# Structural Poverty of Farmers in Rural Area (A Case Study at Mlorah Village of Rejoso Sub District of Nganjuk Regency)

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ABSTRACT—Rural areas in Indonesia are identical with agriculture. Likewise, poverty is also identical with rural area. So poverty and agriculture are interconnected. It means rural poverty was deeply embedded to agriculture. Poverty alleviation focused on agricultural sector was expected to have a significant impact against poverty reduction. This study aims to identify the structural poverty of small farmers and farm worker and its causes. Informants in this study were farmers, farm laborers, landlords, and village officials. They were selected using purposive sampling technique which is a technique of data source sampling with the assumption that informant was exploited to provide information about the situation, conditions and backgrounds of research. Informant involved must have experience and knowledge about issues covered in the study. Results from the study was that poor farmers and farm workers in rural areas have experienced poverty which includes: limited access to education, small/less income of farmer due to limited area of the farm, uncertain labor wage, as well as less feasible housing condition in terms of health and sanitation. While regarding causes of poverty, among others was due to impacts of institutional organization patterns which include dependence of poor farmers against higher social classes, structural injustice, control of productive asset by the poor and the powerlessness of the poor themselves. Development disparity was also another farmer's structural poverty factor in addition to uneven access to public services and less pro-poor policies.

Keywords—Poverty, small farmers, farm workers, development disparity

#### 1. INTRODUCTION

Poverty today is still a main problem particularly in developing countries. Indonesia as other countries that struggle in war against poverty has made its development went in line with its goals for poverty alleviation. Development priority in Indonesia was in line with *pro-poor*, *pro-job*, *pro-gender* and *pro-environment* programs.

Based on poverty alleviation program that was done by the government, it was known that poverty rate has decreased. The rate that was given by Statistic Central Bureau (BPS) from 2008 up to 2013 showed decreasing poverty rate from year to year. Meanwhile, poor population percentage in East Java province was still above the national percentage.

Table 1: Amount and percentage of poor population

No	Year	East Java		National	
		(Million)	(%)	(Million)	(%)
1	2008	7.10	18.51	34.96	15.42
2	2009	6.03	16.68	32.53	14.15
3	2010	5.50	15.26	31.02	13.33
4	2011	5.41	14.23	30.02	12.49
5	2012	5.11	13.40	29.13	11.96
6	2013	4.75	12.55	28.07	11.37

Source: BPS Data, processed

Based on poor population distribution data, those in rural area were more than in urban area.

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 Table 2: Percentage of poor population distribution in East Java

No	Year	Rural area (%)	Urban area (%)
1	2008	23.64	13.15
2	2009	21.00	12.17
3	2010	19.74	10.58
4	2011	18.19	9.07
5	2012	17.35	9.06
6	2013	16.16	8.57

Source: BPS Data, processed

This distribution entailed implication toward poverty characteristic that was highly influenced by area or known as regional disparity. Fatah (2007) stated that poverty also indicate the presence of regional disparity, because poverty concentration was highest in agricultural sector, and in line with its natural location, agriculture was concentrated in rural areas.

Poverty basically was a development problem with multidimensional characteristic and closely related with several aspects such as social, economic, cultural, and others. Poverty was often marked by isolation, backwardness, unemployment, which resulted in regional disparity, among sectors and among population group. Sumodiningrat (1999) suggest that poverty emerged because several regions were not handled comprehensively.

Low number of job opportunity in non-agricultural sector has caused increasing workforce in rural areas and it can only be absorbed by agricultural sector. Low education level of most farmers in productive age has caused low farmer's productivity. Besides, other agricultural problems were the decreasing interest of young generation toward agriculture. Young generation nowadays would prefer to be employee or finding a job than creating their own job opportunities, and also many farmers still think in traditional manner.

Other basic problem faced by farmers was structural problem where most farmers in Indonesia were small farmers that have land with the area under 0.5 hectare. Besides, the government also has not yet taking side with agricultural sector. Up until now, most of agricultural infrastructures were still stagnant, paddy fields area did not increase and some were even converted to other uses such as residential or industries. Also due to limited land access, vulnerability of small farmers as poor population majority in rural area was also caused by fluctuation in agricultural commodity's price, while production input prices and other basic needs tend to increase. Agriculture operational cost has become higher due to its depend toward fertilizer, pesticide, seeds and agricultural technology. At its commerce system, long distribution chain has made agricultural commodity's price tend to decrease for farmers so that those who made the highest profit in this distribution chain would be intermediate traders.

