



The Dynamics of Pagang Gadai as an Economic Relation among Peasants in Minangkabau, West Sumatra

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A B S T R A C T

This article examines the practice of pagang gadai as a socio-economic relation among rural peasants in Minangkabau, West Sumatra. The research aims to analyze pagang gadai not merely as a customary land-based lending mechanism, but as a transforming relation of production that reflects changing patterns of access, control, and ownership over the means of production. Using Karl Polanyi's concept of embeddedness and Karl Marx's historical materialism, this article argues that pagang gadai has shifted from a solidaristic mechanism rooted in kinship and customary values into a semi-capitalist relation that reproduces class inequality between panggadai (landowners/ debtors) and pamagang (lenders/ creditors). This research employs a qualitative method with a descriptive approach. Data were collected through field observations, in-depth interviews, and documentation in rural peasants household in Minangkabau. The findings demonstrate that, despite being socially contested, pagang gadai continues to function as an alternative source of credit for peasants facing limited access to formal financial institutions and agricultural capital. However, the practice simultaneously contributes to the temporary loss of peasants' control over pusako tinggi (ancestral land), enabling the accumulation of agricultural surplus through control over land and unequal bargaining relations. The research highlights the contradiction between customary values of solidarity and the increasing commodification of ancestral land within contemporary rural economic relations.

A. INTRODUCTION

Etymologically, *pagang gadai* originates from the Minangkabau language, where *pagang* means "to hold" and *gadai* means "to pawn." Terminologically, *pagang gadai* represent a socio economic institution and a praxis of production relation in Minangkabau society that regulates the temporary transfer of control over *pusako tinggi* (ancestral lands) between landowners (*panggadai*) and lenders (*pamagang*) through debt relations. Following Beckmann's perspective on property relations and social continuity, *pagang gadai* is not merely an economic transaction, but a socially embedded mechanism through which access, authority, and control over land are negotiated within

adat institutions and matrilineal lineage relations (von Benda-Beckmann, 2000). Although generally avoided, *pagang gadai* is still practiced, particularly in customary circumstances such as *maik tabujua di tengah rumah* (funeral expenses), *rumah gadang katirisan* (repairing the clan house), *gaduh gadang alun balaki* (marriage expenses for adult women), and *mambangkik batang tarandam* (installation of a new clan leader) (Navis, 1984). Through this mechanism, rights over *pusako tinggi* (ancestral land) are temporarily transferred to another party in exchange for loans. Although commonly understood as a customary financial arrangement, *pagang gadai* also reflects broader economic relations between *panggadai* and *pamagang*.

Based on previous research, it shows that *pagang gadai* continues to be widely practiced in several rural areas of West Sumatra, including Nagari Pasar Muara

Labuh (Oktavia, 2018; Oktayanty, 2025; Syechkant, 2025). Peasant households frequently rely on this mechanism to maintain subsistence and agricultural production amid limited access to capital and formal financial institutions (Wolf, 1985; Bernstein, 2019). Oktayanty (2025) argues that *pagang gadai* survives not merely because of economic rationality, but because it is continuously reproduced through social trust, cultural legitimacy, and institutionalized customary relations. At the same time, the practice reveals a structural duality in which customary values coexist and negotiate with expanding market rationality.

However, recent developments indicate that *pagang gadai* has undergone a significant transformation. What was once embedded in kinship solidarity and customary obligations increasingly functions as a mechanism tied to capital accumulation and unequal control over the means of production (Yulhendri et al., 2021; Iska et al., 2023). In many cases, prolonged pawn arrangements reduce peasants' control over productive land and create unequal bargaining relations between debtors and creditors. This condition demonstrates a shift from a communal economic arrangement toward a more semi-capitalist relation of production. According to Oktayanty (2025), the historical transformation of *pagang gadai* in Minangkabau society reflects a shift from a customary solidarity mechanism into an increasingly transactional economic relation as a consequence of changes in the rural economic structure. Initially, *pagang gadai* functioned as a kinship-based mechanism of mutual assistance and moral economy aimed at maintaining the continuity of *pusako tinggi* (ancestral land) while fulfilling customary obligations and household subsistence needs. However, the expansion of the monetary economy, market penetration, and the increasing demands of household consumption have gradually transformed the meaning and function of the practice. Based on interviews with informants, the transformation of *pagang gadai* is no longer primarily driven by customary obligations, but increasingly by economic pressures, including rising agricultural production costs such as fertilizers, seeds, pesticides, and labor, as well as the vulnerability of peasant incomes due to commodity price fluctuations and crop failures. In addition, increasing expenditures on education, healthcare, marriage ceremonies, and daily household consumption have intensified rural households' need for access to cash-based financial resources. Under these conditions, *pagang gadai* has increasingly functioned as an economic strategy for obtaining capital without permanently alienating *pusako tinggi* (ancestral land).

Yulhendri et al. (2021) and Iska et al. (2023) stated that *pagang gadai* violates sharia principles, because the proceeds from the collateral are enjoyed by the lender, which according to the MUI Fatwa (No. 25/2002) should not occur except with permission and does not reduce the value of the pawned item. This transformation has generated tensions between customary law, Islamic law, and national agrarian law. While customary norms permit the temporary use of pledged land until repayment,

Islamic law problematizes the utilization of collateral due to concerns over *riba* (usury), and national agrarian law limits prolonged pawn arrangements (Hasneni, 2015; Willya et al., 2024). In practice, long-term *pagang gadai* arrangements often contribute to social tensions and disputes regarding control over *pusako tinggi* land (Iska et al., 2022; Arianti & Hasan, 2022).

