## 4 Sums of Independent Random Variables

Standing Assumptions: Assume throughout this section that $(\Omega, \mathscr{F}, P)$ is a fixed probability space and that $X_{1}, X_{2}, X_{3}, \ldots$ are independent real-valued random variables on $(\Omega, \mathscr{F}, P)$. Let $\mathscr{F}_{0}=\{\varnothing, \Omega\}$ be the trivial $\sigma$-algebra, and for each $n=1,2,3, \ldots$ let

$$
\mathscr{F}_{n}=\sigma\left(X_{1}, X_{2}, \ldots, X_{n}\right)
$$

be the smallest $\sigma$-algebra such that the first $n$ random variables in the sequence are measurable with respect to $\mathscr{F}_{n}$. (Equivalently, $\mathscr{F}_{n}$ is the set of all events of the form $\left\{\left(X_{1}, X_{2}, \ldots, X_{n}\right) \in B\right\}$, where $B$ is a Borel subset of $\mathbb{R}$.) For each $n=0,1,2, \ldots$ set

$$
S_{n}=\sum_{j=1}^{n} X_{j} .
$$

Lemma 4.1. If $Y, Z$ are independent, nonnegative random variables, then

$$
\begin{equation*}
E(Y Z)=(E Y)(E Z) . \tag{4.1}
\end{equation*}
$$

Similarly, if $X, Y$ are independent random variables with finite first moments, then the equality (4.1) holds.

Proof. If $Y=\mathbb{1}_{F}$ and $Z=\mathbf{1}_{G}$ are independent indicator variables then the equation (4.1) follows by definition of independence. Consequently, by linearity of expectation, (4.1) holds for any two independent simple random variables. To see that the result holds in general, observe that if $Y$ and $Z$ are independent nonnegative random variables then there exist sequences $Y_{n}, Z_{n}$ of nonnegative simple random variables such that

$$
\begin{gathered}
0 \leq Y_{1} \leq Y_{2} \leq \cdots \text { and } \lim _{n \rightarrow \infty} Y_{n}=Y ; \\
0 \leq Z_{1} \leq Z_{2} \leq \cdots \text { and } \lim _{n \rightarrow \infty} Z_{n}=Z ; \text { and } \\
Y_{n}, Z_{n} \text { are independent. }
\end{gathered}
$$

(Exercise: Why?) Clearly, the sequence $Y_{n} Z_{n}$ converges monotonically to $Y Z$. Hence, the monotone convergence theorem implies that

$$
\begin{aligned}
E Y & =\lim _{n \rightarrow \infty} E Y_{n} ; \\
E Z & =\lim _{n \rightarrow \infty} E Z_{n} ; \text { and } \\
E Y Z & =\lim _{n \rightarrow \infty} E\left(Y_{n} Z_{n}\right) .
\end{aligned}
$$

Since $E\left(Y_{n} Z_{n}\right)=E Y_{n} E Z_{n}$ for each $n=1,2, \ldots$, it must be that $E(Y Z)=E Y E Z$.
Remark 4.2. It follows that if both $Y, Z \in L^{1}$ then their product $Y Z \in L^{1}$. If not for the hypothesis that $Y, Z$ are independent this would not be true. (See Hölder's inequality, sec. 3.5).

### 4.1 Stopping Times and the Wald Identities

Lemma 4.3. Let $T$ be a random variable taking values in the set $\mathbb{Z}_{+}=\{0,1,2, \ldots\}$ of nonnegative integers. Then

$$
E T=\sum_{n=1}^{\infty} P\{T \geq n\}
$$

Proof. Use the monotone convergence theorem and the fact that $T=\sum_{n=1}^{\infty} \mathbf{1}\{n \leq T\}$.
Definition 4.4. A stopping time (relative to the filtration $\left.\left(\mathscr{F}_{n}\right)_{n \geq 0}\right)$ is a random variable $T$ taking values in $\mathbb{Z}_{+} \cup\{\infty\}$ such that for every $n \geq 0$ the event $\{T=n\}$ is an element of $\mathscr{F}_{n}$.

Example 4.5. (a) Let $B \in \mathscr{B}$ be a Borel set, and define $\tau_{B}$ to be the smallest $n \geq 0$ such that $S_{n} \in B$, or $\tau_{B}=\infty$ on the event that there is no such $n$. Then $\tau_{B}$ is a stopping time. (b) Fix an integer $m \geq 0$, and let $\tau_{B, m}$ be the smallest $n \geq m$ such that $S_{n} \in B$, or $\tau_{B, m}=\infty$ on the event that there is no such $n$. Then $\tau_{B, m}$ is a stopping time. (c) Fix an integer $m \geq 0$, and let $\tau \equiv m$. Then $\tau$ is a stopping time.

Remark 4.6. If $T$ is a stopping time then for any integer $m \geq 1$
(a) the event $\{T \geq m\}=\{T \leq m-1\}^{c}=\left(\cup_{n \leq m-1}\{T=n\}\right)^{c}$ is in $\mathscr{F}_{m-1}$; and
(b) the random variable $T \wedge m$ is a stopping time.

Proposition 4.7. (Strong Markov Property) Let $X_{1}, X_{2}, \ldots$ be independent, identically distributed random variables and let $\tau$ be a finite stopping time (i.e., a stopping time such that $P\{\tau<\infty\}=1$ ). Then the random variables $X_{\tau+1}, X_{\tau+2}, \ldots$ are independent, identically distributed and have the same joint distribution as do the random variables $X_{1}, X_{2}, \ldots$, that is, for any integer $m \geq 1$ and Borel sets $B_{1}, B_{2}, \ldots, B_{m}$,

$$
P\left\{X_{\tau+j} \in B_{j} \forall j \leq m\right\}=P\left\{X_{j} \in B_{j} \forall j \leq m\right\} .
$$

