

ПОЛІТИЧНІ ПРОБЛЕМИ МІЖНАРОДНИХ ВІДНОСИН

УДК 327:061.1ЄС:323.174(493+492+430)

LAUNCHING THE 'THIRD TRACK' OF EUROPEAN INTEGRATION: REASONS, DEVELOPMENTS AND CHALLENGES

ЗАПОЧАТКУВАННЯ «ТРЕТЬОГО КОЛА» ІНТЕГРАЦІЇ В ЄС: ПРИЧИНИ, ХІД, ВИКЛИКИ

ЗАПУСК ТРЕТЬЕГО КРУГА ИНТЕГРАЦИИ В ЕС: ПРИЧИНЫ, ХОД, ВЫЗОВЫ

Корііка V. V.

Doctor of Political Sciences, Professor, Director of the Institute of International Relations, Taras Shevchenko National University of Kyiv. EU Policy Section Head at the Jean Monnet Center of Excellence. E-mail: mmc.kvv@clouds.iir.edu.ua

Маковську S. O.

PhD in Political Science, Associated Professor at the Department of International Relations and Foreign Policy of Institute of International Relations. Taras Shevchenko National University of Kyiv. EU Policy Section Expert at the Jean Monnet Center of Excellence. E-mail: mvi.mso@clouds.iir.edu.ua

Копійка В. В.

Доктор політичних наук, професор, директор Інституту міжнародних відносин Київського національного університету імені Тараса Шевченка. Керівник секції з політики ЄС центру досконалості імені Жана Монне. E-mail: mmc.kvv@clouds.iir.edu.ua

Маковський С. О.

Кандидат політичних наук, доцент кафедри міжнародних відносин і зовнішньої політики Інституту міжнародних відносин Київського національного університету імені Тараса Шевченка. Експерт з політики ЄС центру досконалості імені Жана Монне. E-mail: mvi.mso@clouds.iir.edu.ua

Копейка В. В.

Доктор политических наук, профессор, директор Института международных отношений Киевского национального университета имени Тараса Шевченко. Руководитель секции политики ЕС Центра передового опыта имени Жана Монне. E-mail: mmc.kvv@clouds.iir.edu.ua

Маковский С. О.

Кандидат политических наук, доцент кафедры международных отношений и внешней политики Института международных отношений, Киевского национального университета имени Тараса Шевченко. Эксперт секции политики ЕС Центра передового опыта имени Жана Монне. E-mail: mvi.mso@clouds.iir.edu.ua

Abstract. *The article addresses the progress of the European integration in such fields as social, wage, insurance and fiscal policies. The author analyzes key stages of, and major factors contributing to, the advancement of policy coordination and building up common policies in the fields mentioned.*

The author sees the integration these spheres as a 'third track' of the European integration, which follows the first two ones, i.e. the economic integration and launching the Common Foreign and Security Policy, and has the potential to become the next priority direction of the European integration process.

The article describes the phenomenon of the 'third track' of the European integration and assesses major risks and challenges that may arise in the context of the further progress of the integration effort in this field. Three scenarios of the latter bearing on its eventual implications for Europe are presented, along with a consideration of implications for Ukraine in terms of this country's aspirations for EU membership.

Key words: *EU, integration, common policy, 'third track', economy.*

Анотація. *У статті досліджується розвиток інтеграційних процесів у ЄС в таких сферах, як соціальна, тарифна, страхова і бюджетно-податкова політика. Розглядається перебіг та головні етапи інтеграції у цих сферах, аналізуються ключові чинники, що сприяли інтенсифікації та становленню спільної політики за даними напрямками.*

Висувається гіпотеза про можливість сукупної характеристики даних сфер як «третього кола» європейської інтеграції, що становить наступний пріоритетний напрям у поступі євроінтеграційних процесів після першого (економічна інтеграція) та другого (спільна зовнішня та безпекова політика) напрямів, або кіл.

Дається характеристика феномену «III кола» інтеграції ЄС, описуються основні виклики, пов'язані з подальшим перетіканням інтеграційних процесів до даної сфери. Пропонуються три сценарії, які є вірогідними у зрізі подальшого розвитку євроінтеграційних процесів у напрямку «III кола»; аргументуються можливі наслідки такого розвитку для євроінтеграційних перспектив України.

Обстоюється думка про необхідність ґрунтовного дослідження проблеми «III кола» у науковому та політико-стратегічному контексті.

Ключові слова: *ЄС, інтеграція, спільна політика, «третьє коло», економіка.*

Аннотация. *В статье исследуется развитие интеграционных процессов в ЕС в таких сферах, как социальная, тарифная, страховая и бюджетно-налоговая политика. Рассматривается ход и основные этапы интеграции в этих сферах, анализируются основные факторы, способствовавшие интенсификации координации и становлению общей политики по данным направлениям.*

Выдвигается гипотеза о возможности совокупно охарактеризовать данные сферы как «третий круг» европейской интеграции, представляющий собой следующее приоритетное направление в развитии интеграционных процессов после первого (экономическая интеграция) и второго (общая внешняя политика и политика безопасности) направлений, или кругов.

