \in 7$
So,
Def: A collection 7 of subsets of $\Omega$ is a $\sigma$-field if
(a) $\phi \in 7$
(b) $A_{1}, A_{2}, \ldots \in 7 \Rightarrow \bigcup_{i=1}^{\infty} A_{i} \in 7$
(c) $A \in 7 \Rightarrow A^{c} \in 7$

Note: $\bigcap_{i=1}^{\infty} A_{i} \in 7$

Examples:
(1) $7=\{\phi, \Omega\}$ smallest $\sigma$-field
(2) For any event $A$, define

$$
\begin{aligned}
& 7=\left\{\phi, \Omega, A, A^{c}\right\} \\
& 7 \text { is a } \sigma \text { ic } l d .
\end{aligned}
$$

(3) If $\Omega$ is finite, then the power set $\{0,1\}^{\Omega}$ is a $\sigma$-field.

If $\Omega$ is infinite, power set is too large to assign probability to all its members. (beyond scope of the louse).
Boltomline:- $(\Omega, 7)$ for any expcrinat.

Def: A probability measure $P$ on $(\Omega, 7)$ is a function
$P: 7 \rightarrow[0,1]$ satisfying
(a) $\quad P(\Omega)=1$
(b) $A_{1}, A_{2}, \ldots$ disjoint, i.e., $A_{i} \cap A_{j}=\phi$ $i \neq j$
then, $P\left(\bigcup_{i=1}^{\infty} A_{i}\right)=\sum_{i=1}^{\infty} P\left(A_{i}\right)$

Lecture-2
"Cordinality \& Countability"
Recall:

$$
f: A \rightarrow B
$$

$f$ is injective if $x \neq y \Rightarrow f(x) \neq f(g)$
surjective if $\forall f \in B \exists x$ s.t.

$$
f(x)=y
$$

bijective if it is infective\&surgective
$|B|>(A \mid$ if $\exists$ injective from $A$ to $B$.
$|A|=\mid B)$ if $\exists$ bijective $f$ from $A$ to $B$. "equi-cordinal"

Set $\Omega$ is finite if $\exists n$ s.t. $([n]=\{1, \ldots n\}) \quad \Omega$ and $[n]$ are equi-Cardinal.
$\Omega$ in countable if $\Omega$ and $\mathbb{N}=\{1,2,3, \ldots\}$ are equi-cardinal

Facts:
(1) Sect of integers $\mathbb{Z}$ is countable

$$
f(n)=\left\{\begin{array}{cc}
n / 2 & \text { if } n \text { is even } \\
-\left(\frac{n-1}{2}\right) & \text { if } n \text { is odd }
\end{array}\right.
$$

(2) $\mathbb{N} \times \mathbb{N}$ is wettable

$$
(1,1),(1,2),(2,1),(13),(2,2),(3,1) \ldots
$$

(3) $\mathbb{Z} \times \mathbb{R}$ is countable
(4) Set of rational numbers Q is cocentable
(5) Set of real numbers $\mathbb{R}$ is "not" countable

$$
x \in[0,1] \quad 0, x_{1} x_{2} l_{3} \ldots
$$

Suppose $\exists f: \mathbb{N} \rightarrow[0,1]$ which is a bijection

$$
\begin{aligned}
& f(1), f(2), \ldots \\
& f(1)=0, x_{11} x_{12} \ldots \\
& f(2)=0, x_{21} x_{22} \ldots \\
& \vdots
\end{aligned}
$$

Let $y=0, Y_{1}, Y_{2} Y_{3} \ldots$

$$
\varphi_{i}=\text { any number set. } \quad \varphi_{i} \neq X_{i i}
$$

$y \&$ list above
$\Rightarrow \nexists f$ from $\mathbb{N}$ to $[0,1]$ that is onto
$\Rightarrow \mathbb{R}$ is not countably infinite
6) $A_{1}, A_{2}, \ldots$ subsets of $\Omega$ If each $A_{i}$ is wont able, then $\bigcup_{i \in \mathbb{N}} A_{i}$ is wantable.

