

MARKET DOMINANCE AND MARGINALIZATION OF FARMERS: A SOCIOLOGICAL STUDY ON THE CRISIS OF FARMER WELFARE AND FOOD SECURITY IN WEST ACEH

Titis Rahayu¹, Afrizal Tjoetra², Helmijar³

Department of Social Sciences Political Science, Faculty of Master of Sociology, Universitas
Teuku Umar, Aceh, Indonesia

*Correspondence Email: titisrahayu1982@gmail.com

Abstract: A single paragraph of about 200 words maximum. For research articles, abstracts should give a This study examines the imbalance in power relations between farmers and market participants in the distribution chain of agricultural commodities in West Aceh through the perspective of Antonio Gramsci's hegemonic theory. The background of this study departs from the condition of Indonesia's agricultural sector which, although it has a vital role in food security, faces pressure due to land conversion, environmental degradation, price fluctuations, and weak bargaining position of farmers. In West Aceh, the dominance of middlemen, wholesalers, corporations, and modern distribution networks creates a monopsony market structure that is detrimental to farmers, both through price controls and limited market access. The research method uses a qualitative approach based on literature studies, with content analysis of books, journals, official reports, and online publications. The results of the study show that market dominance of farmers is not only economic, but also ideological and cultural. The narrative of modernization and industrialization built through policies and the media has shaped farmers' consciousness to leave the agricultural sector, thereby reinforcing their marginalization. This condition has implications for a decrease in regional food production capacity and an increase in the vulnerability of national food security. The research recommends strengthening price policy interventions, agricultural infrastructure and technology development, trade system reform through cooperatives, protection of productive land, and the formation of an alternative narrative that places agriculture as a modern and strategic sector.

Keywords: market dominance, marginalization of farmers, food security, social inequality

1. Introduction

Indonesia as an agrarian country has wealth in the agricultural sector. However, the rate of population growth is also increasing, the increase in the number of people will also increase the need for food (1). On the other hand, agricultural land is getting narrower and food availability is getting smaller. Food production is estimated to need to increase by 100% to meet these needs (2). Agriculture in Indonesia is one of the key sectors in the Indonesian economy. In the last 50 years, the contribution of the agricultural sector to gross domestic product national rates have declined significantly, due to the increase in industrialization and the service sector (3).

The agricultural sector in Indonesia has a fundamental vital and multifunctional role in maintaining food security, both nationally and regionally. Agriculture is the main source of domestic food supply. When other sectors are not ready to absorb labor, the agricultural sector becomes a reservoir for labor as well as rural socio-economic stabilization. This makes the agricultural sector have a strategic position in the Indonesian economy. Agriculture is also the backbone of food security. However, the large role of the agricultural sector faces significant challenges, including the conversion of agricultural land to non-agriculture, environmental degradation and the impact of climate change that affects productivity. Therefore, the transformation towards sustainable modern agriculture is urgent, through technological innovation, infrastructure strengthening, commodity diversification, and smallholder empowerment (4).

In addition to natural challenges, farmers in Indonesia also face increasingly complex and increasingly severe economic pressures. Fluctuations in agricultural commodity prices, high

production input costs (seeds, fertilizers, pesticides, and fuel), and weak access to capital make farmers' incomes relatively low and unstable. This situation is exacerbated by market structures that tend to be controlled by intermediary traders and large corporations, so that farmers' bargaining positions become weak (5). Data from the Central Statistics Agency (BPS) shows that the Farmer Exchange Rate (NTP) through farmer welfare indicators is still at a fluctuating figure and often below the ideal figure (6). This condition shows that the growth of the agricultural sector is not fully proportional to the improvement of farmers' welfare.

The globalization of trade and the liberalization of the agricultural market also pose new challenges. The entry of imported agricultural products at cheaper prices often suppresses the price of local products, making it difficult for farmers to compete. On the other hand, limited access to modern technology, market information, and adequate distribution infrastructure further hinder farmers' ability to increase productivity and added value of their products (7). As a result of this combination of natural and economic challenges, many farmers are trapped in a cycle of structural poverty. This phenomenon not only threatens the sustainability of the agricultural sector, but also threatens national food security. Therefore, policies that are more in favor of farmers are needed, including trade system reform, targeted input subsidies, access to cheap financing, and strengthening farmers' institutions to improve their bargaining position in the market.

The agricultural sector in Aceh shows great potential. This province targets grain production to reach 1.6 million tons by 2025, up from 1.4 million tons previously, which placed Aceh in the 8th rank as a national rice barn. However, this achievement is hampered by uneven irrigation infrastructure. Governor Muzakir Manaf stated that there are still many rainfed rice fields and a number of sub-districts have not been connected to irrigation, so that productivity is limited. The dominant practices of middlemen and market structures that are *oligopsonis* It also emerged as a major cause of price injustice. Conditions in the agricultural sector that are not economically promising make the younger generation reluctant to enter the agricultural sector (8).

