Right to Stay: a necessary condition for a competitive Single Market

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I. Executive Summary

The Single Market has been Europe's greatest economic achievement and, quietly, an important political liability. When national barriers slowly erode, economic activity clusters where agglomeration effects are the strongest. Left-behind regions do not just lose production; they also lose services, jobs, people, and the capacity to attract them back. A market whose benefits concentrate in a smaller number of areas is politically unsustainable and eventually self-defeating.

This paper conceptualises the **right to stay** as the capacity of individuals to lead fulfilling lives in their region of residence, without being compelled to relocate due to lack of economic opportunity, inadequate public services, waning social cohesion, or environmental and climate pressures. Only when staying is a genuine choice can free movement be a freedom. For many Europeans in Southern Italy, Greece, or Bulgaria, it is not. Their mobility is not a choice; it is an imperative. In that sense, forced mobility is not a manifestation of European freedom but a symptom of a system failure.

Three structural pressures are undermining social and territorial cohesion simultaneously. First, demography is changing the age composition of European societies, emptying Central, Eastern, and Southern regions at a pace no investment program can reverse. Second, technological disruption and economic transformation are affecting more regions where the risk of automation is highest, while social and labor policies to absorb the shock are not fully developed. Third, climate change is causing disproportionate damage to areas under demographic and economic stress, while relocating comparative advantage northward in ways that cohesion policies barely acknowledge.

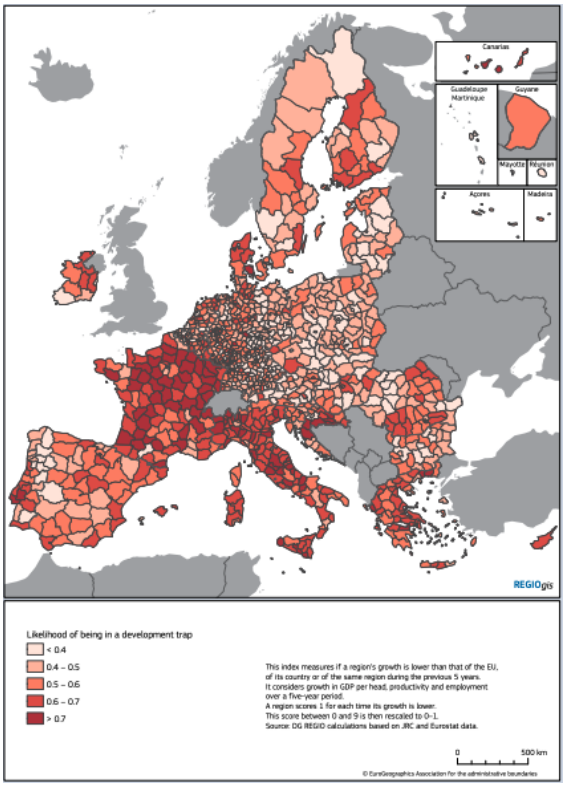
The policy response requires adaptive resilience: the capacity to absorb, adjust, and transform. This paper outlines an appropriate strategy across a 2×3 matrix of people-centred and place-based instruments at EU, national, and regional level. The instruments must work as a package. Simply creating jobs without catering for skills formation incentivises outmigration. Investment in public services without welfare reform builds limited-use infrastructure for populations that have already left. Member states remain the primary duty-bearers and cannot outsource that responsibility elsewhere, but the EU has an important role to play in financing, coordinating and facilitating policies of adaptive resilience.

The report highlights three case studies — Eindhoven, Cluj-Napoca, Catalonia — to show what adaptive resilience means in practice and how it can be operationalised elsewhere. The right to stay is not a strategy to freeze Europe's geography or demography. It is a normative commitment to ensure that further integration of the Single Market does not deprive millions of citizens within it of their choices.

II. The price of integration

The Single Market has substantially raised aggregate welfare; in economic terms, it would be uncontroversial to claim that it has been a resounding success. GDP per capita has increased across Europe, labor productivity has increased in most member states, and employment has expanded by more than 50 million jobs (Campos et al., 2019; Boltho & Eichengreen, 2008). This man-made market of 450 million consumers has profound regulatory depth, breadth, and high-level standards that serve as an anchor of stability for European businesses. It is a living example of free and unobstructed competition. This positive economic aggregate conceals an uncomfortable geography below the surface. When barriers are eliminated, economic actors seek to maximize cost efficiency; firms and people cluster where agglomeration effects are strongest, that is, in large, well-connected metropolitan centers where scale and manufacturing capacity are greater (Krugman, 1990). Public services and infrastructure also become denser and higher-quality in these areas, attracting more people who seek quality of life and economic opportunity. As a result, peripheries that lack a critical economic mass of goods and services face the opposite dynamic: a development trap in which productivity gaps widen rather than close (Iammarino et al., 2019). The European Commission's development trap index shows the structural nature of this phenomenon by measuring persistent underperformance in GDP per capita, employment, and productivity across more than a thousand NUTS 3 regions from 2001 to 2018 (Figure 1).

Figure 1. Development trap index at NUTS-3 level, 2001–2018



Reproduced from Ninth Report on Economic, Social and Territorial Cohesion (p. 33), by European Commission (2024) https://ec.europa.eu/regional_policy/sources/reports/cohesion9/9CR_Report_FINAL.pdf.

The price of integration

That trap is not a residual inefficiency to be corrected at the margins: it is built into the logic of economic integration itself and will be reinforced by an AI-led industrial transformation, the relative loss of European export competitiveness in global markets, climate change, and demographic pressures. And of course, this is not a problem idiosyncratic to the Single Market. Similar dynamics we observe in the UK where London has become an economic powerhouse attracting people and capital and leaving behind peripheral areas in the North (McCann, 2016; Stansbury et al., 2023). The same centripetal forces we observe in the United States, where superstar firms cluster in city-economies, generate extreme inequalities between urban and suburban areas, cities, and regions by creating economic opportunities and concentrating services and high-quality-of-life standards (Autor et al., 2020; Moretti, 2012).

