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BLOG POST

'Investing in human capital': A social promise or just another guise of competitiveness?



The exercise is nothing new. Since 2010 and the introduction of the 'European Semester', the European Commission has presented each year in early June what is known as the 'Spring Package', a set of recommendations addressed to Member States on their economic, fiscal, social and employment policies. This roadmap, presented on 3 June 2026, places skills among its stated priorities, under the heading "Promoting skills, education and quality jobs". At first glance, the assessment is familiar and widely accepted: EU countries are facing labour and skills shortages, investment in human capital remains insufficient, and the gap with global competitors is widening. The reasoning is clear – Europe will only be able to compete with China and the United States, from defence to clean technologies, if it has enough skilled workers. For the first time, the Country-Specific Recommendations (CSRs) include, for every Member State, a section dedicated to human capital : skills development, strengthening vocational and adult education, STEM (science, technology, engineering and mathematics) education, reskilling, and labour market participation.

This development is not trivial; it represents a potential revival of the social dimension within a European Semester long dominated by fiscal surveillance. But it must also be examined closely, as the concrete content of the package reveals at least four tensions that undermine its scope: the subordination of skills to a competitiveness agenda; a budgetary asymmetry that deprives social investment of the leeway granted to other priorities; a social dimension – transition, cohesion, justice – that is still treated as secondary; and a governance framework whose levers of effect are weak.

I • Human capital at the heart of the EU's economic strategy

The emphasis placed on skills and training in the Spring Package is not new. In the 2025 package, in particular, 'promoting skills and quality jobs whilst ensuring social equity' featured among the seven horizontal enablers of the Competitiveness Compass; the term 'human capital' was present; and the bulk of the substantive content – STEM established as a strategic priority, the decline in basic skills, adult learning, the integration of under-represented groups, active labour market policies, social dialogue, recourse to legal migration – was already set out there.

However, several elements point to a rise in the visibility of the human dimension in the latest Spring Package. This year, every Member State received at least one recommendation on education and training – which was by no means a given in an area largely falling within national competence. A Council recommendation on human capital, addressed to the EU, provided a common framework that informed the country-specific reports and recommendations. The accompanying narrative acknowledges a shift in priorities: competitiveness is not achieved solely through technology, capital and regulation, but through investment in workers.

To appreciate the significance of this development, one must recall the tools already deployed at EU level, of which the Country-Specific Recommendations are merely the national extension. The framework has been built in layers: the European Skills Strategy (2020) was followed in 2025 by the Union of Skills, which now structures action around four pillars – building skills, reskilling and upskilling throughout life, recognising qualifications, and promoting the mobility of people and knowledge. It is accompanied by an action plan on basic skills, a strategic plan for STEM education, and a roadmap for quality jobs - to be followed by a law on quality jobs to be proposed in 2026 -, the development of micro-certifications, a pilot project for a 'skills guarantee' for workers in sectors undergoing restructuring, and investments from the Digital Europe programme in advanced digital skills.

The forthcoming package on fair labour mobility is to include an initiative on skills portability. The stated aim is to streamline the cross-border recognition and circulation of qualifications, so that a worker can have skills acquired elsewhere recognised throughout the Union. The ambivalence here is clear: portability primarily serves to deepen the single labour market and labour mobility – and thus competitiveness – but it also offers a tangible benefit for individuals, by securing career paths and limiting the loss of rights associated with mobility. This proposal will be a significant step towards establishing a 'fifth freedom' for the single market, as advocated in Enrico Letta's report 'Much more than a market': the free movement of research, innovation and skills.

II • The subordination of skills to a competitiveness agenda

The Commission's call for investment in human capital has a limitation: it elevates skills within the competitiveness narrative, rather than as an end in itself. The human factor is mobilised as an input for productivity and technological sovereignty, in line with the Competitiveness Compass, which remains the guiding framework for the cycle. The shortages deemed most pressing are situated in frontier sectors – cybersecurity, quantum computing, artificial intelligence, semiconductors – echoing the 'innovation gap' (European R&D expenditure stagnating at 2.2% of GDP in 2024, overtaken by China (2.6%), and lagging behind the United States (3.4%), Japan (3.4%) and South Korea (5.0%)) and the technological sovereignty agenda.

Yet skills development should be, above all, a lever for social cohesion and inclusion. The Commission's analysis identifies, in several Member States, deficits in basic skills, early school leaving, low adult participation in training and a high share of young people who are NEETs (not in employment, education or training). It is these challenges – and not the scarcity of information-and-communication-technology specialists – that most threaten upward social convergence in the EU and affect the greatest number of people. The 'excellence agenda' and the 'inclusive agenda' coexist in the text; however, it is essential that the former does not, under the guise of the competitiveness imperative, take precedence over the latter.