Дается характеристика феномена «III круга» интеграции ЕС, описываются основные вызовы, связанные с дальнейшим перетеканием интеграционных процессов в данную сферу. Предлагаются три сценария, которые являются вероятными в срезе дальнейшего развития интеграционных процессов в направлении «III круга»; аргументируются возможные последствия такого развития для евроинтеграционных перспектив Украины.

Выдвигается мысль о необходимости основательного исследования проблемы «III круга» в научном и политико-стратегическом контексте.

Ключевые слова: *ЕС, интеграция, общая политика, «третий круг», экономика.*

Defining the issue. The development of European integration is broad and multidimensional. It can be stated that the integration processes in the EU are gradually moving beyond the traditional and most studied areas of integration - economic and political, security and administrative - and its spread to new industries, including social policy, insurance, fiscal policy and more. This trend creates additional burdens on the EU system and is a structural challenge to the sustainability of its design. In turn, the promotion of integration processes determines the significant relevance of political science understanding of their logic and patterns, as well as scientific analysis of new forms of interaction and areas involved in integration.

The purpose of the article is to characterize the spread of European integration processes to the "third circle" (or "third sphere") of the areas of integration. As part of achieving this goal, the author sets himself the following tasks:

- to study the creation and the course of development EU integration in the areas of "Round III";
- to describe the phenomenon of the "Third Round" of European Integration;
- to determine the impact on the development of the EU in the administrative-political and institutional dimensions;
- to outline the main scenarios for further progress of integration in the "Third Round", including the context of Ukraine's European integration prospects.

Digesting the analysis of recent research and publications. The issue of European integration is being actively developed by a wide range of domestic and foreign scientists. Among others one should mention such authors as O.I.Shnyrkov and L.V.Yarova, who pay significant attention to the promotion of integration processes in the socio-economic sphere. Mr. Clark is deeply researching the unification of the EU insurance market. In his works, T. Mueller defends the thesis of building the "pillars of community" of the EU, which makes a significant step towards understanding the integration process in this area as an important trend, covering a number of areas of integration and regulatory sectors of the EU. In turn, the formation of the general research position of the author was influenced by the work of such scientists as R.O. Zablotska, M.I. Marchuk, T. Schulden. Hence, it should be noted that in the existing studies, the issue of integration in the areas of social, tariff, fiscal, insurance policy are not considered in the amount, *i.e.* as a set of issues of the "Third Round" of integration.

Presenting the main research material. Deepening European integration is an ongoing process that characterizes the European Community as a system. In dynamics, this process is cyclical. As the number of interactions between the various elements increases - Member States, national and community institutions, domestic economic and political actors, etc. - relations within the system of European integration become more complicated, which, in turn, calls for further institutionalization of these relations and, consequently, the creation of new structures. In the thematic dimension of the agendas of the integration process, the promotion of mutual rapprochement of states and the interpenetration of economies naturally stimulates the "flow" of integration into new areas.

In our opinion, it is possible to conditionally define as leading such historically priority spheres, or "rounds" of European integration, which combine a number of thematically related areas of cooperation. According to the author, the first such circle was cooperation in the field of economy: it was with cooperation in the tariff, trade, economic and industrial spheres that the process of formation of the Community. The second round is the European dialogue in foreign policy and security, as well as, in a broader context, in the dimension of governance and the creation of a community-based management and EU policy. With the development of the Community, a whole range of issues related to how the economy of a state and social infrastructure actually work, such as insurance, budget, tariff and social policy, have been brought into the orbit of this process. Together, these areas can be identified as the "Third Round" of European integration, the formation of which marks a new important stage in the life of the EU.

As a basis for the "Third Round" of integration, the author considers the efforts to develop the social policy of the Community, the foundations of which were laid down in the basic documents of the EEC / EU, in particular in the Treaty of Rome, 1957 on improving living and working conditions in Europe, harmonization of social systems of the Community, coordination of Member States' policies in such areas as employment, labor law, social security, labor protection, trade unions, etc. [*Treaty establishing the European Economic Community and connected documents, 1957: 9-11*]. It

should also be noted that at the initial stage of the formation of the Community, social issues were rigidly tied to the economic ones and were perceived almost exclusively within the context of labor relations.

Time given its due, the social dimension of European integration has been strengthened on multiple levels. For instance, in 1989, the Community Charter of the Fundamental Social Rights of Workers was adopted. That established such principles as free movement of labor, freedom of choice of work and free access to employment services, a course to comprehensively improve working and leisure conditions, the right to adequate social security and protection, education, health of workers, as well as guidelines for social protection of children, adolescents, the elderly and people with disabilities. The Charter was to be implemented by incorporating its provisions into the national legislation of the parties under the auspices of the European Commission [*Community Charter of the Fundamental Social Rights of Workers European Observatory of Working Life*], which determined the special role of Community structures in the relevant policy and laid the foundations for further redistribution of powers between the nation state and community institutions.

