

Abstract

This thesis analyses the regional labor markets of Russian Federation in terms of unemployment and Okun's law. Using Hodrick-Prescott filter, the potential GRP and natural rate of unemployment are calculated in order to be used for the estimation of Okun's law coefficient (OLC). The analysis reveals variation in OLC between regions as well as significant spatial correlation thereof (measured by Moran's I). For the examination of Okun's convergence, a new method is developed which consists in estimating a time trend in R-squared obtained by estimating Okun's law cross-sectionally, separately for each year. The results indicate that there is no regional Okun's convergence in Russia.