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New Paths for Third-Sector Institutions in a Welfare State in Crisis: The Case of Portugal

Abstract: This article describes the recent changes in the political, cultural and socioeconomic environment of the third sector (TS) in Portugal in the context of crisis and structural adjustment. Belatedly, when compared to many other countries, an overall sector is being structured in Portugal, overcoming the traditional neglect of the political system and the divisions inside the field. The historical institutional approach is here used to make sense of the current changes and debates and the different policy coalitions in place are identified through present and past policy analysis and content analysis of policy debates. This provides a broad background for exploring the hypothesis that the Portuguese TS may be arriving at a critical juncture that will set a new path under the development of a new and broader identity as "social economy." This paper identifies path-breaking trends, as well as continuities. It argues that the structuring axis TS/welfare state, which has been the driving force of the TS in Portugal, is shifting to the axis TS/economy as a result of changes in both the TS and its political coalitions' strategies and in the broader context and institutional framework of the welfare state.

Keywords: third-sector policy, social economy, institutions, path dependency, critical junctures, welfare state

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1 Introduction

Until recently, there was no overall idea of a third sector (TS) in policy, through the development of broad legal or policy frameworks, and among the actors in the sector, through the setting up of encompassing umbrella bodies or coalitions. The exception was the Portuguese Constitution, which states the existence of a cooperative and social sector side by side the public and private sectors of ownership of the means of production. As diagnosed in 2000 (Vivet and Thiry

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2000), in Portugal there was no agreement regarding the meaning of the different terms describing these organizations or cross-sectoral federative bodies connecting the different branches of the TS, such as social solidarity organizations, cooperatives, mutuals, community organizations or local development organizations, among others. However, in the last CIRIEC report on the *Social Economy in Europe*, Portugal scores high in the acceptance of the concept of social economy (SE), both by public authorities and organizations. Portugal joined Spain in this high recognition, scoring higher in the political recognition of the concept than Belgium and France, two countries where there is a longer history of a structuration of a sector and attention by the political system (Monzón Campos and Chaves Ávila 2012). In recent years, an overall TS gained the attention of the political system and the media, becoming object of policy and political debate. Most importantly, some of the sector's main federative bodies came to an understanding to participate jointly with political actors in the government-led collective project of promoting an overall sector under the name of "social economy," including most organizations which are not governmental and not-for-profit.

It was in the last years of the previous center-left government, already framed by the international crisis, that an overall "sector" came to political attention. It started with the first governmental program for the development of the SE (called PADES), which included measures such as the setting up of new SE umbrella bodies, a placement program for young people in TSOs, a subsidized credit program, support to management training and the development of a satellite account for the social economy (Resolution of the Council of Ministers no. 16/2010, of 4 March).[1] It continued with the center-right government, with the first framework law for the SE (Law 30/2013, of 8 of May).[2] Portugal is now part of the group of countries and regions with a SE framework law, alongside Spain (Law on the Social Economy from 2011), Greece (Law on Social Economy and Social Entrepreneurship from 2011), France (Law on the Social and Solidarity Economy from 2014), Quebec (Social Economy Act from 2013) and Mexico (Law of Social and Solidarity Economy from 2013). Romania has approved a draft Law on the Social Economy in December 2013.

The recent attention to the TS in Portugal had two moments, coinciding with the two moments of crisis and the shift in the balance of forces between different political coalitions. In a first moment (2008–2010), the government responded to the effects of the global crisis with incentive measures to the economy in an attempt at containing escalating unemployment and promoting growth. In a

1 http://dre.pt/pdfgratis/2010/03/04400.pdf.

2 https://dre.pt/application/file/260705.

second moment, from May 2011 on, the crisis policies were reoriented to austerity under a new government and international intervention of the International Monetary Fund, the European Central Bank and the European Commission (the so-called troika). Policies promoting the SE sector, such as PADES, were enacted in the first moment and pursued in the second moment, with changes mainly related to the austerity measures and the impact of the crisis.

Third sector organizations (TSOs) suffered the impact of the crisis in two ways. In their own financial balance, due to the austerity measures targeting TSOs, the effects of the rising of property and consumption taxes, the increase in housing rents and the lowering of income and rising unemployment of their members, users and beneficiaries, and in the pressure for expanding provision, given the growth of social problems and needs of their users, members and communities in a context of decreasing public welfare benefits.

The idea that the state has failed became increasingly popular and, together with the spread of the idea of social entrepreneurship as earned market income, many human services nonprofits now look at the market technical and financial resources and to corporate philanthropy for rescue. This is happening in spite of some cooperatives and social enterprises which rely strongly on market revenues being as well in serious financial trouble. Simultaneously, the TS became part of the emergency social and employment policy measures and assumed a new role in the project of reforming the state role in welfare.

This article explores the current changes and continuities in the institutional and policy framework of the TS. It uses the analytical framework provided by historical institutionalism to frame the analysis within a broader institutional and historical context, thus allowing to observe the dynamic interplay and mutual influence between state and TS actors shaping and being shaped by existing institutions (Kim 2010). It looks at the historical continuities that give the current reforms their specific features. Although it focuses on the TS, it assumes the coevolution of the TS and the welfare state as one of the most significant aspects of the TS in Portugal, at least until now. Therefore, it explores the hypothesis of a critical juncture leading to significant changes in the path of the TS and in its relation with the welfare state.

The paper starts by indicating the main concepts and approaches, from historical institutionalism, informing the analysis of the case. Then it characterizes the TS in Portugal in terms of some of the main legal, political and economic frameworks. In a third section, it focuses on the recent institutional innovations, including the new umbrella bodies and the SE framework law. Next, it centers on the debates on the framework law to identify the meanings and the dominant political coalitions supporting the different historical frameworks for the TS in Portugal and their points of convergence that led to the

possibility of an unlikely consensus on the SE framework law. In the last section, the analysis focuses on the part of the sector that has been operating in the core of the Portuguese welfare state to describe how it has been coevolving in this moment of crisis.

2 Historical Institutionalism and the TS

For historical institutionalists like Thelen and Steinmo (1992), institutions include formal organizations and informal rules and procedures. Peters, Pierre, and King (2005) identify several contents for the concept of "institution" in the uses of historical institutionalism in policy analysis, such as "formal administrative institutions within the state such as civil service departments or legislatures, as well as informal rules, agreements, and customs within the state and between the state and society" (Peters, Pierre, and King 2005, 1286).