In Europe, the magnitude of this divergence is now documented with precision. Gomez-Tello, Murgui-Garcia and Sanchis-Llopis (2025) estimate a spatial production function across 121 NUTS-2 regions in nine EU member states, 2000-2014. They find that agglomeration externalities are *confined to the region in which they occur*: positive and robust within metropolitan areas, their spatial spillovers to neighbouring regions are consistently non-significant. As the authors put it "the presence of agglomeration is a potent emerging source of labour productivity disparities between European regions" (Gómez-Tello et al., 2025, p. 23). The GVA-per-worker gap[1] between the richest and poorest regions in the sample widened from 4.99 times in 2000 to 5.55 times in 2014. Human capital formation aggravates this trend because investment in skilled workers generates *negative* spatial spillovers. Authors found a statistically significant brain-drain mechanism drawing workers toward agglomeration centres. The Great Recession amplified the dynamic: productivity effects of metropolitan agglomeration rose by 28 percent in the post-2007 sub-period.

Cohesion policy was designed to offset this centripetal pull, and for much of the 1990s and 2000s it did, albeit it did more in peripheral areas close to urban centers (Gagliardi & Percoco, 2017). Then came the Great Financial Crisis and its eurozone counterpart, with dire consequences for public budgets. National governments were obliged to reduce public debts, bail out banks and restore market confidence. The first victim of austerity measures was investment. Public investment fell by more than 20% by 2013 compared with its pre-crisis peak, with peripheral member states cutting spending disproportionately (Dijkstra & European Commission, 2014). Rigid and procyclical fiscal rules locked in a low-investment, anaemic growth equilibrium precisely when the imperative to restructure and invest was highest. A decade on, roughly one-third of EU regions have not recovered their pre-2008 real GDP per capita (Directorate-General for Regional and Urban Policy (European Commission), 2024, p. 12). As Rodríguez-Pose (2018) documented, the result is a "geography of discontent", regional stagnation correlating robustly with support for anti-establishment and Eurosceptic parties. This grievance between winners and losers poses a major risk of fracturing a Single Market that serves only a few privileged areas and individuals; regional deprivation constrains individual prospects and drives political resentment (Facchini et al., 2026). The political implications are equally worrying as the socioeconomic ones. A competitive Single Market necessitates broad support, citizens who believe in it, and are ready to defend it in elections. A Single Market must resonate in the hearts, minds, and pockets of European citizens, and for this to happen, people should have the right to stay where they want rather than be driven by agglomeration forces and scarce opportunities.

1. the difference in gross value added (GVA) generated per worker between a given region, sector, or group and a specified benchmark, used as a measure of relative labour productivity.

Compelled mobility and the right to stay

Mainstream debate frames intra-EU mobility as an expansion of individual freedom and to an extent it is, but the real question is for whom. That framing is correct for those who move by choice. But alongside voluntary mobility, driven by aspiration, ambition, or simply pleasure, there exists a qualitatively different phenomenon: it is the mobility driven by the absence of viable alternatives at home. When a specialised doctor leaves rural Greece, not because she prefers the Netherlands, but because her regional hospital has been underfunded into dysfunction and work hours do not correspond to a decent wage, her move is formally free but substantively obligatory. The right to stay names the condition under which these two can be distinguished, and it is a claim backed by a duty-bearer, not merely a freedom. Following seminal work on social citizenship (Marshall & Bottomore, 1992), this can serve as a reference point for a set of social rights that should not depend on willingness to relocate. The state, even an incomplete polity such as the European Union, should be able to complement (or offset) the predominantly economic citizenship of the Single Market by (re-)ensuring a minimum of services of general interest, and targeted policies to guarantee a right to stay. This right can be the cornerstone of a European social citizenship. On the contrary, if the competitiveness agenda, which ranks high in the priorities of the Commission and of Member States (*2026 State of the Union Address by the President [Speech Transcript]*, 2026), is exhausted in market-enhancing reforms, then grievances of left-behind areas and people will only grow.

In the academic literature, deprivation of public services and rising cost of living are associated with populist and fringe votes. Housing unaffordability, one of the most urgent questions of our time, directly affects the wellbeing of citizens and indirectly influences voting behavior (Held & Patana, 2023). In that sense, freedom to move is relative, because relocation costs can be substantive and therefore not all citizens are in a position to reap the benefits of a frictionless Single Market where the power to move is considered a given. Many years ago, Tiebout's (1956) seminal contribution showed that people will vote with “their feet” and relocate if the provision of public goods is inadequate. This is not the case for the Single Market in which significant linguistic, cultural and administrative barriers render relocation an arduous task for less mobile and skilled citizens. These citizens might on paper have the right to move but are practically trapped; often by choice due to family ties, sense of belonging and cultural ties, but also out of necessity because it is simply too complicated and expensive to change region, or country.

The political backlash of territorial inequalities

The link between the feeling of abandonment and political grievance is empirically strong. MacKinnon et al. (2024) mapped the political economy of "left-behindness" across European regions, demonstrating that persistent multi-dimensional disadvantage is the strongest predictor of support for anti-establishment parties. Importantly, political discontent is not simply a response to individual economic hardship. People also care about the well-being of their communities, a phenomenon known as local sociotropism (Rickard, 2022). Empirical studies across Western Europe show that economic crises can shape political attitudes even in places that are not directly affected (Colantone & Stanig, 2018). These findings are corroborated by Bolet (2021) and Algan et al. (2020), who demonstrate how the disappearance of local community institutions, both private and public, can contribute to political discontent by undermining social ties and place-based identities.

Research on the Xylella fastidiosa epidemic that destroyed Puglia's olive groves reveals this same collective experience. Cremaschi et al. (2025) use mixed methods to investigate the increased support for far-right parties in affected municipalities. This voter behaviour is particularly strong where public service hubs were absent, confirm-

ing that pre-existing state withdrawal amplifies political backlash to economic shock. The epidemic disrupted not only individual livelihoods but also the shared economic activities, traditions, and identities surrounding olive cultivation. Taken together, these studies suggest that political grievances can emerge not only from individual loss and failure, but also from what they see happening to their communities. This illustrates how shocks can affect entire communities rather than simply the livelihoods of individuals. Olive groves were not only a source of income, but also collateral for mortgages, the basis of seasonal communal rituals, and an important part of local identity rooted in the landscape. Their destruction therefore threatened the social and economic fabric of communities, including residents who were not directly dependent on olive cultivation. This collective dimension links the findings to the broader literature on local sociotropism. People react politically not only to their own economic experiences, but also to the economic decay of the communities to which they belong.

