Capstone Project

The goal of this Capstone project is to examine the relationship between unemployment and variables such as race, gender, and age. I will also look at the correlation of these variables over time and predict the direction they’re heading.

The results of this project will provide useful information to policymakers and employers. The unemployment rate is a key indicator used by policymakers to measure the strength of the economy and when unemployment falls below potential real GDP also falls. If policymakers can focus on specific groups of people who tend to be unemployed disproportionally, they can have a more significant impact on the economy when it enters a recession. Policymakers in the past have created some programs to support groups of people who tend to be unemployed more than the general population, such as minorities, so it will be interesting to see how the correlation between race and unemployment has changed over time. Another insight this project may provide is to see if certain groups are affected by recessions more than others. If so, policymakers can focus on these groups more to help get the economy out of a recession. The results of this project may also be useful to employers because they might realize the are discriminating in their hiring process.

To evaluate this issue, I will use data collected by the US Bureau of Labor statistics dating back to 1972. Organizing and cleaning this data will involve merging the various datasets and extracting the variables I intend to use. After the data has been wrangled, I will run multiple regressions to examine the correlation and statistical significance of each variable over time. Then I will create a predictive model to estimate how the correlations will change in the future. With these results I can provide suggestions to policymakers and employers on how to reduce the unemployment rate.