These uses relate to the role of institutions and, therefore, in empirical terms they allow exploring contexts, relations and interdependences which are necessary to understand the role of a specific set of organizations, as is the case of TSOs, and the way they are structured by – and help structuring – the legal and policy frameworks and other organizations existing in their environment (Evers and Zimmer 2010).

Here, a distinction is made between the theoretical concept of TS and the designations used in specific contexts, such as nonprofit sector or SE. First, the TS is a discursive field, constituting a sector as a unity through actors' descriptions and self-descriptions and practices. Second, it is a relational concept, as it includes the idea that TSOs occupy a space between three sectors: systems or institutions of the state, the market economy and the community (Evers and Laville 2004). Third, it is contextual, as it emerged in the 1970s in the USA and Europe in the context of the debates on the future of welfare and, therefore, one can identify the economy with the market economy and the state with the specific form of welfare state.

Considering the relationality and contextuality of the TS allows observing how, in the axis TS/state, TSOs establish cooperation with welfare services, have their activities framed by public norms and principles, receive public monies or orient their strategies and identities to welfare state institutions. In the axis TS/market economy, TSOs generate earned income by selling goods and services, are framed by norms of competition, orient their strategies by principles of clients' choice and market-led sustainability and see themselves or are seen as promoting economic growth. These relations influence the features of TSOs with variations between organizations, societies and historical moments.

The concepts of nonprofit sector and SE are used here referring to self-descriptions within the TS in Portugal to emphasize the traditional fragmented institutional landscape, now structuring under a broadened version of the concept of SE as it will be described in this paper.

For DiMaggio and Powell, the definition of one institutional field is made through a four-part process:

> an increase in the extent of interaction among organizations in the field; the emergence of sharply defined inter-organizational structures of domination and patterns of coalition; an increase in the information load with which organizations in a field must contend; and the development of a mutual awareness among participants in a set of organizations that they are involved in a common enterprise. (DiMaggio and Powell 1983, 148)

Historical institutionalism has helped understanding the stickiness of institutions and specific institutional configurations (Kala 2008). One of the most important concepts in this regard is path dependency, which highlights the weight played by history in shaping possibilities for change or stasis in institutions (Pierson 1994). As source of path dependency, Pierson (2000) identified the mechanism of increasing returns, also known as self-reinforcing or positive feedback, as processes in which a given initial institutional choice is reinforced by subsequent choices, which are also self-reinforcing due to their complex interdependencies.

The concept of critical juncture, on the other hand, has been at the core of the literature dealing with institutional change. It has been used to describe the moments where a shift in a given path takes place. According to Capoccia and Kelemen (2007), a critical juncture occurs when policymakers explore viable policy options that are available at a time of uncertainty or institutional flux. In this situation, the institutions, instruments, values/beliefs or capacities of the actors change in a way that has the potential to make significant and lasting changes on the relationship.[3]

Crises, like the ones we are currently undergoing, have been pointed out as triggers for institutional change. However, change may also happen endogenously and due to less abrupt phenomena (Rezende 2011). In fact, neither stasis implies that nothing happens in institutions, as maintaining institutions requires work (Lawrence, Suddaby, and Leca 2009), nor change must always be revolutionary or the result of purposeful action. Change may happen incrementally, as a result of the accumulation of new features or even due to the neglect of the work of maintaining institutions. In fact, there may be several modes of change

3 Elson (2011) used this concept to present a periodization of the relations between government and the TS in Canada.

in institutions, as Streeck and Thelen (2005) argue, and these may combine to create the potential for a path break as shown in this paper.

Analyses of institutional change also tend to emphasize the role of social actors instead of structures, which are usually preferred to explain stasis. A strategic relational approach to institutions also helps to revise the relation between agency and structure (Jessop 2001), in the sense that actors can change institutions, but not in a totally unconstrained way, and structures constrain action, but not in a fully deterministic way. Instead, structures allow a range of action possibilities that are accessible and perceived in different ways by different actors. As Torfing (2001) synthesizes, institutions not only shape actors strategies, but also the rules of the game in which actors try to change institutions. This is done by shaping the normative codes with which actors negotiate and struggle, the effects of learning processes of these same struggles and relationships, the relation of forces between different strategies in terms of being successfully inscribed in old or new institutions, and actors perceptions of the barriers and opportunities to pursue their strategies.

Mahoney and Thelen conceive political institutions as distributional instruments of power, both in terms of the formal and informal rules and expectations, and in terms of the cultural and normative practices:

> Institutions are fraught with tensions because they inevitably raise resource considerations and invariably have distributional consequences. Any given set of rules or expectations – formal or informal – that patterns action will have unequal implications for resource allocation, and clearly many formal institutions are specifically intended to distribute resources to particular kinds of actors and not to others. (Mahoney and Thelen 2010, 8)

3 The Heterogeneous Features of the TS Institutions in Portugal

In Portugal, until recently, there was a highly fragmented landscape with different types of organizations and traditions, structured in platforms, federations and networks, political coalitions, identities and normative discourses, and different and unequal relations with the state,[4] hardly recognizing the existence of other TS fields and much less the idea of having something in common.

Differently from countries or regions where a specific meaning of the TS gained prominence, as nonprofit sector, voluntary sector or SE, in Portugal, it is

4 Described in Portugal with the concepts of close and alien civil society (Santos 1995).

possible to perceive the presence of two main frameworks – the nonprofit model and the SE model. Within the two, there are specific organizations, alliances in the political system and other sectors in society, and normative frameworks and political projects regarding the TS role and place in society, the economy and polity. Although they can be framed in the international models – the Anglo-Saxon nonprofit model, on the one hand, and the francophone SE model, on the other – one cannot say that they are just the result of mimesis, since each model mixes elements of the other, added throughout history.

The nonprofit framework is based on the identification of a sector of organizations between state and society, which are private, voluntary, self-governing and, most of all, nonprofit. The dominant organizations in this field are the Private Institutions of Social Solidarity (IPSSs) and their representatives, corresponding to the human services (or social services) nonprofits under a special status awarded by the social welfare administration according to the services they provide. Although they are only about 9% of the total number of TSOs, they have 63.4% of the whole employment in the sector (INE and CASES 2013, 41).

The IPSS statute dates from 1979 (revised in 1981), being created after the Democratic Revolution of 1974, when the relation between existing nonprofits and the state was renegotiated under the new democratic framework and the structuring of a modern welfare state. The status of IPSS implies that they deliver a set of welfare services related to support to family, youth, elderly, disabled, communities and the poor, and activities in education, health and housing, and it is awarded by the welfare administration after checking the activities and the capacity to pursue them. With this status, IPSSs can sign cooperation agreements with the welfare administration to be subsidized to provide these services.