Based on the above facts, this research will raise the theme of structural poverty of farmers in Mlorah Village. This site selection was based on consideration that most Mlorah villagers are paddy, soybean, and shallot farmers. However, most farmers in Mlorah Village have not yet able to maximize their agricultural income. This might be due to most of them only have a piece of land. Most of them owned a less than 0.15 hectare land (Mlorah Village Profile, 2014). Some of those lands was not owned but rented from the landlord who owned larger piece of land.

Based on the problems above, this study take a focus on: (1) what does the condition of structural poverty of poor farmers in Mlorah village, and (2) what factors caused structural poverty of farmers in Mlorah Village. Suitable with the problem formulation, the research aimed at (1) identifying structural poverty condition in Mlorah Village and (2) describing causal factors of the structural poverty of poor farmers in Mlorah village.

This research benefits were, academically (1) give contribution for academics science development, which carrying importance for science and technology development and solving problems that was faced by societies, (2) give comprehension for scholars to think logically and scientifically in explaining and discussing problems also able to presenting it in systematic and structured manner, (3) give information for advanced research as an empirical investigation or prior research. Practical benefits for policies was giving alternative policy and strategy that could be of use by government or other independent institution related with poverty alleviation particularly in rural areas that mostly consist of small farmers and agricultural laborer.

# 2. LITERATURE REVIEW

Statistical Central Bureau (BPS) used the poverty line as a benchmark to determine whether a person is poor or not. The poverty line is the amount of rupiah spent per capita per month to meet minimum food and non-food basic needs for individuals to live a reasonable life. Based on that, the poverty line can be used to classify societal economic conditions

into two group, under the poverty line or poor and above the poverty line or non-poor. For information, the poverty line for rural areas in East Java according to BPS per September 2014 was Rp. 286.798 per capita per year, or about Rp. 7.559 per day.

According to Sumodiningrat (1999), relative (structural) poverty is a condition where someone said to be poor if his income has already above the poverty line, but still relatively lower if compared to his surrounding community's income. According to Soejatmoko (1984), structural poverty is related with difficulties to reach the poorest group that correlated with social organization pattern and institutional regulation pattern in rural areas. Institution is a series of ordered relationship among human and legitimized socially, that determine the right and obligation also its relationship characteristic with other persons. A working or rental contract, profit sharing in agriculture, land inheritance pattern are institutions. These institutions are important because they ensure the stability, certainty, and predictability in social interaction and determine code of conduct in the society. Without institution, these social relationships would become chaos. The hierarchical pattern in society, discrimination pattern, includes racial discrimination, duality characteristic in societies and its asymmetrical pattern, unbalanced dependency pattern in power division and exploitative in nature, all of these are structural patterns.

The structural poverty according to Soemardjan (1984) is poverty experienced by a group of population because of social structure of the related society was unable to use income sources available for them. This group was such as farmers without their own land or small farmers where their yield was insufficient to be used for themselves and their family. Other than that, also included in structural poverty are those low educated and *unskilled laborers*. Structural poverty was not realized in only lack of cloth and food. Structural poverty also includes lack of healthy settlement, lack of education, lack of communication with his/her surrounding environment, and also lack of protection from the law and government.

To overcome structural poverty, poor groups were not only need credit and other facilities provision, but they also need change in social structures, structures that made them continuously depend to others and continuously exploited by others. Therefore, organizations that could improve village abilities were highly needed, including poor groups, to be able to regulate themselves in certain needs, such as: irrigation management, village barn management, marketing and credit distribution. In this case, organization was a facility to reduce *bargaining power* between disadvantaged groups and more affluent group (Soemardjan, 1984).

## 3. RESEARCH METHOD

This research used qualitative method. Qualitative research is a research with particular characteristic where data was given in natural setting, without changing it into symbols and numbers (Nawawi and Martini, 2005). Approach used in this research was descriptive approach. According to Nawawi and Martini (2005), descriptive method means procedure that was used to solve problems under research, by describing research objects based on its existed facts or in its natural setting. Descriptive research aimed to describe things that currently valid.

