# Industrial Clustering, Urban Politics and Regional Development :
# Are We Going To Better Regional Policy
# or Muddling Through?

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## Abstract
Industrial clustering approach has increasingly drawn much attention from a wide range of development agencies in Indonesia regarding to its instrumentality to supporting regional developments. Arguably, this approach can provide broader access to and redistribution of recources through interregional linkages and cooperation between firms in producing goods and services. More importantly, it is likely to empower the role of small and medium industries (SMIs) in stimulating economy. However, until now this sector remains facing institutional obstacles associated with distortive policies whhich are more favouring large firms on particular issues such as bankable conditionality, export promotion, bussiness slowdown and unemployment crisis. The interplay between prevailing decision making structure and political interveentions of urban elites has made the sector being marginalised. As a result, the sector survival is still largely relied on their internal capacity even though the goverment support getting improve over time. This papper suggest the greater involvement of SMI stakeholders in redirecting regional development policy is required to diminish such obstacles. This would be beneficial not only for securing sector's special interest but also ensuring sector contribution to income generation.

**Kata kunci** : industrial clustering, urban politics, regional development, SMIs