The IPSS statute also defines that these organizations assume basically three organizational forms: associations, mutuals (which are also associations) and foundations (with Church organizations considered equivalent to foundations).[5] IPSSs are represented nationally by three main national confederations (National Confederation of Solidarity Institutions [CNIS], Mutuals Union, and *Misericórdias*[6] Union), which biannually sign with the government a Cooperation Protocol establishing the norms for the relation between the frontline IPSSs and the government, including the amounts to be transferred under the cooperation agreements and regulatory aspects of the services.

5 In 1996, with the new statute of social solidarity cooperatives, they were considered equivalent to IPSSs and therefore they have the same benefits. Social cooperatives represent 2.3% of the total IPSSs, i.e. there are 117 social cooperatives with this similar statute.

6 Mercy houses.

The SE framework is defined primarily according to the organizational form of cooperatives, associations, mutuals and foundations, and they are not constrained in activity areas. Because of the weight of cooperatives and mutuals in shaping the definitions in this field, the distinction regarding for-profit organizations lies in the fact that organizations' income is not considered profit. They are defined as private, self-governed, voluntary, democratic and not-for-profit. The SE definition is based on a set of governance principles that are explicitly stated in the cooperatives and in the mutuals codes (democracy, freedom, autonomy, education, collaboration and community interest, for example).

Since the 1990s, there were attempts at establishing the concept of SE as the unifying concept of the TS in Portugal,[7] but this attempt did not gather the consensus in the field. It was also impossible to agree on a single meaning of SE. Nunes, Reto, and Carneiro (2001) identified one meaning, supported by the nonprofit actors, describing the SE as a component of these organizations related to the contribution of their activities to social and economic development and their capacity to generate market income. The other meaning related the SE with social and workers movements and to the alternative aspects of organizations in relation to capitalist enterprises, such as not-for-profit orientation and participatory self-management.

The coexistence of the two framings of the TS is exemplified in the existence of two surveys for the satellite account. The first survey (INE 2011) was inspired by the *Handbook on Nonprofit Institutions in the System of National Accounts* (United Nations 2003) and supported by the Johns Hopkins nonprofit sector project in Portugal (Franco et al. 2005; Salamon et al. 2012). The second survey (INE and CASES 2013) draws from the combination of the UN Account with the *Manual for Drawing up the Satellite Accounts of Companies in the Social Economy: Cooperatives and Mutual Societies* (CIRIEC 2006), and includes both the content of the nonprofit sector and the SE. Thus, the Social Economy Satellite Account includes associations and foundations, religious orders and *misericórdias*, nonprofit private hospitals and universities, government bodies with private nonprofit status, as well as housing and social co-ops, alongside cooperatives in areas such as agriculture, fisheries, manufacturing, commerce, consumption and services and financial activities.

7 In April 1992, the Third European Conference of the Social Economy took place in Lisbon. The organizing committee included the confederation of Portuguese cooperatives (CONFECOOP), the confederation of agriculture cooperatives (CONFAGRI), the federative bodies of mutuals, of *misericórdias*, and of social solidarity institutions (UIPSS, currently CNIS), the research center CEEPS (currently CIRIEC) and Fundação Oriente, representing foundations. The committee was coordinated by INSCOOP (now CASES), the public body for promoting cooperatives.

Nevertheless, the shape of both versions of a TS is similar.[8] Culture, sport and recreation associations, most at a grassroots level, occupy half the number of organizations, followed by religious organizations and churches, and the social services organizations. Once one measures the sector in paid employment, social services (social action in the satellite account) nonprofits stand out contributing with 48.6% for the employment in the SE sector, followed by religious and education organizations (INE and CASES 2013).[9]

In terms of shape and size, the SE is strongly associated with the welfare state functions, as one can see in Table 1. Organizations related to social protection (social services and health) have 52.6% of paid employment, and the broader group related to welfare functions, including social protection, housing and development and education, has 65.4% share in paid employment, although only 24.6% share in number of organizations. The group that could be described under expressive and political organizations has a share of 9% in paid employment (and is the one including more organizations). Organizations related to the more traditional market activities, such as trade, consumption and services, manufacturing, agriculture, forestry and fisheries and financial activities, have 9.6% share in paid employment in the whole SE sector. Faith-based organizations have a significant share in employment (15.8%), which is magnified once one considers that many TSOs are also associated with churches, particularly the Catholic Church, whose members also sit at the boards of the federative bodies of social solidarity associations (CNIS) and *Misericórdias* (União das Misericórdias).[10]

Table 2 provides information on funding and sustainability of the SE sector in Portugal and what is immediately visible is the significance of market economy resources (sales revenues) across the whole SE sector. One can distinguish the areas where market income is predominant, corresponding mostly to sales of

8 Although there is an increase in the number of TSOs from the nonprofit sector satellite account to the SE satellite account (9,840), the structure is not substantially different. Some categories disappeared, such as philanthropy and volunteering promotion, international activities, law, rights and politics (they were probably included in the "not specified" category), but they were only 1.8% of the total number of organizations. Other categories, corresponding to cooperatives activities, are new. There is an increase in the number of cooperatives (there are 2,260 cooperatives) as only social solidarity cooperatives (119) were included before.

9 In international terms, the share of the TS in the economy is relatively low when compared with most of Europe (where the EU27 average is 6.53%), and North America, although it is similar to other Southern European countries (Monzón Campos and Chaves Ávila 2012; Salamon et al. 2012).

10 Through analyzing the history of the relationship between the Catholic Church and social welfare in Portugal, Moniz (2014) argues, for instance, that the Catholic Church became an indispensable element in the Portuguese social welfare.

Table 1: The social economy sector in Portugal, by area of activity – 2010.

	Organizations, % (N = 55,383)	IPSS, % (N = 5,022)	Share in paid employment, % (N = 226,935)	Share in gross value added, % (N = 4,262,564)
Culture, sports and recreation	48.4	5.9	5.4	6.8
Religious cults and congregations	15.8	19.5	15.8	13.8
Social action	14.0	64.4	48.6	41.3
Development, housing and environment	4.9	3.3	2.3	1.5
Professional associations, labor unions and political organizations	4.7	0.5	3.6	0.4
Education and research	4.2	1.9	10.5	11.8
Health and welfare	1.5	3.9	4.0	3.5
Trade, consumption and services	1.2	–	3.2	3.1
Manufacturing activities	0.7	–	2.8	5.1
Agriculture, forestry and fisheries	0.5	–	0.4	0.2
Financial activities	0.2	0.1	3.2	12.4
Not specified	4.1	0.5	0.3	0.1
Share in the economy			5.5	2.8

Source: Data compiled from INE and CASES (2013).
Note: Percentages may not add to 100% due to rounding.

goods and services from the activities of cooperatives in manufacturing, trade, consumption and services (91.1% and 97.1% share). Subsidies have some relevance in agriculture and fisheries cooperatives (16.2%), which is due mainly to the European agriculture policy. Financial activities are mostly from cooperative and mutual banks (with 99.2% in sales and property income). Culture, sports and recreation, with reduced numbers of staff, are mostly funded by fees and sales revenues (74.2%).