Infinite Sums

$$
\Omega=\left\{\omega_{1}, \omega_{2}, \ldots\right\}
$$

In probability, we make state ments like

$$
\sum_{\omega \in \Omega} p(\omega)=1 \text { with a coutabice } \Omega \text {. }
$$

$\Omega$ is countable
$\exists$ bijective $\phi: \mathbb{N} \rightarrow \Omega$

$$
\omega_{1}=\phi(1), \omega_{2}=\phi(2),
$$

Partial sums $x_{n}=p\left(\omega_{1}\right)+\cdots+p\left(\omega_{n}\right)$

$$
\begin{aligned}
& p \geqslant 0 \Rightarrow x_{1} \leq x_{2} \leq x_{3} \ldots \\
& x_{n} \underset{n \rightarrow \infty}{ }\left\{\begin{array}{l}
\text { finite number } \\
+\infty
\end{array}\right. \\
& \sum_{\omega} p(\omega)=\left\{L:=\lim _{n \rightarrow \infty} x_{n}\right\}
\end{aligned}
$$

Question: If $\exists$ a different bijection $\Psi$

$$
\begin{aligned}
& \omega_{1}^{\prime}=\psi(1), \ldots \\
& y_{n}=p\left(\omega_{1}^{\prime}\right)+\ldots+p\left(\omega_{n}^{\prime}\right) \\
& L^{\prime}=\lim _{n \rightarrow \infty} y_{n}
\end{aligned}
$$

is it true that $L=L^{\prime}$ ?

Yes. Proof for $p \geqslant 0$
Fix $n \quad x_{n}=p\left(\omega_{1}\right)+\ldots+p\left(\omega_{n}\right)$
$\psi$ surjective $\left.\Rightarrow \quad\left\{\omega_{1}, \omega_{n}\right\} \subseteq \& \omega_{11}^{\prime}-\omega_{m}^{\prime}\right\}$ for some $m$

$$
\begin{gathered}
p\left(\omega_{1}\right)+\cdots+p\left(\omega_{n}\right) \leq p\left(\omega_{1}^{\prime}\right)+\cdots+p\left(\omega_{m}^{\prime}\right) \\
x_{n} \leq f_{m}
\end{gathered}
$$

$y_{m}$ increasing $\Rightarrow$

$$
\begin{aligned}
x_{n} & \leq y_{m} \leq y_{m+1} \leq \ldots \\
& \Rightarrow x_{n} \leq L^{\prime} \\
& \Rightarrow \lim _{n \rightarrow \infty} x_{n} \leq L^{\prime} \\
& \Rightarrow L \leq L^{\prime}
\end{aligned}
$$

Exchazing $\phi$ \& $\varphi_{1}$ we obtain $L^{\prime} \leq L$ \& hence $L=L$

General Case:- A similar conclusion holds when $P$ is not necessarily now-negatic.

So, It
$f: \Omega \rightarrow \mathbb{R} \sum_{\omega \in \Omega} f(\omega)$ summable and the sum is $S$, them for any bijection $\phi: N \leftrightarrows \Omega$,

$$
\lim _{n \rightarrow \infty} f(\phi(1))+\cdots+f(\phi(n))=S
$$

Lecture-3 Probability a/10/10
Suppose we repeat an experiment a large \# of times
$N(A)=\#$ of occurences of event $A$ in $N$ trials

As $N$ increases, $\begin{array}{r}\frac{N(A)}{N} \text { stabilizes } \\ \text { probability of event } A\end{array}$

$$
A=\phi, \quad N(\phi)=0, \quad A=\Omega, N(\Omega)=N
$$

A, B disjoint

$$
\begin{aligned}
& N(A \cup B)=N(A)+N(B) \\
& P(A \cup B)=P(A)+P(B)
\end{aligned}
$$

$A_{1 .-} A_{n}$ disjoint
Want $P\left(\bigcup_{i=1}^{n} A_{i}\right)=\sum_{i=r}^{n} P\left(A_{i}\right)$
From an earlier example, we can argue for "countable" additivity