This logic can be extended and assumed to hold for deindustrialization, automation risks, natural disasters and demographic withdrawal: all dissolve, or have the potential to dissolve, the shared economic ecology that sustains community trust in public institutions and participation in the economy. In the UK, the vote for Brexit was associated with austerity measures in certain areas in which public spending cuts led to an increase in political dissatisfaction (Fetzer, 2019). The same political backlash was recorded in Europe in the aftermath of the Great Recession, where fiscal consolidations led to a significant increase in the vote-share of extreme parties (Gabriel et al., 2023). Winding down public spending might sound like a technical exercise in cost containment, but the political consequences manifest at the ballot box, and mainstream parties are often punished by voters. Fiscal policy decisions have real effects on people's lives and on the quality of life in places; thus, the political backlash of state retreat must be taken seriously.

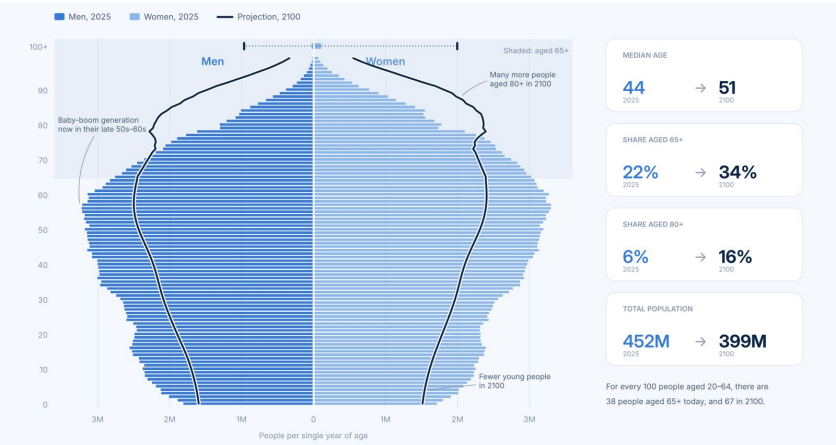
III. Three Structural Pressures

The right to stay is jeopardised by three structural pressures that cannot be reversed, only managed in the medium and long term: demographic change, technological transformation, and climate change. We can only adapt to a new reality in which these trends overlap, interact, and create novel challenges for policymakers and citizens alike. The European welfare system will face unprecedented challenges, and the governance conundrums ahead will be generation-defining challenges for policymakers. The sheer volume and complexity of the interaction of crises and structural pressures will put the Single Market under strain as well. If there are only a few beneficiaries from the economic integration process and only a handful of places reap the benefits of a deeper Market, then this project will lack political legitimacy and eventually citizens will divert their grievances back against it. A market creation moment such as this one requires us to anticipate externalities and adopt policies that build adaptive capacity to absorb shocks and reorganise.

Demographic change

Europe's demography is not a temporary imbalance to be corrected (Aassve & Edel, n.d.). Fertility has been below replacement across almost the entire continent for decades, and life expectancy continues to rise (Figure 2). The compounding effect of the two is only beginning to show in the geography of depopulation — rural Mediterranean and Eastern European regions today, a much longer list within twenty years. No plausible level of investment in regions or specific places can hold a population in place against a demographic trend of this scale and duration; at best, we can slow the decline in certain regions at the expense of others. The slogan “leave nobody behind,” as a territorial commitment, is a promise that demography will not let anyone keep. This does not mean that cohesion policy should be abandoned, nor is it an argument for indifference to Europe's declining regions. It is a call for pragmatism and an argument for locating the right to stay in the unit of analysis.

Figure 2. Europe is growing older: EU population by age and sex, 2025 compared with Eurostat’s projection for 2100

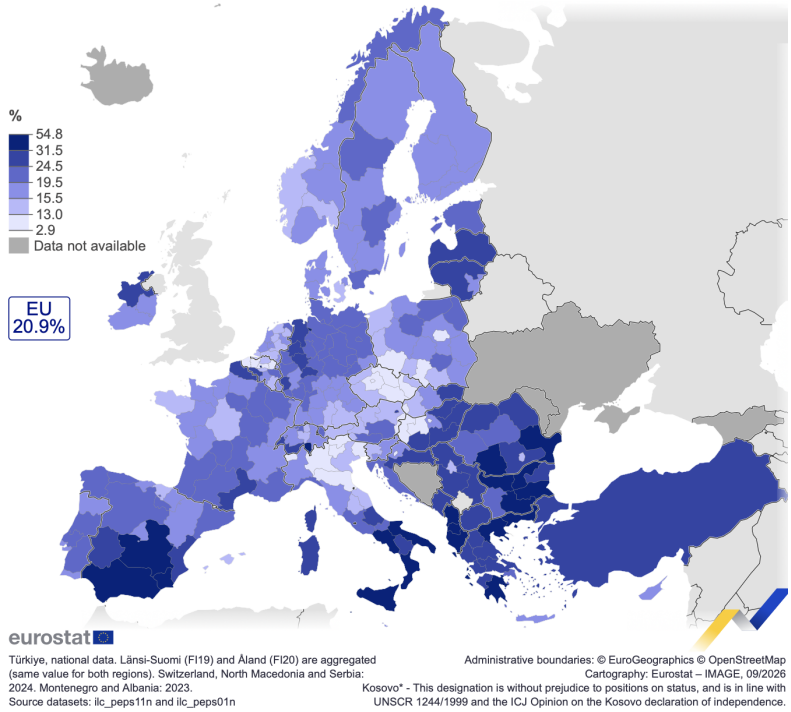


Source: Eurostat, EU-27. 2025: population on 1 January. 2100: Eurostat population projection (EUROPOP2025). Top row is the open-ended group aged 100 and over.