What is outstanding is that sales revenues have a higher share than subsidies in the resources of social services, and health and education organizations (with subsidies representing 25.4–32.3%). In most countries, these areas typically have higher government funding as they are related to welfare state responsibilities, particularly when TSOs assume a core role, as in the countries of continental

Table 2: Share of types of resources in SEOs and IPSSs.

	Sales and fees		Transfers and subsidies		Property income		Other resources	
Classification of the activities of social economy organizations	**SEOs**	**IPSSs**	**SEOs**	**IPSSs**	**SEOs**	**IPSSs**	**SEOs**	**IPSSs**
Agriculture, forestry and fisheries	79.2		16.2		0.6		3.9	
Manufacturing activities	97.1		1.1		0.4		1.4	
Trade, consumption and services	91.1		5.1		2.0		1.8	
Development, housing and environment	69.0	57.0	26.3	40.7	0.8	0.2	3.8	2.1
Financial activities	55.7	60.0	0.3	0.1	43.5	39.6	0.5	0.2
Education and research	63.3	60.6	32.3	36.3	0.5	1.9	3.9	1.2
Health and welfare	73.2	76.9	25.4	20.8	0.4	0.6	1.0	1.6
Social action	51.8	63.6	31.0	31.8	13.8	2.9	3.4	1.7
Culture, sports and recreation	74.2	71.5	20.0	24.4	1.4	1.8	4.5	2.3
Religious cults and congregations	61.8	66.1	33.2	31.7	0.7	0.5	4.3	1.7
Professional associations, labor unions and political organizations	60.4	54.1	32.9	44.3	0.4	0.7	6.3	0.8
Not specified	64.7	47.5	18.3	48.3	0.7	1.9	16.3	2.3
Total	62.8	64.1	23.8	27.0	10.3	7.4	3.2	1.5

Source: Data compiled from INE and CASES (2013).
Note: Percentages may not add to 100% due to rounding.

Europe[11] (Salamon and Anheier 1998), and as it happens in Portugal, particularly in social services and pre-school education. When comparing the resources structure of all the social economy organizations (SEOs) with the cluster of IPSSs, one can also see that there are no major differences in the share of transfers and

11 This clarifies some doubts on two studies modeled in the Johns Hopkins project in Portugal, with the 2012 report showing a low share of fees and 41% in government transfers

subsidies. The exception is the case of development, housing and environment, where the inclusion of housing cooperatives influences the share of sales revenues, and the case of professional associations, labor unions and political organizations, where the share of transfers and subsidies increase for IPSSs, which is mostly due to governmental subsidies to IPSSs federative bodies.

As Table 2 shows, subsidies and transfers to IPSSs are 27% of their total income, with social services with a little more share of subsidies (31.8%), which, according to the Satellite Account data, is below the wage costs in all IPSSs (31.6%) (INE and CASES 2013).

However, it is wrong to assume that the relative low governmental funding to nonprofits operating in welfare indicates autonomy from government. Particularly for the case of IPSSs and services provided under cooperation agreements, this relationship can be described more adequately as one of mutual dependency. In Portugal, only 2.5% of social services are publicly managed. The share of nonprofit and for-profit managed social services is 72.5% and 25%, respectively. Besides, there is a high share of family services, particularly in terms of care for children and the elderly, implying that these organizations occupy a core position in the welfare system (Ferreira 2010).

The main source of income of IPSSs is users' payments, but these cannot be fully described as market income. The state regulates the amounts paid, determining that this should be according to users' income. The government transfers to organizations a fixed amount per user, under practically indefinite-term cooperation agreements.[12] Since the government does not transfer the amounts related to the full costs of services, organizations balance their budgets by having users paying in the top ranks in order to be able to have other users paying in the lower ranks.

The resources structure of nonprofits are one of the reasons why they are highly affected by the crisis due to their dependency on decreasing families' income and women participation in the labor market. Many nonprofits seem to be orienting their strategies to the social entrepreneurship earned income model (Dees and Anderson 2006; Parente, Lopes, and Marcos 2012) with the hope that they can find sustainability in more efficient management and in market income. Some new streams of funding are also emerging outside the framework of the relation with the welfare administration, such as philanthropic foundations, which have been providing grants to innovative projects for solving social

(Salamon et al. 2012) and the 2005 report showing 66% of own income and 26% of government income in social services (Franco et al. 2005).

12 These are periodically revised, but are usually extended as long as the services remain in place.

problems. However, they do not have the long-term character of the cooperation agreements.

4 The Invention of an SE Sector

The institutional innovations around the setting up of an overall SE sector in Portugal since 2010, supported by a systematic attention of the political system to this sector, will now be described. The context of general economic and social crisis works as an exogenous pressure which may enhance the conditions for a critical juncture. This deviates existing institutions from their path dependency trajectories, marked by fragmentation of interests and identities, and reorients political actors to overcoming their differences and investing in the promotion of a broader sector.

PADES, created in 2010, was the first legislation specifically oriented to a SE sector and many institutional innovations described in the next pages originated here. The following year, the major opposition party proposed a framework law and, after being elected in that very same year, carried on this project until it was enacted in 2013. What follows is a description of these institutional innovations according to Streeck and Thelen (2005) typology of institutional change.

4.1 CASES and CNES

The setting up of CASES (Cooperativa António Sérgio para a Economia Social) was made through the *institutional conversion* of an existing public body for supporting the cooperative sector (INSCOOP) into a new organization, with a new constitution and a new mission encompassing all the SE. According to Streeck and Thelen (2005), change happens through institutional conversion when institutions designed with one set of goals in mind are redirected to other purposes. The conversion of the former body (INSCOOP) not only guaranteed that the support and authorization functions for the cooperative sector were kept in place in the new body,[13] but also that the cooperative sector, until then relatively marginal, gained prominence as the backbone of the concept of SE, as it happens in the European tradition.