Def: A probability measure $P$ on $(\Omega, 7)$ is a function $P: 7 \rightarrow[0,1]$ satisfying
(i) $P(\Omega)=1$
(ii) If $A_{1}, A_{2}, \ldots$ disjoint $\&$ in 7 , i.e., $\quad A_{i} \in 7 \forall i, A_{i} \cap A_{j}=\varnothing$ $H i \neq j$
then $P\left(\bigcup_{i=1}^{\infty} A_{i}\right)=\sum_{i=1}^{\infty} P\left(A_{i}\right)$

Properties:
(1) $\quad P\left(A^{C}\right)=1-P(A)$ since

$$
A \cup A^{C}=\Omega \& P(\Omega)=1
$$

(2) $A \subset B \Rightarrow P(A) \leq P(B)$

$$
\begin{aligned}
& B=A \cup\left(A^{C} \cap B\right) \\
& P(A) \subseteq P(A)+P\left(A^{C} \cap B\right)=P(B) \\
& \because P\left(A^{C} \cap B\right) \geqslant 0
\end{aligned}
$$

(3)

$$
\begin{aligned}
& P(A \cup B)=P(A)+P(B)-P(A \cap B) \\
& A \cup B=\left(A \cap B^{C}\right) \cup\left(A^{C} \cap B\right) \cup(A \cap B)
\end{aligned}
$$

$$
\begin{aligned}
P(A \cup B)= & P\left(A \cap B^{C}\right)+P\left(A^{C} \cap B\right)+P(A \cap B) \\
= & \left(P\left(A \cap B^{C}\right)+P(A \cap B)\right) \\
& +(P(A \cap B)+P(A \cap B)) \\
& -P(A \cap B) \\
= & P(A)+P(B)-P(A \cap B)
\end{aligned}
$$

(4) H.W.

$$
\begin{aligned}
P(A \cup B \cup C)= & P(A)+P(B)+P(C) \\
& -P(A \cap B)-P(A \cap C)-P(B \cap C) \\
& +P(A \cap B \cap C)
\end{aligned}
$$

\& more generally,
A,... $A_{n}$ events

$$
\begin{aligned}
& P\left(\bigcup_{T=1}^{n} A_{i}\right)=\sum_{i} P\left(A_{i}\right)-\sum_{i<j} P\left(A_{i} \cap A_{j}\right) \\
& +\sum_{i<j<k} P\left(A_{i} \cap A_{j} \cap A_{k}\right)+\ldots . \\
& \ldots+(-1)^{n+1} P\left(A_{1} \cap \ldots \cap A_{n}\right)
\end{aligned}
$$

Hint: use induction.
(5) Two examples

Die is thrown once

$$
\begin{array}{ll}
\Omega=\{1 \ldots 6\} & 7=\{0,1\}^{\Omega} \\
P(A)=\sum_{i \in A} P_{i} \quad \text { for any } A \subseteq \Omega
\end{array}
$$

$$
p_{1} \ldots p_{6} \in[0,1] \& \sum_{i=1}^{6} p_{i}=1
$$

Another example:
Traffic light

$$
\Omega=\{\text { green }, \text { yellow, red }\}
$$

$$
P(\{\text { green }\})=P(\{y e l l o w\})=P(\{\text { red }\})=\frac{1}{3}
$$

Looking closer: cycle of length 75


$$
\begin{aligned}
& P(\{\text { green }\})=\frac{30}{75}=\frac{2}{5} \\
& P(\{\operatorname{rea}\})=\frac{8}{15}, P(\{\text { delos }\})=\frac{1}{15}
\end{aligned}
$$

(6) $A_{1}, A_{2}, \ldots$ increasing sequence of events

$$
\begin{aligned}
& A_{1} \subseteq A_{2} \subseteq A_{3} \subseteq \ldots \\
& \text { Let } A=\bigcup_{i=1}^{\infty} A_{i}=\lim _{i \rightarrow \infty} A_{i}
\end{aligned}
$$