Despite these debates, rural peasants continue to prefer *pagang gadai* because it is considered more flexible, accessible, and socially embedded than formal credit institutions. This condition reveals the dual character of the practice. On the one hand, *pagang gadai* functions as a social safety mechanism rooted in solidarity and kinship. On the other hand, it simultaneously reproduces unequal relations of production that may lead to the dispossession of peasants' control over land as a means of production.

Although previous studies have discussed *pagang gadai* from the perspectives of customary law, Islamic economics, and embedded local institutions, studies examining the practice through the lens of production relations and historical materialism remain limited. Therefore, this article focuses on how *pagang gadai* has transformed from a customary survival mechanism into a semi-capitalist relation of production. Drawing on Karl Polanyi's concept of embeddedness and Karl Marx's historical materialism, this research argues that *pagang gadai* simultaneously embodies social solidarity and class contradiction within contemporary rural economic relations.

The complexity of *pagang gadai* makes it a compelling subject of research. Despite ongoing debates and controversies surrounding the practice, rural peasants in Pasar Muara Labuh continue to rely on this practice rather than formal financial institutions. This local practice is regarded as a strategic means of maintaining household welfare and as an alternative to collateral-based lending systems offered by formal financial institutions. However, the data obtained indicate a dualism inherent in the practice of *pagang gadai*. On the one hand, it functions as a system that provides social security for peasant household in Minangkabau. On the other hand, it is also understood as a mechanism that leads to the dispossession of control over the means of production, particularly land. Therefore, this research seeks to explore and identify the economic relations of rural peasants, as well as to examine the dynamics of *pagang gadai* practices within Minangkabau peasant communities.

This research employs Karl Polanyi's concept of embeddedness and Karl Marx's historical materialism to analyze the transformation of *pagang gadai* in rural Minangkabau society. Polanyi (1944) argues that economic activities are always embedded within social relations, cultural norms, and institutional structures. In this sense, *pagang gadai* cannot be understood merely as an economic transaction, because the relationship between *pagang gadai* and *pamagang* is also shaped by kinship, trust, and customary obligations. However, the expansion of the monetary economy and market rationality has gradually transformed the practice of *pagang gadai* from a communal survival mechanism into a more transactional economic

relation (Syafri et al., 2002). This transformation reflects broader changes in rural production relations, particularly regarding access to land, control over resources, and unequal bargaining positions between peasants and capital holders.

To explain these dynamics, this article employs Karl Polanyi's concept of embeddedness and Marx's historical materialism as complementary analytical frameworks. Polanyi's perspective is utilized to explain why pagang gadai remains embedded within adat institutions, kinship obligations, moral reciprocity, and collective responsibility in Minangkabau society, where economic activities are inseparable from social relations. Meanwhile, Marx's historical materialism is employed to analyze how transformations in rural economic relations reshape patterns of land control, unequal bargaining relations, and the accumulation of agricultural surplus. Through this perspective, pagang gadai is understood not merely as a customary institution, but also as a changing relation of production in which control over *pusako tinggi* (ancestral land) increasingly reflects broader processes of commodification, class differentiation, and unequal access to productive resources in contemporary rural society.

Furthermore, William Roseberry (in Mulyanto, 2011) explains that historical materialism is grounded in the assumption that "humans are social beings," whereby collective human actions shape, reshape, and transform nature as well as material conditions. In addition, "labor" constitutes a set of activities undertaken by humans to fulfill their needs, which are themselves socially conditioned and constrained. Thus, through the lens of historical materialism, the relationship between humans and nature is inherently dynamic and historical contingent.

B. METHOD

This research employed a qualitative method with a holistic-integrative approach to understand the practice of *pagang gadai* as an economic relation among rural peasants in Nagari Muara Labuh, West Sumatra. In this study, the holistic-integrative approach refers to an analytical framework that integrates economic, kinship, customary, agrarian, and moral dimensions in understanding the practice of pagang gadai. This approach was used to analyze how economic activities related to debt, land control, and agricultural production are socially embedded within adat institutions, kinship obligations, collective responsibility, and rural production relations. Through this perspective, pagang gadai is understood not merely as an economic transaction, but also as a socio-cultural institution closely connected to the reproduction of customary legitimacy and agrarian relations in rural society.

Fieldwork was conducted in Nagari Pasar Muara Labuh, Solok Selatan Regency, West Sumatra, from January to August 2025 through repeated visits. During the first three months, field observations were conducted periodically every two to three days to examine the continuity of pagang gadai practices within the everyday

social and economic interactions of rural households. These observations were undertaken to understand the changing dynamics of debt relations, agricultural production, kinship negotiations, and patterns of land control over time.

This study involved 21 informants selected through purposive and snowball sampling techniques. The informants consisted of 8 rural peasants involved in pagang gadai transactions (*panggadai*), 5 *ninik mamak* (customary leaders), 4 lenders (*pamagang*), 2 local government officials, and 2 community members with knowledge of the history and transformation of pagang gadai practices. These categories were selected to obtain diverse perspectives regarding the economic, social, and customary dimensions of the practice. The involvement of both *panggadai* and *pamagang* was particularly important for analyzing unequal bargaining relations, the temporary transfer of land control, and the accumulation of agricultural benefits within pagang gadai arrangements. Meanwhile, *ninik mamak* and local government officials were included to explain the role of customary authority and social legitimacy in regulating transactions related to *pusako tinggi* (ancestral land).