Furthermore, the random variables $X_{\tau+1}, X_{\tau+2}, \ldots$ are "conditionally independent of everything that has happened up to time $\tau$ ", that is, for any integers $m, n \geq 0$ and Borel sets $B_{1}, B_{2}, \ldots, B_{m+n}$,

$$
\begin{aligned}
& P\left\{\tau=m \text { and } X_{j} \in B_{j} \forall j \leq m+n\right\} \\
&=P\left\{\tau=m \text { and } X_{j} \in B_{j} \forall j \leq m\right\} P\left\{X_{j} \in B_{j} \forall m<j \leq m+n\right\} .
\end{aligned}
$$

Proof. Routine.
Theorem 4.8. (Wald's First Identity) Assume that the random variables $X_{i}$ are independent, identically distributed and have finite first moment, and let $T$ be a stopping time such that $E T<\infty$. Then $S_{T}$ has finite first moment and

$$
\begin{equation*}
E S_{T}=\left(E X_{1}\right)(E T) . \tag{4.2}
\end{equation*}
$$

Prooffor Bounded Stopping Times. Assume first that $T \leq m$. Then clearly, $\left|S_{T}\right| \leq \sum_{i=1}^{m}\left|X_{i}\right|$, so the random variable $S_{T}$ has finite first moment. Since $T$ is a stopping time, for every $n \geq 1$ the event $\{T \geq n\}=\{T>n-1\}$ is in $\mathscr{F}_{n-1}$, and therefore is independent of $X_{n}$. Consequently,

$$
\begin{aligned}
E S_{T} & =E \sum_{i=1}^{m} X_{i} \mathbf{1}\{T \geq i\} \\
& =E \sum_{i=1}^{m} X_{i} \mathbf{1}\{T>i-1\} \\
& =\sum_{i=1}^{m} E X_{i} \mathbf{1}\{T>i-1\} \\
& =\sum_{i=1}^{m}\left(E X_{i}\right)(E \mathbf{1}\{T>i-1\}) \\
& =E X_{1} \sum_{i=1}^{m} P\{T \geq i\} \\
& =E X_{1} E T
\end{aligned}
$$

Proof for Stopping Times with Finite Expectations. This is an exercise in the use of the monotone convergence theorem for expectations. We will first consider the case where the random variables $X_{i}$ are nonnegative, and then we will deduce the general case by linearity of expectations.

Since the theorem is true for bounded stopping times, we know that for every $m<\infty$,

$$
\begin{equation*}
E S_{T \wedge m}=E X_{1} E(T \wedge m) . \tag{4.3}
\end{equation*}
$$

As $m$ increases the random variables $T \wedge m$ increase, and eventually stabilize at $T$, so by the monotone convergence theorem, $E(T \wedge m) \rightarrow E T$. Furthermore, if the random variables $X_{i}$ are nonnegative then the partial sums $S_{k}$ increase (or at any rate do not decrease) as $k$ increases, and consequently so do the random variables

$$
S_{T \wedge m}=\sum_{i=1}^{T \wedge m} X_{i} .
$$

Clearly, $\lim _{m \rightarrow \infty} S_{T \wedge m}=S_{T}$, so by the monotone convergence theorem,

$$
\lim _{m \rightarrow \infty} E S_{T \wedge m}=E S_{T}
$$

Thus, the left side of (4.3) converges to $E S_{T}$ as $m \rightarrow \infty$, and so we conclude that the identity (4.2) holds when the summands $X_{i}$ are nonnegative.

Finally, consider the general case, where the increments $X_{i}$ satisfy $E\left|X_{i}\right|<\infty$ but are not necessarily nonnegative. Decomposing each increment $X_{i}$ into its positive and negative parts gives

$$
\begin{aligned}
S_{T} & =\sum_{k=1}^{T} X_{k}^{+}-\sum_{k=1}^{T} X_{k}^{-} \quad \text { and } \\
\left|S_{T}\right| & \leq \sum_{k=1}^{T} X_{k}^{+}+\sum_{k=1}^{T} X_{k}^{-}
\end{aligned}
$$

We have proved that the Wald identity (4.2) holds when the increments are nonnegative, so we have

$$
\begin{aligned}
& E\left(\sum_{k=1}^{T} X_{k}^{+}\right)=E X_{1}^{+} E T \quad \text { and } \\
& E\left(\sum_{k=1}^{T} X_{k}^{-}\right)=E X_{1}^{-} E T
\end{aligned}
$$

Adding these shows that $E\left|S_{T}\right|<\infty$, and subtracting shows that $E S_{T}=E T E X_{1}$.
Theorem 4.9. (Wald's Second Identity) Assume that the random variables $X_{i}$ are independent, identically distributed with $E_{X_{i}}=0$ and $\sigma^{2}=E X_{i}^{2}<\infty$. If $T T$ is a stopping time such that $E T<\infty$ then

$$
\begin{equation*}
E S_{T}^{2}=\sigma^{2} E T \tag{4.4}
\end{equation*}
$$

Proof. This is more delicate than the corresponding proof for Wald's First Identity. We do have pointwise convergence $S_{T \wedge m}^{2} \rightarrow S_{T}^{2}$ as $m \rightarrow \infty$, so if we could first prove that the theorem is true for bounded stopping times then the Fatou Lemma and the monotone convergence theorem would imply that

$$
E S_{T}^{2} \leq \lim _{m \rightarrow \infty} E S_{T \wedge m}^{2}=\lim _{m \rightarrow \infty} \sigma^{2} E(T \wedge m)=\sigma^{2} E T
$$

The reverse inequality does not follow (at least in any obvious way) from the dominated convergence theorem, though, because the random variables $S_{T \wedge m}^{2}$ are not dominated by an integrable random variable. Thus, a different argument is needed. The key element of this argument will be the completeness of the metric space $L^{2}$ (with the metric induced by the $L^{2}-$ norm).

