Rural Urban Linkages, Fair Trade and Poverty in Rural Urban Fringe

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 Abstract:

This study discusses the RUL, fair trade, and poverty in the RUF South Sumatera Province in Pangkul, Kemang Tanduk, and Jungai in Prabumulih. RUL interpreted in relation to the flow of people, money and goods from the village RUF to Prabumulih or vice versa, and it contains also the flow of technology, knowledge, and information.

By using the Spearman rank correlation unknown strength relationship between the level of interaction with the level of income as an interpretation of poverty in the RUF. All three villages have different strength of the interaction, Pangkul conjunction levels "low", Kemang Tanduk have a relationship "strong", whereas Jungai has a relationship "very strong".

The strength of the relationship the more 'significant' if the system is applicable trade is fair trade system. This system regarded as one of the forms of action in the reduction of poverty, and has proven successful in some areas in Indonesia.

In an effort to reduce poverty suggested that the Village Fund is long-term and local governments should also help open up access to credit, especially to the government bank with low interest rates and easy terms.

Keywords: Rural Urban Linkages (RUL), Fair Trade, Poverty, Rural Urban Fringe (RUF),

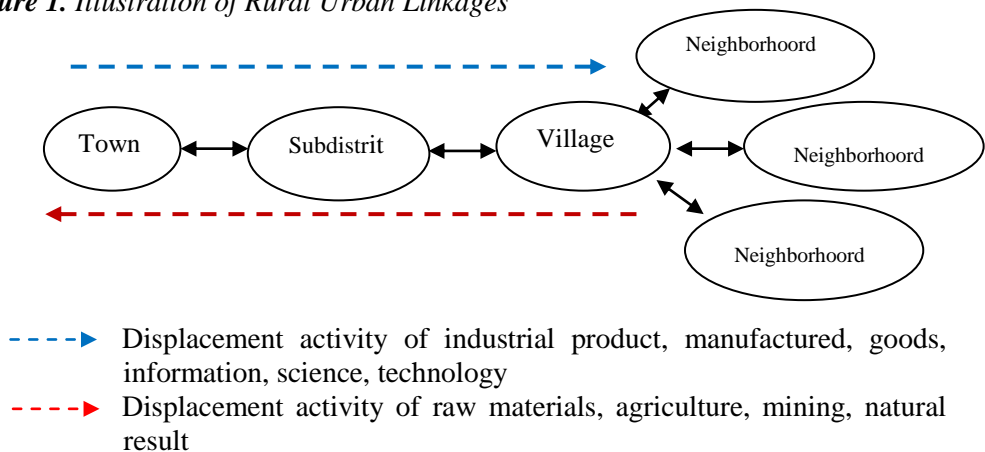[1]*Faculty of Economics, Sriwijaya University, Indonesia, +62-81273507384, nurlinat@yahoo.com*
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1. Introduction

Rural urban linkages in the present increasingly intertwined. This is due to mutual needs of rural-urban, expansion of rural-urban road network, increasing the means of transport, and supported the advancement of rural communities. Urban rural linkages visible manifestation of the intensity of the movement of people, money and goods (MUB) from rural to urban areas or vice versa. Movement of people in the form of activity the way to work, family visits, visits to social activities, recreation, as well as for shopping trips. The movement of goods in the form of transfer of agricultural products, industrial products and other goods. While the movement of money, among others, in the form of investments from residents of the town to the village, and the results of this investment will flow back into the city. MUB movement is reciprocated.

Rural urban linkages birth of a new development for the village and for the city. This is caused by the difference in the potential of the rural and urban areas, and the common interest. Interactions also occur only the village to the city but also in the village itself between regions within the village (Bintarto, 1989). There are differences between the shape and intensity of linkages with the urban rural interaction in the village. The form of rural urban linkages among others, is the movement of goods from the countryside to the city or vice versa as the transfer of agricultural products, industrial products and mining products, the movement of ideas and information, especially from cities to villages, the movement of people in the form of recreation, urbanization, population mobility both in nature circulation or commutation. While the existence of interactions inside the village, actually not too much different from the rural urban linkages, only in a smaller scale. But the impact caused by rural urban linkages will remain the same with the interaction in the village. The following Figure 1 illustration rural urban linkages.

Figure 1. *Illustration of Rural Urban Linkages*

- - - -▶ Displacement activity of industrial product, manufactured, goods, information, science, technology
- - - -▶ Displacement activity of raw materials, agriculture, mining, natural result

Source: *Bintarto, 1989*

Figure 1 illustrates that the village and the town has a role that is equally important, especially in the flow of people, money and goods, the regional economic development. If the role of villages and cities can work well, the corresponding relationships (economic) between urban and rural areas can be achieved. The importance of rural urban linkage is in the network area to create sustainable economic growth.