CASES is a partnership organization, a cooperative of public interest, with the organizational form of a régie cooperative, where the members are the TS

13 In recent years, the existence of INSCOOP often faced moments of uncertainty.

confederations and the state, and it expresses the shift from government to governance since the late 1990s. It operates in the shadow of hierarchy as the state retains 66.22% of the capital and the votes[14] and the remaining is equally distributed among the other members (5.63% each). These members are the six national federative bodies of: IPSSs (3), local development organizations (1), farmers' cooperatives (1) and of the remaining cooperatives (1).[15]

CASES tasks include setting up an Observatory of the Social Economy in partnership with the research group CIRIEC Portugal, collaborating with the Statistics National Institute (INE) in drawing the Satellite Account, developing programs for promoting the SE, namely a program for promoting cooperatives and another for promoting SE among the youth, managing a subsidized credit program, managing the national microcredit program, delivering a management training program for SEOs, among other promotional activities. These are activities both marked by the former institutional structure and the implementation of the PADES.

Also in 2010, a monitoring and consultative body, the National Council for the Social Economy (CNES), was created to follow up the political strategies for the promotion and growth of the SE. This body includes the SE federative bodies sitting at CASES, plus the federative body of foundations and the confederation of culture, leisure and sport community associations,[16] representatives of national, regional and local government and five experts on SE appointed by the government. Its work is supported by CASES. It has more than a merely consultative power as it can propose legal initiatives to the government or issue opinions by its own initiative, prepare and disseminate studies, reports, opinions and information. With the shift of government after it was created, CNES waited two years to be confirmed. During the first year, a working group was set up for the review of the legal frameworks of the "Social and Solidarity Economy Sector," which only met a few times. In the meanwhile, bypassing CNES, the government proposed a framework law for the SE and undertook broad consultations with the sector actors. At CNES, there is a specialized group reviewing the cooperatives legal framework.

14 The overall capital is 302,000 euros.

15 Confederação Nacional das Instituições de Solidariedade (CNIS), União das Misericórdias Portuguesas, União das Mutualidades Portuguesas, Associação Portuguesa para o Desenvolvimento Local (ANIMAR), Confederação Nacional das Cooperativas Agrícolas (CONFAGRI) and Confederação das Cooperativas Portuguesas (CONFECOOP),

16 Centro Português de Fundações (CPF) and Confederação Portuguesa das Coletividades de Cultura, Recreio e Desporto (CPCCRD).

CNES was set up through institutional layering, which happens when new arrangements are layered on top of pre-existing structures (Streeck and Thelen 2005, 22–23) although these are maintained in place. These structures include the representation in the Social and Economic Council (*Conselho Económico e Social*), alongside social partners, of cooperatives and social solidarity organizations, which are represented sectorially, and issue representation by environmental, women, consumer, professional or disability organizations. At CNES, what is represented are the organizations of the TS or expertise on these organizations. Another structure for sectoral negotiation is the biannual Cooperation Protocol signed between the government and the three IPSSs peak bodies establishing the basis of the relationship between the government and frontline organizations. CNES has no attributions in this area for now and, therefore, CNES and the Cooperation Protocol negotiations are maintained parallel. Hesitations about the roles of CNES create a risk of institutional drift by neglect (Streeck and Thelen 2005).

4.2 The Framework Law

Another institutional innovation is the framework law of the SE (*Lei de Bases da Economia Social*) endorsed by the Parliament in 2013. This reinforces the National Constitution framework for the content of the SE and for the norms of the relation of the SE with the state and the for-profit economy. One can identify institutional displacement (Streeck and Thelen 2005) due to the rising relevance of subordinate elements which become activated, as in the case of the constitutional framework. The constitutional framework has not been activated in legislation until now, although it has been used in courts for disputes regarding TSOs.

The Portuguese Constitution indicates the existence of three sectors of ownership of the means of production: the private sector, the public sector, and the cooperative and social sector. This latter sector includes cooperatives and nonprofit organizations, but also common lands and other communitarian forms of ownership and workers ownership (Article 82).

The framework law defines SEOs both by their organizational form and by the principles they follow, which include: primacy of people and social objectives, free and voluntary membership, democratic control, articulation between members and users interests and the general interest, respect for the values of solidarity, equality, nondiscrimination, justice, equity, transparency, individual and social shared responsibility and subsidiarity, self-management and autonomy, application of surplus to the ends of SEOs in harmony with the general

interest. These principles follow closely the definition of SE in the European Union, as stated in the *Charter of Principles of the Social Economy* promoted by the European Standing Conference of Cooperatives, Mutual societies, Associations and Foundations (CEP-CMAF).[17]

There is now a process for both the implementation of the framework law and for the revision of the sector's legal frameworks, including statutes and the framework for corporate philanthropy, among others. The framework law will only become effective if it will be expressed in the aforementioned legislation, which will work as feedback mechanism so that "once a set of institutions is in place, actors adapt their strategies in ways that reflect but also reinforce the logic of the system" (Thelen 1999, 392).

One exclusion from the framework law, relevant for considering the possibility that feedback mechanisms help setting a new path, is the lack of reference to CASES and CNES, even though there are tasks in the Act that are in the remit of these bodies and are already being carried on. This includes, for instance, creating a database of SEOs, or promoting the overall SE, which are defined as a governmental responsibility in the Act.

4.3 The Satellite Account

Another form of structuring the SE is its statistical counting and, particularly, its inclusion in national accounts through the adoption of the Satellite Account. This reinforces the emphasis on the SE as an economic actor, particularly the contribution to employment and wealth, which has high resonance in political and public concerns as two of the most severe problems in Portugal nowadays are unemployment and economic stagnation.

There is no full coincidence between the types of organizations in the Satellite Account and the organizations represented in new bodies, as the former includes organizations that do not have representation in CASES or CNES. On the other hand, common lands and other community or workers forms of ownership, included in the framework law, are not counted in the Satellite Account.

In the new institutions, there is the reproduction of the heterogeneity as well as the power differences inside the sector, with a broad SE sector in the satellite account, but a more limited membership in CNES and in CASES.

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17 *Déclaration finale commune des organisations européennes de l´Économie Sociale*, CEP-CMAF, 20 juin 2002. The charter also distinguishes between two subsectors in the SE, the market, including cooperatives and social enterprises, and the nonmarket sector, including nonprofits.

This process of institution building described in this section was supported by social actors that until now mostly ignored the sector, such as political parties, or had too many differences to perceive themselves as in a single sector, such as the representatives of different sub-sectors. Crises are moments to forming broad political coalitions, even if the interests diverge. In the next pages, these coalitions will be explored through the analysis of the framework law process.