III • Budgetary asymmetry: a derogation clause for defence, nothing for social investment

This is arguably the package's most striking contradiction, and it lies in its macro-budgetary component. The document confirms and broadens substantial fiscal flexibility under the national escape clause: up to 1.5% of GDP in additional defence spending over 2025–2028, activated for seventeen Member States (Austria, Belgium, Bulgaria, Croatia, the Czech Republic, Denmark, Estonia, Finland, Germany, Greece, Hungary, Latvia, Lithuania, Poland, Portugal, the Czech Republic, Slovakia, Slovenia) and now extended to energy expenditure (sub-ceiling of 0.3% of GDP per year, 0.6% cumulatively between 2026 and 2028). However, there is no equivalent flexibility for education, training or social investment: these must be funded within the net expenditure ceiling, in direct competition notably with defence and debt servicing, whilst ten Member States are subject to the excessive deficit procedure. The Commission thus stresses the need to invest more in skills and training without giving States the room for manoeuvre to do so, every State being bound by ceilings on the growth of net expenditure. For an analysis of social policy, this point is central: it reveals what the Union truly regards as strategic investment, and what it continues to treat as current expenditure to be contained.

IV • Transition, social justice and cohesion: an under-handled stake

According to figures from the Spring Package, rising energy prices are threatening some 560 000 jobs this year (construction, chemicals, metals, transport); the automotive sector could lose nearly 600 000 jobs due to electrification, Chinese competition and the phasing out of the internal combustion engine; a further 150 000 jobs are said to be at risk in the battery, solar and steel industries. The twin transition—green and digital—therefore does not merely create jobs: it also destroys them, in identified regions and occupations, hitting first and foremost workers who are often older and less mobile – the very people whom low rates of continuing training leave least equipped to reskill.

The artificial intelligence (AI) dimension illustrates this imbalance: the package urges Member States to accelerate AI adoption and treats it as a driver of skills demand, largely ignoring its downside – job displacement, potential deterioration in job quality, and the need to protect and retrain affected workers. Hence the imperative to invest more and better in lifelong learning, whether for upskilling or reskilling.. Much remains to be done, as the target derived from the European Pillar of Social Rights – 60% of adults in training each year by 2030, established at the Porto Summit in 2021 – remains a distant prospect. According to [the Adult Education Survey \(AES\)](#), participation among 25-64 year-olds over a 12-month period stood at 46.6% in 2022. The gap with the target is considerable and, above all, the average masks a divide: participation stands at around 17% in Greece, 20–24% in Bulgaria and Poland, compared with nearly 74% in Sweden and 65% in the Netherlands. Participation declines with age and remains lowest among low-skilled adults – precisely the groups most exposed to job losses linked to transitions. Access to lifelong learning is therefore not only insufficient in the EU today but also deeply unequal, whether between Member States or between social groups (age, qualification).

The risk is political as much as economic: when transitions are experienced as a loss of livelihood and support arrives too late, the feeling of abandonment fuels mistrust and anti-establishment votes. Social cohesion is not an optional extra of competitiveness; it is a prerequisite. The package recognises this – hence the focus on social convergence and under-represented groups (people with disabilities, people from migrant backgrounds, young people and older people) – but it does not provide this insight with the binding measures that would make it effective.

V • Soft social governance

One final concern relates to effectiveness. Skills and education fall largely within national competence; the cycle for coordinating national economic and social policies - the European Semester - operates here only through non-binding recommendations. The implementation record of the 2025 Country-Specific Recommendations is, moreover, poor: only 3% have been fully implemented, 7% showing substantial progress, 40% recording ‘some progress’ and 42% ‘limited progress’. ". Universalising the education-and-training recommendations to all Member States increases visibility but offers no guarantee of results. The question of implementing European recommendations is all the more acute as the Recovery and Resilience Facility (RRF) comes to an end – that is, the instrument which, by making payments conditional on reform milestones, had given the Semester greater momentum in the social sphere. A new lever could, however, emerge in 2028. In its proposal for the 2028–2034 Multiannual Financial Framework, the Commission has indeed set a social target of 14% of funding for the new National and Regional Partnership Plans (excluding the Common Agricultural Policy – CAP) to be directed towards the implementation of the EU’s social objectives. Although this social conditionality does not equate to increased EU spending on social and employment programmes, as highlighted in a [study published by the European Parliament](#), it will be essential, to give greater weight to the Country-Specific Recommendations, that these are translated into investment priorities within the new National and Regional Partnership Plans.

VI • Conclusion

The ‘skills’ component of the 2026 Spring Package is not lacking: the diagnosis is accurate, the shortages are real, and the Country-Specific Recommendations – notably on basic skills and early school leaving in Spain, the relevance of training in France, and the reskilling of low-skilled older workers in Estonia and Latvia – target key issues. But the overall framework subordinates skills to a narrative of competitiveness and security, denies them the budgetary space granted to defence, and rests on a soft governance whose effectiveness is documented as weak – at the very moment when its main financial lever is disappearing. A demanding social reading would suggest reversing the perspective: treating investment in skills, education and lifelong learning not as an expenditure to be allocated within a budget ceiling, but as a strategic investment, eligible for the same flexibility as that granted to priorities deemed vital for the Union’s autonomy.