CROSS-SECTIONAL ECONOMIC ANALYSIS OF UNEMPLOYEMNT RATES – DA2

Data Source: **https://data.worldbank.org/indicator?tab=all**
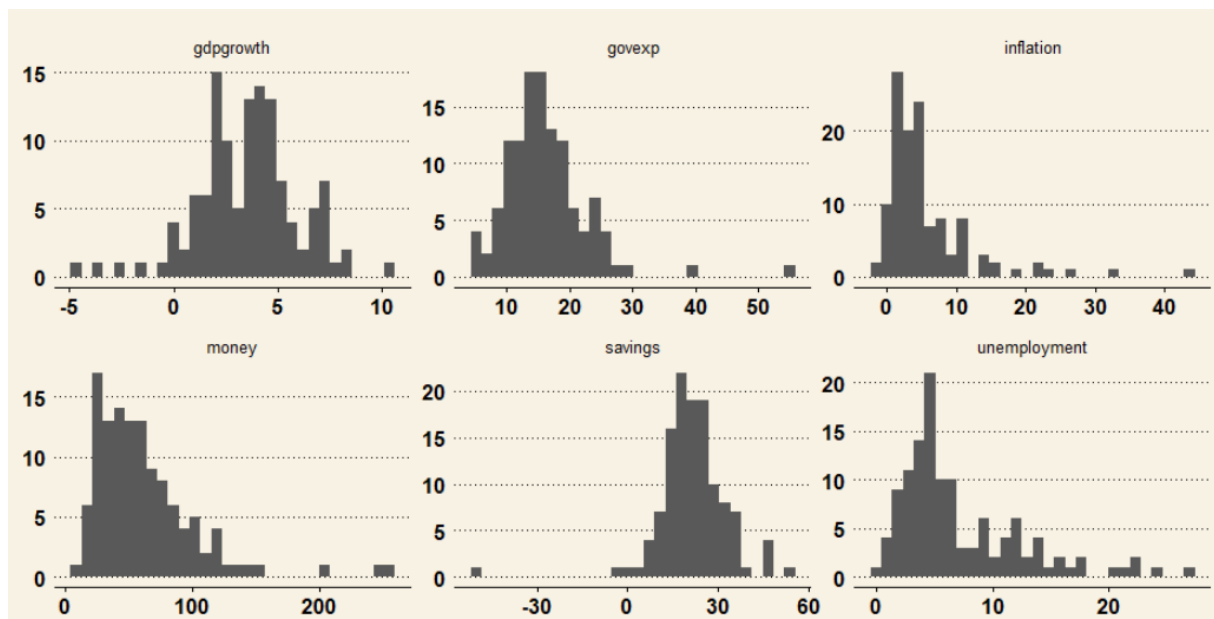**Year: 2017** – no major economic shock

Dependent / Y variable:

0. **Unemployment, total (% of total labor force) (modeled ILO estimate)**

Independent / X variables:

Economic Variables:

1. GDP growth (annual %)
2. General government final consumption expenditure (% of GDP)
3. **Inflation, GDP deflator (annual %)**
4. Broad money (% of GDP)
5. Gross savings (% of GDP)

Research Intention:
CASUAL ANALYSIS BETWEEN UNEMPLOYMENT AND INFLATION

Use cross-sectional data on 122 countries (filtered for data completeness but not yet for extreme values) to discover whether there is a causal relationship between unemployment and inflation. (Note: In contrast to the Philips Curve, I would like to use the unemployment rate as the y variable.) My control variables are GDP growth, General government final consumption expenditure, Broad money, Gross savings. Taking into consideration that is advisable to have at least 20 observations / variables, I plan to discard the least significant explanatory variable after proper examination of the model.