First, observe that

$$
S_{T \wedge m}=\sum_{k=1}^{m} X_{k} \mathbf{1}\{T \geq k\} .
$$

Now let's calculate the covariances (i.e., $L^{2}$ inner product) of the summands. For any two integers $1 \leq m<n<\infty$,

$$
E\left(X_{m} \mathbf{1}\{T \geq m\}\right)\left(X_{n} \mathbf{1}\{T \geq n\}\right)=0,
$$

by Lemma 4.1, because the random variable $X_{n}$ is independent of the three other random variables in the product. Hence, for any $0 \leq m<n<\infty$,

$$
\begin{aligned}
E\left(S_{T \wedge n}-S_{T \wedge m}\right)^{2} & =E\left(\sum_{k=m+1}^{n} X_{k} \mathbf{l}\{T \geq k\}\right)^{2} \\
& =\sum_{k=m+1}^{n} E X_{k}^{2} \mathbf{1}\{T \geq k\} \\
& =\sigma^{2} \sum_{k=m+1}^{n} P\{T \geq k\} \\
& =\sigma^{2} E T \wedge n-\sigma^{2} E T \wedge m .
\end{aligned}
$$

Since $E T<\infty$, this implies (by the monotone convergence theorem) that the sequence $S_{T \wedge m}$ is Cauchy with respect to the $L^{2}-$ norm. By the completeness of $L^{2}$, it follows that the sequence $S_{T \wedge m}$ converges in $L^{2}$-norm. But $S_{T \wedge m} \rightarrow S_{T}$ pointwise, so the only possible $L^{2}$-limit is $S_{T}$. Finally, since the random variables $S_{T \wedge m}$ converge in $L^{2}$ to $S_{T}$ their $L^{2}$-norms also converge, and we conclude that

$$
E S_{T}^{2}=\lim _{m \rightarrow \infty} E S_{T \wedge m}^{2}=\lim _{m \rightarrow \infty} \sigma^{2} E T \wedge m=\sigma^{2} E T .
$$

Theorem 4.10. (Wald's Third Identity) Assume that the random variables $X_{i}$ are independent, identically distributed, nonnegative, and have expectation $E X_{i}=1$. Then for any bounded stopping time $T$,

$$
\begin{equation*}
E \prod_{i=1}^{T} X_{i}=1 \tag{4.5}
\end{equation*}
$$

Proof. Assume that $T$ is a stopping time bounded by a nonnegative integer $m$. By Lemma 4.1, $E \prod_{i=k+1}^{m} X_{i}=1$ for any two (nonrandom) integers $m \geq k \geq 0$. In addition, for each $k<m$ the random variables $X_{k+1}, X_{k+2}, \ldots, X_{m}$ are independent of $\mathbf{1}\{T=k\}$, and so by
linearity of expectation

$$
\begin{aligned}
E \prod_{i=1}^{T} X_{i} & =\sum_{k=0}^{m} E \prod_{i=1}^{T} X_{i} \mathbf{1}\{T=k\} \\
& =\sum_{k=0}^{m} E \prod_{i=1}^{k} X_{i} \mathbf{1}\{T=k\} \\
& =\sum_{k=0}^{m} E \prod_{i=1}^{k} X_{i} \mathbf{1}\{T=k\} E \prod_{i=k+1}^{m} X_{i} \\
& =\sum_{k=0}^{m} E \prod_{i=1}^{k} X_{i} \mathbf{1}\{T=k\} \prod_{i=k+1}^{m} X_{i} \\
& =\sum_{k=0}^{m} E \prod_{i=1}^{m} X_{i} \mathbf{1}\{T=k\} \\
& =E \prod_{i=1}^{m} X_{i}=1
\end{aligned}
$$

### 4.2 Nearest Neighbor Random Walks on $\mathbb{Z}$

Definition 4.11. The sequence $S_{n}=\sum_{i=1}^{n} X_{i}$ is said to be a nearest neighbor random walk (or a $p$-q random walk) on the integers if the random variables $X_{i}$ are independent, identically distributed and have common distribution

$$
P\left\{X_{i}=+1\right\}=1-P\left\{X_{i}=-1\right\}=p=1-q .
$$

If $p=1 / 2$ then $S_{n}$ is called the simple nearest neighbor random walk. In general, if $p \neq 1 / 2$ then we shall assume that $0<p<1$ to avoid trivialities.

The Gambler's Ruin Problem. Fix two integers $A<0<B$. What is the probability that a $p-q$ random walk $S_{n}$ (starting at the default initial state $S_{0}=0$ ) will visit $B$ before $A$ ? This is the gambler's ruin problem. It is not difficult to see (or even to prove) that the random walk must, with probability one, exit the interval $(A, B)$, by an argument that I will refer to as Stein's trick. Break time into successive blocks of length $A+B$. In any such block where all of the steps of the random walk are +1 , the random walk must exit the interval $(A, B)$, if it has not already done so. Since there are infinitely many time blocks, and since for each the probability of $A+B$ consecutive +1 steps is $p^{A+B}>0$, the strong law of large numbers for Bernoulli random variables implies that with probability one there will eventually be a block of $A+B$ consecutive +1 steps.

Proposition 4.12. Let $S_{n}$ be a simple nearest neighbor random walk on $\mathbb{Z}$, and for any integers $A<0<B$ let $T=T_{A, B}$ be the first time $n$ such that $S_{n}=A$ or $B$. Then

$$
\begin{align*}
P\left\{S_{T}\right. & =B\}=1-P\left\{S_{T}=A\right\}=\frac{|A|}{|A|+B} \text { and }  \tag{4.6}\\
E T & =|A B| . \tag{4.7}
\end{align*}
$$

Proof. Wald 1 and 2. To see that $E T<\infty$, observe that $T$ is dominated by $(|A|+B)$ times a geometric random variable, by Stein's trick.