Three Structural Pressures

The ILO's 2025 projections document a decline of approximately 42 million Europeans by 2050, concentrated in Central and Eastern Europe, the Western Balkans, and peripheral Southern Europe (De Gobbi et al., 2025, p. 6). The ILO also documents an important skills mismatch across Europe due to short-term excess demand and long-term trends of brain drain and emigration. Twenty-two of the twenty-seven member states face net population decline. The decline is compounded by selective outmigration: the young, educated, and mobile leave; the elderly remain. As services contract, a talent development trap emerges: skilled people move to economically developed regions, and the tax base shrinks, further deteriorating services, eventually increasing socioeconomic risks for inhabitants (Figure 3). Almost all of these regions are concentrated in Southern and Eastern Europe (Tessarin et al., 2026).

Figure 3. People at risk of poverty or social exclusion, 2025 (% of population, by NUTS 2 regions)



Source: Eurostat (2026), Regional divide in risk of poverty or social exclusion; datasets ilc_peps11n and ilc_peps01n

This is where people-based policies come into the picture to complement regional and cohesion policy. Technological transformations and structural economic changes affect people living in places, and those people have needs throughout their life course that no territorial policy can address on its own. The logic of social investment we put forward asks how to facilitate transitions throughout individuals' lives. The objective of welfare policies in the 21st century is to build the stock of human capital and capabilities (from early childhood education to lifelong learning); easing the flow of labour market and life transitions (active labour market policies, work-life balance); and maintaining inclusive safety net buffers for those temporarily out of work. The fundamental wager is that effective complementarity among these three functions yields a double dividend: greater employment and productivity, alongside sustainable social protection and societal resilience more broadly (Hemerijck & Bokhorst, 2026). From early childhood education and care to lifelong learning, reskilling and active labour market policies these are essential services for a dynamic Single Market. To address the magnitude of transformation from AI and the knowledge economy, effective policies must combine people-centered support with place-based economic investment. Their complementarity has been empirically validated (Plavgo et al., 2026), and it is the only way to enhance communities' adaptive capacity.

The policy response to a slow-burning demographic crisis is not to reverse it; no level of place-based investment can restore 1990s population densities. But we can build institutions that function efficiently across a range of demographic states. In Eastern and Southern Europe, the right to stay becomes the right to grow old where one lives. This requires not only physical infrastructure, but home care, mobile health services, and long-term care provision designed for dispersed, ageing populations rather than for the urban centers where most of the care services were built and are currently provided. On the other side of the life course, compelled mobility delays coupling and childbearing. Young adults are often forced to leave their home region to find decent employment; the demographic decline that drives them away is compounded by its consequences. A welfare state whose sustainability depends on a forever-young, forever-growing population is a chimera. Only a welfare state designed for ageing, low-fertility, migration-shaped societies is resilient. For this purpose, institutions need to reorganise the form of service delivery while preserving their core function. Mobile health services, consolidated-but-accessible school networks, and digital labor-market agencies with physical presence for those who need it are some elements of future welfare provision.

Technological disruption and economic transformation

This enormous demographic challenge lies beneath the surface of saturated labor markets now severely disrupted by technology, new forms of employment, non-linear career trajectories, and Europe's own growth model, which faces intense competition from the US and China. Secure employment and full-time contracts were the bedrock of European welfare states, but the transition to the knowledge economy, along with flexible work arrangements and remote-work options, is profoundly changing labor markets and, therefore, pension systems. On top of this economic transformation, automation is a disruptive force that will have asymmetric effects across European territories because it amplifies and follows existing patterns of regional vulnerability. Crowley, Doran and McCann (2021) map automation exposure across NUTS-2 regions in twenty-four EU member states using 2018 Labour Force Survey data, and find a mean automation risk of approximately thirty per cent across EU regions with wide variation. Romania records the highest regional exposure to automation risk, while Norway has the lowest. The occupational footprint of that risk is higher for low-specialisation occupational groups such as clerical support workers, craft and related trade workers, and plant and machine operators. These are the professional groups that are located in the manufacturing heartlands of Central and Eastern Europe during post-socialist industrialisation as well as the low-earning workers of Southern Europe. This geography is reinforced by the irresistible forces of agglomeration: Crowley et al. (2021) find that occupational variety and population density both significantly reduce the risk of automation. Naturally, low-density industrial monoculture in regions already under demographic pressure will face the sharpest cumulative vulnerability.

However, the aggregate picture in Europe is more nuanced than the displacement story suggests. Albanesi, Dias da Silva, Jimeno, Lamo and Wabitsch (2023) examine the relationship between AI exposure and employment shares across sixteen European countries from 2011 to 2019. Their finding runs counter to popular alarm: higher AI exposure is positively associated with employment share growth, with a 25 percent increase in AI exposure corresponding to roughly 2.6 to 4.3 percentage points of employment share growth, depending on the AI measure used. The mechanism in action is skewed in favour of skills because gains are concentrated among high-skilled workers. So far the most recent evidence from Massenkoff and McCrory's Labor Market Impacts of AI (2026) study finds no systematic increase in unemployment among workers in highly AI-exposed occupations since late 2022. But the forward-looking signal is sobering. Bureau of Labor Statistics projections show that a ten-percentage-point increase in observed AI exposure is associated with a 0.6 percentage point re-

duction in projected employment growth. Reskilling without place-based job creation calibrated to local labour markets functions as a subsidy to outmigration, not an alternative to it. An industrial strategy conditioned by the logic of territorial diversity, i.e., investing in related diversification in lagging regions and building knowledge-transfer intermediaries, is a precondition for technological transition without becoming a fresh source of compelled mobility.

Finally, place-based investment and policies do not suffice on their own. Social investment is an indispensable toolkit with people-based policies for increasingly non-linear professional and personal life trajectories. The policy target gradually moves, and the state is no longer asked only to protect and compensate but to facilitate transitions across the life course (Hemerijck & Huguenot-Noel, 2022). From child benefits and adequate parental leave to re-skilling and lifelong learning, people-centered state support and services of general interest require a minimum threshold across the Single Market. In that sense, it is not about people or places, but a holistic policy approach that combines the two with active labor market policies, lifelong learning, and provision for people to cope with the pressure of technological and economic transformation (Plavgo et al., 2026).

