

## **Abstract**

This paper is aimed at analysis of unemployment in the Czech regions. The key thing is the effort to create a simple model which determinates unemployment in regions. To this, three basic factors are used – inflation, outcome and criminality as they represent fiscal, monetary and social policies. Firstly, the effects of these factors are tested separately by OLS to find their mutual correlation. The average effects of dependence between factors and unemployment in regions are also established by using panel regression. Original and static Phillip's curves are used to measure the impact of level of unemployment on the inflation. The expanded model of Phillip's curve and the dynamic model of natural level of unemployment are used to estimate natural levels of unemployment in regions. The difference version of Okun's law is used to estimate the impact of economy outcome on the level of unemployment. Subsequently, the extended model of Okun's law is used to distinguish the effect of economic cycle on this impact. Correlation of level of unemployment with criminality is measured by simple model, where the change of the first variable is determined by the change of the second variable. All this knowledge is used to create the complex model, which explains the change of the level of unemployment in regions by change of the three above mentioned factors.