The process of crisis and restructuring of Fordist capitalism that started in the 1970s caused considerable socio-economic tension in many Spanish cities, particularly those where a relatively important industrial infrastructure had been created throughout previous decades. The subsequent development of those structural processes resulted in new opportunities and challenges for the local governments in their search for rebuilding productive and social fabrics. In this way, if on the one hand, at present cities benefit from a reduction in the hierarchic and rigid nature of urban systems, on the other, the progressive erosion of the Welfare State has imposed on local governments the responsibility of looking for solutions to their old and new problems, as well as seeking new development goals.

Within this context, urban trends reveal very different tendencies which go from acceleration in urban decay to the launching of clear processes of recovery. Given the fact that one of the most radical transformations undergone in urban spaces during this period has to do with the assumption of new functions by the local governments and the transformation of their political-institutional structures, a fundamental part of the debates on urban development relate the recovery of the cities with their capacity to take action but, above all, the capacity to build up local coalitions with new players –interest groups or community associations– that are consistent with new development goals.

In this way, with the goal in mind of analyzing the case of two cities that succeeded in overcoming the economic restructuring process of the late 1970s –Getafe (Madrid) and Alcázar de San Juan (Castilla-La Mancha)– the starting point of the article is the current theoretical approximations about urban Governance.

The notion of urban governance makes reference to mechanisms of negotiation in the implementation of policies that actively seek the involvement of interest groups or civil society together with groups of experts and the governmental institutions themselves (García, 2004:1). On the other hand, and underlying the concept of territory as a «social and political construction» resulting from the collective action of «groups, interests and institutions»
(Davoudi, et al., 2008:35), the notion of **territorial governance** (ESPON, 2.3.2: 2006) places particular emphasis on those mechanisms in which actors interact that are aimed at attaining growing levels of social cohesion and which enable the construction of a shared vision of the territory, based on the recognition and assessment of the territorial capital –from material goods to cultural heritage, or the social and institutional capital. The concept of governance is thus understood as the collective capacity to construct a «territorial project».

However, within the context of a growing urban competition, external investments in the cities began to increasingly take the shape of a negotiation between the international financial capital and the local powers» (Harvey, 1989). Thus, the consolidation of **coalitions of growth** or of **urban regimes**, strongly influenced by private interests –meaning by the latter strictly business company interests–, has led to a strongly speculative urban action model based on the development of large scale urban projects in order to make them more attractive for private capital and, hence, more competitive in global terms. That analytical approach to the issue of governance brings into play the question of power, particularly local power in the construction of local development projects (Klein, 2004), that is to say, the individuals who integrate these urban coalitions, their objectives and what types of initiatives are given priority, etc.

Within this context, debates on governance at the European level pose two types of considerations. On the one hand, it is noted that in most countries urban governance is related above all to processes of mobilization, collective action and negotiation (Le Galès, 2000), which implies the need to take into account a broader range of actors in the analysis. In particular, the role of mayors is highlighted when it comes to defining development agendas, building up alliances between players in the public and private sectors and overcoming their own internal conflicts (Bäck, et al. 2006).

On the other hand, an important number of recent studies state that during the last decade in most European countries, there has also been a shift towards a new neoliberal urban policy whose agenda justifies an essentially market-led urban development (Swyngedouw, et.al. 2002, Moulaert, et al, 2007). In that regard, within the framework of academic debates, the voices that call for the need to launch innovation processes capable of building alternative, socially sustainable models based on greater involvement by citizens in the construction of urban development strategies at grass roots level have become increasingly heard».

From this perspective, it is proposed that in the search for this objective, the strategies of institutional innovation –mechanisms that facilitate inter-group communication, the order of priorities and community coordination– constitutes one of the basic pillars of socially innovative development strategy. However, it is understood that such a process requires the pre-existence of relationships and solidarities between the different types of actors that might enable the construction of identities and common goals as well as mechanisms of coordination and negotiation. Within this context, it is obvious that **social capital** represents an irreplaceable resource for building that relational **organized proximity**, so to speak which confers greater meaning to the concept of spatial proximity.

The concept of **social capital**, originally defined as a resource for individuals (Bourdieu, 1980) is usually considered to be, from the point of view of development, a collective resource, that is to say, as a set of certain structural characteristics and norms of the social groups that facilitate collective action and mutual benefit (Woolcock, 1998). In that perspective,
apart from internal community links –bonding social capital– are also highlighted those external ones, outside the community, with a capacity to generate empowerment, especially amongst the disadvantaged groups. Thus, the so-called bridging social capital relations make reference to the intercommunity links that enable communities with very different characteristics to come closer together, while the linking social capital relations make reference to the bonds between social groups with diverse power, particularly between civil society and the public institutions (Woolcock, 2001). Among the factors that make social capital a highly appreciated resource from the perspective of territorial development, often highlighted are its territorial anchorage, its nature as a public good and the fact that it cannot be exhausted but rather increases with usage.