Movement MUB encourage the activity flow of information, ideas, knowledge and technology from urban to rural, and its effects will open the remoteness of the village that has been happening. MUB movement, also will increase the chance to make the village community, accelerate rural economic development, so as to reduce the rural-urban urbanization and the subsequent impact is to reduce the number and level of poverty. Reduction of rural-urban urbanization and the number of poor people will be faster successful when rural-urban relations, particularly economic relations, based on fair trade (Marike De Pena, 2015) that trading is transparent, open, and do not marginalize the lives of the villagers. MUB movement and building trades 'fair' will be more quickly realized when focused on a village Rural Urban Fringe (RUF). It is based on that RUF is located between the city and the village, where residents have agricultural and non agricultural jobs. Stretching the economy in rural RUF with transparent trading will lead to opportunities sought in agricultural and non agricultural sector more open wide, and is expected to reduce poverty in the RUF and other villages around the zone RUF. There are two issues that will be examined: (a) analyze the relationship between rural urban linkages and poverty, and (b) to analyze the development of fair trade in the RUF areas.

2. Study of Literature

Rural Urban Linkages

Rural urban linkages is defined as the relationship of social structure, economy, culture, and politics among individuals and groups that exist in the environment and rural areas (Lesetedi in Ndabeni, 2013). Rural urban linkages can also be defined as the flow of spatial and sectoral occurs between cities and rural areas, including the flow of people, goods, money, technology, knowledge, information and others.

There are two approaches to understanding what is meant by rural urban linkages, the macro and micro approaches. At the macro level, rural urban linkages occur because there is movement in the flow of money (both public and private), human (migration, commuting), and the goods/commodities (trade) between rural and urban areas (Sheng, 2001: 4). On the micro level, rural urban linkages occur because there is the complexity of people's livelihoods and the strategies used to generate revenue, such as the diversification of sources of income, occupation, and mobility (especially the circular mobility) (Akkoyunlu, 2013: 3). Rural urban linkages occur due to factors, push factor and pull factors expressed by Action Against Hunger (in Ndabeni, 2013). The nature and form of relationship is not homogeneous, from the

village of flowing groceries from town to town and the flow of money to the village. This flow occurs due to push factor in the village, such as drought, low income, whereas in the city open employment opportunities. Push factor is the cost of living in the city is high, while the appeal of the village, such as psychosocial support villagers who openly accept immigrants. Rural-urban flow can occur through the movement of the shuttle population (migration shuttle), production, consumption and investment. In the form of investment, the relationship between rural and urban areas can be exemplified as follows. If the investments do require input from a village then it means there is money flowing into the village that can be used villagers as additional capital. Capital increase allows to increase production, and if this is successful then the flow of goods (eg. food) from rural to urban areas is increasing. As shown in Figure 2.

Figure 2. *Flow of Factors*
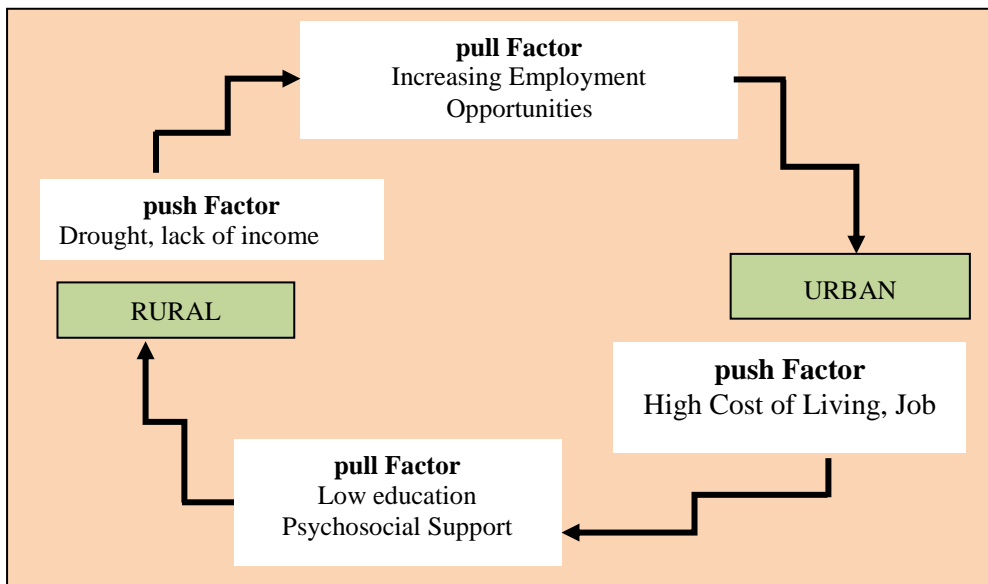
Rural-urban relations through MUB flow (people, money and goods) will open the remoteness of the village that had occurred, and will lead to growing rural economy. Moreover, the village has advantages: rich in natural resources, enough land for production, human resources (HR) is pretty, but it has shortcomings in venture capital, and information. On the other side of town has an advantage: enough human resources capacity, available venture capital, and high market potential, but poor natural resources (Nurlina, 2015). Both of these areas must work together to achieve prosperity. Rural-urban relations which would eliminate the synergistic nature of urban areas to rural paresiter proposed by Sociologist Hoselitz in Desiarto (2007), namely: swallow up investment, siphon manpower, dominated the human patterns, disrupt the development of other cities that are smaller and tend to have a high consumption compared to production.