It should be noted that as European integration deepened, the Community's social policy gradually spread beyond labor relations, which has traditionally been the main focus: community social norms and policies are beginning to regulate not only labor relations but also other spheres of public life. We should mention that Article 2 of the 1992 Maastricht Treaty ensured the welfare of citizens as one of the EU's goals and guaranteed a number of social rights (in particular, the right to free movement, children's rights, etc.), which marked a departure from the initial paradigm of treating social issues as an economic ones.

Since we have mentioned the Maastricht Treaty, let us proceed in terms of the formation of the "Third Round" of integration, it is necessary to point to the following. The introduction of economic and monetary union, initiated by the treaty, deprived national governments of a number of monetary and economic levers, which objectively narrowed the formal competence and actual ability of member states to regulate their social sphere and led to the transfer of powers to the community level [*Kraievskia O., 2017: 78, 79*]. It can be argued that this step laid the systemic factor for the further spread of integration processes in the areas that the author refers to the "Third Round" of integration paradigm shift towards dealing with social issues as an auxiliary to economic ones.

In this context, the Amsterdam Treaty has significantly deepened the social direction of community dialogue. In response to the demand generated by the aforementioned reduction in the nation state's ability to solve social problems on its own, the Treaty identified the achievement of a high level of employment as one of the Union's objectives and laid the foundations for a coordinated communication strategy in this area. In addition, the document set a course to improve and harmonize the living and working conditions of citizens of the Union, ensuring their proper social protection, maintaining dialogue between workers and employers, stimulating professional development and combating social exclusion [*Treaty of Amsterdam amending the Treaty on European Union, the Treaties establishing the European Communities and certain related acts, 1997: 37-38*]. According to the author, an important contribution of the Treaty to the process of building the EU social policy system was the incorporation into the community legal field of norms and social rights as provided by the European Social Charter of 1961, concluded within the framework of the Council of Europe.

The 2007 Treaty on the Functioning of the EU (TFEU) further consolidated the course of deepening the Union's social policy and outlined important aspects of its implementation. According to the TFEU, Member States and the European Union jointly ensure the implementation

of community social policy [*Consolidated versions of the Treaty on European Union and the Treaty on the Functioning of the European Union, 2012: 51-52*]. The Treaty provides for the extension of the joint competence of the EU and the Member States to such areas as health and safety at work, social security and protection of workers, working conditions, gender equality in labor relations, etc., and sets guidelines for community policy in education, training, youth and Sport.

The guidelines for EU social policy today are set out in a document named "European Pillar of Social Rights", adopted by the European Parliament, the European Commission and the European Council on 17 November 2017. [*The European Pillar of Social Rights in 20 principles*] In particular, the following key principles are postulated, grouped into three categories:

- Category I: equal opportunities and access to the labor market;
- Category II: fair working conditions;
- Category III: social protection and inclusion [*The European Pillar of Social Rights in 20 principles*].

Comparing these provisions with the principles and scope of previous acquis, it should be noted that there has been significant progress in terms of policy concretization, its acquisition of substantive and clear forms, and hence the strengthening of community regulatory levers in this area. The breadth of areas regulated by this document illustrates the scale of changes in European integration in terms of its extension to the "Third Round" of key topics of cooperation. Initiated as an additional dimension of European cooperation, which complemented the economic aspect of the latter in terms of employment promotion, the social component of European policy has become an independent direction.

The European Socio-Economic Committee (ESEC), established by the Treaty of Rome in 1958, is an important institutional element of the EU social policy-making system. The purpose of this platform is to involve business and civil society in community policy-making and to strengthen the Community social agenda. . Currently, the ESEC is one of the most influential advisory bodies at the community level, preparing annually from 160 to 190 positions on the socio-economic aspects of draft new EU legislation [*Our work / European Economic and Social Committee*]. In the context of the "third round" of integration, the importance of the committee lies in its function as a "bridge" between the institutions of community and state government, on the one hand, and the public sector, on the other. It should be noted that a direct dialogue with the organized public can be interpreted, including as a manifestation of the trend towards European integration outside the state-centric paradigm, its direct transfer to the plane of intra-social interactions. In the author's opinion, this circumstance accompanies the process of formation of the "Third Round" of integration issues and can be characterized as one of its defining features.

The policy in the field of wages and tariffs, which is one of the notable areas of the "Third Round" of integration is closely related to the EU's social policy. This connection is due to the historically determined emphasis of such a policy on addressing primarily those social issues that arose from the creation of a common labor market, employment promotion and, accordingly, community regulation of labor relations.

The first three decades of the Community's existence were marked by a wide variety of tariff policies in the Member States, due to differences in the dynamics of economic development and inflation, as well as the application of different approaches to monetary, financial, credit and tariff regulation. In particular, during the 1970s, the annual growth rate of the average nominal wage varied from 8.3% in Germany to more than 20% in the Iberian Peninsula (Spain and Portugal), which largely reflected inflation in the countries concerned. The situation in this area began to change with the deepening of integration and the launch of a monetary union to implement The Maastricht Treaty: in order to meet its criteria, Member States have consistently reduced inflation, resulting in wage growth during the second half of the 1990s - 2000s. equalized, and the nominal

values of wage rates in different EU countries began to move towards mutual rapprochement [*Wage policy and EMU / European Foundation for the Improvement of Living and Working Conditions*].