Corollary 4.13. Let $S_{n}$ be a simple nearest neighbor random walk on $\mathbb{Z}$. For any integer $a \neq 0$ define $\tau_{a}$ to be the smallest integer $n$ such that $S_{n}=a$, or $\tau_{a}=\infty$ if there is no such n. Then

$$
\begin{equation*}
P\left\{\tau_{a}<\infty\right\}=1 \text { and } E \tau_{a}=\infty . \tag{4.8}
\end{equation*}
$$

Proof. Without loss of generality assume that $a>0$. Clearly, $\tau_{a}<\infty$ on the event that $T_{A, a}<\infty$ and $S_{T_{A, a}}=a$, so for any $A>-\infty$,

$$
P\left\{\tau_{a}<\infty\right\} \geq \frac{|A|}{a+|A|}
$$

It follows that $P\left\{\tau_{a}<\infty\right\}=1$. Furthermore, $\tau_{a} \geq T_{A, a}$, so for any $A>-\infty$

$$
E \tau_{a} \geq|A| a
$$

Proposition 4.14. Let $S_{n}$ be the $p-q$ nearest neighbor random walk on $\mathbb{Z}$, and for any integers $A<0<B$ let $T=T_{A, B}$ be the first time $n$ such that $S_{n}=A$ or $B$. Then

$$
\begin{equation*}
P\left\{S_{T}=B\right\}=1-P\left\{S_{T}=A\right\}=\frac{1-(q / p)^{A}}{(q / p)^{B}-(q / p)^{A}} . \tag{4.9}
\end{equation*}
$$

Proof. The random variable $T$ is almost surely finite, by Stein's trick, and so $T \wedge m \uparrow T$ and $S_{T \wedge m} \rightarrow S_{T}$ as $m \rightarrow \infty$. Observe that $E(q / p)^{X_{i}}=1$, so Wald's third identity implies that for each $m=1,2, \ldots$,

$$
E\left(\frac{q}{p}\right)^{S_{T \wedge m}}=E \prod_{i=1}^{T \wedge m}(q / p)^{X_{i}}=1
$$

Now the random variables $(q / p)^{S_{T \wedge m}}$ are uniformly bounded, because up until time $T$ the random walk stays between $A$ and $B$; consequently, the dominated convergence theorem implies that

$$
E\left(\frac{q}{p}\right)^{S_{T}}=1
$$

Thus,

$$
\left(\frac{q}{p}\right)^{B} P\left\{S_{T}=B\right\}+\left(\frac{q}{p}\right)^{A} P\left\{S_{T}=A\right\}=1 ;
$$

since $P\left\{S_{T}=A\right\}=1-P\left\{S_{T}=B\right\}$, the equality (4.9) follows.
Corollary 4.15. Let $S_{n}$ be the $p-q$ nearest neighbor random walk on $\mathbb{Z}$ with $q<\frac{1}{2}<p$, and for any integer $a \neq 0$ define $\tau_{a}$ to be the smallest integer $n$ such that $S_{n}=a$, or $\tau_{a}=\infty$ if there is no such $n$. Then

$$
\begin{aligned}
& P\left\{\tau_{a}<\infty\right\}=1 \quad \text { if } a \geq 1 \\
& P\left\{\tau_{a}<\infty\right\}=(q / p)^{|a|} \quad \text { if } a \leq-1 .
\end{aligned}
$$

Exercise 4.16. For $p-q$ nearest neighbor random walk on $\mathbb{Z}$, calculate $E T_{A, B}$.
First-Passage Time Distribution for Simple Random Walk. Let $S_{n}$ be simple random walk with initial state $S_{0}=0$, and let $\tau=\tau(1)$ be the first passage time to the level 1 , as in Corollary 4.13. We will now deduce the complete distribution of the random variable $\tau$, by using Wald's third identity to calculate the probability generating function $E s^{\tau}$. For this, we need the moment generating function of $\xi_{1}$ :

$$
\varphi(\theta)=E e^{\theta \xi_{1}}=\frac{1}{2}\left(e^{\theta}+e^{-\theta}\right)=\cosh \theta .
$$

Recall that the function $\cosh \theta$ is even, and it is strictly increasing on the half-line $\theta \in$ $[0, \infty)$; consequently, for every $y>1$ the equation $\cosh \theta=y$ has two real solutions $\pm \theta$. Fix $0<s<1$, and set $s=1 / \varphi(\theta)$; then by solving a quadratic equation (exercise) you find that for $\theta>0$,

$$
e^{-\theta}=\frac{1-\sqrt{1-4 s^{2}}}{2 s}
$$

Now let's use the third Wald identity. Since this only applies directly to bounded stopping times, we'll use it on $\tau \wedge n$ and then hope for the best in letting $n \rightarrow \infty$. The identity gives

$$
E\left(\frac{\exp \left\{\theta S_{\tau \wedge n}\right\}}{\varphi(\theta)^{\tau \wedge n}}\right)=1
$$

We will argue below that if $\theta>0$ then it is permissible to take $n \rightarrow \infty$ in this identity. Suppose for the moment that it is; then since $S_{\tau} \equiv 1$, the limiting form of the identity will read, after the substitution $s=1 / \varphi(\theta)$,

$$
e^{\theta} E s^{\tau}=1
$$

Using the formula for $e^{-\theta}$ obtained above, we conclude that

$$
\begin{equation*}
E s^{\tau}=\frac{1-\sqrt{1-4 s^{2}}}{2 s} \tag{4.10}
\end{equation*}
$$

To justify letting $n \rightarrow \infty$ above, we use the dominated convergence theorem. First, since $\tau<\infty$ (at least with probability one),

$$
\lim _{n \rightarrow \infty} \frac{\exp \left\{\theta S_{\tau \wedge n}\right\}}{\varphi(\theta)^{\tau \wedge n}}=\frac{\exp \left\{\theta S_{\tau}\right\}}{\varphi(\theta)^{\tau}}
$$

Hence, by the DCT, it will follow that interchange of limit and expectation is allowable provided the integrands are dominated by an integrable random variable. For this, examine the numerator and the denominator separately. Since $\theta>0$, the random variable $e^{\theta S_{\tau \wedge n}}$ cannot be larger than $e^{\theta}$, because on the one hand, $S_{\tau}=1$, and on the other, if $\tau>n$ then $S_{n} \leq 0$ and so $e^{S_{\tau \wedge n}} \leq 1$. The denominator is even easier: since $\varphi(\theta)=\cosh \theta \geq 1$, it is always the case that $\varphi(\theta)^{\tau \wedge n} \geq 1$. Thus,

$$
\frac{\exp \left\{\theta S_{\tau \wedge n}\right\}}{\varphi(\theta)^{\tau \wedge n}} \leq e^{\theta}
$$

and so the integrands are uniformly bounded.
The exact distribution of the first-passage time $\tau=\tau(1)$ can be recovered from the generating function (4.10) with the aid of Newton's binomial formula, according to which

$$
\begin{equation*}
\sqrt{1-s^{2}}=\sum_{n=0}^{\infty}\binom{1 / 2}{n}\left(-s^{2}\right)^{n} \quad \text { for all }|s|<1 \tag{4.11}
\end{equation*}
$$

