S.CP.A.2: Probability of Compound Events 2

1 Given events A and B, such that $P(A) = 0.6$, $P(B) = 0.5$, and $P(A \cup B) = 0.8$, determine whether A and B are independent or dependent.

2 In contract negotiations between a local government agency and its workers, it is estimated that there is a 50% chance that an agreement will be reached on the salaries of the workers. It is estimated that there is a 70% chance that there will be an agreement on the insurance benefits. There is a 20% chance that no agreement will be reached on either issue. Find the probability that an agreement will be reached on *both* issues. Based on this answer, determine whether the agreement on salaries and the agreement on insurance are independent events. Justify your answer.

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Answer Section

1 ANS:
$P(A \cup B) = P(A) + P(B) - P(A \cap B)$ A and B are independent since $P(A \cap B) = P(A) \cdot P(B)$

$0.8 = 0.6 + 0.5 - P(A \cap B)$ $\quad 0.3 = 0.6 \cdot 0.5$

$P(A \cap B) = 0.3$ $\quad 0.3 = 0.3$

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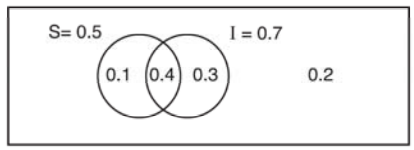
2 ANS:

This scenario can be modeled with a Venn Diagram: 

Since $P(S \cup I)_c = 0.2$, $P(S \cup I) = 0.8$. Then, $P(S \cap I) = P(S) + P(I) - P(S \cup I)$ If S and I are independent, then the

$$= 0.5 + 0.7 - 0.8$$
$$= 0.4$$

Product Rule must be satisfied. However, $(0.5)(0.7) \neq 0.4$. Therefore, salary and insurance have not been treated independently.

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