In West Aceh Regency, farmers face serious challenges in selling crops, including grain and rubber. Although there has been an increase in grain prices of up to Rp 7,000 per kilogram due to soaring demand and depletion of stocks, this price is at risk of falling sharply as the harvest season causes uncertainty in farmers' income even though they had received a positive boost from the local government (9). In West Aceh, the market structure does not support farmers in getting fair prices, as they are dependent on middlemen and weak in marketing institutions. Farmers lose bargaining power due to limited capital, small business scale, and poor transportation system (10).

The author tries to conduct a sociological study of this problem by connecting the conditions faced by farmers with the dominating market conditions so that farmers make farmers marginalized. The formulation of this research problem is about the inequality of power relations between farmers and market participants (middlemen, corporations, and modern distribution networks), this research uses a qualitative method with a literature study approach. Data is collected through literature searches from various sources, such as books, journals, official documents, and relevant online publications. The data was analyzed using content *analysis techniques* to identify key themes and draw conclusions that were in accordance with the research objectives. The sociological study in this study uses the theory of hegemony from Antonio Gramsci. The focus of the gramsci study examines that dominance is not only through economic power, but also through cultural control.

2. Literature Review

In Indonesia's food value chain, the market structure tends to be concentrated in a handful of buyers/collectors (middlemen), millers, wholesalers, and modern retailers. Upstream, farmers are faced with monopsony relations. When there are few buyers who determine quality and price standards, while farmers lack access to capital, information, and logistics. Recent studies of oil palm smallholders show that intermediaries control access to mills and

information flows, so that smallholders' bargaining positions remain weak, although intermediaries also provide liquidity and quick uptake of harvests. As a result, margins at the farmer level are depressed and dependence on intermediary traders continues (11).

Market dominance is also seen in the unequal price transmission in rice commodities. Research in Aceh found *asymmetric price transmission*: when prices downstream rise, the increase is asymmetrical (smaller/slower) passed on to prices at the farmer level; On the contrary, the faster price reduction is "accepted" by farmers. This shows the strength of the distribution structure (milling/wholesalers) in holding back the benefits of price increases so that they are not fully enjoyed by producers (12).

At the national level, the government responds to this inequality through the Government Purchase Price (HPP) of grain to provide certainty of the price floor. This policy is recognized by farmers as helping to contain turmoil when market prices fall, but its effectiveness is highly dependent on local implementation (absorption availability, grain quality, and market participant compliance). The latest phenomenon even shows that retail rice prices can soar even though Bulog's stock is growing, indicating that the problem is not only quantity, but distribution and market structure that is still strong downstream (13).

In West Aceh, large corporations and modern market networks also strengthen market dominance through contracts and strict quality standards, which are difficult for smallholders to meet without capital and technology support (14). Middlemen are still key actors in many production centers in West Aceh. They provide liquidity (buying a quick harvest), informal credit, and greater access to buyers, but also often pricing at the farmer level—creating relationships *Monopsons* where farmers lack sales alternatives. The impact: the prices that farmers receive are often low and non-transparent (15).

The presence of processing plants (e.g. rubber factories that have started operating) and plantation companies increase the purchasing power downstream. These corporations control market access, shipping facilities, and sometimes factory-level purchasing price policies so that added value is "secured" at the processing/corporation level, not at the farmer's level. The presence of the mill can be positive if the partnership model is fair, but if it is unstructured, the mill strengthens the bargaining position of non-farmer actors (16).

Wholesalers who collect products from many middlemen determine the flow of commodities out of the region (to Medan, Banda Aceh, or export ports). They have the capacity to supply and market networks so that they can hold or channel supplies to pursue profits, thereby weakening the bargaining position of farmers in the local market (15). This condition makes farmers in West Aceh feel in a weak position in the agricultural product trade chain because of the dominance of wholesalers who control the flow of commodity distribution. These wholesalers collect crops from various middlemen, then distribute them to trade centers such as Medan, Banda Aceh, or directly to export ports. With adequate logistics capacity and an extensive market network, they have complete control to determine when the time comes.

For farmers, this condition creates a structural dependence in the long term, price pressures make farmers lose incentives to increase production or invest in agricultural technology. Some farmers have begun to reduce the area of planting land or switch to non-agricultural work to survive. This has the potential to reduce food production capacity and increase the vulnerability of agricultural production (17).

The author uses Gramsci's theory in a discussion about market dominance over farmers in West Aceh which brings losses to the selling value of agricultural products. This condition is understood to be *hegemoni* economy, where capital owners have more power in determining prices so that producers become increasingly marginalized. According to Gramsci, domination is not only carried out by violence but can occur through cultural and ideological leadership. In its hegemony, the ruling class not only controls the means of production, but also shapes public consciousness, one of which is through culture (18).

3. Method

Examining sociological studies that discuss market dominance and marginalization of farmers, the author uses a qualitative method with a literature study approach. This approach

was chosen because it is able to delve deeply into the meaning, power relations, and social structures that affect the position of farmers in the modern economic system. Data was obtained through searching scientific papers, journal articles, books, and relevant research reports, then critically analyzed to identify patterns of economic hegemony that work in the agricultural sector.