From equation (4.10) we now deduce that

$$
E s^{\tau}=\sum_{n=1}^{\infty} s^{n} P\{\tau=n\}=\sum_{n=1}^{\infty}(-1)^{n}\binom{1 / 2}{n} s^{2 n-1} .
$$

Matching coefficients, we obtain
Proposition 4.17. $P\{\tau=2 n-1\}=(-1)^{n}\binom{1 / 2}{n}$ and $P\{\tau=2 n\}=0$.
Exercise 4.18. Verify that $P\{\tau=2 n-1\}=2^{-2 n+1}(2 n-1)^{-1}\binom{2 n-1}{n}$. This implies that

$$
\begin{equation*}
P\{\tau=2 n-1\}=\frac{P\left\{S_{2 n-1}=1\right\}}{2 n-1} \tag{4.12}
\end{equation*}
$$

Exercise 4.19. Show that $P\{\tau=2 n-1\} \sim C / n^{3 / 2}$ for some constant $C$, and identify $C$. (Thus, the density of $\tau$ obeys a power law with exponent $3 / 2$.)
Exercise 4.20. (a) Show that the generating function $F(s)=E s^{\tau}$ given by equation (4.10) satisfies the relation

$$
\begin{equation*}
1-F(s) \sim \sqrt{2} \sqrt{1-s} \quad \text { as } s \rightarrow 1- \tag{4.13}
\end{equation*}
$$

(b) The random variable $\tau(m)=\min \left\{n: S_{n}=m\right\}$ is the sum of $m$ independent copies of $\tau=\tau(1)$, and so its probability generating function is the $n$th power of $F(s)$. Use this fact and the result of part (a) to show that for every real number $\lambda>0$,

$$
\begin{equation*}
\lim _{m \rightarrow \infty} E \exp \left\{-\lambda \tau(m) / m^{2}\right\}=e^{-\sqrt{2 \lambda}} \tag{4.14}
\end{equation*}
$$

Remark 4.21. The function $\varphi(\lambda)=\exp \{-\sqrt{2 \lambda}\}$ is the Laplace transform of a probability density called the one-sided stable law of exponent $1 / 2$. This is the distribution of the first-passage time to the level 1 for the Wiener process (also called Brownian motion). In effect, the result of Exercise 4.20 (b) implies that the random variables $\tau(m) / m^{2}$ converge in distribution to the stable law of exponent $1 / 2$.

## 4.3 $\quad L^{2}$-Maximal Inequality and Convergence of Random Series

Assume in this section that $X_{1}, X_{2}, \ldots$ are independent - but not necessarily identically distributed - random variables with

$$
E X_{i}=0 \quad \text { and } E X_{i}^{2}:=\sigma_{i}^{2}<\infty .
$$

Set $S_{n}=\sum_{i=1}^{n} X_{i}$ and $S_{0}=0$. The next proposition is an extension of Wald's second identity to sums of non-identically distributed random variables.

Proposition 4.22. For any bounded stopping time $T$,

$$
E S_{T}^{2}=E \sum_{i=1}^{T} \sigma_{i}^{2}
$$

Proof. HW.
Corollary 4.23. ( $L^{2}$ Maximal Inequality) For any scalar $\alpha>0$ and any integer $m \geq 0$,

$$
\begin{aligned}
& P\left\{\max _{n \leq m}\left|S_{n}\right| \geq \alpha\right\} \leq \alpha^{-2} \sum_{i=1}^{m} \sigma_{i}^{2} \quad \text { and therefore } \\
& P\left\{\sup _{n \geq 1}\left|S_{n}\right| \geq \alpha\right\} \leq \alpha^{-2} \sum_{i=1}^{\infty} \sigma_{i}^{2} .
\end{aligned}
$$

Theorem 4.24. If $\sum_{n=1}^{\infty} \sigma_{n}^{2}<\infty$ then the random variables $S_{n}$ converge in $L^{2}$ - norm and almost surely as $n \rightarrow \infty$ to a limit $S_{\infty}$ with expectation $E S_{\infty}=0$.

Proof. The summands $X_{i}$ are uncorrelated (that is, orthogonal in $L^{2}$ ) by Lemma 4.1. Consequently, the $L^{2}$ - distance between $S_{n}$ and $S_{n+m}$ is

$$
\left\|S_{n+m}-S_{n}\right\|_{2}^{2}=\sum_{i=n+1}^{n+m} \sigma_{i}^{2}
$$

Since $\sum_{n=1}^{\infty} \sigma_{n}^{2}<\infty$, it follows that the sequence $S_{n}$ is Cauchy in $L^{2}$, and hence by the completeness of $L^{2}$ there exists a random variable $S_{\infty} \in L^{2}$ such that

$$
\lim _{n \rightarrow \infty} E\left|S_{\infty}-S_{n}\right|^{2}=0
$$

To prove that $S_{n} \rightarrow S_{\infty}$ almost surely, it suffices to show that for every $\varepsilon>0$ there exists $n_{\varepsilon}<\infty$ such that if $n \geq n_{\varepsilon}$ then

$$
P\left\{\left|S_{\infty}-S_{n}\right|>\varepsilon \text { for some } n \geq n_{\varepsilon}\right\} \leq \varepsilon
$$

This follows from the Maximal Inequality, which implies that for any $m<\infty$,

$$
P\left\{\left|S_{m}-S_{n}\right|>\varepsilon / 2 \text { for some } n \geq m\right\} \leq \frac{4}{\varepsilon^{2}} \sum_{n=m}^{\infty} \sigma_{n}^{2}
$$

Finally, since $S_{n} \rightarrow S_{\infty}$ in $L^{2}$, the random variables $S_{n}$ are uniformly integrable. Since $S_{n} \rightarrow S_{\infty}$ almost surely, it follows that $E S_{n} \rightarrow E S_{\infty}$. But by hypothesis, $E S_{n}=0$.