Then, $P(A)=\lim _{i \rightarrow \infty} P\left(A_{i}\right)$

Proof:-

$$
A=A_{1} \cup\left(A_{2} \backslash A_{1}\right) \cup\left(A_{3} \backslash A_{2}\right) \ldots
$$ disjoint union

$$
P(A)=P\left(A_{1}\right)+\sum_{i=1}^{\infty} P\left(A_{i+1} \backslash A_{i}\right)
$$

$$
\begin{aligned}
& =P\left(A_{1}\right)+\lim _{n \rightarrow \infty} \sum_{i=1}^{n-1}\left(P\left(A_{i+1}\right)-P\left(A_{i}\right)\right) \\
& =\lim _{n \rightarrow \infty} P\left(A_{n}\right)
\end{aligned}
$$

H.W. If $B_{1}, B_{2}, \ldots$ decreasing sequence of events, i.e.,

$$
B_{1} \supseteq B_{2} \supseteq B_{3} \supseteq \ldots
$$

and $B=\bigcap_{i=1}^{\infty} B_{i}=\lim _{i \rightarrow \infty} B_{i}$
Tace, $P(B)=\lim _{i \rightarrow \infty} P\left(B_{i}\right)$
Hint: Take complemads \& we the cain above for unions.

Lecture-4
(7) $A_{1}, A_{2}, \ldots \in 7 \quad(\Omega, 7, p)$

Then, $\quad P\left(\bigcup_{i=1}^{\infty} A_{i}\right)=\lim _{n \rightarrow \infty} P\left(\bigcup_{i=1}^{n} A_{i}\right)$
"Continuity of probability meme".
Proof: Let $B_{1}=A_{1}, B_{2}=A_{2} \backslash A_{1}, \ldots$

$$
\begin{aligned}
B_{n} & =A_{n} \backslash\left(A_{1} \cup \ldots A_{n-1}\right) \\
B_{i} \cap B_{j} & =\phi \quad i \neq j \\
P\left(\bigcup_{i=1}^{\infty} A_{i}\right) & =P\left(\bigcup_{i=1}^{\infty} B_{i}\right) \\
& =\sum_{i=1}^{\infty} P\left(B_{i}\right)
\end{aligned}
$$

$$
\begin{aligned}
& =\lim _{n \rightarrow \infty} \sum_{i=1}^{n} P\left(B_{i}\right) \\
& =\lim _{n \rightarrow \infty} P\left(\bigcup_{i=1}^{n} B_{i}\right) \\
& =\lim _{n \rightarrow \infty} P\left(\bigcup_{i=1}^{n} A_{i}\right)
\end{aligned}
$$

(8) $A_{1}, A_{2} \ldots$ event/s

$$
P\left(\bigcup_{i=1}^{\infty} A_{i}\right) \leq \sum_{i=1}^{\infty} P\left(A_{i}\right)
$$

"Union bound"
Proot: $B_{i}$ as before (sce (7))

$$
P\left(\bigcup_{i=1}^{\infty} A_{i}\right)=P\left(\bigcup_{i=1}^{\infty} B_{i}\right)
$$

$$
\begin{array}{r}
=\sum_{i=1}^{\infty} P\left(B_{i}\right) \\
B_{i} \subseteq A_{i} \Rightarrow P\left(B_{i}\right) \subseteq P\left(A_{i}\right) \\
\lim _{n \rightarrow \infty} \sum_{i=1}^{n} P\left(B_{i}\right) \subseteq \lim _{n \rightarrow \infty} \sum_{i=1}^{n} P\left(A_{i}\right) \\
\text { So, } P\left(\bigcup_{i=1}^{\infty} A_{i}\right) \subseteq \sum_{i=1}^{\infty} P\left(A_{i}\right)
\end{array}
$$

The case of an uncourtubly infinite $\Omega$

$$
\Omega=\{\omega \mid 0 \leq w \leq 1\}
$$

Outcome $\omega$ is drawn from $\Omega$, with no preference for one interval over another.

