ABSTRACT

This research is aimed to analyze the response of rice market agents toward the change of price and non-price variables. Besides analyzing an influence of the market concentration on the price level, the relationship between the producer and consumer price level, also an influence of the price at the central market to the price at local market. Data of this research are secondary data from 1969 to 1999 obtained from the publication of authority institution, while primary data provided from a survey. The model applied was simultaneous equation and was estimated by Two Stage Least Square (TSLS) to evaluated the response of market agents. On the other hand a simple linear regression was also applied to evaluated the influence of market concentration on the price level, and the relationship between the price at the farm and consumer level, also an influence of the price at central market on the price at local markets. The results of this research indicated that the response of producer, consumer and government toward the respected variables evaluated was inelastic. The change of rice price and fertilizer price influenced positively on the supply of rice, but the change of corn price negatively influenced. The change of rice price and cassava price influenced negatively on the demand of rice, but the change of corn price, income and number of population positively influenced. The change of rice price, import and number of population influenced positively on the released stock of the government. In the long run, supply response could be more responsive than the short run, while the demand response and stock response are the similar either in the short run or the long run. The rice market concentration either in the village market or in the sub-district market was quite high (the biggest four traders have 60% market shares). Unfortunately market concentration at the village level was not followed by significant price at the farm level and only significantly affected the price at the sub-district level. There were a vice versa causality between the price at the village and the sub-district level. Whereas between the central and the local market was a case of market integration.

Keywords:
Response
Rice market agents
Price and non-price variables
Market concentration