BASIC DISCRETE RANDOM VARIABLES X (using $q = 1 - p$)

1. **Binomial** (n, p)**:** $p_X(k) = \binom{n}{k} p^k q^{n-k}$ and $E[X] = np$ and $\mathrm{Var}[X] = npq$.
2. **Poisson with mean** λ**:** $p_X(k) = e^{-\lambda}\lambda^k/k!$ and $\mathrm{Var}[X] = \lambda$.
3. **Geometric** p**:** $p_X(k) = q^{k-1}p$ and $E[X] = 1/p$ and $\mathrm{Var}[X] = q/p^2$.
4. **Negative binomial** (n, p)**:** $p_X(k) = \binom{k-1}{n-1} p^n q^{k-n}$, $E[X] = n/p$, $\mathrm{Var}[X] = nq/p^2$.

BASIC CONTINUOUS RANDOM VARIABLES X

1. **Uniform on** $[a, b]$**:** $f_X(x) = 1/(b - a)$ on $[a, b]$ and $E[X] = (a + b)/2$ and $\mathrm{Var}[X] = (b - a)^2/12$.
2. **Normal with mean** μ **variance** σ^2**:** $f_X(x) = \frac{1}{\sigma\sqrt{2\pi}} e^{-(x-\mu)^2/2\sigma^2}$.
3. **Exponential with rate** λ**:** $f_X(x) = \lambda e^{-\lambda x}$ (on $[0, \infty)$) and $E[X] = 1/\lambda$ and $\mathrm{Var}[X] = 1/\lambda^2$.
4. **Gamma** (n, λ)**:** $f_X(x) = \frac{\lambda}{\Gamma(n)} e^{-\lambda x}(\lambda x)^{n-1}$ (on $[0, \infty)$) and $E[X] = n/\lambda$ and $\mathrm{Var}[X] = n/\lambda^2$.
5. **Cauchy:** $f_X(x) = \frac{1}{\pi(1+x^2)}$ and both $E[X]$ and $\mathrm{Var}[X]$ are undefined.
6. **Beta** (a, b)**:** $f_X(x) = \frac{x^{a-1}(1-x)^{b-1}}{B(a,b)}$ on [0,1] and $E[X] = a/(a + b)$.

MOMENT GENERATING / CHARACTERISTIC FUNCTIONS

1. **Discrete:** $M_X(t) = E[e^{tX}] = \sum_x p_X(x)e^{tx}$ and $\phi_X(t) = E[e^{itX}] = \sum_x p_X(x)e^{itx}$.
2. **Continuous:** $M_X(t) = E[e^{tX}] = \int_{-\infty}^{\infty} f_X(x)e^{tx}dx$ and $\phi_X(t) = E[e^{itX}] = \int_{-\infty}^{\infty} f_X(x)e^{itx}dx$.
3. **If** X **and** Y **are independent:** $M_{X+Y}(t) = M_X(t)M_Y(t)$ and $\phi_{X+Y}(t) = \phi_X(t)\phi_Y(t)$.
4. **Affine transformations:** $M_{aX+b}(t) = e^{bt}M_X(at)$ and $\phi_{aX+b}(t) = e^{ibt}\phi_X(at)$
5. **Some special cases:** if X is normal $(0, 1)$, complete-the-square trick gives $M_X(t) = e^{t^2/2}$ and $\phi_X(t) = e^{-t^2/2}$. If X is Poisson λ get "double exponential" $M_X(t) = e^{\lambda(e^t-1)}$ and $\phi_X(t) = e^{\lambda(e^{it}-1)}$.

STORIES BEHIND BASIC DISCRETE RANDOM VARIABLES

1. **Binomial** (n, p)**:** sequence of n coins, each heads with probability p, have $\binom{n}{k}$ ways to choose a set of k to be heads; have $p^k(1 - p)^{n-k}$ chance for each choice. If $n = 1$ then $X \in \{0, 1\}$ so $E[X] = E[X^2] = p$, and $\mathrm{Var}[X] = E[X^2] - E[X]^2 = p - p^2 = pq$. Use expectation/variance additivity (for independent coins) for general n.
2. **Poisson** λ**:** $p_X(k)$ is $e^{-\lambda}$ times kth term in Taylor expansion of e^λ. Take n very large and let Y be # heads in n tosses of coin with $p = \lambda/n$. Then $E[Y] = np = \lambda$ and $\mathrm{Var}(Y) = npq \approx np = \lambda$. Law of Y tends to law of X as $n \to \infty$, so not surprising that $E[X] = \mathrm{Var}[X] = \lambda$.
3. **Geometric** p**:** Probability to have no heads in first $k - 1$ tosses and heads in kth toss is $(1 - p)^{k-1}p$. If you think about repeatedly a tossing coin forever, it makes intuitive sense that if you have (in expectation) p heads per toss, then you should need (in expectation) $1/p$ tosses to get a heads. Variance formula requires calculation, but not surprising that $\mathrm{Var}(X) \approx 1/p^2$ when p is small (when p is small X is kind like of exponential random variable with $p = \lambda$) and $\mathrm{Var}(X) \approx 0$ when q is small.