Data collection techniques included semi structured interviews, participant observation, and documentation studies. Participant observation focused on various social processes related to pagang gadai, including negotiation practices between *panggadai* and *pamagang*, agricultural land cultivation, kinship meetings, debt repayment discussions, preparation of transaction documents, and dispute resolution processes involving customary authorities. These observations enabled the researcher to examine how economic transactions were negotiated and legitimized within the framework of adat and kinship relations. Semi-structured interviews were employed to explore informants' experiences regarding debt relations, access to agricultural land, customary obligations, and the transformation of pagang gadai within contemporary rural society. To support the interview process, the researcher designed a research matrix to map thematic indicators into a structured list of interview questions, allowing the interviews to remain flexible, open ended, and focused during field implementation. In addition, documentation studies were conducted using village archives, customary regulations, land ownership records, photographs, and previous studies related to *pusako tinggi* and rural economic relations.

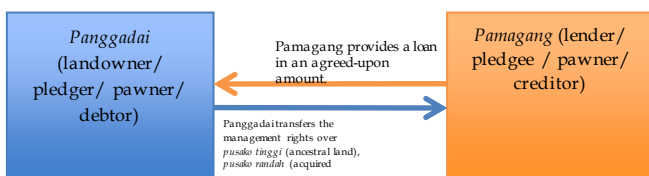
The data were analyzed using thematic coding procedures. Coding was conducted by identifying recurring themes emerging from interview transcripts, field notes, and documentation related to pagang gadai practices. Several major themes emerged from the analysis, including debt pressure, land control, kinship legitimacy, commodification of *pusako tinggi*, and surplus accumulation through control over productive land. These themes were then interpreted using the perspectives of embeddedness and historical materialism to understand how pagang gadai has transformed from a customary solidarity mechanism into an increasingly transactional agrarian relation within contemporary rural economic life.

To ensure data validity, the research employed source triangulation and cross-checking between observations, interviews, and documentary evidence. The findings are presented in descriptive and analytical narratives supported by tables, figures, and field documentation.

C. RESULTS AND DISCUSSION

1. The Conception of *Pagang Gadai*

Pagang gadai represents not only a customary properties arrangement in Minangkabau society, but also a changing relation of production between landholders (*panggadai*) and capital holders (*pamagang*). In practice, the *panggadai* temporarily transfers management rights over agricultural land or productive assets in exchange for loans, while the *pamagang* gains access to cultivate and benefit from the pledged property until the debt is repaid. This arrangement extends beyond a mere pawn mechanism because it simultaneously restructures social and agrarian relations within rural households and kinship networks. In many cases, *panggadai* households lose direct access to *pusako tinggi* land, while *pamagang* not only gains access to agricultural production and harvest yields, but also strengthens their economic position through prolonged control over productive resources. Consequently, *pagang gadai* reorganizes patterns of labor allocation, agricultural production, and access to rural livelihoods. This arrangement demonstrates how control over the means of production particularly land can shift from peasant households to lenders during periods of economic vulnerability.



Field findings in Nagari Pasar Muara Labuh indicate that most peasants engage in *pagang gadai* due to urgent household needs, including agricultural production costs, healthcare expenses, education, ceremonial obligations, and daily subsistence. Several informants explained that the limited availability of subsidized fertilizer frequently forced farmers to purchase non-subsidized fertilizer at significantly higher market prices. In 2025, the government established Highest Retail Price (HET/ Harga Eceran Tertinggi) for subsidized urea fertilizer was approximately IDR 2,300 per kilogram, while subsidized NPK fertilizer reached IDR 2,400 per kilogram. However, informants reported that non-subsidized fertilizer prices in local markets could reach between IDR 250,000 and IDR 480,000 per 50 kg sack for urea fertilizer, while certain NPK fertilizers exceeded IDR 900,000 per 50 kg sack. The increasing cost of fertilizer therefore substantially raised production expenses among peasant households cultivating multiple plots of land. Several peasants

explained that subsidized fertilizer was often insufficient or difficult to access due to administrative restrictions within the e-RDKK system (a digital registration system for subsidized fertilizer quotas). Consequently, many farmers relied on non-subsidized fertilizer during planting seasons, significantly increasing agricultural production costs. One informant stated that fertilizer expenditures alone could consume nearly half of the total seasonal farming capital. Based on informants' explanations, one 50 kg sack of urea fertilizer was generally sufficient for approximately 4–6 *piring* of rice fields, depending on soil conditions, irrigation systems, and farming intensity. However, the increasing prices of non-subsidized fertilizer substantially raised production expenses among peasant households cultivating multiple plots of land. Combined with rising labor costs, unstable rice prices, pest attacks, and irregular rainfall, these conditions intensified rural household vulnerability and encouraged the use of *pagang gadai* as an alternative mechanism for obtaining cash without permanently alienating *pusako tinggi* (ancestral land).