Method used in this research was case study. Case study was more appropriate for research that tried to found out about "how" and "why", that only has small opportunity to control events under research, and focused to contemporary phenomenon in the real life context (Yin, 2013). Furthermore Yin (2013) describe that determining type of questions in a research was the most crucial stage of any kind of research: who, what, where, how and why. Question "what" is suitable for exploratory study, question "who" and "where" are appropriate for survey strategy or archives track analysis. On the contrary, questions "why" and "how" are basically more explanatory in nature and tend to be used in case study, historical and experiment type of research. Thus, in a case study research, question "how" and "why" has become the study focus. Another difference between case study and other method of research lies in its control discretion and access owned by researcher toward events under research. Moreover, case study was more suitable to track down contemporary events, if those related events can't be manipulated and fully related with various evidences: document, tools, interview, and observation.

In this research, informants were selected by purposive sampling, or sample collection technique with certain consideration (Sugiyono, 2008). Researcher, first of all, should posses the ability to indicate that part of a certain group was important for his research or that subject selection was felt as a suitable sample for his research topic.

 No
 Informants
 Explanation

 1
 Farmers
 7

 2
 Farming laborers
 7

 3
 Landlord
 2

 4
 Village apparatus
 1

Table 3: Informants in research

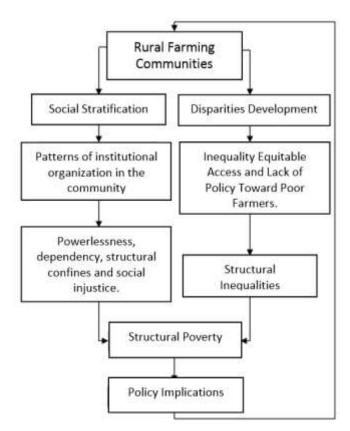


Figure 1: Framework in the research

Framework above can be described as follow. In general, villagers work as farmers. The same goes with farmer's condition at Mlorah Village. Social stratification pattern among villagers has made farmers, particularly poor farmers and farm laborer, to experience difficulties in his farming productivity. Institutional organization pattern in Mlorah Village such as working contract between landlords or farmers with farm laborers, land rent system between landlord with small farmers, wage system from the employer to the laborers and wage for laborers was sometimes pointed as unfair. Those things mentioned above could caused powerlessness of small famers and laborers because they do not have strong bargaining power or other option. Land asset control by landlord will cause dependency of poor farmers toward landlord because they need to rent the land for farming activities. The existence of structural restraint and social injustice has cause many small farmers and farm laborers experience structural poverty.

Development disparity could also be the cause of poverty in rural areas. Imbalance access such as school infrastructure availability especially for secondary schools has cause low education society. Mlorah villagers were mostly conventional farmers with primary school degree though some of them even did not graduate from primary school. Added to it, adverse government policies have cause harder economic life for farmers. All these would cause structural imbalance which culminated in structural poverty in Mlorah Village.

Data collection method used in this study was interview, observation, documentation review also data collection or making audio visual material (Cresswell, 2010:300). Examination toward data validity, basically, other than used to oppose the accusation of qualitative research as a non-scientific research, also acts as the inseparable elements of qualitative research knowledge (Moleong, 2012). To determine data trustworthiness, Moleong (2012) grounded his examination technique on four criteria: *credibility, transferability, dependability*, and *confirmability*.

This study would also present, analyze and interpret data, and can also be comparative and correlative in nature. Therefore, this study would collect data about issues under research and try to explain, describe, rationally interpreting it and then drawing conclusion.

Analysis used to answer problems in this study was by discovering poverty condition that occurs among poor farmers in Mlorah Village and factors influencing this structural poverty.

# 4. RESULTS AND DISCUSSION

Mlorah Village is one of 20 villages at Rejoso sub district and located about 8 kilometers north side of Nganjuk City. Mlorah Village is a large village which covered 1496 hectare area and its land use was dominantly for wet rice field in 965 hectares and settlement in 528 hectares. Total population was 6.948 people consist of 3312 male and 3636 female. Most population lived as farmers (52.11%) and farm laborers (27.50%). Other villager works as civil servant, private

employee, retirees, merchant, mason, and others.

Agricultural business developed by most farmers in Mlorah Village was paddy, shallot, and soybean. Cultivation pattern in a year were: paddy-paddy-soybean or paddy-paddy-shallot. Paddy commodity is the mainstay commodity. Most wet rice field use this pattern. Farming activities were usually done by adult villagers.