Climate change and the new geography of risk

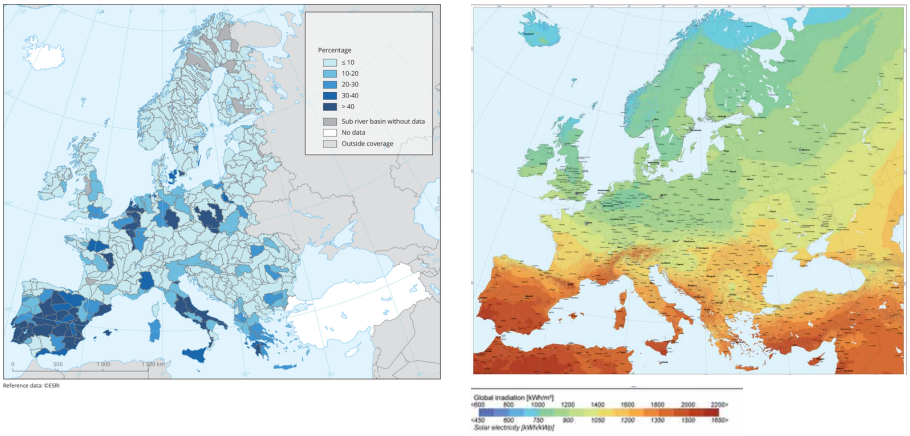
This complicated and convoluted image of industrial transformation overlaps with climate change and a changing geography of natural resources. In 2024, the Internal Displacement Monitoring Center recorded 358,000 EU citizens displaced due to climate- and disaster-related events. Beyond the major natural disasters, there are chronic slow-burning pressures: desertification, water scarcity, and heat-driven agricultural loss are concentrated in Southern and peripheral Mediterranean regions that are already under acute demographic and economic pressure (IDMC, 2025).

What the next generation of research reveals is even more unsettling: climate change will redraw the geography of privilege in ways that are poorly understood and difficult to predict. Climate change will not be distributed evenly across Europe, and the regions it will hit hardest are those already under demographic and economic pressure. Based on IPCC projections, the European Scientific Advisory Board uses a planning reference of 2.8–3.3°C of global temperature increase by 2100 under baseline scenarios. Europe is warming faster than the global average, and Southern and Mediterranean areas will face compounded risks from heat, drought, wildfires, and floods. Regional risk maps and NUTS-3-level studies from the European Environment Agency confirm that the geography of disadvantage documented in Section 1 — peripheral Southern Europe and post-industrial Central and Eastern Europe — will be more exposed to climate change and global warming. Rising temperatures do not improve the outcomes at higher latitudes symmetrically: studies of Swedish agricultural yields show that, without appropriate increases in precipitation during the growing season, increased evapotranspiration and water stress could reduce yields in regions where the assumption of net benefit is most commonly made (Tootoonchi et al., 2026).

Water availability is the catalyst for community welfare. The European regions that are better placed to benefit from climate change are those in northern climates, with Alpine freshwater endowments and stable groundwater. Interestingly, they are not those currently driving Single Market growth (Figure 4). The water-wealth inversion is already occurring in the agriculture sector. Large areas in the Mediterranean basin that produce fruit, vegetables, and olives face enormous ecological stress, while northern and inland areas are well-positioned for agricultural expansion. The same trend is observed in industrial production and large urban centers. Water-intensive agriculture, manufacturing that requires large quantities of water, cooling data centers, and municipal supply all face rising costs in water-stressed regions. Regional

comparative advantages within the Single Market will shift along a water axis that current cohesion and industrial policy frameworks barely acknowledge.

Figure 4. Water exploitation index plus (WEI+) in European river sub-basins, summer 2015 (left); photovoltaic solar electricity potential in European countries (right)



Source (left): European Environment Agency, Water resources across Europe — confronting water stress: an updated assessment, EEA Report No 12/2021, Map 5.1 (summer), p. 84
Source (right): Šúri, M., Huld, T. A., Dunlop, E. D. & Cebecauer, T., Photovoltaic solar electricity potential in European countries, European Commission, Joint Research Centre (2006), p. 1

Insurance can only do so much for this complex challenge. In some regions, climate risks — whether fast-onset floods and wildfires or slow-onset droughts and desertification — cannot be fully mitigated through adaptation investments. For those regions, managed relocation will become a governance imperative and public authorities will have to plan and support the departure of residents from permanently unviable areas while preserving their economic security and community ties. The EU currently lacks a framework for this, but it is imperative to develop one, as it will determine the long-term habitability of at-risk regions. This framework cannot be exhausted in insurance pricing alone. The objective is to reduce disaster risk itself through the creation of cross-border floodplains upstream of inhabited areas, integrated drought management at the river-basin scale, and wildfire prevention through coordinated forest management. These policies together require institutional architectures that cut through regional and national boundaries. This is exactly the level at which EU governance can add value, and that member states acting alone cannot deliver.

A fourth dimension of shifting comparative advantage that also warrants attention is Europe's energy map. Industrial activity and therefore employment historically clustered in areas where fossil fuel resources were abundant and easily accessible; the presence of coal first, and then natural gas through pipeline infrastructure. After four decades of gradual and managed decline, coal-dependent communities show starkly divergent outcomes. Limburg for instance, went through an effective policy-driven transition toward innovation. Others that received less support from the state, experienced significant social and political dislocation. Experiences of decarbonization and economic transformation offer valuable lessons for the energy transition underway. New renewable endowments follow a different geography — solar irradiation peaks in Southern Europe, wind potential is strongest along the Atlantic coast and the North Sea — and energy-intensive industries can be expected to migrate toward regions with the cheapest renewable supply. That shift is potentially bad news for the Ruhr and Piemonte valleys and good news for southern Spain and Italy. Crucially, it may also partially offset the negative climate effects documented above. Regions that lose their comparative advantage in water-intensive agriculture could regain it in energy-intensive industries, turning a climate liability into an economic opportunity if the appropriate investment and transition strategies are put in place with the buy-in of local communities.