5 The SE Framework Law

The process of drafting and negotiating the SE framework law placed the TS at the center of the political debate. The process included an unsuccessful attempt, by the largest opposition center-right party, in September 2010, at revising the Portuguese Constitution under the argument of expunging the "ghosts" of the past, referring to the Democratic Revolution of 1974. This included eliminating Article 82 of the Constitution, as well as an article regarding the support of the state to forms of self-management and community ownership (Article 85).

After this failed attempt, a draft of a SE framework law was proposed by the same party in early 2011, and was rejected in the Parliament, given the opposing votes of all the parties of the political left, many interpreting this Act as an attempt at institutional displacement for encouraging the constitutional change.[18] After elections, the same center-right party, in coalition with the right-wing party in Parliament, formed government and resubmitted the draft in September 2011. It was then approved with the votes of the coalition parties, abstention of the center-left party and rejection of the left-wing parties. The draft was then sent to a specialized Parliamentary Commission composed of members of all parties that consulted with a wide range of organizations and experts. The final draft reached consensus, was approved unanimously by the Parliament and came into force in June 2013.[19]

The consensus was made possible with the changes that were introduced between the first draft and the final document, such as (a) inclusion of the previously absent reference to the Constitution as the backbone for the SE framework; (b) several amendments establishing a sharper distinction between SEOs and for-profit firms and the role of the state in protecting the specificity of the sector; (c) amendments on the axis SE/state, particularly in replacing an initial idea of primacy of the sector by an idea of cooperation (co-governance)

18 To follow the process in Parliament see http://www.parlamento.pt/ActividadeParlamentar/Paginas/DetalheIniciativa.aspx?BID=35951.

19 To follow the process in Parliament, see http://www.parlamento.pt/ActividadeParlamentar/Paginas/DetalheIniciativa.aspx?BID=36468

and a stronger duty of the state to promote the SE; (d) exclusion of an article regarding the setting up of a legal framework for social enterprises.

Content analysis of the hearings on the framework law in the specialized parliamentary commission allows perceiving the differences and the commonalities behind the consensus.[20] There were four major themes in the topics raised by the representatives: the role of the Constitution, SE boundaries, the relation with the market economy and the relation with the state.

The representatives from local development organizations, cooperatives, mutual and labor unions, as well as the research network CIRIEC, argued that the framework law should use the Constitution as its inspiration. The Constitution defines the boundaries of the SE, acknowledges its specificity by stating the differences between the three sectors and recognizes the state's role to protect and promote the SE in its singularity.

Concerning the boundaries of the SE, there were different perspectives regarding which organizations should be included. Representatives of cooperatives argued that some organizations should not be included, like sports, culture and recreation associations, NGOs (nongovernmental organizations) dependent on state funding or voluntary firefighters. These representatives perceived the "economic" as trade. On the other hand, for a charities representative, humanitarian and community sports and recreation organizations should be included and the concept of economy should be taken broadly. It was argued that there is no dichotomy between the economic and the social as all economy is social, the difference being in the profit motive.

In the axis SE/economy, the comments of the representatives and experts targeted a set of articles in the draft, which, according to some interpretations, did not establish a clear distinction between the SE and the market economy. One of them (Article 5, para. g) established limits to the distribution of surplus. Cooperatives and their allies explained the difference between profit and surplus, which also supports the distinction between the social and the market economy.[21]

20 The hearings, which took place between February and May 2012, included representatives of the social solidarity organizations confederation (CNIS), mutuals union, *misericórdias* union, cooperative confederations (CONFECOOP and CONFAGRI), federations of consumers (FENACOOP), local development organizations network (ANIMAR), the Portuguese Red Cross, Caritas, the research network CIRIEC Portugal and the two labor union confederations (UGT and CGTP-IN). Among the invited individual experts were two former leaders of CNIS and *Misericórdias*, and two academics – an expert on cooperatives and an expert on socio-economic development. Each representative was heard individually before a committee of parties' representatives and answered their questions.

21 The proposed article defines the SE orienting principles and stated in paragraph g): "The final reinvestment of the obtained surplus in pursuing their activities, without questioning the

Another reason for criticism was an article considering SEOs to be subject to competition law. Most representatives agreed that this needed to be taken with adaptations as existing legislation was biased towards the mainstream economy, as many examples demonstrated. The article was substantially changed to refer to the national and European norms regarding the social services of general interest and to the constitutional safeguards.

The law also included a proposal to create the legal form of social enterprises, conceived as enterprises "mostly" limited in their profits and "primarily" with social ends. Representatives of cooperatives, mutuals, labor unions and charities pointed out the danger of this definition opening space for for-profits to be considered part of the SE. The allies of cooperatives argued that there was no need for a new legal form of social enterprise as existing SEOs were social enterprises. Nonprofits were interested in a social enterprise framework to be able to extend their market activities, but they also considered that social enterprises should be fully limited in their profits and fully oriented to social ends.

On the debate of the axis SE/state, the liberal tradition of the separation between state and TS was mixed with the Catholic-inspired principle of subsidiarity. The historical precedence of nonprofits in relation to the role of the state in welfare was mentioned, referring to pre-modern times, and there was the issue of the need to revise the relationship between the state and society, seen in opposition. The largest representative of nonprofits argued that the relation between IPSSs and the state should be a market-like contractual relation and not tutelage and guidance. Some nonprofits representatives also criticized the existing local government responsibilities for local welfare coordination, argued for nonprofits autonomy from local authorities and claimed that the local welfare coordination role should be delegated to nonprofits.

Cooperatives and local development representatives argued for the removal from the draft of the principle of subsidiarity to describe the relation between state and TS and to replace it by other principles such as partnership, cooperation or co-responsibility. One labor union's representative expressed the concern that the principle of subsidiarity might lead to framing the SE as a mechanism to replace the role of the state in welfare. Another considered that the strong emphasis that the draft placed in SE self-sustainability might endanger state funding to nonprofits due to state withdrawal from its responsibility.

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guarantee of the necessary self-sustainability to the delivery of quality services..." (Draft Law no. 68/XII). The final text reads: "Channeling the surplus to pursuing the ends of the social economy entities according to the general interest, without questioning the respect for the specificity of surplus distribution, adequate to the nature and substratum of each social economy entity, constitutionally enshrined" (Act 30/2013, 8 of May) [author's translation].