Poverty

Poverty is a condition of economic inability to meet the standard of living of average people in an area. The condition is characterized by the inability of the low ability of income to meet basic needs in the form of food, clothing, and board. The ability of low income will also have an impact reducing the ability to meet the standards of an average life as a public health standards and educational standards. The Central Bureau of Statistics, South Sumatera (BPS) using the approach of fulfillment of basic needs in determining poverty. A person classified as poor if they are not able to meet their basic needs, in other words, poverty is seen as an economic inability to meet basic needs, both food and non-food which is measured from the expenditure side. Isdjoyo (2010) in Maipita (2014) distinguish the causes of poverty in rural and urban. Rural poverty is mainly caused by the following factors:

a) Powerlessness. This condition is caused by lack of jobs, low prices for products produced, the high cost education.
b) Isolation. Low levels of education, lack of skills, lack of transportation, lack of access to credit caused them isolated and destitute.
c) Material poverty. This condition is caused lack of capital and lack of agricultural land owned causes their income is relatively low.
d) Vulnerability. The difficulty of getting jobs, seasonal jobs, and natural disasters, making them vulnerable and poor.
e) Attitude. Accept what their attitude and are less motivated to work hard to make them become poor.

Sharp, *et al,* (in Kuncoro, 2000) to identify the causes of poverty is seen from an economic standpoint. First, in micro, poverty arises because of the inequality of resource ownership patterns which lead to an unequal distribution of income. Poor people only have a limited number of resources and low quality. Second, poverty arising from differences in the quality of human resources.

The quality of human resources is low, meaning low productivity, which in turn lower wages. The low quality of human resources is due to lack of education, the fate of the less fortunate, discrimination, or because of heredity. Third, poverty arising from differences in access to capital. Based on the economic point of view, poverty is the inability of a person's income form or a group of people to meet basic needs or basic necessities.

The economic dimension of poverty is defined as the lack of resources that can be used or utilized to improve the welfare of someone financially as well as other kinds of wealth that can be used to improve the welfare of the community (Suryawati, 2005). From this sense, the economic dimension of poverty has two aspects, namely income and consumption or expenditure aspect. Aspects of revenue that could be used as an indicator of poverty are (1) the income per capita, while the consumption aspect that can be used as an indicator of poverty is (2) the poverty line.

Fair Trade

Fair trade is a form of sustainable trade that seeks to help manufacturers (artisans, farmers, fishermen, and other manufacturers) are marginalized through a system of fair pay, working conditions are decent, technical assistance (such as design, bookkeeping), social programs, equality, transparency, mutual trust, and protecting the environment (Marike De Peηa, 2015). Fair trade is different from the trade in conventional, fair trade priority to dialogue, transparency, and mutual respect to achieve equality in international trade.

Therefore, fair trade is seen by the Government in many countries as a 'driver' of economic growth and poverty reduction. This form of trading is highly contributes to sustainable development by offering trading conditions better, guaranteeing the rights of producers and workers are marginalized, especially producers and workers in the state Developing. with thus fair trade is a solution for each country to achieve equality in international trade (Nurlina, 2016).