Limited access to formal credit institutions forces many peasant households to rely on kinship-based lending systems. In this context, *pagang gadai* functions as a socially embedded economic mechanism grounded in trust, customary norms, and collective responsibility. Similar findings are highlighted by Oktayanti (2025), who argues that the persistence of *pagang gadai* is sustained through embedded social relations and the continuous reproduction of customary legitimacy within Minangkabau society. Transactions are commonly negotiated through family deliberation and involve the approval of *ninik mamak* as customary authorities, thereby reinforcing social trust and reducing the possibility of open conflict between the parties involved. Several informants explained that they preferred *pagang gadai* because lenders were usually relatives or members of the same kinship network, making negotiations more flexible and socially tolerable. On the other hand, these same kinship obligations may also make unequal economic relations more difficult to contest. Because *pagang gadai* transactions are embedded within relations of family loyalty, moral reciprocity, and customary legitimacy, *panggadai* households often experience social pressure to avoid disputing prolonged land control by *pamagang*. In several cases, informants (*panggadai*) stated that they felt reluctant to demand the return of *pusako tinggi* because the lender (*pamagang*) was still considered part of the extended family network. As a result, debt relations that initially appear solidaristic may gradually reproduce unequal agrarian relations, particularly when delayed repayment enables *pamagang* to maintain long-term control over productive land and agricultural harvests. In this context, kinship functions not only as a mechanism of social solidarity, but also as a moral framework that legitimizes unequal access to productive resources within customary debt arrangements.

However, the qualitative data also reveal that the practice has undergone significant transformation. Traditionally, *pagang gadai* operated primarily as a

mechanism of mutual assistance within kinship networks. Contemporary practices increasingly reflect market-oriented relations characterized by unequal bargaining power between peasants and capital owners. In several cases, peasants were unable to redeem pledged land for many years because agricultural income remained insufficient to repay debts. Oktayanty (2025) highlights that contemporary *pagang gadai* practices increasingly employ gold units as a standard medium for determining repayment value, which significantly alters the nature of local economic relations. According to her analysis, the use of gold as a unit of value produces a form of “dualism standard” that frames land value and debt within a nominally stable system. However, this stability tends to disadvantage smallholders, as fluctuations in gold prices do not necessarily correspond to agricultural income levels. Thus, gold functions not only as a unit of account but also as a mechanism that strengthens informational asymmetry and structural dependency between borrowers and lenders. Consequently, the *pamagang* not only obtains the right to manage the land but also effectively controls agricultural production outcomes throughout the duration of the pledge. Another informant emphasized that during the pledge period, all harvest yields become the entitlement of the land manager, while the original landholder loses both economic access and control over the land. In this context, the use of gold-based valuation, as discussed by Oktayanty (2025), further extends the period in which peasants are unable to redeem their land, since debt values tend to increase relative to stagnant agricultural productivity. Thus, contemporary *pagang gadai* practices no longer merely reflect socially embedded relations of solidarity but have evolved into economic arrangements that enable prolonged control by lenders over land and peasant production. This process illustrates a form of gradual dispossession, in which access to productive resources is incrementally lost through mechanisms that remain socially legitimate but substantively produce economic exclusion. The incorporation of gold as a valuation standard further reinforces this process by creating an illusion of value stability while simultaneously deepening structural inequality within rural agrarian relations. As a consequence, *pamagang* continued to control productive land and benefit from agricultural yields, while the original landholders gradually lost effective access to their means of production.

This condition illustrates a process of commodification in which *pusako tinggi* traditionally regarded as collective ancestral property and a symbol of social identity becomes increasingly treated as an economic asset exchangeable within debt relations. Although ownership is not formally transferred, prolonged control by lenders transforms communal land into a source of capital accumulation. The findings therefore support Marx’s historical materialist argument that economic relations are shaped by unequal control over production resources and tend to reproduce class differentiation within rural society.

The transformation of *pagang gadai* also reflects what Oktayanty (2025) describes as a structural duality between customary morality and market rationality. On the one hand, the practice continues to be legitimized through kinship values, solidarity, and adat obligations. On the other hand, increasing monetary pressures and market expansion encourage more transactional and profit-oriented relations. This duality enables *pagang gadai* to survive socially, while simultaneously altering its original social function.

From the perspective of rural political economy, *pagang gadai* therefore contains contradictory dimensions. It operates as a survival mechanism that provides peasants with flexible access to cash without permanently selling ancestral land. At the same time, it contributes to the gradual dispossession of peasant control over productive resources. The longer the pawn arrangement continues, the greater the dependence of peasant households on lenders who possess stronger economic capital. In this sense, *pagang gadai* no longer functions solely as a customary institution of mutual assistance, but also as a mechanism through which semi-capitalist production relations and rural class inequalities are reproduced in contemporary Minangkabau society.

2. *Pusako Tinggi* as a Partial Commodity

In Nagari Pasar Muara Labuh, cases of *pagang gadai* among peasant households are conducted by pledging rice fields classified as *pusako tinggi* to the pledge holder (*pamagang*). The selection of the *pamagang* is based on several criteria, including belonging to the same clan (*sasuku*), prioritizing relatives residing within the same *nagari* or subdistrict as the pledgor, possessing an understanding of customary norms that prohibit the sale or permanent appropriation of pledged *pusako tinggi*, and being a trusted member of the kin group rather than an unknown outsider.