Within the framework of Antonio Gramsci's theory of hegemony, market dominance is seen not only as a result of economic power alone, but also as an ideological process that shapes the consciousness of peasants. Market mechanisms, government policies, and the influence of large corporations form an order that makes farmers accept conditions of dependence on the market, even when it is detrimental to their bargaining position. This study aims to show how global and national economic structures marginalize farmers, as well as open up a space for discussion about the strategies of resistance and independence of the farmer community.

4. Finding and Discussion

Increasing economic needs make the transfer of land increasingly difficult. The problem is not only in terms of production but also in terms of the distribution of agricultural products from the market structure which all do not benefit farmers as the main actors in food production, this difficulty threatens the welfare of farmers (19). Natural factors with increasingly uncertain climatic conditions make the challenge of national food security, especially in West Aceh, even more complex. Of the many challenges, farmers are the most vulnerable group and become marginalized in the distribution chain and market of agricultural products. This is a serious problem in the national food system.

Inequality in the relationship between farmers and market participants such as middlemen, wholesalers, corporations, and modern distribution networks has become a systemic problem that continues to be repeated. Farmers often do not have bargaining power in determining the prices of the commodities they produce. The low selling price of agricultural products is not comparable to the increasing production costs due to the increase in the price of fertilizers, seeds, and distribution costs. In these situations, farmers are forced to accept prices from the first buyer, which is often monopsony, i.e. only one buyer at the local level controls the market, usually middlemen or collectors.

On the other hand, farmers' access to a wider and more lucrative market is also very limited. The lack of infrastructure, weak technological support, lack of digital education, and the uneven existence of cooperative institutions and collective marketing make farmers in a disadvantageous position. This condition is exacerbated by weak government intervention in protecting farmers from price fluctuations and market uncertainty. The agricultural policies that have been implemented tend to be oriented towards increasing production, without paying attention to the distribution structure and power relations in the agribusiness system.

In a broader context, regional food crises triggered by geopolitical conditions, and climate change, are a challenge for local governments to strengthen their food sovereignty. However, if the inequality in the relationship between farmers and markets in West Aceh continues to be left unchecked, then independence and food security will become increasingly fragile. Farmers' declining welfare not only impacts their socioeconomic lives, but can also result in a decline in food production nationally. When farmers are no longer able to survive in their businesses, the threat of agricultural land conversion, urbanization of rural labor, and increased dependence on food imports becomes a serious risk that cannot be avoided. This is evidenced based on BPS data, the area of agricultural land in West Aceh in 2024 compared to 2023 has decreased (20).

In the perspective of Antonio Gramsci's hegemony, the phenomenon of the conversion of agricultural land to the industrial sector does not occur solely due to technical economic factors, but is the result of ideological and cultural domination formed by the ruling class. Through development policies, modernization discourses, and the promise of prosperity associated with industrialization, farmers are led to accept that abandoning agriculture is a

"rational" and "forward" step. This process shows that market dominance works not only through price control or distribution, but also through the formation of consciousness and value that makes farmers voluntarily relinquish control over their resources.

The media, education, and regional development narratives have also strengthened this hegemony by portraying the industrial sector as a symbol of progress and prosperity, while agriculture is positioned as a less promising traditional sector. As a result, farmers' decision to sell or transfer their land is not only due to direct economic pressures, but also because it has internalized the view that industrialization is the path to a better life. This is a hegemonic form of power, in which the consent of the village community is formed through a combination of moral, cultural, and economic leadership, which ultimately marginalizes the position of the peasants in the socio-economic structure.

5. Conclusion and Recommendation

This study shows that market dominance in the distribution chain of agricultural commodities in West Aceh creates an imbalance in power relations between farmers and market participants such as middlemen, wholesalers, corporations, and modern distribution networks. The monopsony condition, low selling price at the farmer level, and high production costs make farmers in a weak bargaining position and vulnerable to being marginalized. Weak infrastructure, limited access to technology and market information, and lack of policy protections further exacerbate the situation. The phenomenon of the conversion of agricultural land to the non-agricultural sector is an indication that economic pressure is combined with ideological hegemony, where the narrative of industrialization and modernization shapes the consciousness of farmers to leave the agricultural sector. As a result, regional and national food production capacity is threatened, which in turn endangers food security.

Recommendation

1. Strengthening local government interventions to strengthen price policies, market protection, and subsidies for production inputs that are on target, while ensuring effective implementation at the local level.
2. Infrastructure and Technology Development by building an even network of irrigation, transportation, and storage warehouses in West Aceh's agricultural centers, as well as facilitating farmers' access to modern agricultural technology and market information.
3. Reform of the Commercial System through cooperative institutions to reduce farmers' dependence on middlemen through strengthening cooperative institutions, collective marketing, and a fair contract system with the processing industry.
4. Agricultural Land Protection, the Government needs to implement strict regulations to prevent the conversion of productive land, accompanied by incentives for farmers who maintain land and produce food strategically.
5. An Alternative Narrative to Modernization by developing a public campaign that places agriculture as a modern, strategic, and promising sector, in order to counter the ideological hegemony that marginalizes the agricultural sector.

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