The different positions sum up the main ideas about the TS/state relations in the welfare mix: one preferring public provision and opposing to the nonprofits provision of social services, other arguing for state responsibility, including regulation, but admitting nonprofits provision, and another arguing for state withdrawal from both direct provision and regulation.

Besides social enterprise, the solidarity economy was another exclusion from the framework law. This new concept was only proposed by the representative of the local development organizations. It is a newly arrived concept with influences both from Brazil and France (Gaiger 2009; Laville 2009). It describes a number of new types of economic initiatives, promoting local and collaborative economies, nonmonetary forms of exchange or workers ownership, and often including explicitly a criticism to the organization of the capitalist economy.

Despite the exclusions, there are latent elements in the framework law which may allow the development of the concept of solidarity economy, particularly within the meaning inspired in the Brazilian experience (Brazil has a Solidarity Economy Act), with the reference to the forms of community and workers collective ownership as part of the SE. As for social enterprises, the setting up of a specific social enterprise legal form is planned as part of the process of review of the SE legal frameworks. The issue will not fall off the agenda having in mind that there are European Union initiatives in this area and some countries are pursuing this path (Finland, in 2003, Slovenia, in 2012).

Despite the fact that the nonprofit coalition is in a stronger position, with the draft proposal corresponding mostly to its view, the SE coalition had the capacity to forward its views into the framework law through mobilizing existing institutional frameworks, such as the Constitution. On the other hand, a broader agreement in the sector was formed around the idea of its difference from the market and the state institutions to be respected and protected in law. This is particularly relevant in the axis TS/market, both for the organizations already trading in the market and for those aspiring to do so.

As its final outcome, the framework law process generated a broad consensus for establishing an overall SE sector in Portugal, helping to reinforce the new institutions described previously.

6 Path dependency or Critical Junctures for the TS?

Although there were attempts at imposing limits to the penetration of market logics in the SE sector, as seen with the changes related to competition law and

the social enterprises during the framework law discussion, there is a stronger emphasis on economic dimensions of the TS in the new institutions, such as the use of the term "social economy," the emphasis on self-sustainability and the promotion of the SE contribution to employment and growth. However, to fully grasp the potential of a path break, it is necessary to analyze the changes in the part of the TS that has been closely articulated with welfare institutions.

6.1 The Golden Years

After the second half of the 1990s, TSOs had their golden years, as it happened in many other countries, with the so-called shift from government to governance (Osborne 2010) and from the welfare to the social investment state (Abrahamson 2010). In Portugal, the TS was particularly fit for the social investment state due to its strong position in the provision of social services to families and in pre-school education, thus serving the project of an educated, healthy and working population. There were several examples of expansion of public responsibility in these areas in articulation with the TS provision, one example being a major investment program for services to elderly and children for IPSSs to expand their infrastructure (called PARES). However, whereas for a long time IPSSs infrastructure was substantially subsidized by government, in this case, it only covered about 50% of the funding and many nonprofits resorted to bank loans.

The political project of the shift from government to governance acknowledged TSOs as partners in co-governance of welfare. It extended the consultative role of the national federative bodies to a wide range of partnership bodies for policy design, development and implementation at several territorial levels in the fields of minimum income, employment promotion, protection of children and youth, social exclusion, education and local development. The government took on the metagovernance role while, at the same time, playing a stronger regulatory role, as it happened in other countries (Geddes 2008). With co-governance, there was an attempt at institutional conversion through strengthening the role of local government in coordinating social welfare. One example is the *Rede Social* program, a broad partnership body implemented in all municipalities to tackle social exclusion and improve quality of life. This partnership was strengthened with the capacity to assess and advise the public administration regarding the need of new services proposed by local organizations and even the attribution of the IPSS statute.

The co-governance framework was institutionalized in a "Cooperation Pact for Social Solidarity," signed in December 1996 between national and local government representatives and IPSSs federative bodies. The Pact included

intentions to review the IPSSs statute, the funding arrangements and the inspection powers of the state, but these were not followed through and the Pact ended up being forgotten. Institutional innovations in funding aiming at creating fairer access to services and quality regulations were marginally institutionalized through layering of a limited number of new social services, or in short-term agreements like the cooperation protocol.

6.2 The Current Crisis

In the current period of crisis, social policies and TS policies assumed an emergency character.

As said before, IPSSs were affected by the crisis due to a combination of factors related to the degradation of their resources base, in terms of their sales revenues, due to the decreasing income and rising unemployment of users, the cuts in social benefits, and of the impact of the rising of taxes, utility prices and housing rents. Adding to this, many organizations are indebted to the banks due to previous infrastructure investments.

A range of emergency measures were enacted in 2012 and 2013, even including the nonfull application of the troika imposed austerity measures to these organizations (part of the reimbursement of VAT, payment of corporate tax).[22] The government also negotiated new loans with the banks to organizations in financial trouble, associated with recovery plans and promised to reinstate cooperation agreements with the organizations which were involved in the infrastructure investment projects. It also created a Fund for the Restructuring of the Solidarity Sector, of 30 million euros, managed together with the IPSSs peak associations to support organizations with cooperation agreements in financial and economic distress, with money drawn from a percentage on these agreements.

Another set of measures aiming at the sustainability of existing services and organizations were negotiated between the government and the confederations in the Cooperation Protocol. This included lifting previously agreed legal limitations to the number of users, easing technical demands and removing ceilings in users' fees, easing the regulations on licensing of social services and rules on food security. There was also a broadening of subsidized services for supporting elderly people in their homes and the permission for setting up of new services, such as night shelters for the elderly or support for caretakers.

22 Allowing for the reimbursement of 50% of the VAT spent in investment (130 million euros) and suspending the payment of the corporate tax (40 million).

In social policies, IPSSs gained a prominent role in implementing emergency measures and welfare residualization policies. IPSSs are supposed to be the providers of 700 new soup kitchens with subsidized meals to address starvation, to deliver workfare policies, under the label of social entrepreneurship, such as new work programs for the unemployed, the elderly and persons with disability, and to provide conditions for recipients of the minimum income benefit (called Social Insertion Benefit) to perform socially useful activities.

This takes place in a context of unprecedented cuts in the social benefits and restrictions in access (pensions, minimum income and unemployment benefit) whose consequences combine with the economic crisis to generate increasing social needs. Money transfers to IPSSs were one of the few areas of the welfare budget where there was an increase in government spending (Joaquim 2014).

Government plans also include setting up a new form of local partnership, called Social Intervention Local Network (*Rede Local de Intervenção Social*),[23] which transfers current roles of the public administration to nonprofit and for-profit organizations. This includes functions such as management of minimum income, noncontributory unemployment benefit and the discretionary emergency benefits.[24] This implies a shift to nonprofits' local coordination and meets the demands of some actors in the IPSSs field.