This transaction is typically initiated by the pledgor, who requires immediate financial resources and seeks a *pamagang* willing to provide a loan in exchange for *pusako tinggi* as collateral until the debt is repaid. Within this process, the *mamak* (maternal uncle) occupies a pivotal position as a key customary authority in the governance of matrilineal inheritance. The pawning of *pusako tinggi* is not an individual decision but is formally embedded in collective deliberation (*musyawarah dan mufakat*) involving the *mamak* as the principal custodian of lineage property and other members of the kin group. In this institutional arrangement, the *mamak* performs multiple overlapping roles that reflect both political and moral authority within the kinship system. *First*, the *mamak* functions as a guardian of lineage continuity, bearing responsibility for safeguarding *pusako tinggi* as inalienable ancestral property that symbolically and materially sustains the matrilineal group. This protective role implies that any transfer of rights, including temporary pawning, must be justified within the moral economy of kinship survival, particularly under conditions of economic constraint such as the inability to finance ceremonial obligations or urgent household needs. *Second*, the *mamak* operates as an authorizing authority who legitimizes transactions that

may, in practice, involve structurally unequal exchange relations between kin groups and external capital holders (*pamagang*). By endorsing the agreement, the *mamak* transforms what could otherwise be perceived as an economically asymmetrical transaction into a socially legitimate act within the framework of customary law. In this sense, the *mamak* does not merely regulate the transaction but actively produces its legitimacy, thereby embedding market-oriented exchange within the moral vocabulary of adat.

Third, the *mamak* also functions as a mediator in potential intra-kin disputes that may arise from disagreements regarding the decision to pawn *pusako tinggi*, the valuation of collateral, or the duration of redemption. Through his mediating role, the *mamak* ensures social cohesion within the lineage by reconciling divergent interests among members, thereby preventing the fragmentation of kinship solidarity in moments of economic distress. *Finally*, the authority of the *mamak* contributes to the reproduction of customary legitimacy itself. By repeatedly authorizing such transactions under the rubric of adat deliberation, the *mamak* helps sustain the normative belief that the transfer of control over ancestral land remains consistent with customary principles, even when such transfers increasingly align with market logics and generate long-term dependency on external lenders. In this way, the *mamak* embodies a dual function: simultaneously protecting lineage integrity while also enabling the institutional conditions under which unequal economic relations are socially normalized. Overall, the role of the *mamak* in the pawning of *pusako tinggi* cannot be reduced to a singular function of protection or arbitration. Rather, it constitutes a complex articulation of guardianship, authorization, mediation, and legitimation, through which customary authority becomes a key mechanism in the social embedding of contemporary agrarian transactions.

Subsequently, the representatives of both parties namely the *mamak* of *panggadai* and *pamagang* engage in deliberations regarding the duration, conditions, and terms of the pawn agreement, grounded in customary consensus (*musyawarah dan mufakat*) as well as an assessment of the pawner's capacity to redeem the pledged asset. In this arrangement, *mamak* of *panggadai* temporarily transfers the right to manage *pusako tinggi* (ancestral property, including land, rice fields, and plantations) to *pamagang* for an agreed period or until the debt can be repaid. In return, *pamagang* provides a specified amount of loan capital to *panggadai*, which is expected to be repaid under the agreed terms. At first glance, the flexibility embedded in this customary arrangement appears to reflect a form of social solidarity, as it allows both parties to negotiate terms that are responsive to the economic conditions of *panggadai*, particularly in situations of urgent need and limited access to formal credit. This flexibility is often interpreted as a moral economy mechanism that prioritizes mutual accommodation over rigid contractual enforcement.

However, the qualitative findings of this study indicate that such flexibility does not necessarily produce

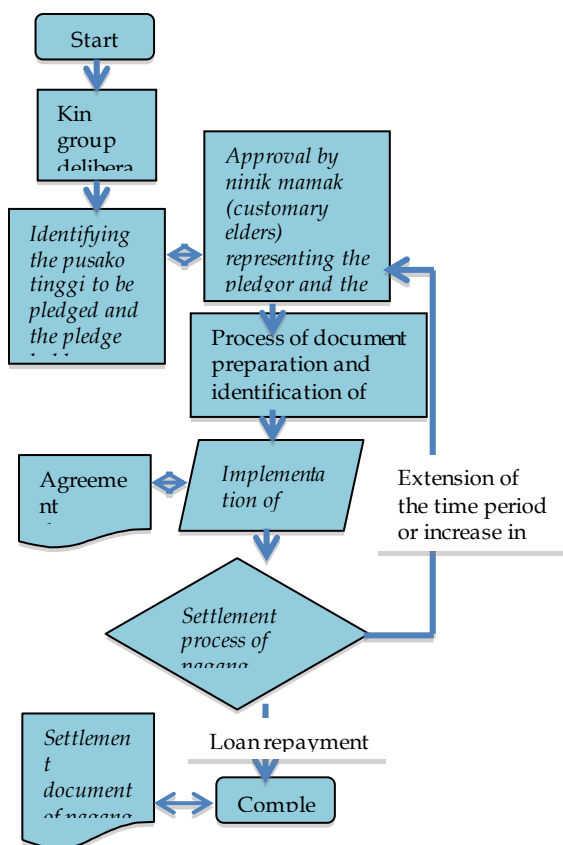
equal benefits for both parties. Instead, it tends to generate asymmetric outcomes that disproportionately advantage *pamagang*. While the absence of strict repayment deadlines may initially ease pressure on *panggadai*, in practice it often results in the prolonged inability to redeem the pledged land. As agricultural income is generally uncertain and subject to seasonal fluctuations, many *panggadai* remain unable to fulfill repayment obligations for extended periods. In such contexts, flexibility becomes structurally productive for the *pamagang*, as it allows continuous control over *pusako tinggi* without temporal limitation. *Pamagang* retains the right to cultivate, harvest, and economically benefit from the land for many years, effectively transforming a temporary arrangement into a long-term mechanism of land control. Several informants in this study indicate that this open-ended temporal structure often leads to situations in which land remains under the control of *pamagang* for years or even decades, despite its formal status as a redeemable asset.