Example 4.25. Let $X_{1}, X_{2}, \ldots$ be independent, identically distributed Rademacher-1/2, that is, $P\left\{X_{i}=+1\right\}=P\left\{X_{i}=-1\right\}=1 / 2$. Then the random series

$$
\sum_{n=1}^{\infty} \frac{X_{n}}{n}
$$

converges almost surely and in $L^{2}$. The series does not converge absolutely.

### 4.4 Kolmogorov's Strong Law Of Large Numbers

Proposition 4.26. (Kronecker's Lemma) Let $a_{n}$ be an increasing sequence of positive numbers such that $\lim _{n \rightarrow \infty} a_{n}=\infty$, and let $x_{k}$ be a sequence of real numbers such that the series $\sum_{n=1}^{\infty}\left(x_{n} / a_{n}\right)$ converges (not necessarily absolutely). Then

$$
\begin{equation*}
\lim _{m \rightarrow \infty} \frac{1}{a_{m}} \sum_{n=1}^{m} x_{n}=0 \tag{4.15}
\end{equation*}
$$

Proof. This is an exercise in summation by parts, a technique that is frequently of use in dealing with sequences of sums. The idea is to represent the summands $x_{i}$ of interest as differences of successive terms: in this case,

$$
x_{n}=a_{n}\left(s_{n}-s_{n+1}\right) \quad \text { where } \quad s_{n}=\sum_{i=n}^{\infty} \frac{x_{i}}{a_{i}} .
$$

The hypothesis ensures that the series defining $s_{n}$ converge, and also imply that $\lim _{n \rightarrow \infty} s_{n}=$ 0 . Now write

$$
\begin{aligned}
\frac{1}{a_{m}} \sum_{n=1}^{m} x_{n} & =\frac{1}{a_{m}} \sum_{n=1}^{m} a_{n}\left(s_{n}-s_{n+1}\right) \\
& =\frac{1}{a_{m}} \sum_{n=2}^{m}\left(a_{n}-a_{n-1}\right) s_{n}+\frac{a_{1}}{a_{m}} s_{1}-s_{m+1} .
\end{aligned}
$$

It is clear that the last two terms converge to 0 as $m \rightarrow \infty$, because $a_{m} \rightarrow \infty$. Therefore, to prove the proposition it suffices to show that $a_{m}^{-1} \sum_{n=2}^{m}\left(a_{n}-a_{n-1}\right) s_{n}$ converges to 0 .

Fix $\varepsilon>0$, and choose $K-K(\varepsilon)$ so large that $\left|s_{n}\right|<\varepsilon$ for all $n \geq K$. Write

$$
a_{m}^{-1} \sum_{n=2}^{m}\left(a_{n}-a_{n-1}\right) s_{n}=a_{m}^{-1} \sum_{n=2}^{K}\left(a_{n}-a_{n-1}\right) s_{n}+a_{m}^{-1} \sum_{n=K+1}^{m}\left(a_{n}-a_{n-1}\right) s_{n}=f_{m}+g_{m} .
$$

Since $a_{m} \rightarrow \infty$ and since the sum $\sum_{n=2}^{K}\left(a_{n}-a_{n-1}\right) s_{n}$ does not change as $m$ increases, we have $\lim _{m \rightarrow \infty} f_{m}=0$. On the other hand, since the sequence $a_{n}$ is nondecreasing and since $\left|s_{n}\right|<\varepsilon$ for all of the indices $K<n \leq m$,

$$
\begin{aligned}
\left|g_{m}\right| & \leq a_{m}^{-1} \sum_{n=K+1}^{m}\left(a_{n}-a_{n-1}\right)\left|s_{n}\right| \\
& \leq a_{m}^{-1} \sum_{n=K+1}^{m}\left(a_{n}-a_{n-1}\right) \varepsilon \\
& =a_{m}^{-1} \varepsilon \sum_{n=K+1}^{m}\left(a_{n}-a_{n-1}\right)=\varepsilon\left(1-\frac{a_{K}}{a_{m}}\right) \leq \varepsilon .
\end{aligned}
$$

Finally, since $\varepsilon>0$ is arbitrary, (4.15) follows.
Theorem 4.27. ( $L^{2}$-Strong Law of Large Numbers) Let $X_{1}, X_{2}, \ldots$ be a sequence of independent, identically distributed random variables with mean $E X_{n}=0$ and finite variance $\sigma^{2}=E X_{n}^{2}<\infty$, and let $S_{n}=\sum_{i=1}^{n} X_{i}$. Then with probability one,

$$
\begin{equation*}
\lim _{n \rightarrow \infty} S_{n} / n=0 \tag{4.16}
\end{equation*}
$$

Proof. Theorem 4.24 implies that the series $\sum_{n=1}^{\infty}\left(X_{n} / n\right)$ converges almost surely, because the variances are summable. Kronecker's Lemma implies that on the event that the series $\sum_{n=1}^{\infty}\left(X_{n} / n\right)$ converges, the averages (4.17) converge to 0 .

In fact, the hypothesis that the summands have finite variance is extraneous: only finiteness of the first moment is needed. This is Kolmogorov's Strong Law Of Large Numbers.