These changes are due to conjunctural aspects related to the social emergency moment, but also to more structural features of this relation. Since the beginning of the Portuguese welfare state, the relation between state and TS oscillates between two projects which correspond to the presence of different political coalitions in power: a minimum welfare state replaced by charity or a regulatory state coordinating TS activities.

The persistent trend is that there has never been significant public provision or funding of social services, as differently from what happened in health and education in 1974. In social services, there was always a tension between the need for a welfare or investment state to assume responsibility for citizens' access to core areas of welfare and the inability of the state to do it alone due to the weakness of the political coalitions and lack of funding. This produced the situation described above where the most important source of social services nonprofits financial resources derives from users' payments. The TS has been, on the one hand, aspiring at occupying a core position in welfare and, on the

23 Administrative decision no. 1254/2013 of the Ministry of Solidarity, Employment and Social Security. http://dre.pt/pdfgratis2s/2013/09/2S184A0000S00.pdf.

24 http://www.publico.pt/sociedade/noticia/estado-paga-a-instituicoes-particulares-para-que-assumam-mais-competencias-na-gestao-da-accao-social-1606939.

other hand, reluctant to be instrumentalized to state ends under its regulatory hand and isomorphic pressures.

The elements contributing to path dependency identified by Pierson (2000) can be identified in this relationship: the initial costs of a path shift, including the financial costs for the government assuming a bigger role in funding welfare services, or the legitimacy costs if government withdraws from supporting social welfare services in a country where the number of people which consider this to be a state responsibility is high (Silva 2013), although the current moment of crisis has reduced these expectations.

Furthermore, there are collective action problems related to the fact that the government is reliant on the national nonprofits confederations, which retain a substantial amount of power in the intermediation with frontline organizations. This national corporatist relationship developed in the 1980s, but never had a local expression. Besides, because they have been involved in the coproduction of policies, these bodies have been able to create rules that enhance their negotiating position and remain in the core places for negotiating welfare and the policies toward the sector. These bodies remain able to carry on the parallel channels of communication with government, bypassing the newly created SE institutions, but are also central players in the new institutions of the SE.

For a long time, the welfare state has been changing toward increasing residualization (i.e. institutional drift), which became accelerated under the crisis and structural adjustment. This implies that progressively the government will be unwilling or unable to fund many social services provided by nonprofit organizations. This does not seem to engender strong resistance, due to the lack of increasing returns mechanisms such as, for instance, powerful actors defending the role of the state in welfare.

However, the turn away from the social investment state combined with the breakdown of the middle classes income, that funded an important part of social services, is likely to change the shape of the TS. It may lead to rebalancing the currently significant share of activities related to family and welfare services under cooperation agreements with the public administration in favor of other activities, such as employment and social development, and to market-generated income strategies.

7 Conclusion

This article explored the recent emergence of a SE sector in Portugal coinciding with the moment of economic and social crisis. The analysis was structured

around four main themes: (i) the structural features of the TS in Portugal in terms of some relevant indicators perceived in the Satellite Account of the Social Economy and in the broader organizational and political context, (ii) the policy analysis of the setting up of new institutions creating, for the first time, a broad TS under the name of "social economy," (iii) the identification of the main political coalitions, their normative frameworks and interests with the hearings on the framework law as empirical background and, finally, (iv) the analysis of recent emergency policies in the axis nonprofits/welfare state in terms of its continuities and changes.

The analysis was framed by historical institutionalism and worked on the hypothesis that the Portuguese TS may be arriving at a critical juncture where it will depart from its historical path of fragmentation of interests and a corporatist close articulation with the welfare state of a part of the sector. The current moment of social and economic crisis and structural adjustment in Portugal operates as the exogenous factor that appears to create, in existing institutions and actors, the openness for setting up of a new trajectory. Since the crisis began, there are new institutions, such as the first governmental program oriented to the overall SE, the first umbrella body encompassing the entire sector, and the first framework law for the SE, all of which suggesting the confirmation of this hypothesis. However, drawing from the idea that one cannot consider stasis or change as the two single alternatives, the setting up of these bodies was analyzed in this paper having in mind the existing institutional frameworks and different processes of institutional conversion, layering and institutional displacement. One also has to acknowledge that, even after a body is created, the lack of institutional work, i.e. the work of maintaining institutions, may lead to institutional drift. In this regard, it is also important to identify the possibilities of this new path of an overall SE becoming dominant. The trends are not straightforward as it is probably too early to draw conclusions. Whereas in some cases it was possible to see that the conditions for increasing returns were set up, in other cases, as in the case of the SE framework law, one still needs to see whether the implementation of the law through the revision of the legal codes of the SE will generate increasing returns to establish the new path.

The analysis of the new institutions in the SE was complemented with the analysis of the parallel institutions of the main relationship of the TS in Portugal until now, i.e. in the core social services of the welfare state. The analysis of the policies oriented to this part of the sector and its articulation with welfare policies suggests that the current moment of crisis and structural adjustment is marking the shift away from the role of the TS in the investment state and in co-governance. The present moment is punctuated by emergency measures both

for the TS, as many organizations are in financial trouble, and for social policies which undergo residualization and further workfarism. The TS occupies an important place in this new institutional framework both as provider and possibly as coordinator, while the state is abandoning its responsibility for core social services.

Although many of the new policies show elements of a path shift, they are sustained and facilitated by structural trends that appear as continuities, such as the limited state investment in social services, the strong position of the TS in this field, and the quasi-market character of these services. These continuities support the path shift toward the strengthening of the links of the TS with the economic system and the weakening of its links with the welfare state.

This paper also focused on the interplay agency/structure through identifying the main actors involved in the setting up of an overall TS and in the new bodies, perceiving them in their interests, normative frameworks, political coalitions and power. This interplay is considered both in the diverse capacity that different actors have in shaping institutions and in the way that existing institutions frame their power, interests and strategies. One conclusion that may be drawn from studying the framework law process is that, despite the fact that the current moment is more favorable to a specific political coalition, other actors are able to mobilize existing institutions in order to improve their negotiating position and forwarding their own normative frameworks. Some convergence of interests around the SE is allowed also because of the changing interests and context of the nonprofit coalition due to their changing relation with the welfare state, even though the different meanings of the SE are maintained. All the aspects combined contribute to the fact that for the first time it is possible to draw a consensus about the sector within the sector.

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