It should be emphasized that the introduction of a monetary union has led to a sharp rise in the importance of tariff policy on a pan-European scale. On the one hand, due to the loss of regulatory instruments such as exchange rate adjustments and credit rates by EU governments, wage and tariff policy has become one of the leading national mechanisms for compensating for imbalances between member states in the field of economic development. On the other hand, according to the author, at the community level the importance of tariff policy was its ability to have a direct impact on key macroeconomic indicators of the EU, in particular on inflation and deflationary trends. Thus, these factors have contributed to the emergence of awareness at both the community and national levels of the need to coordinate public policies in the tariff sector and to define the role of the Community in this process.

This factor led to the formation of community systems responsible for managing a new direction of common policy. Thus, since 1994, the Council of the EU has annually issued the General Guidelines for the Economic Policies of the Member States and the Community, a non-legally binding document containing framework recommendations on a wide range of economic policy issues, in which wage regulation is one of the most important. Article 121 of the Treaty on the Functioning of the EU fixes this guiding role of the Union and the Council as the developer of specific provisions of this policy [*Community Charter of the Fundamental Social Rights of Workers European Observatory of Working Life: 97-98*]. In turn, on June 4, 1999, a resolution of the European Council adopted the European Employment Pact, which paid considerable attention to the tariff issue. In particular, in order to ensure employment growth in the EU, it was envisaged to organize such interaction between fiscal, monetary and tariff policies, which would mutually strengthen these components. In addition, a course has been set for a balanced tariff policy linked to measures to ensure price stability and job creation [*Resolution of the European Council on the European Employment Pact*].

The abovementioned set the framework for a common wage policy and provided guidelines for relevant national policies. As you can see, the very objective logic of the processes of economic integration in the EU and the strengthening of the role of the Community as a center of decision-making led to the inclusion in the orbit of community regulation of this thematic segment of "ThirdRound" of integration.

At the same time, the development of integration in this direction has faced a number of brutal challenges.

For instance, the successive enlargements of the EU in the new millennium have created a number of additional burdens on the entire system of European integration, including against the background of the common tariff policy. The emergence of a number of countries in the Union with economic indicators significantly below the EU average has increased the relevance of economic coordination between Member States and the Community in this regard and, in general, the need to deepen integration processes. Against this background, the main emphasis was placed on the promotion of cohesion policy, which included, in particular, stimulating structural change, stimulating employment, as well as the development of labor resources in the new EU member states. One of the results of the rapprochement was the forced growth of wages in the least economically successful countries of the Union. Thus, from January 2009 to January 2019, the average annual growth rate of the average salary was approx. 5% in Slovenia, approx. 6% in Hungary, approx. 7% in the Czech Republic, Slovakia and Poland, approx. 8% in Latvia and Estonia, approx. 10% in Bulgaria and Lithuania and more than 11% in Romania. For comparison, in

the same period in the vast majority of EU-15 these figures ranged from 2-3%, and in Greece were negative (-2%) [*Minimum Wages, January 2009 and January 2019 / Eurostat*].

Because, despite some progress, there is currently a significant gap in minimum wages between the countries of "old" and "new" Europe: according to Eurostat, if in 9 Central and Eastern European member states, this figure is approx. 500 euros per month, in the 7 "old" member states of the Union it is equal to approx. 1500 euros per month. The lowest such parameter is recorded in Bulgaria (286 euros per month), the largest - in the Grand Duchy of Luxembourg (2071 euros per month). [*Minimum wage statistics / Eurostat*]. At the same time, it poses a challenge for further integration, calling into question the EU's ability to pursue one of its key objectives under the "Third Round" - to achieve a balanced nature of member countries' development.

It should be noted that the common tariff policy has been strengthened in the context of the above-mentioned principles of the "European framework of social rights". The obligation to ensure that workers receive a fair wage, to introduce adequate minimum wages and to combat the phenomenon of the "working poor" has set new guidelines for state and community policy in this dimension [*Müller T.: 6th July 2017*]. It should be noted that these guidelines can be interpreted as a reflection of changes in the paradigm of EU social and tariff policy: if at the time of its formation wages were considered more as an inflationary factor, they have recently been reinterpreted as a factor stimulating domestic demand and therefore additional domestic resources. In addition, in our opinion, this circumstance serves as another depiction of the thematic interpenetration of community policies of the "Third Round", which allows us to ponder upon them as a holistic object of regulation and, accordingly, research.

One of the core elements of the "Third Round" of European integration is the EU's insurance policy. The actual starting point in the context of its formation was the adoption of Directive 73/239 / EEC of July 24, 1973, which introduced the coordination of rule-making activities of EEC member states in the field of insurance business [*First Council Directive 73/239/EEC of 24 July 1973 on the coordination of laws, regulations and administrative provisions relating to the taking-up and pursuit of the business of direct insurance other than life assurance*]. Subsequent directives, 73/239 on property insurance and 79/267 on life insurance, subsequently consolidated under Directive 2002/83, harmonized the fundamentals of insurance business and established uniform financial control rules based on the same solvency standards, and requirements for the minimum size of guarantee funds [*Clarke P., 2019*]. These provisions, which can be attributed to the principles of the common insurance policy of the "first generation", were characterized by guidelines for the unification of rules and regulations; at the same time, the actual insurance activity remained the subject of national regulation. The norms and principles of the EEC on the issues of "Second Round" insurance policy, which emerged in the late 1980s, were sustained in the logic of finding answers to the new challenges facing the EEC insurance market in the course of deepening integration. In particular, in order to remove barriers to the development of the insurance market, Directives 88/357 and 90/619 were adopted, which clarified the powers of national supervisory authorities and the competence of Member States.