Theorem 4.28. (Kolmogorov) Let $X_{1}, X_{2}, \ldots$ be a sequence of independent, identically distributed random variables with finite first moment $E\left|X_{1}\right|<\infty$ and mean $E X_{n}=\mu$, and let $S_{n}=\sum_{i=1}^{n} X_{i}$. Then with probability one,

$$
\begin{equation*}
\lim _{n \rightarrow \infty} S_{n} / n=\mu \tag{4.17}
\end{equation*}
$$

Lemma 4.29. Let $X_{1}, X_{2}, \ldots$ be identically distributed random variables with finite first moment $E\left|X_{1}\right|<\infty$ and mean $E X_{n}=0$. Then for each $\varepsilon>0$

$$
P\left\{\left|X_{n}\right| \geq \varepsilon n \text { infinitely often }\right\}=0 .
$$

Proof. By Borel-Cantelli it suffices to show that $\sum_{n=1}^{\infty} P\left\{\left|X_{n}\right| \geq \varepsilon n\right\}<\infty$. Since the random variables are identically distributed, it suffices to show that $\sum_{n=1}^{\infty} P\left\{\left|X_{1}\right| \geq \varepsilon n\right\}<\infty$. But $\left|X_{1}\right| / \varepsilon:=Y$ has finite first moment $E Y=E\left|X_{1}\right| / \varepsilon$, and hence so does [ $Y$ ] (where [•] denotes the greatest integer function). Since $Y$ takes values in the set of nonnegative integers,

$$
E Y=\sum_{n=1}^{\infty} P\{Y \geq n\}=\sum_{n=1}^{\infty} P\left\{Y\left|X_{1}\right| \geq \varepsilon n\right\} .
$$

Proof of Theorem 4.28. Without loss of generality, we may assume that $\mu=0$. For each $n=1,2, \ldots$ define $Y_{n}$ by truncating $X_{n}$ at the levels $\pm n$, that is, $Y_{n}=X_{n} \mathbf{1}\left\{\left|X_{n}\right| \leq n\right\}$, and let $S_{n}^{Y}=\sum_{i=1}^{n} Y_{i}$. By Lemma 4.29, with probability one $Y_{n}=X_{n}$ except for at most finitely many indices $n$. Consequently, to prove that $S_{n} / n \rightarrow 0$ almost surely it suffices to show that $S_{n}^{Y} / n \rightarrow 0$ almost surely.

The random variables $Y_{1}, Y_{2}, \ldots$ are independent but no longer identically distributed, and furthermore the expectations $E Y_{n}$ need not $=0$. Nevertheless,

$$
E Y_{n}=E X_{n} \mathbf{1}\left\{\left|X_{n}\right| \leq n\right\}=E X_{1} \mathbf{1}\left\{\left|X_{1}\right| \leq n\right\} \longrightarrow 0
$$

by the dominated convergence theorem (since $E\left|X_{1}\right|<\infty$ ). Therefore, the averages $n^{-1} \sum_{i=1}^{n} E Y_{i}$ converge to 0 as $n \rightarrow \infty$. Thus, to prove that $S_{n}^{Y} / n \rightarrow 0$ almost surely, it suffices to prove that with probability 1 ,

$$
\frac{1}{n} \sum_{i=1}^{n}\left(Y_{i}-E Y_{i}\right) \longrightarrow 0 .
$$

By Kronecker's Lemma, it now suffices to show that with probability one the sequence $\sum_{i=1}^{n}\left(Y_{i}-E Y_{i}\right) / i$ converges to a finite limit, and for this it suffices, by the KhintchineKolmogorov theorem, to prove that $\sum_{n=1}^{\infty} \operatorname{Var}\left(Y_{n} / n\right)<\infty$. Finally, since $\operatorname{Var}\left(Y_{n}\right)=E\left(Y_{n}-\right.$ $\left.E Y_{n}\right)^{2} \leq E Y_{n}^{2}$, it suffices to show that

$$
\sum_{n=1}^{\infty} n^{-2} E Y_{n}^{2}<\infty
$$

Here we go:

$$
\begin{aligned}
\sum_{n=1}^{\infty} n^{-2} E Y_{n}^{2} & =\sum_{n=1}^{\infty} \sum_{k=1}^{n} n^{-2} E X_{1}^{2} \mathbf{l}\left\{k-1<\left|X_{1}\right| \leq k\right\} \\
& =\sum_{k=1}^{\infty} E X_{1}^{2} \mathbf{l}\left\{k-1<\left|X_{1}\right| \leq k\right\} \sum_{n=k}^{\infty} n^{-2} \\
& \leq 2 \sum_{k=1}^{\infty} E X_{1}^{2} \mathbf{l}\left\{k-1<\left|X_{1}\right| \leq k\right\} k^{-1} \\
& \leq 2 \sum_{k=1}^{\infty} k^{2} P\left\{k-1<\left|X_{1}\right| \leq k\right\} k^{-1} \\
& =2 \sum_{k=1}^{\infty} k P\left\{k-1<\left|X_{1}\right| \leq k\right\} \\
& \leq 2\left(E\left|X_{1}\right|+1\right)<\infty .
\end{aligned}
$$

Here we have used the fact that $\sum_{n=k}^{\infty} n^{-2} \leq \int_{k-1}^{\infty} t^{-2} d t=(k-1)^{-1} \leq 2 k^{-1}$, and (of course) the hypothesis that the first moment of $\left|X_{1}\right|$ is finite.

Definition 4.30. A sequence $X_{1}, X_{2}, \ldots$ of random variables is said to be $m$-dependent for some integer $m \geq 1$ if for every $n \geq 1$ the $\sigma$-algebras $\sigma\left(X_{i}\right)_{i \leq n}$ and $\sigma\left(X_{i}\right)_{i \geq n+m+1}$ are independent.

Exercise 4.31. If $X_{1}, X_{2}, \ldots$ are $m$-dependent then for each $i$ the random variables

$$
X_{i}, X_{i+m+1}, X_{i+2 m+2}, \ldots
$$

are independent.
Corollary 4.32. If $X_{1}, X_{2}, \ldots$ are $m$-dependent random variables all with the same distribution, and if $E\left|X_{1}\right|<\infty$ and $E X_{i}=\mu$ then with probability one,

$$
\lim \frac{S_{n}}{n}=\mu .
$$

### 4.5 The Kesten-Spitzer-Whitman Theorem

Next, we will use Kolmogorov's Strong Law of Large Numbers to derive a deep and interesting theorem about the behavior of random walks on the integer lattices $\mathbb{Z}^{d}$. A random walk on $\mathbb{Z}^{d}$ is just the sequence $S_{n}=\sum_{k=1}^{n} X_{k}$ of partial sums of a sequence $X_{1}, X_{2}, \ldots$ of independent, identically distributed random vectors taking values in $\mathbb{Z}$; these random vectors $X_{k}$ are called the steps of the random walk, and their common distribution is the
step distribution. For example, the simple nearest neighbor random walk on $\mathbb{Z}$ has step distribution