Productive age male villager mostly work as farmers, but not all of them have their own land. Many farmers work on other's land which was hired per year and per yield. Several land owners even ask for two or more years of rental period. For those unable to rent a land would become farm laborer and help the land owner in all cultivation activities such as, digging, seedling, watering, applying fertilizer and pesticide, and transporting yield.

From observation on the field, it was found that poor settlements in Mlorah village generally have permanent brick stone building. Most houses were built permanently and have the appropriate structure particularly for those affluent villagers and elite villagers. On average, houses already have electricity. Road condition in Mlorah village was asphalt in good condition although in some part of the road there was damage due to water puddle or heavy weight vehicles that pass through. Mlorah Village was passed through by provincial road so that economic activities in this village run quite well. Health facilities and infrastructure in Mlorah Village was still limited. There was only one medical doctor in private practice and one branch Puskesmas (community health center). Most people in this village graduate from primary and junior high school. Even, some of them did not graduate from primary school. The reason was due to unable to pay for school tuition and their lack of awareness particularly from older generation. Currently, there was one kindergarten, 3 primary schools, and one new-built junior high school. The nearest senior high school was about 8 kilometers from Mlorah Village.

# 4.1 Poverty at Farming Communities of Mlorah Village

According to Soemardjan (1984), one element of structural poverty was lack of education. In Mlorah Village, there were two elementary schools and one kindergarten. At Rejoso Sub-District there were two junior high schools. The nearest senior high school from Mlorah Village was about 8 kilometers. Adolescents who study in senior high school would use motorcycle to get to school. Their daily pocket money given by their parents was about Rp. 15.000 per day. For small farmers those money was quite significant since their average income was about Rp. 1.000.000, per month and just barely enough to meet their daily needs. With this small income, they can't always meet their basic needs. Other reason why some people in Mlorah Village, particularly older generation, did not continue their education was due to no secondary schools in closer proximity. Back in the 70s and 80s, distance between Mlorah village and the nearest junior high school was quite far and there was no public transport available. Number of vehicles was also limited thus transportation cost was highly expensive. Besides, there was also reason due to family responsibilities since some farmers have so many children. Some of them did not graduate from primary school and some other never went to school. Limited income for farmers and farm laborer has made them prioritize their basic needs than education.

From observation on the field, we obtained information that farmer's income was between Rp. 45.000 to Rp. 50.000 per day. Due to differences in work load, women laborer usually has lower income than men. If wage for men was about Rp 50.000 per day then wage for women was about Rp 40.000 with Rp 10.000 in difference. This amount was considered high for women's wage in Mlorah Village. This wage did not include breakfast, lunch and cigarette. Wage was given every day after work, but sometimes they were given once a week. Most women laborers in this village were seasonal laborers, therefore, their income was uncertain and they did not gain income every day since they did not always receive a working call.

Relative poverty (structural) according to Sumodiningrat (1999), was a condition where someone was considered as poor when their income was above poverty line, but still lower if compared to their surrounding communities. From findings on the field, Mlorah farm laborers have wage Rp. 50.000, - per day or Rp. 700.000 to Rp. 1.000.000 per month, while farmer income was Rp 1.000.000 to Rp 1.500.000. If we were using BPS indicator that determines poverty line of Rp. 286.000 per month, then most Mlorah villagers was not under poverty line. But if this was compared with landlord's income in the village, which could be more than Rp. 4.000.000, per month, farmer and laborer's income were lower or they were included into structural poverty.

According to Soemardjan (1984), structural poverty was poverty experienced by a certain societal group due to the societal structure whereas they can not use income sources that actually available to them. This group was, for example, farmers without land or farmers with small piece of land. Beside, those included into structural poverty group were those uneducated farm labors. From field findings, most Mlorah farmers have limited land. Their land was not more than 0.15 hectare in average. For these farmers, their life depends on natural aspects, particularly climate which affect the success of their harvest. Other factors such as yield price fluctuation, additional job opportunities, higher fertilizer price and agriculture production facilities would also affect their life. This was because those factors were variables that affect production cost of their venture. Thus, farmer with limited land and farm labors in Mlorah Village also included in structural poverty.