Therefore, rather than functioning as a purely solidaristic mechanism, flexibility in *panggadai* arrangements simultaneously operates as a technology of delay that can extend debt relations and consolidate unequal control over productive resources. This finding suggests that flexibility, while culturally framed as adaptive and cooperative, may in practice reproduce structural dependency and contribute to gradual dispossession of smallholders through the prolonged occupation and utilization of ancestral land by *pamagang*.

Nevertheless, not all *pusako tinggi*—particularly productive rice fields—can be pawned. Based on findings from this study and statements from customary leaders and informants, there exists a local convention that the portion of *pusako tinggi* used as collateral should generally not exceed approximately 50% of the total ancestral property controlled by the matrilineal group. Although this limitation is not codified as a formal written customary rule, it functions as a socially recognized normative principle intended to prevent the complete loss of productive resources within the lineage. Several informants explained that this limitation is maintained to ensure that the kinship group retains sufficient productive land to sustain household livelihoods and fulfill collective social obligations. As one informant stated, “if all ancestral land is pawned, the descendants will lose their source of life and adat responsibilities cannot be maintained.” This indicates that the restriction is not merely economic in nature but also embedded in the moral framework of customary responsibility toward future generations.

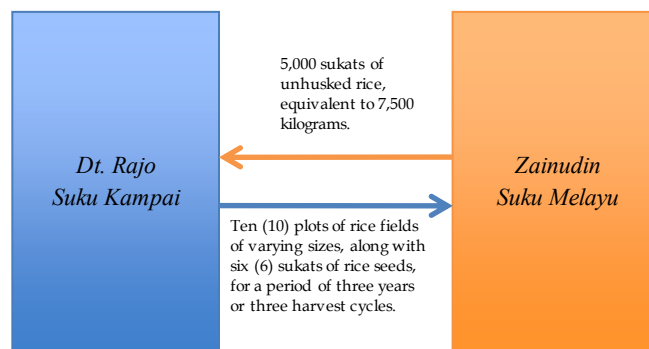
Accordingly, even when part of the *pusako tinggi* is pledged as collateral, other productive assets remain accessible as a means of subsistence for members of the matrilineal group. The remaining *pusako tinggi* that is not pawned is generally managed according to customary norms known as *ganggam bauntuak*, a system that regulates the allocation and use of communal ancestral property among lineage members. Under this arrangement, lineage members retain usufruct rights over portions of land for cultivation and household needs,

while ownership remains collectively attached to the matrilineal group. However, qualitative evidence from the field also suggests that the practical implementation of this limitation is highly contingent upon the economic pressures experienced by the kinship group. In situations of prolonged financial hardship, ceremonial obligations, or mounting debt, the informal restriction on the proportion of pawned land may become increasingly flexible. As a result, some cases demonstrate a gradual expansion of pledged land beyond the socially ideal threshold, thereby increasing the vulnerability of the lineage to long-term loss of control over productive resources. Thus, the “50% limitation” should be understood not as a rigid customary law, but rather as a locally negotiated convention that reflects ongoing tensions between adat-based protection of ancestral property and the economic pressures faced by rural households.



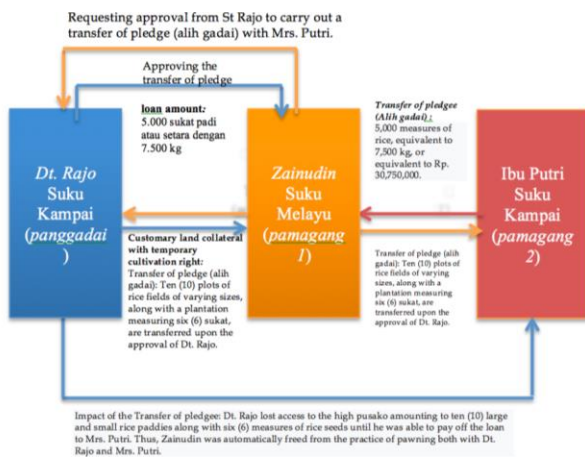
In 1967, Datuk Rajo (panggadai), a member of the Kampai clan residing in Pasar Muara Labuh, pawned his maternal uncle’s rice fields belonging to Datuk Mandirikan. The pledged property consisted of ten plots of rice fields of varying sizes, along with six measures (sukat) of rice seed, located in Batang Sungai Pagu. The transaction was carried out through customary channels and transferred to Zainudin (pamagang), a mamak and clan elder of the Melayu lineage living in Pasir Talang, in close proximity to the pledged land. The pawnee provided a loan equivalent to 5,000 sukat of unhusked rice (harvest-dried grain), thereby establishing a valuation system

grounded in agricultural output rather than monetary currency. The pagang gadai arrangement was formalized through a written agreement specifying both the collateral and the loan value in units of rice (sukat), reflecting the hybrid nature of customary practice that combines oral deliberation with documentary validation. According to one key informant an heir of Datuk Rajo the decision to pawn *pusako tinggi* in 1967 was primarily motivated by the need to repair the *rumah gadang* (traditional clan house) of the Kampai lineage. The financial resources obtained from the pawn were sufficient only for partial renovation rather than full reconstruction. These included replacing the deteriorated thatched (*rumbia*) roof with corrugated metal sheets, repairing decayed flooring and lower structural pillars affected by moisture, substituting sections of the walls with newly carved wooden panels, and restoring the staircase structure of the *rumah gadang*. In material terms, the renovation improved the physical condition of the house, while in symbolic terms, the pagang gadai arrangement contributed to the preservation of the lineage’s cultural heritage.



