

2 April 1932.

N. Wyld, Esq.,
The Industrial Institute,
102 Belgrave Road,
London, S.W. 1.

Dear Mr. Wyld:

I have looked through the reply and have no comments to make except on page 5. If this refers to Yule and his nonsense correlations I should be inclined to take the line that his term "nonsense correlations" was not in my opinion very happily chosen, since it was apparently set up to illustrate a fallacy by no means confined to the correlational analysis of time series. The nonsense consisted in applying, for the sake of studying the correlations between residuals, a process which only yielded the correlation between trends. The habit of thinking of trends as things to be eliminated, and of residuals as things to be studied is after all only a rather academic convention. In practice one must apply thought and experience, and not automatic machinery to determine which, if either, is to be discarded. The purpose of processes of fitting or smoothing is to separate these two elements of the observations, not necessarily to eliminate either of them. Necessarily, work with the residuals has a great advantage in providing

ding a larger number of "degrees of freedom", or
"independent comparisons" than has work with the trend.
Nevertheless there do occur cases, of which we believe
this is one in which the similarity of the trend
seems to provide
~~occurs providing~~ the more important evidence of causal
connection.

Yours sincerely,