The creation of the EU has opened up opportunities for the organization of a common market for insurance services. The new conditions set by the formation of the monetary union and the further deepening of economic integration led to the adoption and implementation of the "Third Round" norms presented by Directives 92/49 and 92/96. They introduced a single system of licensing and financial control over the work of the insurance business, built on the principles of freedom of establishment and freedom of movement of services [*Clarke P., 2019*]. This has liberalized the EU insurance market, making it one of the most unified and competitive in the world. In general, it was possible for insurance companies registered in one country to be able to provide services directly or indirectly throughout the Union. Thus, as in the other areas of the "third

round" of integration, the creation of a single market and a common highly harmonized economic system has forced Member States to coordinate rules and policies in such an important area as insurance, which is one of the basic mechanisms for doing business. and the normal functioning of the economy as a whole.

Tax (or fiscal) policy can be identified as another area of the "Third Round" of European integration. The importance of this area in the context of European integration should be emphasized, which is primarily its role in supporting economic convergence and ensuring the stability of the European monetary and financial system. According to the author, the launch of such a policy was due to the need to introduce a system of control over budget deficits and, in general, public spending of member states in order to create a predictable operating environment for deepening economic integration and implementation of the monetary union. The practical goal of EU fiscal policy has been to develop effective mechanisms for monitoring and coordinating the tax policies of the Member States of the Union. The foundations of a common fiscal policy were laid by a number of resolutions of the EU Council, which currently form the so-called Stability and Growth Pact (SGP) [*What is the stability and growth pact? / The Guardian, 06.03.2019*]. These are, first of all, Resolutions 1466/97 and 1467/97 of 7 July 1997, which introduced a set of measures to strengthen the supervision of fiscal policy of member states and coordination of their economic policies, as well as regulate the procedure and mechanisms for correcting budget deficits. In the development of integration in this plane, one can observe the same systemic logic that was inherent in other areas of integration of the "third circle". Initially formed as one of the auxiliary elements of economic integration, fiscal policy becomes an independent direction of integration and a separate area of the EU competence.

These levers were improved during the reforms of 2011-2013, aimed at debugging the tools of community oversight and control over fiscal and fiscal policies in order to address the shortcomings identified during the implementation of these mechanisms. In particular, one of the tasks of these measures was to neutralize and prevent the consequences for the euro area of unbalanced fiscal policies of a number of member states. The SGP was strengthened by revising the above-mentioned key documents in the direction of expanding community powers and developing more effective mechanisms for practical support of budgetary monitoring by Union institutions, provided for in Resolution 1173/2011 of 16 November 2011. In addition, the Budget and Tax Pact was developed. to the Intergovernmental Agreement on Stability, Coordination and Governance in the Economic and Monetary Union, signed in March 2012 [*The EU framework for fiscal policies*]. In addition to these changes, in May 2013 the so-called "double package" of measures aimed at deepening the EU fiscal policy, adopted by Council Resolutions 472/2013 and 473/2013, was adopted. Thanks to this package, the EU has been given new powers in the field of monitoring and ex-ante evaluation of draft national estimates, correction of identified excessive deficits, as well as budgetary supervision of those euro area member states that face threats to their own financial stability.

It should be emphasized that the adoption of these measures was important not only to normalize the functioning of the EU economic union, overcome the impact of the 2008 financial crisis and improve the EU's financial mechanisms, but also to further promote the European integration process as a whole. It should be noted that the strengthening of community control has significantly narrowed the decision-making space for national governments. The latter were forced to make significant concessions in terms of fiscal and fiscal policy, which objectively strengthened the community level of government in the EU, while depriving the state of traditional levers and functions.

In summary, we can give the following description of the phenomenon of the "Third Round" of EU integration.

In general, the progress of integration in the "Third Round", despite the numerical differences in measuring the duration, specific schedules and sectoral specifics of the respective processes, shows significant structural similarity regardless of the particular direction in which such progress is observed. It can be stated that in all spheres of the "third circle" the main engine of integration processes is the promotion of integration in the first two - and first of all the first (economic) - circles. This pattern, in the author's view, is due to the derivative and / or technical or service nature of these areas in relation to a range of economic issues. All of them are somehow connected with ensuring sustainable economic development and the implementation of common policies in the "First Round". Thus, the challenges of economic integration are forcing the Member States and the Community itself to transfer their policy coherence to ever new areas, thus pushing forward integration processes in these areas.