So, intervals in 7,

$$
\begin{aligned}
& P(\omega \in[a, b])=b-a, 0 \leq a \leq b \leq 1 \\
& P(\{a\})=0 \\
& P((a, b))=b-a \\
& {[0,1]=\bigcup_{x \in[0,1]}\{x\}} \\
& \sum_{x \in \Omega} P(x) \not{ }_{y} \underset{\sin }{ } \\
& \text { Since LHS has } \\
& \text { an uncountable } \\
& \text { union }
\end{aligned}
$$

Conditional probability
Frequency argument:
Census: Village with families of 2 children

Q1) What is the probability that both kids are boys?
gerent $A$
Q2) Probability of A given that at least one kid is a boy?

Poll $N$ families \& observe \# occurences of $A=N(A)$

$$
P(A)=\frac{N(A)}{N}
$$

For Q2) bnsider only outcome for which B holds.
In this subset, proportion of $A$

$$
\begin{aligned}
& \text { is } \frac{N(A \cap B)}{N(B)} \\
& \frac{N(A \cap B)}{N(B)}=\frac{P(A \cap B)}{P(B)}=; P(A(B)
\end{aligned}
$$

Alternately, given B occurs, $A$ occurs only if $A \cap B$ occurs

$$
P(A \mid B)=C P(A \cap B)
$$

$$
\begin{aligned}
& P(\Omega \mid B)=1 \\
\Rightarrow & C P(B)=1 \Rightarrow c=\frac{1}{P(B)}
\end{aligned}
$$

Def: If $P(B)>0$, then the conditional probability that A occurs given that Boccur/s is $\quad P(A \mid B)=\frac{P(A \cap B)}{P(B)}$

Example: Throw 2 dice $B=$ first dice shows 3 $A=\operatorname{sum}>6$

$$
\Omega=\{1,2, \ldots 6\}^{2}
$$

$7=$ all subsets of $\Omega$

$$
\begin{aligned}
& P(A)=|A| / 36 \\
& B=\{(3, b) \mid 1 \leq b \leq 6\} \\
& A=\{(a, b) \mid a+b>6\} \\
& A \cap B=\{(3,4),(3,5),(3,6)\} \\
& P(A \mid B)=\frac{P(A \cap B)}{P(B)}=\frac{3}{6}=\frac{1}{2}
\end{aligned}
$$

Example Family problem

Two children $\rightarrow$ Prob, of both beng
Prob. of both boys
given firstone is

$$
\begin{aligned}
& \Omega=\{G G, G B, B G, B B\} \\
& P(G G)=\ldots=P(B B)=\frac{1}{4}
\end{aligned}
$$

$P(B B \mid$ one boy at least $)$

$$
\begin{aligned}
& =P(B B \mid \underbrace{G B \cup B G \cup B B)}_{(\infty)} \\
& =\frac{P(B B)}{P(*)}=\frac{1}{3}
\end{aligned}
$$

$$
\begin{aligned}
& P(B B \mid \text { younger one is a boy) } \\
& =\frac{1}{2}
\end{aligned}
$$

Lectures 546
Total probability rule
A family $B_{1} \ldots B_{n}$ of events is a partition for the set $\Omega \neq$

$$
B_{i} \cap B_{j}=\phi, i \neq j \& \bigcup_{i=1}^{n} B_{i}=\Omega
$$

For any event $A, 4$ portition

$$
\begin{aligned}
& \left\{B_{1}-B_{n}\right\} \text { with } P\left(B_{i}\right)>0 \not t^{i}, \\
& P(A)=\sum_{i}^{n} P\left(A \mid B_{i}\right) P\left(B_{i}\right)
\end{aligned}
$$

Pf:-

$$
\begin{aligned}
A & =(A \cap B) \cup\left(A \cap B^{C}\right) \\
P(A) & =P(A \cap B)+P\left(A \cap B^{C}\right) \\
& =P(A / B) P(B)+P\left(A / B^{C}\right) P\left(B^{C}\right)
\end{aligned}
$$

H. W. Generalize.

Example:

$$
\left.\begin{array}{ll}
2 \omega \\
3 B
\end{array}|\quad| \begin{aligned}
& 3 \omega \\
& 4 B
\end{aligned} \right\rvert\,
$$