According to Dragusanu, Raluca, *et al.* (2014) in Nurlina (2016) the purpose of doing the certification of fair trade is to improve the living conditions of farmers and workers in developing countries and to achieve this there are several requirements:

a) Manufacturer guarantees minimum prices and fair trade premium and the basic price (price floor) is different for each item,
b) Workers are free to have freedom of association, safe working conditions and receive minimum wage at least equal to the average of regional minimum wage. Children under 15 years are not permitted to work,
c) The institutional structure: farmers should organize a cooperative manner in which decisions are made in a democratic and transparent and thus the export of their products can be effective and can manage the premium paid to the organization accountable. For it must be formed a joint committee of workers and managers structured and democratic,
d) Environment: hazardous chemicals are prohibited. Manufacturers must provide the environmental impact report so as to ensure that workers can work safely,
e) Stability and access to credit: the buyer has approved long-term contracts and when prompted buyers to provide initial financing for manufacturers to 60 percent.

Fair trade the concept of international trade between developed and developing countries, and did not rule out the ideas contained in fair trade could be made between regions in a country. In Indonesia, this idea has implemented in Jogyakarta, Malang, Mataram, Bali, and Surakarta (Nurlina, 2016).

3. Research Methods

Research sites
This research was conducted in Prabumulih and regions which is an area RUF namely (1) the area RUF directions Ogan Ilir namely Pangkul village; (2) the area RUF directions Ogan Komering Ulu namely Jungai village; and (3) the area RUF towards Muara Enim district, the village Kemang Tanduk.

Population and Sample
The population of this research is all of the working age population that is in the 3 (three) villages of Kemang Tanduk, Pangkul, and Jungai, totaling 2804 people. The samples were done using proportional random sampling, so that each village consists of 110 respondents in Pangkul, 35 respondents in Jungai and 55 respondents in Kemang Tanduk. Total sample of 200 respondents.

Data Types and Sources of Data
Data used in this study are primary data and secondary data. Primary data were obtained by direct research into the field in order to obtain and collect information from respondents using a questionnaire. Secondary data is data that has been processed to become more informative and can be used as Prabumulih in Figures (BPS) 2016.

Analysis Techniques
Data were analyzed through two stages; first, Descriptive qualitative, and second, by quantitative analysis. This analysis to determine the strength of the relationship variable is the level of interaction, in the proxy with the flow of people (The Human flow followed the flow of goods and money) from each village RUF to Prabumulih as the center of activity and the level of poverty. Correlation test used is the Pearson Product Moment Correlation, where x is the frequency of MUB and y is the income of each respondent. Pearson Product Moment formula is as follows:

$$r_{xy} = \frac{n\sum xy - (\sum x)(\sum y)}{\sqrt{(n\sum x^2 - (\sum x)^2)(n\sum y^2 - (\sum y)^2)}} \tag{1}$$

r	: Person Product Moment Correlation Coefficient
Σxy	: The number of multiplication of variables x and y
Σx	: Total value of the variable x
Σy	: Total value of the variable y
Σx2	: Total square of the value of the variable x
Σy2	: Total square of the value of the variable y
n	: Number of samples

Pearson Product Moment Correlation requires that data should be normally distributed. Thus, the steps taken in advance in order to perform normality test and correlation analysis are:

a. *Normality tests*

Normal distribution of data is a requirement of a parametric test data can be done, if necessary also non-parametric tests. The test is performed independently on each variable. Normal distribution of data means that data can be considered representative of the population. Normality test is done using the Kolmogorov-Smirnov test. If the test is significant at <0.05 then the data distribution is not normal, and if the results are not significant > 0.05 then the data obtained are normal distributed data.

b. *Correlation tests*

Based on the pattern of distribution of data so we can determine the type of correlation is right to do that is by parametric test or non-parametric tests. For normally distributed data and the data in the form of a ratio can be performed Pearson correlation test. If the data were not normally distributed then conducted correlation test non-parametric Spearman Rank. Although the data that belongs not data ranking but this aplication can still be done because the data used is the ratio which the higher level of the data or ordinal rankings.

