ABSTRACT

Ali Sahbana, "Role of Rubber as a Commodity in the Regional Economic Development of Mandailing Natal District ", under the supervision of Prof Ir. Zulkifli Nasution, MSc, PhD (Chair), Kasyful Mahalli, SE, MSi (Member), and Drs. HB. Tarmizi, SU (Member).

Rubber is one of the plantation commodities in Indonesia. This commodity has been known and cultured for a relatively longer than the other plantation commodities. In the early period of rubber culturing, Indonesia used to be the first rubber producing country in the world before being replaced by Malaysia which began to culture rubber some time after Indonesia did. The Province of Sumatera Utara is known as one of the natural rubber exporters which exports the rubber produced in various districts. Mandailing Natal District is one of the rubber producing districts whose latex production kept increasing from 2004 to 2008.

The purposes of this study were to examine the influence of work capital, manpower, and land area on rubber production and to analyze the role of rubber as a commodity in the regional economic development of Mandailing Natal District.

The research method used in this study was multiple linear regression method. The data for this study were primary data obtained from the rubber smallholders in Mandailing Natal District and secondary data obtained from related institutions.

The result of study showed that work capital, manpower, and land area had an influence on rubber production in Mandailing Natal District. Rubber produced by the smallholders can push output increase and input demand that it can play its role in increasing income, increasing job opportunity, and pushing the regional economic growth of Mandailing Natal District.

This study recommends that the District Government of Mandailing Natal 1) needs to make a policy to increase the response and ability the farmers (smallholders) in developing their rubber plantations through the provision of work capital and the regulation of rubber trade system that can benefit the farmers, 2) needs to improve the rubber processing technology to increase the efficiency that more output (latex) can be produced from the input (rubber) that the farmers have a bargaining power to obtain the biggest economic benefit and are able to compete, and 3) needs to do further research on rubber and its by-products through rubber industry.

Key words: Work Capital, Man Power, Land Area, Rubber Production