Pick a ball from urn \& put it into urn 2 .
Draw a ball from urn 2
$A=$ final ball is blue
$B=$ first -u

$$
\begin{aligned}
P(A) & =P(A \mid B) P(B)+P\left(A \mid B^{C}\right) P\left(B^{C}\right) \\
& =\frac{5}{8} \times \frac{3}{5}+\frac{4}{8} \times \frac{2}{5}=\frac{23}{40}
\end{aligned}
$$

Example: Monty hall problem
3 doors $\rightarrow$ Ger behind one \& goats behind other two

You choose 1. Presenter opens door 2 \& reveals a goat

Prob. of winning a car by switching to 3 is
$P($ Gar behind $3 /$ Presenter opened 2, You chose 1)

$$
=\frac{2}{3} \cdot \quad H \cdot w .
$$

Independence \& conditional independence Occurense of $B$ changes prob. of $A \quad P(A \mid B)$

If $B$ ha no impact, ie., $P(A / B)=P(A)$, then $A \& B$ are independent

Def: Events $A$ \& $B$ are independent it

$$
P(A \cap B)=P(A) P(B)
$$

Ingeneral, $\quad\left\{A_{i}, i \in I\right\}$ independent if

$$
P\left(\bigcap_{i \in J} A_{i}\right)=\prod_{i \in J} P\left(A_{i}\right) \text {, }
$$

for any a finite subset $J$ of $I$.
Note:- If $\left\{A_{i}, i \in I\right\}$ Satisfies

$$
P\left(A_{j} \cap A_{j}\right)=P\left(A_{i}\right) P\left(A_{i}\right), i \neq j,
$$

then $\left\{A_{i}, i \in I\right\}$ is poir-wise independent

Example:-

$$
\begin{aligned}
& \Omega=\{a b c, a c b, c a b, c b a, b c a, b a c, a a a, b b b, c c c\} \\
& P(\{\omega\})=\frac{1}{9} \quad \forall \omega \in \Omega
\end{aligned}
$$

$$
\begin{aligned}
& A_{k}=k \text { th letter is } a . \\
& P\left(A_{1} \cap A_{2} \cap A_{3}\right)=Y_{q} \\
& P\left(A_{1}\right)=\frac{3}{9}=P\left(A_{2}\right)=P\left(A_{3}\right)
\end{aligned}
$$

So, $\left\{A_{1}, \ldots A_{3}\right\}$ is not independent.

$$
P\left(A_{1} \cap A_{2}\right)=\frac{1}{9}=P\left(A_{1}\right) \cdot P\left(A_{2}\right)
$$

Conditional independence
Let $C$ be an event with $P(C)>0$
A\& $B$ conditionally independent given $C$ if

$$
P(A \cap B \mid C)=P(A \mid C) P(B \mid C)
$$

Note:
Independence $(\notin$ Conditional indepen dense

GAMBCER'S RUIN
Audi $\rightarrow$ costs $N$ units You have "k" units

Game with a bank manager is

1) Toss a fair coin
2) If heads, manager gives you one unit Be, you lose one unit

Game goes on mitil $\rightarrow$ (1) you have enough to $\begin{aligned} & \text { by the ar } \\ & \longrightarrow(2) \text { you go boukropt }\end{aligned}$
what is the probability that you are eventually bankrupted?
$A=$ event that fou go bankrupt
$B=$ first toss is a head

$$
P_{k}(A)=P_{k}(A \mid B) P(B)+P_{k}\left(A / B^{C}\right) P\left(B^{c}\right)
$$

$\rightarrow$ denotes probability Calculated with Starting point " $k$ "

$$
P_{k}(A \mid B)=P_{k \not c c}(A), \quad P_{k}\left(A \mid B^{c}\right)=P_{k-1}(A)
$$

Letting $P_{k}=P_{k}(A)$, we hove

$$
\begin{aligned}
P_{k} & =\frac{1}{2} P_{k+1}+\frac{1}{2} P_{k-1}, \quad 0<k<N \\
P_{0} & =1, \quad P_{N}=0
\end{aligned}
$$