Beyond this case, *pusako tinggi* may also be pawned for other socially recognized purposes, such as financing children’s education, assisting kin in emergency situations, or redeeming previously pawned ancestral property. However, in the case of Datuk Rajo, the pledged of *pusako tinggi* had not been redeemed as of 2011, indicating a prolonged delay in repayment that fundamentally altered the nature of the transaction. Over time, the financial position of *pamagang*, Zainudin, also shifted as he required liquidity for other economic needs, further reinforcing the persistence of the arrangement. As a result, the pagang gadai relationship effectively entered a condition of default in practice, despite its formal status as a redeemable agreement. From an analytical perspective, this case demonstrates a sequential transformation in which an initial act of borrowing evolved into long-term structural dependency. The repayment obligation remained nominally fixed at 5,000 sukat of rice; however, its real exchange value increased significantly over time due to fluctuations in grain prices. By 2011, the equivalent of approximately 7,500 kilograms of rice had risen in monetary value to IDR 30,750,000, based on the highest recorded grain price of IDR 4,100 per kilogram (BPS, 2023). This divergence between nominal obligation and market valuation further deepened the difficulty of redemption for the pawnee.

Crucially, the extended delay in repayment resulted in a gradual but sustained shift in land control. Although ownership remained formally within the lineage of *panggadai*, effective control over production and economic benefits was continuously exercised by *pamagang* throughout the decades-long period. The case thus illustrates a clear temporal sequence: (1) initiation of debt under customary justification, (2) transfer of land use rights through pawn agreement, (3) utilization of funds for lineage infrastructure, (4) prolonged postponement of repayment, (5) escalation of economic burden due to changing value regimes, and (6) consolidation of de facto control over land by the creditor. In this sense, the case reveals how *panggang gadai* operates not as a static transaction but as a dynamic process through which temporal delay, value transformation, and institutional flexibility jointly produce long-term asymmetries in *pusako tinggi*.



In the process of resolving *panggang gadai* arrangements that result in default (*gagal bayar*), the responsibility for redeeming the loan falls upon the *kemenakan* (the children of the female lineage) of the Kampai clan. However, if the kin group (*kaum*) is not yet able or is unable to repay the debt, the resolution is carried out through a mechanism known as *alih gadai* (transfer of pawn rights). *Alih gadai* refers to a condition in which the *panggadai* (debtor) is unable to repay the loan to the *pamagang* (creditor) within the agreed period. Consequently, with the knowledge and consent of the *panggadai*, the *pamagang* transfers the pawn rights over the land to another party (a second *pamagang*), subject to specific terms and conditions determined by the *panggadai* (Dt. Rajo).

At the stage of *alih gadai*, Ibu Sur belongs to the same clan as Dt. Rajo, although they maintain different arrangements regarding the management of *pusako tinggi* (ancestral property) within their respective kin groups. Ibu Sur assumed the pawn rights over 10 *piring* of rice fields and 6 *sukat* of seed by paying an outstanding loan of approximately IDR 30,750,000 to Zainudin. The settlement of this pawn does not automatically eliminate Dt. Rajo's original debt; rather, the *panggang gadai* relationship at this stage shifts from one between Dt. Rajo and Zainudin to one between Dt. Rajo and Ibu Sur. This process may continue recursively, as *alih gadai* can be conducted

repeatedly, provided that it is carried out with the permission and approval of the *panggadai*.

3. The Dynamics of *Panggang Gadai* from a Historical Materialism Perspective

Panggang gadai continues to be practiced by farmers in Pasar Muara Labuh. Although it is rooted in customary traditions, this practice serves a tangible economic function in helping communities meet both customary obligations and urgent needs, such as education, healthcare, and other financial difficulties. In analyzing the dynamics of *panggang gadai* among peasant communities in Muara Labuh, key concepts from Karl Marx's historical materialism provide a useful framework for understanding the interrelation of economic, social, and customary dimensions in the reproduction of agrarian life. Historical materialism is an empirical approach history that examines observed historical events in order to identify the underlying laws governing historical development (Mulyanto, 2011).

From the perspective of the *mode of production*, *panggang gadai* emerges within a subsistence agricultural economy characterized by dependence on rice fields as the primary means of livelihood, the uncertainty of harvest yields, and limited access to formal credit institutions. These material conditions generate a persistent need for alternative financing mechanisms, which are institutionalized through *panggang gadai* as a form of temporary conversion of land (*means of production*) into liquid capital.

Within this process, the relations of production are reconfigured, whereby peasants as formal holders of *pusako tinggi* lose effective control over land, while the *pamagang* acquire the right to manage, cultivate, and appropriate agricultural output. Although ownership remains formally embedded within the matrilineal customary system, actual control over production is transferred to the creditor during the duration of the agreement. At the level of property relations, *pusako tinggi* as a primary means of production is not fully alienated in legal terms; however, it undergoes a functional transformation into an asset that can be controlled over extended periods through debt relations. This condition enables a form of surplus extraction, as agricultural yields are effectively appropriated by the *pamagang*, while the original landholders experience reduced or suspended access to their primary means of subsistence. Over time, this process contributes not only to economic accumulation but also to the consolidation of long-term control over land through the prolongation of repayment.

