

To complete what we did in class on the behaviour of

$$\frac{d\left(\frac{D}{Y}\right)}{dt} = \frac{D}{Y} \left[\frac{\dot{D}}{D} - \frac{\dot{Y}}{Y} \right] \quad (1)$$

The sign of (1) depends on the sign of the square brackets which, in turn, depends on the sign of $\frac{\dot{D}}{D}$ and $\frac{\dot{Y}}{Y}$. Therefore, there could be nine cases:

- 1) $\frac{\dot{D}}{D} < 0, \frac{\dot{Y}}{Y} < 0$. In this case, $\frac{d\left(\frac{D}{Y}\right)}{dt} < 0$ if $\left| \frac{\dot{D}}{D} \right| > \left| \frac{\dot{Y}}{Y} \right|$
- 2) $\frac{\dot{D}}{D} < 0, \frac{\dot{Y}}{Y} > 0$ In this case, $\frac{d\left(\frac{D}{Y}\right)}{dt} < 0$
- 3) $\frac{\dot{D}}{D} > 0, \frac{\dot{Y}}{Y} < 0$ In this case, $\frac{d\left(\frac{D}{Y}\right)}{dt} > 0$
- 4) $\frac{\dot{D}}{D} > 0, \frac{\dot{Y}}{Y} > 0$ In this case, $\frac{d\left(\frac{D}{Y}\right)}{dt} < 0$ if $\frac{\dot{D}}{D} < \frac{\dot{Y}}{Y}$
- 5) $\frac{\dot{D}}{D} = 0, \frac{\dot{Y}}{Y} < 0$ In this case, $\frac{d\left(\frac{D}{Y}\right)}{dt} > 0$
- 6) $\frac{\dot{D}}{D} = 0, \frac{\dot{Y}}{Y} > 0$ In this case, $\frac{d\left(\frac{D}{Y}\right)}{dt} < 0$
- 7) $\frac{\dot{D}}{D} > 0, \frac{\dot{Y}}{Y} = 0$ In this case, $\frac{d\left(\frac{D}{Y}\right)}{dt} > 0$
- 8) $\frac{\dot{D}}{D} = 0, \frac{\dot{Y}}{Y} > 0$ In this case, $\frac{d\left(\frac{D}{Y}\right)}{dt} < 0$
- 9) $\frac{\dot{D}}{D} = 0, \frac{\dot{Y}}{Y} = 0$ In this case, $\frac{d\left(\frac{D}{Y}\right)}{dt} = 0$