Solving for $p_{k}$ :

$$
\begin{gathered}
b_{k}=P_{k}-P_{k-1}, b_{k-1}=P_{k-1}-P_{k-2} \\
b_{k}=b_{k-1}
\end{gathered}
$$

$$
\begin{aligned}
P_{k}-P_{k-1} & =P_{k-1}-P_{k-2} \\
2 \times P_{k-1} & =P_{k}+P_{k-2} \\
P_{k-1} & =\frac{P_{k}}{2}+\frac{P_{k-2}}{2}
\end{aligned}
$$

So, $b_{k}=b_{k-1}=\ldots=b_{1}$

$$
\begin{aligned}
P_{k} & =b_{k}+P_{k-1}=b_{1}+P_{k-1} \\
& =2 b_{1}+P_{k-2} \\
& =k b_{1}+P_{0} \\
P_{N} & =N b_{1}+P_{0} \\
0 & =N b_{1}+1 \\
b_{1} & =-\frac{1}{N} \\
P_{k}(A)=P_{k} & =1-\frac{k}{N}
\end{aligned}
$$

As $\quad N \rightarrow \infty, \quad P_{k}(A) \rightarrow 1$.

Example:

|  | Nomen |  | Men |  |
| :--- | :---: | :---: | :---: | :---: |
|  | Drug I $\operatorname{DrugII}$ | Dry g I | Dry II |  |
| Success | 200 | 10 | 19 | 1000 |
| failure | 1800 | 190 | 1 | 1000 |

Which dry is better?
Approach l:

$$
\begin{aligned}
& \text { Drug } I=\frac{219 \text { cured }}{2020 \text { given }} \\
& \text { Dry } I=\frac{1010 \text { curet }}{2200 \text { given }}
\end{aligned}
$$

So, drug II is better
Approach 2:-
Among men, $\quad \operatorname{Drg} I=\frac{19}{20}, \operatorname{Drag}_{\operatorname{ran}}=\frac{1}{2}$
Amon d women, $\operatorname{Drag} I=\frac{1}{10}, \operatorname{Drug} I I=\frac{1}{20}$

So, drug I is better.
For more, read about simpson's paradox
Bay e' rule
$A_{1}, \ldots A_{n} \rightarrow$ partition of $\sigma$ $B$ an c rent with $P(B)>0$

$$
P\left(A_{k} \mid B\right)=\frac{P\left(A_{k}\right) P\left(B \mid A_{k}\right)}{\sum_{i=1}^{n} P\left(A_{i}\right) P\left(B \mid A_{i}\right)}
$$

iDo your own proof>
Example Rare disease $X \rightarrow$ affects $\operatorname{lin} 10^{6}$ Medical test that is $99 \%$ accurate ic., Person ha no $X$, chance of $+v e=1 \%$ Person hay $X$, chase of $-v e=1 \%$

Suppose a person is tested for $x \&$ the result is tue.
What is the (conditional) probability that he/she hos $X$ ?

Let $A=$ person has $X$
$B=$ tat gives toe rout

$$
\begin{aligned}
P(A) & =10^{-6} \\
P(B \mid A) & =0.99, P\left(B / A^{c}\right)=0.01 \\
P(A \mid B) & =\frac{P(B / A) P(A)}{P(B / A) P(A)+P\left(B / A^{c}\right) P\left(A^{c}\right)} \\
& =\frac{0.99 \times 10^{-6}}{0.99 \times 10^{-6}+0.01\left(1-10^{-6}\right)}
\end{aligned}
$$

$$
\approx 0.000099
$$

One wary to Cook at thin:
Population is $10^{9} \& 10^{3}$ have $x$
Let all take test
Number of true + res

$$
=10^{3} \times 0.99 \approx 10^{3}
$$

Number of false positives

$$
=\left(10^{9}-10^{3}\right) \times 0.01 \approx 10^{7}
$$

Among all tues, false +ives $>$ trice +ives

