

SAMPLE ESSAY OUTLINE

- THE FOLLOWING IS A SAMPLE ESSAY OUTLINE; THIS IS INTENDED TO GIVE YOU A GUIDE AS TO WHAT IS EXPECTED.
- PLEASE CONTACT ONE OF THE INSTRUCTORS IF YOU NEED ASSISTANCE IN CLARIFYING YOUR TOPIC AND PREPARING YOUR OUTLINE.
- YOU MAY NOT HAVE IDEAS AS CLEARLY FORMULATED AS THEY (APPEAR) TO BE HERE; THAT'S FINE BUT YOU SHOULD BE WORKING TOWARD THIS. THIS REQUIRES A FAIR BIT OF WORK.
- REMEMBER, SOONER IS BETTER THAN LATER.

ESSAY OUTLINE ECONOMICS 422 SPRING 2006

STUDENT NAME AND NUMBER

ESSAY TOPIC: THE TREND DEPRECIATION OF THE REAL CANADIAN DOLLAR US DOLLAR EXCHANGE RATE¹

Thesis Statement: There are a variety of explanations for the trend depreciation of the real Canadian Dollar US Dollar exchange rate. An assessment of these explanations suggest that the long run decline in value of the Canadian dollar vis a vis the US dollar is not likely to continue.

1. Introduction

- (a) Introduce the topic: the long-run or trend depreciation of the CAD/USD real exchange rate;
- (b) Define the real exchange rate; discuss plot of nominal and real exchange rate over last thirty years;
- (c) Discuss briefly why it is of interest to understand this trend behaviour; in particular, implications if it continues;
- (d) Thesis statement.

2. Introductory summary of four explanations

- (a) Brief descriptions of four explanations;
- (b) How the different explanations relate to each other; importantly, they are not mutually exclusive.

3. Explanation One - Inflation

- (a) Explanation associated with: references.
- (b) Detail
 - i. Economic explanation (ie theory)
 - ii. Driving forces
 - iii. Supporting empirical evidence
 - iv. Assessment of whether it is likely to continue because of these driving forces

¹I based this outline on Gruen, D., 'Some possible long term trends in the Australian dollar,' *RBA Bulletin*, December 2001. If you want to see what it looks like, it is available at: <http://www.rba.gov.au/Speeches>

4. Explanation Two - Declining terms of trade
 - (a) Explanation associated with: references.
 - (b) Detail
 - i. Economic explanation (ie theory)
 - ii. Driving forces
 - iii. Supporting empirical evidence
 - iv. Assessment of whether it is likely to continue because of these driving forces
5. Explanation Three - Declining productivity
 - (a) Explanation associated with: references.
 - (b) Detail
 - i. Economic explanation (ie theory)
 - ii. Driving forces
 - iii. Supporting empirical evidence
 - iv. Assessment of whether it is likely to continue because of these driving forces
6. Explanation Four - Foreign asset position
 - (a) Explanation associated with: references.
 - (b) Detail
 - i. Economic explanation (ie theory)
 - ii. Driving forces
 - iii. Supporting empirical evidence
 - iv. Assessment of whether it is likely to continue because of these driving forces
7. Conclusion — Assessment of relative importance of the different theories
 - (a) compare the relative importance of the different theories
 - (b) on the basis of the above, and the previous assessments as to whether the underlying driving forces will continue, determine whether the depreciation will continue into the future