Spearman Rank Correlation (r_s) has two methods (Walizar, 1987 in Nurlina, 2017), and methods r_s depends on: (a) the data that does not have a ranking binding (equation 2) and (b) the data to rank the binding (equation 3).

$$r_s = \frac{\sum xy}{\sqrt{(\sum x^2)(\sum y^2)}} \tag{2}$$

$$r_s = 1 - \frac{6\sum d_i^2}{n(n^2-1)} \tag{3}$$

x is the frequency of MUB, *y* is income, and is the difference between the two rankings and *n* number of samples. Interpretation of the results of the largest coefficient r+1 and r is the smallest is -1. If r = +1 indicates a perfect positive correlation, while r = -1 indicates a perfect negative correlation. Sign (+) or (-) only shows the direction of the relationship. Further interpretation of the correlation coefficient and the strength of the relationship is as follows:

Table 1. *Correlation Coefficient and the Power of Relationships*

interval coefficient	level Relationships
0.00 to 0.199	Very low
0.20 to 0.399	Low
0.40 to 0.599	Moderate
0.60 to 0.799	Strong
0.80 to 1.00	Very strong

Source: Sugiyono (2006)

4.   Result and Discussion

Profile of Pangkul, Kemang Tanduk, and Jungai

In general, the livelihoods of residents in the village of RUF as rubber farmers and non-farmers. Based on field data, the type of the population is the main work of the rubber farmers in the amount of 82.5 percent, while 27.5 percent of other woods are as a trader/entrepreneur, and government employees (PNS)/private employees/Pensions.

Figure 3. *Respondent Distribution Based on Main Job*

When viewed from the amount of income received by the respondent, there is a difference in income between respondents from the three villages of the RUF (Table 2).

Table 2. *Respondents Distribution Based on Income, Main Job, and FrequencyMUB*

Income and Main Job	The village RUF and Frequency MUB														
	Pangkul					Kemang Tanduk					Jungai				
	1	2	4	8	16	1	2	4	8	16	1	2	4	8	16
Rubber farmers															
100,000-1,000,000	60	9.1	5.5			34.5	3.6				45.7	5.7			
> 1000000-2000000	8.2	3.6	0.9			12.7	12.7	1.8				14.3			
> 2000000-3000000	0.9		0.9				1.8	3							
> 3000000-4000000				0.9	4			1.8							
> 4,000,000			0.9					1.8							
Trade/Entrepreneur															
100,000-1,000,000						10.9					8.6				
> 1000000-2000000							1.8	1.8				2.9			
> 2000000-3000000							1.8	1.8							
> 3000000-4000000															

> 4,000,000						1.8				
PNS/Private employees/Pensions										
100,000-1,000,000	2.7	0.9				1.8	1.8	11.4		
> 1000000-2000000	0.9	0.9	0.9	0.9					2.9	
> 2000000-3000000				0.9						2.9
> 3000000-4000000	0.9									2.9
> 4,000,000										

Revenues at most the respondents in the three villages RUF ranging from IDR 100,000 to IDR 1,000,000, where the number of respondents who receive income of the village Pangkul 74.6 percent, 38.1 percent Kemang Tanduk, and 51.4 percent Jungai. A relatively large number of respondents who have an income of IDR 100,000 - IDR 1,000,000 per month indicated that the average respondent is under the poverty line. This is because the edge of poverty to areas of research on Prabumulih is IDR 388,060, while the village of IDR 331,570 per capita.

By looking at the results of the research that the average respondent has the number of dependents of 1 child (Table 4), then the limit of the poverty line for a family is IDR 994,710, and it can be concluded that most of the respondents were below the poverty line. MUB frequency varies from 1 times to 16 times, and the frequency at most from rural to urban areas 1 times to 2 times a month, and the most performed by rubber farmers. Mobility rubber farmers to the city, from the results of the study are known, (a) to buy the products that will be sold in the village as a side job, (b) other matters related to social work and family visits. MUB frequency at 16 times just happened to respondents were government employees, private sector employees and pensioners. From Table 2 is also known that when the frequency of MUB was more often done that four times to 8 times per month, income earned by villagers RUF increased between > IDR 2,000,000 to IDR 4,000,000. Although there was an increase in earned income respondents, but this is still indicating the relatively small income respondents. This also shows that the urban rural linkages not guarantee high revenue to be received by respondents considering their main job is as a rubber farmer.

The same thing was found in respondent's educational level where education is not a major impact on the income obtained (Table 3), which is found in Jungai 25.7 percent and 12.7 percent of respondents in Kemang Tanduk who had high school earn between IDR 100,000 - IDR 1,000,000. Other findings which prove that education has no effect on revenue was 0.9 percent rensponden Pangkul that are not schools and 3.6 percent of rural respondents Kemang Tanduk of primary schooling earn > IDR 3,000,000. The failure of education to increase revenue and, in relation to age in which there are 40 percent of respondents aged 20-35 years (Figure 4), it can be presumed that the completion of their education directly to work, continuing the family-run farm or become traders with relatively low capital.