In turn, the launch of integration in these new areas means involving the latter in a comprehensive system of European integration as elements. In this way, integration in the new dimensions of politics acquires an independent sound and goes through branching, complication, acquisition of more complex forms. A typical example of such a spread is the development of a common EU social policy: being in the early stages only one of the elements of integration in the economic sphere (by increasing the availability of labor, enabling free movement of labor, building a common labor market, etc.), it stood out as a separate an important area of European integration.

Noteworthy is such a common feature of the issues of the "Third Round" as their connection to the "soft" dimension of integration, formally close to people and their well-being. Which is not the case of the first two integration rounds - economics and foreign and security policy - which concern "rigid" state competencies and mechanisms, the "Third Round" of integration is focused primarily on meeting the interests and needs of societies, social groups and citizens of the states-members. At the same time, the strong genetic connection between the issues of the first and third rounds demonstrates the tendency to gradually recede into the background in terms of determining specific directions and dynamics of promoting the integration of the "third round". This is reflected in the fact that new areas of integration are beginning to "live their lives", focusing not so much on the economic feasibility and functional service of the EU's economic development, as on their own system of priorities.

The subjects of the institutional environment of the EU and European elites associated with their functioning are yet an another universal locomotive of the promotion of integration on the "Third Round" train. The logic of further accumulation of powers enhances the role and importance of the governing bodies of the community level and makes an additional contribution to the promotion of integration. This trend is supported by a broad pro-European consensus in the policies of a number of EU countries - in particular, Germany and Belgium. This allows us to conclude that the constant updating of the agenda of integration processes in the "third round", which is currently observed, is a reflection of the trend to strengthen the structural capacity of community institutions, their real power within the political and administrative system of the Union, including at the expense of the Member States and the national level of government.

Observation of this trend - the deepening of integration processes in the studied areas and their gradual acquisition of their own logic of development - makes it possible to predict the spread of these processes to new areas of the "Third Round" of integration. A characteristic feature of this trend may be the further "humanization" of common policy issues, the inclusion in the field of common and (or) community regulation of an increasing number of issues related to human capital development, social services, humanitarian needs of EU citizens.

According to the author, the rise of the "Third Round" has a dualistic significance for the dynamics, content and prospects of European integration.

On the one hand, the expansion of integration into these new areas determines the further advancement of integration processes: the transfer of powers to the community stage creates a "vacuum of competence" within state structures, which cyclically causes further involvement of joint institutions in the administration of these areas. Communities and the complexity of its administrative mechanisms. In this sense, rapprochement in the "Third Round" is a guarantee and one of the main drivers of further consolidation of the Union, namely the "Third Round" appears as a key promising direction of the EU integration movement.

On the other hand, the development of integration in the "Third Round" creates new challenges for the entire EU structure.

First of all, in this context, we should pay attention to this trend. In the institutional dimension, additional burdens are formed on the decision-making system and institutions of the Union involved in the implementation of the "Third Round" policies. In particular, the involvement in the sphere of knowledge of community structures of a huge mass of additional issues leads to the erosion of system resources, their dispersion to solve the flow of new tasks. This factor contributes to the progress of structural and functional stress, and hence to an objective increase in entropy within the system of community administration.

In turn, in the measurement of relations "state-union" and "state-citizen" deformations are also possible. The leaching of state competence, caused by the delegation of an increasing range of powers, leads to the gradual loss of the ability of national institutions to provide relevant services to citizens, and thus to perform their basic functions. Although we believe that these effects are to some extent delayed, this does not reduce the potential for their distorting impact on national administrative and social service delivery systems across the EU. The atrophy of competencies in the field of social, insurance, fiscal policy and, importantly, the erosion of relevant state institutions further reduces the overall role of national statehood in the EU.

On the other hand, in terms of the functional capacity of Europe's institutions, both in the community and in the national context, a situation where European institutions face the above-mentioned challenges of scaling up new areas and national authorities lose their competences can provoke general dysfunction in Europe. There is a risk that the efficiency of all levels of the three-tier governance hierarchy in the EU will decline, and the final destinations of the "third round" policies - citizens, public associations, businesses - will not be able to receive quality and timely services. This will naturally have wide-ranging consequences that go beyond the "Third Round" issue and may have a complex negative impact on the economic and administrative-political development of the EU.

Another challenge is the prospect of forming in the context of European integration a state that could be defined as "permanent transit". In our view, this perspective is due to both the breadth of the scope and diversity of "third-round" issues and the need to harmonize the growing number of policies and regulations in the relevant areas.

According to the author, to overcome these challenges, the EU will inevitably have to take a number of adaptive measures. We believe that depending on the success of adaptation and the effectiveness of selected recipes, events in the context of European integration will follow one of three scenarios that could be identified in terms of EU stability and further prospects for its development as optimistic, pessimistic and mixed.

Under an optimistic scenario, the EU could increase its capacity in task management and workflow management through, including: a) further "administrative expansion" to new areas of

competence, b) significant financial costs for the development of community management mechanisms, and c) comprehensive improvement of interaction procedures along the lines of "EU-state", "EU-communities", "EU-economic entities", "EU-citizen", etc. Thus, it could maintain its structural stability, compensating for the loss of competence of the nation state in measuring the availability of appropriate social services for their recipients. Because, even in such a scenario, the issue of overcoming imbalances in the EU's social development, which in fact manifests itself in the dimension of the "Third Round" of European integration, would remain urgent. At the same time, in this scenario, there may be a risk of hypercentralization and bureaucratization of the EU, which may become irreversible and undermine the real potential of the state as a stage of European government.