4. **Negative binomial** (n, p)**:** If you want nth heads to be on the kth toss then you have to have $n-1$ heads during first $k-1$ tosses, and then a heads on the kth toss. Expectations and variance are n times those for geometric (since were're summing n independent geometric random variables).

STORIES BEHIND BASIC CONTINUUM RANDOM VARIABLES

1. **Uniform on** $[a, b]$**:** Total integral is one, so density is $1/(b-a)$ on $[a, b]$. $E[X]$ is midpoint $(a+b)/2$. When $a = 0$ and $b = 1$, w know $E[X^2] = \int_0^1 x^2 dx = 1/3$, so that $\text{Var}(X) = 1/3 - 1/4 = 12$. Stretching out random variable by $(b-a)$ multiplies variance by $(b-a)^2$.

2. **Normal** (μ, σ^2)**:** when $\sigma = 1$ and $\mu = 0$ we have $f_X(x) = \frac{1}{\sqrt{2\pi}} e^{-x^2/2}$. The function $e^{-x^2/2}$ is (up to multiplicative constant) *its own Fourier transform*. The fact that $\int_{-\infty}^{\infty} e^{-x^2/2} dx = \sqrt{2\pi}$ came from a cool and hopefully memorable trick involving passing to two dimensions and using polar coordinates. Once one knows the $\sigma = 1, \mu = 0$ case, general case comes from stretching/squashing the distribution by a factor of σ and then translating it by μ.

3. **Exponential** λ**:** Suppose $\lambda = 1$. Then $f_X(x) = e^{-x}$ on $[0, \infty)$. Remember the integration by parts induction that proves $\int_0^{\infty} e^{-x} x^n = n!$. So $E[X] = 1! = 1$ and $E[X^2] = 2! = 2$ so that $\text{Var}[X] = 2 - 1 = 1$. We think of λ as rate ("number of buses per time unit") so replacing 1 by λ multiplies wait time by $1/\lambda$, which leads to $E[X] = 1/\lambda$ and $\text{Var}(X) = 1/\lambda^2$.

4. **Gamma** (n, λ)**:** Again, focus on the $\lambda = 1$ case. Then f_X is just $e^{-x} x^{n-1}$ times the appropriate constant. Since X represents time until nth bus, expectation and variance should be n (by additivity of variance and expectation). If we switch to general λ, we stretch and squash f_X (and adjust expecation and variance accordingly).

5. **Cauchy:** If you remember that $1/(1+x^2)$ is the derivative of arctangent, you can see why this corresponds to the spinning flashlight story and where the $1/\pi$ factor comes from. Asymptotic $1/x^2$ decay rate is why $\int_{-\infty}^{\infty} f_X(x) dx$ is finite but $\int_{-\infty}^{\infty} f_X(x) x dx$ and $\int_{-\infty}^{\infty} f_X(x) x^2 dx$ diverge.

6. **Beta** (a, b)**:** $f_X(x)$ is (up to a constant factor) the probability (as a function of x) that you see $a-1$ heads and $b-1$ tails when you toss $a+b-2$ p-coins with $p = x$. So makes sense that if Bayesian prior for p is uniform then Bayesian posterior (after seeing $a-1$ heads and $b-1$ tails) should be proportional to this. The constant $B(a, b)$ is by definition what makes the total integral one. Expectation formula (which you computed on pset) suggests rough intuition: if you have uniform prior for fraction of people who like new restaurant, and then $(a-1)$ people say they do and $(b-1)$ say they don't, your revised expectation for fraction who like restaurant is $\frac{a}{a+b}$. (You might have guessed $\frac{(a-1)}{(a-1)+(b-1)}$, but that is not correct — and you can see why it would be wrong if $a-1 = 0$ or $b-1 = 0$.)

MIT OpenCourseWare
https://ocw.mit.edu

18.600 Probability and Random Variables
Fall 2019

For information about citing these materials or our Terms of Use, visit: https://ocw.mit.edu/terms.