This chapter covers local economic development and urban regeneration in Birmingham from research conducted between early 1996 and September 1998. The focus is on citywide strategies and public–private partnerships that involve local community groups. It shows the constant revision and development of strategy in a city with many interrelated partnerships and policy initiatives. The attempts to coordinate initiatives have continued under both Conservative and Labour governments giving an impression of endless policy change, strategic reassessment and programme reorganisation.

Community initiatives are important in Birmingham where black, Asian and other ethnic minorities make up 21.5 per cent of the population, and where some neighbourhoods rank among the most deprived in Britain. The issues of social exclusion and the need to improve the economic prospects of citizens directly reflect the concerns of policy makers in the European Union. The Birmingham and Rotterdam approaches thus relate to the emerging urban agenda in Europe (European Commission, 1998) through the need to develop local programmes that are sustainable and empowering and which connect local people to regional economic growth.

The chapter starts with the recently terminated Birmingham Heartlands Development Corporation where restrained political competition underpinned an economic development strategy based on business investment and targeted growth. The development corporation model, conceived under the Thatcher government, created unelected local boards using central government funding in specially designated areas that, for economic development purposes, were outside local government. The chapter also covers Birmingham City Council’s Economic Development Strategy which under the Labour
government assumed a broader regional orientation and supported holistic programmes and quality-driven 'Best Value' local services. The chapter details an urban regeneration partnership funded from the Single Regeneration Budget under a central government-defined framework that allowed a degree of local initiative and policy discretion. The chapter thus illustrates the complexity and variation in local economic development and urban regeneration, and it traces attempts by the city council to work more strategically. It indicates how citywide strategy is but one context for partnership working rather than a rigid template.

**Political restraint**

The Birmingham Heartlands, to the east of the central business district, long provided the city with a symbol of the depth of the decline of the West Midlands industrial base. The Heartlands area once was a mainstay of the city's industrial capacity, but by the 1980s it represented declining manufacturing industries and dramatic economic dislocation. Like the industrial Black Country north west of the city, the Heartlands had old smokestack factories, power generation sites and poor housing that by the 1980s formed a core of physical dereliction. At the end of the 1980s, Birmingham City Council and the private sector identified the Heartlands as an area in need of urgent attention. In 1992, the Birmingham Heartlands Development Corporation (BHDC) was established to build upon existing initiatives by developing 1000 hectares of land within a jurisdiction comprising of manufacturing and derelict land sites. The area included some of the largest of the industrial sites in the West Midlands, once occupied by manufacturers famous in British and overseas markets.

The Heartlands development corporation contributed to infrastructure development, job creation and training. It was a short-life corporation with a remit to take it to 1998. Margaret Thatcher's Conservative government created the first urban development corporations in the early 1980s as a challenge to Labour Party controlled local authorities that she accused of lacking initiative. Central government favoured conditions conducive to economic growth and the emergence of an enterprise culture. Urban development corporations were to cut bureaucracy and quicken urban regeneration by concentrating responsibility for economic development with government appointed local boards using public funds to 'pump prime' projects.