Figure 4. *Respondent Distribution Based on Age*
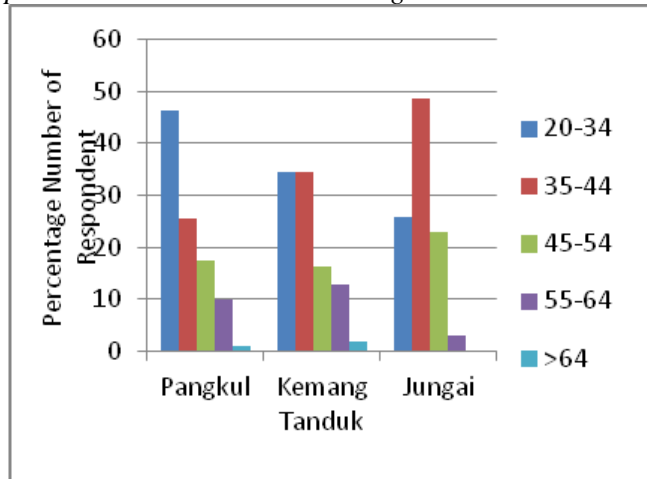
Figure 5. *Respondent Distribution Based on Gender*
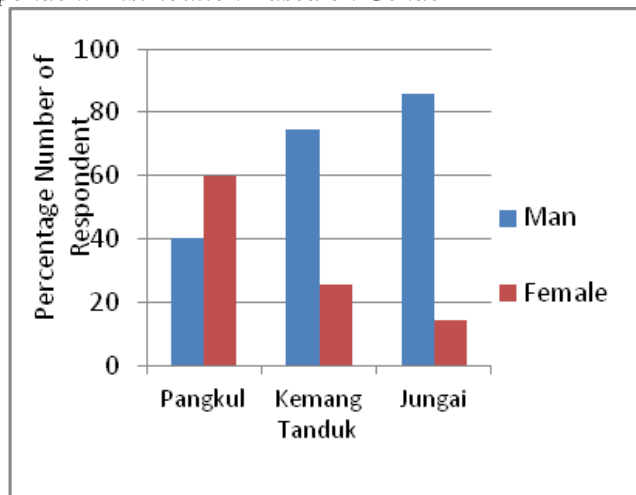
Another interesting thing was found that the status as head of the family in the Pangkul predominantly female (60 percent), while the other two villages RUF male dominated, Kemang Tanduk: 70 percent and in Jungai: 82 percent (Figure 5).

From the results of the field is known that a lot of divorce in the Pangkul, which causes women to take over the role of being the backbone of the family to earn a living and meet the needs of family life. In this village is also still a common age at first marriage (UKP) of the women ranged from 13 years -15 years.

Table 3. *Respondents Distribution Based on Income and Education Level*

RUF village and Education Level	Income level				
	100,000-1,000,000	> 1000000-2000000	> 2000000-3000000	> 3000000-4000000	> 4,000,000
Pangkul					
No school	11.8	3.6	0.9	0.9	
SD	48.2	5.5	0.9		
SMP	10.9	5.5			
High School	5.5	1.8	0.9		0.9
D3 / University	1.8			0.9	
Kemang Tanduk					
No school		1.8			
SD	16.4	10.9	5.5	1.8	3.6
SMP	18.2	7.3	3.6		
High School	12.7	10.9	1.8		
D3 / University	5.5				
Jungai					
No school	2.9				
SD	14.3	11.4			
SMP	17.1	8.6			
High School	25.7	2.9		2.9	
D3 / University	11.4		2.9		

Sources: Primary data is processed, 2017

Furthermore, Table 4 presents the number of dependent child of the respondents do not have dependent children up to the dependents have 5 children. It turns out in 3 villages RUF, the percentage of respondents who were married at most have one child with the details in the Pangkul, 31.8 percent of respondents, in the Kemang Tanduk of 30.9 percent, and 42.9 percent in Jungai.

The heaviness of the respondents were widowed in the village Pangkul the kind described above can be proved from Table 4, they have a dependent child from 1 to 5 children. Things like this is different from what happened in Kemang Tanduk, none of the respondents were married and widow with 5 children as dependency. While the burden of respondents widow in Jungai relatively mild when compared to respondents in Pangkul widow.