IV. Adaptive Resilience: The Conceptual Framework

Following the mapping exercise of structural trends and uncertainties that will reinforce regional inequalities and population decline, we move to a conceptual framework that can serve as a compass for national and European policymakers in designing virtuous policy circles to materialize the right to stay. Drawing from Markus Brunnermeier's (2026) framework, which distinguishes resilience from robustness: robustness is the capacity to resist shocks — to stay at the current equilibrium. Resilience is the capacity to absorb, adapt, and, when necessary, transform. Drawing from the ecological (Holling, 1973; Walker & Salt, 2006) we can distinguish three modes: absorptive capacity, withstanding a shock without structural change; adaptive capacity, adjusting systems to continue functioning in different conditions; and transformative capacity, reorganising the fundamental structure of a system when incremental adjustment is no longer sufficient. For welfare institutions, labour markets, and regional economies facing the structural pressures in Section 2, robustness alone is not achievable.

We argue that adaptive resilience should be the primary goal: the capacity of a person, a family, a community, or an institution to absorb shocks and demographic change by reorganising — changing structure, roles, strategy — while preserving core function and identity. Adaptive resilience does not ask people or places to stay the same; it is a call to action for policymakers and politicians to change their approach. The European Union has survived a series of crises over the past 15 years by collectively adapting and changing to address unprecedented challenges (De Vries & Kentikelenis, 2026). The objective then becomes to be adequately equipped to change without being broken by the change (Aassve & Edel, n.d.). Robustness compared to adaptive capacity is what makes the difference between a policy strategy that systematically tries, and fails, to freeze Europe's geography and one that equips people and institutions to move through demographic transition without being forced out of the places, careers, or communities they would choose otherwise.

This report identifies three overlapping dimensions of adaptive resilience. People-based resilience refers to the capacity of individuals and households to absorb shocks, navigate changes and transitions throughout their lives, and attain a decent quality of life without being forced to leave their home region. Place-based resilience, on the other hand, refers to the structural capacity of a territory to transform the structure of its economic activity, sustain adequate public services, and preserve the social infrastructure of local community life while facing demographic and climate pressures. Institutional resilience refers to the adaptive capacity of governance systems — at local, regional, national and European levels — through which policy responses are designed and implemented. A substantive right to stay requires all three: place-based structural transformation without people-based resilience generates incentives to leave; investment in places without people-oriented capability-building produces costly infrastructure without residents to use it; and both require institutional resilience to be delivered at the scale and pace that structural pressures demand.

Individual resilience and institutional resilience are not independent. Resilient institutions allow for resilient individuals by creating stable expectations for citizens and a minimum guarantee of services of general interest, public infrastructure and safety

nets. A well-functioning health system, labour-market protection, quality education, and social infrastructure fortify individuals to absorb shocks without slipping into permanent disadvantage. Whereas the vicious circle of left-behind regions follows the reverse trajectory: institutional withdrawal produces more vulnerable individuals facing new social and ecological risks, whose fragility further strains institutions and deteriorates life chances, thereby accelerating compelled mobility and, in turn, grievance at both ends. Quitting that spiral necessitates simultaneous investment and policy action at both levels.

Social investment and policy complementarities

The social investment framework (Hemerijck, 2018) regards spending on childcare, education, health prevention, and active labor-market policy as productive investments that have positive socioeconomic effects across the life course and translate into higher productivity, employment, and social cohesion. Resilience is complementary but distinct. It adds four things social investment does not fully supply. First, it acknowledges uncertainty: social investment is justified by returns on known targets. But with the AI disruption, climate change, and demographic pressures interacting in novel ways, we often do not and cannot know what to invest in and when. Resilience, therefore, is the capacity to recalibrate policies when the target moves. Second, who actually stays: the returns logic of social investment has little to offer for aging communities in remote, inner areas; yet, the right to stay is still a right. Third, institutions are not merely channels: government effectiveness, rule of law, and institutional trust predict individual resilience over and above social expenditure, independent of spending levels. Institutions are objects of reform in their own right (Plach & Aassve, forthcoming). Fourth, transformative capacity: social investment maps onto absorptive and adaptive capacity, but not onto transformative capacity; the Eindhoven case, the report's lead example, is a story of transformation.

The right-to-stay agenda requires both dimensions: developing people's capabilities and ensuring that the institutional infrastructure of home regions has the adaptive capacity to give those capabilities local expression. People-centred investment without place-based institutional development generates incentives to leave. Place-based investment without people-centred development produces subsidised infrastructure without the citizens to use it. The need to combine the two is a consistent finding across both the social investment and the regional cohesion policy literatures (Hemerijck, 2018; Rodríguez-Pose, 2018). The European Pillar of Social Rights is the normative architecture through which this claim on adaptive resilience becomes a binding institutional commitment. Its implementation scorecard, which tracks member states' progress against 20 principles ranging from access to essential services to housing and social protection, is the EU's primary social governance instrument for translating the right-to-stay agenda into accountable, measurable policy targets to benchmark quality of life across European regions and facilitate the transfer of best practices.

V. Policy Framework

The right-to-stay agenda requires action across two dimensions: people-centred policies that build individual and institutional adaptive capacity; and place-based policies that transform structural conditions in specific territories and across three governance levels; the European, national, and regional. Effective policies come in *packages*: policy instruments designed and operated in isolation at a single governance level or policy level are insufficient to break vicious circles or initiate virtuous ones. The matrix below maps this framework and shows how different policies are combined.