Under the pessimistic scenario, the EU may face the problem of dysfunction of the institutions of the community, national and regional levels, multiplied by the difficulties caused by differences in the levels of development of the Member States. In turn, this problem can lead to a crisis of the EU institutions and, more broadly, European integration, causing a slowdown and even a review of the feasibility of integration in some areas, and possibly its partial collapse. In such circumstances, the growth of Eurosceptic sentiment and, consequently, centrifugal political tendencies within the EU is not excluded.

Under the mixed scenario, characterized by a combination of trends from both of the above scenarios, it is possible to implement some of their consequences simultaneously. Against this background, a partial revision of the integration achievements and desynchronization of its course and (or) its further movement on different tracks for different European countries or their groups is probable - a trend that can be associated with the revival of the realities of "Europe of different speeds".

We believe that the third, mixed scenario has a relatively greater potential for implementation. Its probability is higher than others due to the fact that it takes into account both key trends in the development of the EU at the current stage: on the one hand, the trend of integration, which is reflected in the practical cooperation of member states on "third round", and on the other hand, it is a centrifugal trend caused by the conflict between the interests of the nation state and the community level of EU governance, one of the manifestations of which was the withdrawal of Great Britain from the Union. However, no matter what the scenario in this context, it should be noted that the transit to the format of integration in the "third circle" objectively entails profound changes in measuring the functioning of formal and informal institutions, creates new challenges in intra-European dialogue and, accordingly, forms a source of political and functional instability within the EU.

In this regard, it is worth noting that both the anticipation of the most probable ways of EU development in view of the challenges and prospects of the "Third Round" of European integration, and the issue of the "Third Round" need scientific research and understanding. The flow of integration to the new planes described in this article, accompanied by new structural problems, requires new concepts that can give an adequate interpretation of this stage of development of European integration, to properly characterize it from a theoretical point of view. We believe that this may be a new direction of the main schools of scientific thought that professionally consider European issues, and the introduction of the "Third Round" paradigm in the conceptual arsenal of European studies will increase their research value and practical significance, bringing them closer to tomorrow's realities. We hope to start a broad scientific discussion on this issue.

The development of integration processes in the "Third Round" has a number of practical consequences for Ukraine. Gradually becoming one of the factors outlining European legal,

political and socio-economic realities, it can not but have, in the long run, influence the progress of our state's efforts for European integration.

In the author's view, integration in the "Third Round" creates additional challenges in this context. Such challenges arise primarily against the background of Ukraine's socio-economic system approaching European standards. It is possible that the introduction of restrictions and norms provided by documents and political guidelines of the "Third Round" will have a restraining effect on the pace and dynamics of recovery of the Ukrainian economy, which is currently suffering from a number of crises, and further distort its development.

In turn, the need to adapt the growing number of *acquis* in the socio-economic sphere to domestic legislation will create additional pressure on the national legal system of Ukraine. The permanent transit nature of changes in the "Third Round" and, consequently, the presence of clear prospects for their preservation in a "permanently transitional" state for many years significantly complicates the task of their legal implementation in Ukrainian legislation and forms an objective obstacle to our country's accession to the EU.

This one particular moment should also be mentioned. The prospect of entropy within the EU's political structure and, consequently, the chaos of decision-making processes, the dispersion of responsibilities and other structural problems that may arise in negative Community development scenarios, activated, *inter alia*, by the factors described in this article to a productive dialogue with Ukraine. The key to a planned, predictable and, ultimately, mutually beneficial integration process is a high degree of functional capacity of the parties, the existence of which on the part of the EU, in these circumstances, may be questioned.

In this light, we believe that the issues of the "Third Round" should be taken into account, including in terms of scientific and practical analysis of its potential impact on Ukraine's European integration prospects.

Conclusions. The extension of integration processes in the EU to new areas (social, tariff, insurance, budget, fiscal policy, etc.) allows us to state the beginning of the "Third Round" of European integration along with the first two - integration in economic policy and political security. The main reason for the transition of European integration to the "third round" industries is the gradual scaling up of the process of rapprochement of the EEU states, which took place first in the economic and then in the related social sphere. Integration in this area initially served as an ancillary function, facilitating and stimulating economic integration. Due to this close genetic link between the issues of economic integration and the issues of the "Third Round", the integration processes in the latter have shown significant dynamics.

With the course of integration, there is a gradual loss of this connection and the acquisition by the "third circle" of the common EU policy of independent sounding. The logic of European integration processes determines the consistent progress of integration in these areas and its further spread to other areas that can be classified in the "Third Round". One of the locomotives of this integration at the present stage is the community level of power in the EU, aimed at further consolidating its influence in the administrative and political structure of the EU.

