

October 25, 1937

Dear Professor Andrade,

I find the theory of your problem quite manageable, as the enclosed sheets show. I should, however, like to set out an example of the actual computations required, as these may prove troublesome without such guidance.

Yours sincerely,

P/M Conditions

1. The ratio of amplitudes to be measured to yield the highest precision for a given number of measurements.

If  $\alpha$  is the other sign of the ratio of each measured amplitude to the one before, the amount of information relating directly obtainable from a maximum measurement of the sum function is found to be proportional to

$$I = (\log \alpha)^2 \left\{ \frac{\alpha(1-\alpha^2)}{(1-\alpha)^3} - \frac{\alpha^2 \alpha^2}{(1-\alpha)(1-\alpha^2)} \right\}$$

Choosing  $\alpha = 31$ , and using common logarithms, I find

| $-\log \alpha$ | $\log I$   |
|----------------|------------|
| -0.56          | -0.262241  |
| -0.57          | -0.267051  |
| -0.58          | -0.269746  |
| -0.59          | -0.270429  |
| -0.60          | -0.269213  |
| -0.61          | -0.266198  |
| -0.62          | -0.2631515 |

The values are not meant to be exact figures, but are sufficient to locate the minimum approximately at  $-\log \alpha = -0.588852$ , for which the ratio,  $\alpha^{1/2}$ , between the last named amplitude and the first is 13.1%.

2. The limiting ratio when the number of amplitudes is known definitely

If  $n$  is known definitely,  $\alpha$  is needed

$$\alpha = e^{-n \log_e \gamma}$$

the amount of information is given by

$$I = n \left\{ \frac{1-e^{-2}}{2} - \frac{e^{-2}}{1-e^{-2}} \right\}$$

the ratio of the last to the first amplitude is the  $e^{-2/2}$ . I find

| $\alpha$ | $I/n$    |
|----------|----------|
| 4.03     | -1708017 |
| 4.04     | -1708017 |
| 4.05     | -1708000 |
| 4.06     | -1707967 |

The sum is added now &  $\frac{1}{2} = 4.035$ , for which the rate of profit is 13.3%.

With a small sum of money as above, the rate will probably be the first amount is small enough  
regard of the sum of money. It will therefore sum to the first funds to cover all insurance expenditure  
down to 1000 or what is about  $1/8$  of the first.

The function of the insurance, so far as it is limited by amount of money, will then be very popular to  
the sum of money then. E.g., if the end result is only 2%, less than the last, 100 need be added before  
the last will remain; if only end was 10%, less than the last, say about 70 need be added, but say that  $1/8$  of  
the function would be obtain by the small sum of money. Some part of the future capital of the <sup>same</sup> sum  
now needs to make for taking the sum it is worth while to take the function to cover of money. It may  
be that other sums may be suitable more especially in other respects than in taking smaller sums, in  
which we very well suppose as my money amounts will be worth while for important factors.