

## **DEVELOPMENT OF THE ECONOMY OF UKRAINE BASED ON THE CONCEPT OF “MAGIC PENTAGON”**

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The article is devoted to the key economic problems that hinder the development of the national economy. An analysis of macroeconomic indicators such as GDP, unemployment, and inflation in Ukraine for the period of the 2009–2016 years is conducted. The analysis of key macroeconomic indicators showed that the decline in GDP and inflation in Ukraine are caused by the fiscal system imbalance, high unemployment. An effective development of the state in terms of low labour productivity and demand stimulation is influenced by inflation and devaluation of the national currency. Contradictory dynamics of macroeconomic indicators cannot provide an optimal balance of major market parameters without structural economic changes. It should be noted that the analysis of inflation and unemployment is characterized by its ambiguity. Rise in prices amid increasing the

number of employed is due to the fact that the labour market has an impact on prices and sustainability of the financial system not directly but indirectly – through GDP.

In this context, economic growth and stabilization require an effective monetary policy aimed at creating a competitive economy and expanding trade turnover.

Directions for Ukraine's economic development are based on the concept of “magic pentagon”, namely: economic growth, deficit-free budget, full employment, price stabilization, and balance-of-payments equilibrium. For each direction, there is proposed a series of actions to achieve the development of the national economy. Implementation of the proposed actions for each component of the “magic pentagon” will achieve the key objectives and ensure the development of the national economy.