Raising integration in the Third Round creates new challenges for the EU's institutional structure and the European integration process as a whole. Further inclusion of the "Round III" issue in the sphere of community institutions, accompanied by the erosion of the institutional capacity of the national level of government in the EU, may provoke crises within the European integration system with ambiguous consequences for its further course.

Formation of a state of "permanent transit" within the EU is one of the significant systemic risks of such a plan, which can disrupt the work of its institutions and have a negative impact on the European integration prospects of new potential members of the Union, Ukraine specifically. Such an impact could manifest itself, in particular, against the background of creating additional burdens on both the legal and socio-economic system of Ukraine, which would slow down economic recovery in the country, as well as in reducing the real negotiating capacity of the EU as a counterparty. Together, these factors could create additional obstacles on Ukraine's path to the EU and slow down the dialogue on membership in the Union.

Given the context, the task of developing new conceptual models and theories of integration that can be adapted to analyze existing and future European integration processes is relevant. It is considered expedient to introduce the issues of the "Third Round" of integration into the field of scientific and strategic analysis of Ukraine on European integration and prospects for EU membership.

References

1. Clarke P. Insurance in the single market [Electronic resource] / Paul Clarke // Chartered Insurance Institute (Web page). – Access mode: <https://www.cii.co.uk/fact-files/the-insurance-market/insurance-in-the-single-market/> (12.02.2019). – Name from the screen
2. Community Charter of the Fundamental Social Rights of Workers European Observatory of Working Life (Web page). – Access mode: <https://www.eurofound.europa.eu/observatories/eurwork/industrial-relations-dictionary/community-charter-of-the-fundamental-social-rights-of-workers> (15.01.2019). – Name from the screen
3. Consolidated versions of the Treaty on European Union and the Treaty on the Functioning of the European Union / Official Journal of the European Union . – Volume 55. – 26 October 2012. – P. 1-390
4. First Council Directive 73/239/EEC of 24 July 1973 on the coordination of laws, regulations and administrative provisions relating to the taking-up and pursuit of the business of direct insurance other than life assurance [Electronic resource] / EUR-Lex (Web page). – Access mode: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:31973L0239&from=EN> (09.02.2019). – Name from the screen
5. Minimum wage statistics [Electronic resource] / Eurostat (Web page). – Access mode: https://ec.europa.eu/eurostat/statistics-explained/index.php/Minimum_wage_statistics#General_overview (10.03.2019). – Name from the screen
6. Minimum Wages, January 2009 and January 2019 [Electronic resource] / Eurostat (Web page). – Access mode: [https://ec.europa.eu/eurostat/statistics-explained/images/5/51/Minimum_wages%2C_January_2009_and_January_2019_\(EUR_per_month_and_%25\).png](https://ec.europa.eu/eurostat/statistics-explained/images/5/51/Minimum_wages%2C_January_2009_and_January_2019_(EUR_per_month_and_%25).png) (10.03.2019). – Name from the screen
7. Müller T. The European Social Pillar – Towards An EU Minimum Wage Policy? [Electronic resource] / Torsten Müller, Thorsten Schulten // Social Europe (Web page). – Access mode: <https://www.socialeurope.eu/european-social-pillar-towards-eu-minimum-wage-policy> (19.04.2019). – Name from the screen
8. Our work [Electronic resource] / European Economic and Social Committee (Web page). – Access mode: <https://www.eesc.europa.eu/en/our-work> (05.02.2019). – Name from the screen
9. Resolution of the European Council on the European Employment Pact [Electronic resource] / European Commission (Web page). – Access mode: http://ec.europa.eu/economy_finance/publications/pages/publication14546_en.pdf (17.03.2019). – Name from the screen

10. The EU framework for fiscal policies [Electronic resource] / European Parliament (Web page). – Access mode: <http://www.europarl.europa.eu/factsheets/en/sheet/89/the-eu-framework-for-fiscal-policies> (08.02.2019). – Name from the screen
11. The European Pillar of Social Rights in 20 principles [Electronic resource] / European Commission (Web page). – Access mode: https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights/european-pillar-social-rights-20-principles_en (27.03.2019). – Name from the screen
12. Treaty establishing the European Economic Community and connected documents / Luxembourg : Publishing Services of the European Communities, 1957. – 378 p.
13. Treaty of Amsterdam amending the Treaty on European Union, the Treaties establishing the European Communities and certain related acts / Luxembourg : Publishing Services of the European Communities, 1997. – 148 p.
14. Wage policy and EMU [Electronic resource] / European Foundation for the Improvement of Living and Working Conditions (Web page). – Access mode: <https://www.eurofound.europa.eu/publications/report/2000/wage-policy-and-emu> (09.02.2019). – Name from the screen
15. What is the stability and growth pact? [Electronic resource] / The Guardian (Web page). – Access mode: <https://www.theguardian.com/world/2003/nov/27/qanda.business> (06.03.2019). – Name from the screen
16. Kraievska O. Horyzontalni polityky YeS u systemi spilnykh polityk YeS / O. Kraievska // Visnyk Lvivskoho universytetu. – 2017. – S. 75–83. – (Seriiia mizhnarodni vidnosyny ; vyp. 42)