Table 4. *Respondent Distribution Based on Marital Status and Number of Children*

RUF Areas	Marital Status and Number of Children Being Dependents (%)											
	Married						Widow/Other					
	0	1	2	3	4	5	0	1	2	3	4	5
Pangkul	7.3	31.8	19.1	11.8	6.4	0.9		6.4	5.4	1.8	0.9	2.7
Kemang Tanduk	3.6	30.9	18.2	5.5	1.8			1.8		1.8		
Jungai	31.4	42.9	25.7	20	8.6	8.6	5.7	8.6		2.9		2.9

Sources: Primary data is processed, 2017

Rural Urban Linkages and Poverty in the Village of RUF

Before performing normality test and Spearman rank correlation, it is worth noting that the rural-urban linkages occur because there is push and pull factor (Figure 2). The push factor as shown above is actually caused by the helplessness and vulnerability, such as helplessness achieve higher education, because the village is not available, and vulnerabilities in overcoming problems of crop failure due to drought. Problems helplessness and vulnerability is actually an economic problem.

While psychosocial support rural communities is a pull factor to interact to the village. Push factor (as well as pull factor) that are negative should be eliminated, because the negative factors that may bring new problems, such as the emergence of a new poor communities in the city and creating poverty deepened in the village (very poor). Elimination of helplessness and vulnerability by opening equality in various fields. In the field of economic and social, equality can be realized through fair trade. Furthermore, to determine the strength of interaction between the villages of RUF to the center of the main activities of the normality test. This test independently carried out at a variable frequency MUB (independent variable) and income of the respondent (the dependent variable) from each village RUF, the data were analyzed using the Kolmogorov-Sminov test. Normality test results indicate that the significance of these two variables <0.05, which means that the data are not normally distributed (Table 5). Therefore, the correlation technique was then used Spearman Rank correlation. From the calculation of Spearman Rank Correlation is known linkages interaction RUF areas to Prabumulih (Table 6). A very strong interaction occurred between Jungai to Prabumulih (0.824), the strong interaction between Kemang Tanduk and Prabumulih (0.758), and low interaction between Pangkul and Prabumulih (0.326).

Table 5. *Normality Test Results of Variable Frequency Rate MUB and Variable Income*

| RUF Areas | Normality Test Results | |
| | Kolmogorov-Sminov (Sig.) | |
	Level Interaction	Respondent Income
Pangkul	0,000	0,000
Kemang Tanduk	0,000	0,064
Jungai	0,000	0,006

Table 6. *Rural Urban Linkages Analysis Based on Spearmen Rank Correlation*

Interaction RUF to Prabumulih	Flow of MUB	Power of Relationships
Pangkul – Prabumulih	0.326	Low
Jungai - Prabumulih	0.824	Very strong
Kemang Tanduk - Prabumulih	0.758	Strong

Differences in power the interaction between the three villages RUF with activity centers believed to be caused by patterns of livelihood and incomes of the

population, as well as the distance from the village to the main activity center. As has been described above respondents as the head of the family in Pangkul dominated by women respondents with the most dominant livelihood as rubber farmers. This factor is believed to be a factor linkage interaction with Prabumulih and Pangkul becomes low. This differs from the other two villages, where respondents in male dominance and livelihoods variable (Table 7).

Table 7. *Respondent Distribution Based on Gender and Livelihoods/Main Job*

Livelihood	The village RUF and Gender (%)					
	Pangkul		Kemang Tanduk		Jungai	
	Male	Female	Male	Female	Male	Female
Rubber farmers	37.3	53.6	60	16.4	60	8.6
Trade/entrepreneur	0	0	12.7	7.3	8.6	2.9
PNS/Private employees/Pension	2.7	6.4	1.8	1.8	17.1	2.9

Sources: Primary data is processed, 2017

The distance factor is suspected as factors causing differences in the interaction strength was less evident. Reality shows the distance Pangkul in Sub-District Cambai to Prabumulih 'only' 3 km compared to the other two villages, village Distance Jungai and Kemang Tanduk located in the Sub-District Rambang Kapak Tengah to Prabumulih relatively distant ± 32 km. Normally a close distance allowing MUB flow intensity more often than the distances. When connected with a predominance of women in Pangkul case it can be said that despite the short distance but for women as head of household is a widow with dependent child amount is relatively large, then there are barriers to mobility more often to Prabumulih.

Cases in this study can not be generalized to the case of other women. Other factors that cause interactions Jungai very strong and Kemang Tanduk is firmly in the center of the main activities compared Pangkul the low turn out due to the livelihoods of respondents in Jungai and Kemang Tanduk more varied: as a rubber farmer, trader/entrepreneur and government employees/private employees. While none of the respondents in Pangkul worked as a trader/entrepreneur, whereas MUB flow of this profession is more intensive than the profession as a farmer.

