**CROSS-SECTIONAL ECONOMIC ANALYSIS OF UNEMPLOYEMNT RATES – DA2**

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

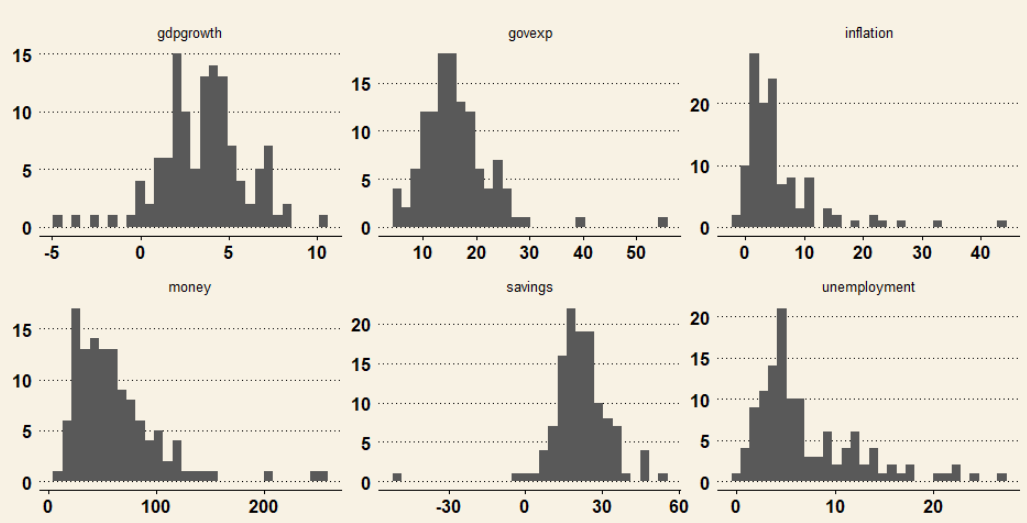
**Dependent / Y variable:**

1. **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.