Housing condition in Mlorah Village, on average, was permanently build. However from study results, some houses were still in a semi-permanent state. Several houses still use bamboo plait and board. Those semi permanent houses typically owned by farm laborers that only have one or two bedrooms. Most houses already have bathroom using traditional wells or water-pump wells as their clean water sources, but many houses did not meet health standard of suitable air ventilation thus causing humid air trapped within the house, and many of them did not have latrine. For settlement condition, based on field finding, it showed that there was no significant differences between laborers, farmers and landlord settlement in Mlorah Village. Laborers generally did not own any land so their houses were built on their parent's land, in a small and non-permanent building. Usually they have bath room with bad condition, water sources from wells, no latrine, and there was no sufficient air ventilation.

### 4.2 Factors that caused structural poverty at Mlorah Village

According to Soedjatmoko (1984), most agricultural villages in Indonesia have three layers, namely:

- 1. First, group that has large enough land to ensure the life of their family.
- 2. Second, group consist of farmers that owned quite a large land or land with marginal quality, so that their life were highly depend on it, aside from job employment, also depend on climate and price factor;
- 3. Third group, those that have no land.

Based on the above classification and from this study result, we obtained that most farmers in Mlorah Village were included in second and third group. First group or landlords was an elite group that consists of only few persons. Third group were the laborers, and smallholder farmer without land. Second group were farmers with limited land less than 0.15 hectare. Only few of first group or landlord that have large piece of land, thus by managing his land they could gain yield large enough to ensure their household.

Some farmers have experienced financial difficulties, but they did not dare to take a loan to creditor or other credit services. They prefer to owe to their regular shop for basic need. For fertilizer, they took it from farmer group by credit. For medicines and pesticides, they buy it or using credit in farm kiosk at the village. They prefer to do this since they feel it was safer, since there was kiosk that give credit with low interest and can be paid after harvest.

From interview with 7 farmers, only 4 farmers work on their own land, other farmer were renting the land, in contract employment or become farm laborer. Rental land payment system was done before using the land. Inability of farmers to have their own land had caused dependency of smallholder farmer to landlords, and laborers to employers. This dependency has major role in degrading the ability of the poor in their bargaining power within imbalance social relationship between landlord and smallholder farmers, between employer and laborer. Smallholder farmers have no capability in bargaining related with land's rental fee, since he has basic needs that depends on the land he rented. Similar with this, farm laborers have no capability in bargaining their wage, since they depend on their employer. This dependency became one of the factors that causing structural poverty in the village.

Soemardjan (1984) suggest that structural poverty emerges because there was also structural sufficiency or wealth, wealth that was enjoyed by certain groups in societies that due to their position and roles had made them easier to use capital sources, knowledge, experience and skill in societies, thus they do not experience poverty. This was similar with land ownership that was dominated by elites in Mlorah Village. Those with large piece of land were those with higher position such as village apparatus, due to their position and role in the society, they were facilitated to utilize capital sources in order to obtain large piece of land. This condition was one of the factor that causing structural poverty.

Interview with several farm laborers and farmers showed that some farmers never received aid from government some of them never knew what kind of aid received by the village. Several farm laborers admit that they were never surveyed when there was aid given in the village, although they often hear that there was aid given to the village. Normally, only families or close person with village apparatus that get the aid.

Soemardjan (1984) said that structural poverty was poverty experienced by some segments of society due to society's social structure, they can not participate in using income resources that actually available to them. For their cultivation activities, farmers would need capital and land. Several farmers and farm laborers interviewed in Mlorah Village said that they have tried to borrow money from moneylender. It was done as a strategy to survive when they didn't have enough capital for agricultural production. In 2012, there was PNPM Mandiri - PUAP (National Program of Autonomous Society Empowerment) aid, which was a capital aid program from the government to farmers particularly for poor farmers as their capital. PUAP program was providing capital in rotation without any requirement. Loan duration and amount of interest was determined by discussion of all member of farming group. This loan was given toward farmers or smallholder farmers. PUAP management program was done by Gapoktan (farmers groups) in Mlorah Village which obtained Rp. 100 million per village. According to the village apparatus, PUAP program in Mlorah Village was quite a success with increasing capital each year. However, not all farmers were able to gain this aid due to its limited amount. Therefore, farmers should borrow in turn after other farmer return the aid.