Fair Trade Development Opportunities in the RUF Areas

The idea of fair trade that has been accepted in many countries and has also been successfully carried out in several regions in Indonesia, such as: Jogyakarta, Malang, Mataram, Bali, and Surakarta, is also applicable in South Sumatra, especially the urban and rural areas in Prabumulih. There are two requirements that must be met, and added the third requirement, where all three of these requirements relate to the interests of farmers, among others:

a) Farmers should be able to make decisions related to capital (including financial aid), marketing, and cooperation of farmers with buyers agricultural produce to the principle of equal, transparent and democratic.

b) Stability and access to credit should be long term and when prompted buyers agricultural product provide initial financing for farmers by 60 percent.

c) Since in this case the position of farmers is weak it is necessary also fair payment systems and technical assistance such as bookkeeping and how to technically maintain the quality of the output.

All three of the above is a necessary condition that the principles of fair trade can be executed. Capital is a factor that is urgent and is a driver for accelerating the success in production and trade. Things need to be a concern that of 169 respondents, 91.8 percent in Pangkul, 76.5 percent in Kemang Tanduk, and 75 percent in Jungai do not receive financial aid. Furthermore, of the three villages RUF, 9 respondents (4.5 percent) receiving capital from banks, 6 respondents (3 percent) of the Department of Agriculture/Trade, 3 respondents (1.5 percent) are the village fund, and 11 respondents (5,5 percent) obtain capital support from the family.

Table 8. *Respondent Distribution Based on Capital Resources*

RUF Areas	Sources of Capital (%)					
	No Capital Assistance	Bank	Department of Agriculture/Trade	Village Fund	Middleman	Family
Pangkul	91.8	2.7	2.7	1.8	0	0.9
Kemang Tanduk	7.6	3.6	1.8	1.8	3.6	12.7
Jungai	75	11.1	5.6	0	0	8.3

Relatively few respondents borrow capital from banks due to concerns over bank interest binding, complicated lending procedures, or the limited funds provided by creditors for venture capital is the reason that many villagers expressed by RUF. The government and the banks should provide facilities in the provision of capital as part of the development work they are doing. Village Fund has yet exploited by the respondents, in fact none of the respondents in Jungai obtain/borrow capital from the Village Fund. It needs to be underlined cause of Village Funds not utilized that can be caused by: (a) farmers/traders who do not understand not even know existed Village Fund, (b) lack of socialization of the village on the availability of funds.

Village Funds from the state budget set with PP 60/2014 and amongst the field of rural development is the business development of economic society. Filosofi of use of Village Funds is to improve the welfare and equitable rural development through the improvement of public servants in the country, promoting the local economy, overcome the development gap between rural and strengthen the community as the

subject of development (KEMENDESA, 2016). Thus the Village Fund should continue to be disseminated.

5.   Conclusion

The strength of the interaction between the three villages RUF with activity centers Prabumulih caused: patterns of livelihood respondents and distance. Livelihood patterns are more varied (agriculture and non-agriculture) cause interaction between the villages of RUF to Prabumulih strong and very strong, as findings in Jungai (very strong) and in Kemang Tanduk (strong). The distance from the village center to the RUF less activity not even decide the strength of the interaction. Proximity between Pangkul with Prabumulih not cause MUB flow intensity more often than the distances (from Jungai and Kemang Tanduk). Because it can be stated that the distance factor does not stand alone, and must also be combined with the status of the respondents. Most respondents Pangkul village are widows with dependents relatively heavy load so that the mobility of the respondents to the city Prabumulih low.

The findings also show rural urban linkages, through frequency MUB more often, do not guarantee high earned income respondents. This condition occurs because they are as rubber farmers with the quality of the low quality of human capital, and also move with low funds. The inability to have substantial funds as working capital due to ignorance seeking access to credit to borrowers of capital (banks) and ignorance searching on line for assistance from the department of agriculture/commerce and from the Village Fund. Amenities funds for the projects not much is known villagers expected RUF received limited information. Incompetence and ignorance of the above because in relation relationships, especially the business relationship, the respondents in a marginal position, it is given the majority of respondents educated.

It is necessary to put in place the system of trade relations fair. Fair trade system is seen as one of the forms of action in the reduction of poverty, and has proven successful in some areas in Indonesia. The success of fair trade is affected by the role of local governments, and user agriculture. The role of the Government through the role of the village as the village socialization availability of funds that can be utilized for the development of the local economy. In an effort to reduce poverty suggested that the Village Fund is long-term and local governments should also help open up access to credit, especially to the government bank with low interest rates and easy terms.

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