

## **DETERMINANTS OF UNEMPLOYMENT RATE IN ROMANIAN COUNTIES. A PANEL VAR APPROACH**

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### **Abstract**

In this study a panel vector-autoregressive model (panel VAR) was built in order to explain the determinants of regional unemployment rate in Romania. Data refers to the 42 Romanian counties, including Bucharest, over 2000-2013. Most of the variation in unemployment rate modification in the current period compared to previous period is due to changes in social protection expenses for unemployed people. A causal relationship was identified between the two variables in Granger terms.

**Keywords:** unemployment rate, panel VAR model, shock, unemployed people

**JEL classification:** C51, C53.