According to Suyanto (2008), only those that have access to capital, credit, information and power would able to gain

benefit from any developmental programs. Narrow opportunities for poor communities to participate in regional development were also the consequences from lack of mastery and production asset ownership especially land and capital. As described among farmer community in Mlorah Village, they has no capacity to participate in development since they has no income to be saved as a capital. Their income was only sufficient to meet their daily needs. There were several causes that trigger financial loss often experienced by farmer in Mlorah Village. Some farmers said that their yield would be sold in low price due to bad weather that cause poor yield or bad yield and lower price would occur when lots of farmers harvest their paddy or shallot at the same time, thus creating commodity abundance. In this condition, farmer often experienced financial loss since its yield price was lower than its production cost. Consequently, farmer would have less capital to start their next planting season.

Several informants said that they heard about PNPM Mandiri, but they were never involved. According to them, this was not something new, because every time there was aid program, it never reached them. Information regarding aid was closed off and not transparent, only those who have close relation with village apparatus would get an aid. This was in accordance with Soetrisno (2008), one of the causes of structural poverty was powerlessness. Powerlessness of the poor was reflected in cases where the elite acts as those who select people to receive aid that supposed to be for the poor. Attitude of farmer's community that was always unaware and passive was described in the above condition.

#### 4.3 Developmental Disparity

Problems related with even distributed access and policies that did not favor poor people were part of development disparity. This would bring impact toward structural imbalances and eventually creating structural poverty.

Irrigation infrastructure was something needed for farmers during cultivating process. Existence of irrigation infrastructure in Mlorah Village was quite good but since it was quite far from the dam, water flow was quite small. According to village apparatus, to regulate water necessity for farmers, several farmers would establish HIPPA (waster user farmer association) which serve to fairly divide water to its members. Meanwhile, public road at the village was quite good. Based on information from apparatus, they said, public road has been asphalted but it often got damaged due to rain water or heavy weight vehicle that was not suitable for the road category. Slow handling and careless repair effort has cause poor quality of the road and short age of the asphalt. Problem related with evenly distributed access for all villagers, was caused by uneven distribution in infrastructure, facilities and public utilities, such as education and transportation facilities has made it harder for rural communities to escape from poverty trap. All of these were part of structural impoverishment process.

High price of fertilizers and other production aspects while farmers cannot determine the price of his yield would bring more complication to the life of farmers. In each planting season, farmers in Mlorah Village spend about Rp. 1.250.000 to Rp. 2.000.000,- for paddy in 0.1-0.15 ha. Meanwhile, for shallot commodity with similar area, production cost would be about Rp 4.000.000 to Rp 6.000.000. These production costs was used to covers agricultural inputs such as fertilizers, seeds, pesticides and labors. Several farmers interviewed explained about their difficulties if commodity price, particularly shallot would fall, while production cost was expensive, and tend to increase from time to time.

Net income of smallholder farmers in Mlorah Village was about Rp. 1.000.000 to Rp. 1.500.000 per month. This number has been reduced by spending cost for agriculture production. Net income for farmers was usually not fixed, because commodity price was unstable, it could be higher or lower. In a month, farmers could spend Rp. 400.000 to Rp. 1.500.000 for production cost such as fertilizer, seeds, pesticides, farm laborer and land rental fee. Several farmers interviewed in this study explain their difficulties if shallot price was falling, while production cost would increase from time to time. Fertilizer price, for example, it tends to increase and this increase was not proportional to yield. As a consequence, farmers would suffer a loss.

Absence of these policies was one of the factors that caused structural poverty among agricultural communities in Mlorah Village.

## 5. CONCLUSION

As explained above, structural poverty in farming communities at Mlorah Village was caused by several factors: limited educational access, low laborers wage, work continuity and low income, limited access toward land ownership or land width, and limited access to housing and sanitation.

Development disparity was one of factors that cause structural poverty in this village. Development disparity meant here was imbalance toward evenly distributed access and absence of government policies that favor agricultural communities particularly for poor farmers. Government policies that did not favor the public was those related with fertilizer's price, basic needs (staple food) and import restriction on agricultural products from overseas.

#### 6. SUGGESTIONS

Based on the above conclusion, there were several things that should be done to increase community welfare in Mlorah village:

- 1. Easier credit for small farmers;
- 2. Increasing social empowerment program such as PNPM Mandiri and its supervisory;
- 3. Building facilities and infrastructure of health, education, agriculture and others;
- 4. Supporting policies that favor poor people such as stabilizing fuel price, basic needs price, etc.

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