During the last few years, in the debate on social capital and its build-up as a factor of development, the role played by the State and, in general, and by the public institutions has become increasingly important (Evans, 1996, Woolcock, 1998). Based on a perspective of «synergies» in the relations between the State and civil society, the starting point is the premise that «the civic compromise of the community strengthens state-owned institutions while a few state-owned institutions that are efficient create an atmosphere in which there are higher probabilities for the development of certain norms of civic compromise in the community (Evans, 1996). In other words, social capital can be built up, blocked or destroyed depending on the existing institutional context in each territory, which in the shape of rules, norms, conventions and formal organizations, establishes the regulatory bases of the territorial system, «sending signals» to the citizens that tend to pave the way for compromise, participation and cooperation or, on the contrary, might lead to individualism and client-like relations (Trigilia, 2001).

From this theoretical perspective, it is possible to observe in the article that both Getafe and Alcázar de San Juan are cities that succeeded in overcoming socioeconomic crises of similar characteristics in the 1980s, managing to position themselves in the two decades that followed amongst the most dynamic in their respective regions. The trends and patterns followed by them in both cases present clear parallels while the strategies implemented have multiple points in common, among which the following are noteworthy:

- In the first place, the capacity of taking action and innovation as proved by their respective Administrations. In this sense, both cities proved to have at least three key qualities that resulted crucial in the generation of initiatives: the capacity to identify and give value to endogenous resources and to build specific resources based on their local potential, the capacity to manage external resources and attract investments though transforming them in turn into productive resources, and finally, the capacity to mobilize local society through compromise with the local reality and the formation of networks.

- Secondly, the characteristics of the local coalitions formed in each case, as well as the efficient participation in extra-local institutional networks, both horizontal and vertical, allow us to talk, in principle, about models of «good governance» in the sense exposed in the initial theoretical section of this paper. On the one hand, the efficient utilization of vertical networks facilitated, both the necessary support for the attraction of investment –this is the case of Alcázar and the Hospital or of Getafe and
the aeronautical company— and the possibility of counting on the necessary means for launching most of their initiatives. On the other hand, the nature of the coalitions, which are accessible to most of the local groups—stakeholders— and not just to private interests, in the sense exposed by Logan and Molotch (1987) or Stone (1989) allowed them to successfully overcome the dilemma faced by most cities at present, that is to say, the need to make compatible the challenge posed by urban competitiveness on the one hand, with increasing demands to place the interests of the local community at the center of the development policies, on the other.

Nevertheless, both cases continue to have a number of interesting issues that deserve an in-depth study and which are related to two key aspects in the dynamics of urban governance: The characteristics of the interaction between local government and civil society on the one hand, and the build-up of social capital as a specific and differentiated factor of local development, on the other. As regards the first of these, the field work conducted proved the existence of «socially innovating» processes of institutional innovation. Notwithstanding, although as we have seen, the launching of these channels has generated new dynamics on the neighborhood level, the interaction between civil society and local government seems to remain excessively focused on the initiatives of the latter, something that might be due to the internal functioning rules of the new institutions or to a certain lack of compromise by the community itself. In the case of Alcázar, for example, the interviews that have been carried out have tended to link the proliferation of associations more to the economic incentives generated by local government rather than to a real strengthening of the communities’ civic commitment, just as the Asociación del Polígono (The Industrial Zone’s Association) limits its actions to managing itself, but doesn’t seem to play a particularly relevant role in the launching & implementation of new entrepreneurial initiatives. In the case of Getafe, on the other hand, it seems initially to be contradictory that in spite of a relatively high citizen participation in the proposals of the Consejos de Barrio (Neighborhood Councils), the participation in the summons for the drawing of the Strategic Plan 2025 has been rather limited, judging by the activity of the web developed for that purpose.

To sum up, although there is space for future research work that might enrich the subject we have dealt with here, the cases of Getafe and Alcázar de San Juan allow one to observe that despite the generalization of the neoliberal tendencies there is still room to recreate some of the characteristics of the Welfare State through processes of social innovation at the local level, while avoiding the critical adoption of the postulates which S. González (2005) defines as scalar narratives of capitalism within whose framework competitive participation in the globalization dynamics is the only standard with which to measure the success of local development strategies.