$$
P\left\{X_{k}= \pm e_{i}\right\}=\frac{1}{4}
$$

where $e_{1}$ and $e_{2}$ are the standard unit vectors in $\mathbb{R}$.
Theorem 4.33. (Kesten-Spitzer-Whitman) Let $S_{n}$ be a random walk on $\mathbb{Z}^{d}$. For each $n=0,1,2, \ldots$ define $R_{n}$ to be the number of distinct sites visited by the random walk in its first $n$ steps, that is,

$$
\begin{equation*}
R_{n}:=\text { cardinality }\left\{S_{0}, S_{1}, \ldots, S_{n}\right\} \tag{4.18}
\end{equation*}
$$

Then

$$
\begin{equation*}
\frac{R_{n}}{n} \longrightarrow P\left\{\text { no return to } S_{0}\right\} \quad \text { a.s. } \tag{4.19}
\end{equation*}
$$

I will only prove the weaker statement that $R_{n} / n$ converges to $P$ \{no return\} in probability. Even the weaker statement has quite a lot of information in it, though, as the next corollary shows.

Corollary 4.34. Let $S_{n}$ be a random walk on $\mathbb{Z}=\mathbb{Z}^{1}$ whose step distribution has finite first moment and mean 0 . Then

$$
P\{\text { no return to } 0\}=0 .
$$

Proof. Since the increments $X_{n}=S_{n}-S_{n-1}$ have finite first moment and mean zero, Kolmogorov's SLLN implies that $S_{n} / n \rightarrow 0$ almost surely. This in turn implies that for every $\varepsilon>0$, eventually $\left|S_{n}\right| \leq n \varepsilon$, and so the number of distinct sites visited by time $n$ (at least for large $n$ ) cannot be much larger than the total number of integers between $-n \varepsilon$ and $+n \varepsilon$. Thus, for sufficiently large $n$,

$$
R_{n} \leq 4 \varepsilon n
$$

Since $\varepsilon>0$ is arbitrary, it follows that $\lim R_{n} / n=0$ almost surely. The KSW theorem does the rest.

Proof of the KSW Theorem. To calculate $R_{n}$, run through the first $n+1$ states $S_{j}$ of the random walk and for each count +1 if $S_{j}$ is not revisited by time $n$, that is,

$$
R_{n}=\sum_{j=0}^{n} \mathbf{1}\left\{S_{j} \text { not revisited before time } n\right\} .
$$

The event that $S_{j}$ is not revisited by time $n$ contains the event that $S_{j}$ is never revisited at all; consequently,

$$
R_{n} \geq \sum_{j=0}^{n} \mathbf{1}\left\{S_{j} \text { never revisited }\right\}=\sum_{j=0}^{n} \mathbf{1}\left\{S_{j} \neq S_{m+j} \text { for any } m \geq 1\right\}
$$

This clearly implies that

$$
\begin{equation*}
E R_{n} / n \geq P\{\text { no return }\} . \tag{4.20}
\end{equation*}
$$

We can also obtain a simple upper bound for $R_{n}$ by similar reasoning. For this, consider again the event that $S_{j}$ is not revisited by time $n$. Fix $M \geq 1$. If $j \leq n-M$, then this event is contained in the event that $S_{j}$ is not revisited in the next $M$ steps. Thus,

$$
\begin{equation*}
R_{n} \leq \sum_{j=0}^{n-M} \mathbf{1}\left\{S_{j} \neq S_{j+i} \text { for any } 1 \leq i \leq M\right\}+M . \tag{4.21}
\end{equation*}
$$

The random variable $Y_{j}^{M}:=\mathbf{1}\left\{S_{j} \neq S_{j+i}\right.$ for any $\left.1 \leq i \leq M\right\}$ is a Bernoulli random variable that depends only on the increments $X_{j+1}, X_{j+2}, \ldots, X_{j+M}$ of the underlying random walk. Since these increments are independent and identically distributed, it follows that for any $M$ the sequence $\left\{Y_{j}^{M}\right\}_{j \geq 1}$ is an $M$-dependent sequence of identically distributed Bernoulli random variables, and so the strong law of large numbers applies: in particular, with probability one,

$$
\lim _{n \rightarrow \infty} n^{-1} \sum_{j=1}^{n} Y_{j}^{M}=E Y_{1}^{M}=P\left\{S_{i} \neq 0 \text { for any } i \leq M\right\}
$$

Consequently, by (4.21), for every $M \geq 1$, with probability one,

$$
\limsup _{n \rightarrow \infty} \frac{R_{n}}{n} \leq P\left\{S_{i} \neq 0 \text { for any } i \leq M\right\} .
$$

The dominated convergence theorem implies that the probabilities on the right converge (down) to $P$ \{no return\}, so this proves that with probability one

$$
\limsup _{n \rightarrow \infty} \frac{R_{n}}{n} \leq P\{\text { no return }\} .
$$

So here is what we have proved: (a) the random variables $R_{n} / n$ have limsup no larger than $P$ \{no return\}, and (b) have expectations no smaller than $P$ \{no return\}. Since $R_{n} / n \leq$ 1, this implies, by the next exercise, that in fact

$$
R_{n} / n \xrightarrow{P} P\{\text { no return }\} .
$$

Exercise 4.35. Let $Z_{n}$ be a sequence of uniformly bounded random variables (that is, there exists a constant $C<\infty$ such that $\left|Z_{n}\right| \leq C$ for every $n$ ) such that $\limsup Z_{n} \leq \alpha$ almost surely and $E Z_{n} \geq \alpha$. Prove that $Z_{n} \rightarrow \alpha$ in probability.

Exercise 4.36. Use the Kesten-Spitzer-Whitman theorem to calculate $P$ \{no return to 0$\}$ for $p-q$ nearest-neighbor random walk on $\mathbb{Z}$ when $p>q$.