	People-centred	Place-based
EU	ESF+: skills, social inclusion, active labour market policies. Early Childhood Education and Care as complement to Active Labour Market Policies (life course multiplier). Horizon Widening Participation: R&D capacity in lagging regions. Portability of social rights across borders.	ERDF / Cohesion Fund: infrastructure and productive investment. Just Transition Fund: adaptive capacity for decarbonising regions. Regional climate insurance enabling instrument (InvestEU / EIB). National and Regional Development Funds: Competitiveness Fund: Performance model rewarding regional comparative advantages.
National	Welfare state reform for adaptive capacity: social investment, health, education systems that reorganise as demographics shift. Active Labour Market Policies and Early Childhood Education and Care designed as complementary packages, not sequential add-ons.	Green-social-industrial policy integration. Counter-cyclical regional investment and spatial planning. Cross-ministerial coordination for place-based budgeting. National insurance pooling reform (IT, EL, PT, SP).
Regional / Sub-national	Adaptive service delivery: mobile and online health service delivery, consolidated school networks, digital employment services with maintained physical access. Participatory governance of local institutions.	Strong equalisation transfers calibrated to service place-based needs; own-revenue capacity where the fiscal base supports it. Local economic development calibrated to demographic reality and climate trajectory. Regional climate insurance coalitions.

EU level

ESF+ (approximately ninety-nine billion euros, 2021-2027) is the most important instrument for people-centred investment. ERDF and the Cohesion Fund are the main place-based instruments. The Just Transition Fund facilitates the decarbonization process for fossil fuel-economies in Europe's regions. The key challenge here is to evaluate and calibrate these instruments not in isolation but in terms of their combined effect within specific regional contexts. Cohesion Policy should shift from compensatory transfers toward a performance model that rewards regions for exploiting their specific assets rather than measuring convergence to an aggregate mean (Rodríguez-Pose, 2018). The Competitiveness Fund in the next Multi-Annual Financial Framework (MFF) will integrate the logic of the Recovery and Resilience Facility, with milestone payments, and incorporate multiple financing instruments. In this new framework National and Regional Partnership Plans owned by member states will claim funds from the EU budget. Earmarked at €409 billion this Fund will prioritise resilience, digital

Leadership, clean transition and industrial decarbonisation, as well as health, biotech, agriculture, and the bioeconomy. The challenge is to bundle objectives and enable regional plans to increase absorption capacity by combining them.

National level

Member states have the primary responsibility for ensuring the right to stay: it is national welfare states, national labor-market institutions, and national spatial planning strategies that determine whether the European-level instruments above translate into quality services that citizens can use in the places where they live. But national welfare states were built in a different historical period in demographic and economic conditions that no longer exist across large parts of the EU. The resilience challenge, therefore, is not to add new instruments but to redesign existing ones for better delivery. Health systems that maintain quality of care for aging and dispersed populations; education systems serving smaller, geographically dispersed cohorts with age heterogeneity; labor-market institutions matching displaced workers to new local opportunities. In this direction, active labour market policies must be coupled with incentives for reskilling and available financing tools for small and medium enterprises.

Regional level

Regional governance authorities are the front-line providers of public services. The quality of those services determines whether staying is a genuine choice for citizens. Their capacity to adapt depends on two distinct preconditions. For regions with a growing or stable economic base, own-revenue capacity and fiscal autonomy allow responsive investment and swift adaptation. For regions facing demographic contraction and shrinking tax bases, precisely the regions most in need of adaptive investment, fiscal autonomy without strong equalisation can be regressive: it locks in declining capacity to address new risks. The right institutional response for lagging regions is equalisation transfers tailored to service needs rather than fiscal base. Like the Nordic model, where per-capita transfers adjust for cost and need rather than rewarding a stronger tax base. Cohesion money can build the infrastructure; but equalisation is what funds the people to run the services that infrastructure houses.

VI. Cases in Adaptive Resilience

Eindhoven

When Philips restructured its Eindhoven manufacturing operations in the 1990s, the city faced institutional collapse (Fernandez-Maldonado, 2009). The company represented 90% of the city's economy before its collapse. When they decided to relocate to Amsterdam, a vast area was left abandoned in the Strijp-S district in the northwest of the city center. In response, 21 municipalities joined forces and secured EU funding to restructure the area for mixed use, combining housing with public infrastructure (Sabatino, 2012). This urban regeneration project did not occur through a single intervention, but there was a clear objective from early on: to prevent another monoculture economy. The strategy was gradual and in hindsight, resembles an ecosystem evolution because the response was built on existing technological competencies. The Technical University was reconfigured into a research institution with deep engagement with corporate and start-up partners. Then a High Tech Campus was created as a collaborative innovation commons hub, and attracted investment in technical education at all levels (Bronneberg et al., 2023). ASML was born there and now is a global player that dominates extreme ultraviolet lithography, an extremely sophisticated and high-added-value production process of critical importance for semiconductor supply chains. This technological hegemony emerged from the Eindhoven ecosystem and illustrated what a genuine European innovation hub looks like when built on regional strengths, with a clear strategy and coordinated policies. The right to stay for Eindhoven's residents was secured not by preserving Philips but by building institutions capable of sustaining quality of life through a transition of fifteen to twenty years, with coordinated commitment across governance levels.

Cluj-Napoca

The miracle city of Romania is an unlikely case of economic renewal and adaptive resilience. The city's GDP doubled between 2009 and 2018 and unemployment fell to 0.31% while more than 20,000 jobs have been created in the IT/Comms sector (Petrovici & Mare, 2020). Cluj-Napoca's transformation was mainly driven by local institutional initiatives and city entrepreneurs rather than foreign direct investment or top-down state direction (Corodescu-Roșca et al., 2023). In 1993, 46 local entrepreneurs collectively founded the Transylvania Bank, building financial infrastructure for local small-business formation that FDI-dependent rivals lacked. Cluj's Babes-Bolyai University fostered dense university-business cooperation in information technology, creating a software cluster built on horizontal linkages and shared knowledge. By 2015, Cluj was the country's technology hub, and the metropolitan area had a population growth of 7.7% seven times the national average. One of the few places in the country that attracted people and resisted the trend of emigration. Interestingly, this demographic reversal was not due to foreign capital inflows but was homegrown, and approximately 8 out of 10 large firms in Cluj are locally owned and private (Zsibók & Egyed, 2022).

The key policy lesson here regarding resilience is that what matters is the density and quality of local governance relationships that enable actors to reorganise around emerging opportunities, and not so much the initial structural endowment. Gov-

ernance risks accompany success: rising gentrification has made housing inaccessible to low- and middle-income residents, hollowing out the social diversity that underpinned the innovation culture (Vincze & Zamfir, 2019). The right to stay must be actively maintained; it is not secured once but is constantly recalibrated to ensure territorial and societal resilience.

Catalonia

The 2021-2024 drought in Catalonia was the most severe in recorded history. The Ter-Llobregat system fell to 16.5% of capacity by January 2024, revealing both the scale of climate pressure and the possibility of an institutional response based on adaptation (El Nacional, 25 Jan 2024). From early on, policy entrepreneurs from civil society put pressure on the regional government to address management (Font & Subirats, 2010). This shared regional priority was combined with long-term infrastructure diversification. Two infrastructure investments proved decisive alongside reservoir management. First, the desalination plant built after the 2007-2008 drought, which at peak operation in 2024 supplied approximately one third of Barcelona's drinking water; and second, the wastewater reclamation and treatment system developed under Catalonia's post-2008 water plan, which provided agricultural and industrial supply that relieved pressure on potable reserves. Governance innovations and ambitious infrastructure investment brought farmers, municipalities, and the regional authority into collaborative resource management and support for the agricultural transition to drought-resistant crops (Vázquez-Vázquez et al., 2025). The policy objective was not to restore pre-drought conditions but to reorganise the rural economy in ways that preserve viable livelihoods through the transition.

Catalonia also shows how the risk-insurance diversification strategy can work in practice. Spain's AGROSEGURO system is a public-private partnership in which the state-owned entity ENESA provides financing and premium payments, and a public reinsurer provides the catastrophic backstop, which paid out €1.24 billion in agricultural indemnities in 2023 and out of which €496 million was channeled to losses caused by drought across 2.3 million hectares (*Agroseguro Anticipates a Compensation Amount Exceeding 300 Million Euros for the Damage Inflicted by the Drought on Arable Crops*, 2023). Italy, by contrast, had no equivalent national risk-pooling. The difference is stark, given that agricultural insurance covered only 8% of Italian farming enterprises as of 2023, and almost entirely in the north, while smaller farms relied on compensation from a National Solidarity Fund that provided ad hoc, ex post financial support to farmers. This design systematically weakens incentives to insure, of course, since one expects the state to intervene in the event of a natural disaster. This is not an Italian peculiarity. Grabbe et al. (2026) show that national governments across Europe are systematically exhausting their public finances due to reactive, post-event disaster relief through ad hoc compensation. The alternative would be to invest ex ante in prevention and damage reduction. This mode of crisis governance and disaster relief simultaneously crowds out private insurance markets and increases long-term fiscal exposure as climate related disasters intensify and become more frequent. If the regional government of Catalonia had not adapted before the drought of 2021-2024, then not only would there have been significant agricultural losses but also a collapse of the regional agricultural economy and a sizeable hemorrhage in public finances, making it economically impossible for many rural households to stay in their place of living or for the state to provide adequate compensation. The design of national insurance systems is thus a direct determinant of adaptive capacity, a policy dimension that rarely features in cohesion policy discussions but belongs centrally in the right to stay framework.

VII. Conclusions

The Single Market cannot remain competitive if its benefits are concentrated in only some regions while others lose people, economic opportunities, and public services. Demographic change, technological transformation, and climate change are likely to only reinforce existing territorial inequalities. The political consequences of these developments should not be overlooked; a competitive Single Market is one that is socially embedded and politically legitimate. When citizens experience further market integration as a process that undermines their communities and leaves them with little opportunity, social cohesion and support for the European project are put at risk.

The right to stay is an attempt to reconcile increasing competitiveness with social and territorial cohesion. This does not imply preserving existing economic structures or preventing mobility. Rather, it means that policy planning and structural reforms must ensure that people have a genuine choice about where and how to build their lives. To achieve this we should aim for adaptive resilience: the capacity of citizens, regions, and public institutions to adjust to structural change while maintaining a decent quality of life, essential services and economic opportunities.

This paper points to five policy priorities:

1. Make the right to stay an explicit objective of the EU competitiveness agenda. EU competitiveness and cohesion policies should be better aligned to ensure that investments in productivity and innovation also strengthen the adaptive capacity of disadvantaged regions.

2. Combine people-centered and place-based investment. EU and national policies need to integrate provisions for health care, childcare, along with education programs for reskilling, and active labor-market policies with local job creation. The objective is economic diversification and infrastructure investment. Focusing solely on skills without creating local opportunities risks accelerating brain drain rather than preventing it.

3. Recalibrate welfare states and public services for new demographic and climate realities. Member states must ensure a minimum level of access to services of general interest even where populations decline. This requires more flexible, technologically up-to-date education, healthcare provision, and care services for parents and elders. Financing these services will require adequate fiscal equalization and greater investment in risk prevention and climate adaptation, rather than relying on post-disaster compensation.

4. Strengthen regional institutional capacity and policy coordination. The experiences of Eindhoven, Cluj-Napoca, and Catalonia demonstrate the importance of cooperation between public and private actors, local buy-in, and sustained investment. EU funds should be channeled to holistic regional strategies that build on local strengths. The outcomes can be assessed using mixed standards that combine adaptive capacity, quality of life, and economic convergence.

5. Make regional policy more future-oriented and adaptive. The appropriate policy mix to guarantee the right to stay should move beyond static objectives and rigid funding cycles towards a more flexible approach that allows regions to respond to changing economic, political, and social conditions. This requires continuous mon-

itoring, experimentation, shorter feedback loops, and evidence-based evaluation of policy outcomes.

Ultimately, the right to stay should not be read as a promise that every place will thrive. Some regions will inevitably shrink, economic activities will move or disappear, and climate change will make life and production in certain areas extremely difficult to sustain. That said, it is our responsibility to ensure that these transformations do not translate into the disappearance of meaningful choices for citizens about where to live and where they feel they belong. A competitive Single Market needs resilient people, resilient places, and resilient institutions. The right to stay is not at odds with a European competitiveness agenda. Quite the contrary, it is a necessary condition for its long-term economic, social and political sustainability.

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