Nevertheless, this dynamic cannot be explained through economic determinism alone, as *panggang gadai* is simultaneously mediated by an **ideological superstructure** rooted in adat norms, including deliberation (*musyawarah*), the authority of the *mamak*, and the moral legitimacy of mutual assistance within kinship relations. This customary ideology functions as a mechanism of legitimation that enables asymmetrical economic relations to be perceived as socially acceptable

and morally grounded practices of solidarity. Consequently, in the case of *pagang gadai*, historical materialism does not operate as a unilinear relationship in which the base mechanically determines the superstructure. Rather, it should be understood as a relational and dynamic process in which the material conditions of peasant life and customary norms mutually shape one another. This interaction produces an agrarian system in which land functions not only as an economic means of production but also as a site for the reproduction of power, morality, and historically evolving inequalities within the peasant society of Muaro Labuh.

Peasant Production Base	Superstructure
<ul style="list-style-type: none"> • Land, particularly rice fields classified as <i>Pusako tinggi</i> • Labor • Traditional agricultural tools • Relations of production 	<ul style="list-style-type: none"> • Social, political and ideological institutions • Customary law (<i>hukum adat</i>) • Kinship system • Religion

From the perspective of historical materialism, the material base—comprising land as the principal means of production, rice fields, labor, traditional agricultural tools, and the relations of production within peasant households—provides the structural conditions under which *pagang gadai* persists as a long-standing rural institution. However, the endurance of this practice cannot be explained solely by material necessity, but must also be understood through the active role of the superstructure, which includes customary norms (*adat*), kinship systems, socio-political institutions, religious values, and customary law. In the case of *pagang gadai*, the superstructure does not merely reflect material relations; rather, it actively organizes, interprets, and legitimizes them in ways that render unequal economic relations socially acceptable. Empirical evidence from the field shows that this legitimating function operates primarily through three interconnected mechanisms: kinship authority, deliberative consensus (*musyawarah*), and the institutional role of the *mamak* as custodian of lineage property. *First*, kinship ideology frames *pusako tinggi* as collectively owned ancestral property that cannot be fully individualized, even when temporarily transferred through pawn arrangements. This moral framing constructs the act of pawning not as alienation, but as a temporary and socially sanctioned redistribution of access within the lineage. As a result, the *panggadai* (debtor) is not positioned as an isolated economic actor, but as a member of a continuing moral community whose actions are subject to kinship responsibility rather than market autonomy.

Second, the principle of *musyawarah dan mufakat* institutionalizes collective decision-making as a prerequisite for any *pagang gadai* transaction. Field data indicate that no land pledge is considered legitimate without deliberation involving the *mamak*, senior kin members, and in some cases extended family representatives. This process does not eliminate inequality between *panggadai* and *pamagang*, but it symbolically transforms a bilateral credit relationship into a collectively

endorsed agreement. Through this mechanism, asymmetrical exchange relations are reframed as consensual outcomes of kinship deliberation, thereby reducing the visibility of structural imbalance. *Third*, the *mamak* functions as a key customary authority who validates, supervises, and morally certifies the transaction. As the recognized guardian of *pusako*, the *mamak* authorizes the transfer of control over land on the basis of lineage survival needs, such as ceremonial obligations or urgent household expenses. This authorization is crucial, as it converts what might otherwise be interpreted as economic dependency into a morally justified act of collective survival. In doing so, the *mamak* simultaneously protects the symbolic integrity of the lineage while enabling the practical transfer of control to the *pamagang*, thereby stabilizing the unequal relationship within an accepted customary framework.

Taken together, these mechanisms demonstrate that *adat*, kinship, and customary authority do not merely “support” the persistence of *pagang gadai*, but actively produce its legitimacy by transforming structurally unequal relations between *panggadai* and *pamagang* into morally intelligible and socially sanctioned arrangements. In historical materialist terms, this indicates a dialectical interaction in which material constraints generate the conditions for debt relations, while the superstructure of *adat* mediates and stabilizes these relations by embedding them within kinship morality and customary legitimacy, thereby ensuring their reproduction over time despite underlying contradictions.

The identification of the base and superstructure in the analysis of *pagang gadai* also reveals the historical consequences of the evolving relationship between *panggadai* and *pamagang*. As elaborated in the previous discussion, this relationship is not solely regulated by material necessity, but is continuously mediated and legitimized through *adat* institutions, kinship authority, and the moral framework of *musyawarah*. Within this configuration, the persistence of *pagang gadai* reflects a structural transformation in agrarian relations, whereby customary mechanisms that originally functioned as collective risk-sharing arrangements increasingly intersect with market-oriented logics of valuation and control. In this context, the transformation from a communal mode of production toward what may be analytically described as a semi-capitalist formation is not expressed through the complete dissolution of customary relations, but through their rearticulation in ways that generate persistent economic asymmetries. This semi-capitalist tendency is evident in the coexistence of *adat*-based legitimacy with practices that increasingly resemble capitalist relations of debt, value, and control. However, rather than treating this transformation as linear, the analysis shows that customary ideology continues to mediate and obscure underlying material inequalities by framing *pagang gadai* as mutual assistance (*tolong-menolong*) and kin-based solidarity.

Empirically, this semi-capitalist character can be identified through several observable indicators derived from field data. *First*, surplus extraction is evident in the

fact that pamagang obtain continuous agricultural yields from *pusako tinggi* throughout the duration of the pawn arrangement, while panggadai lose access to the productive output of their land. *Second*, market-based valuation appears in the increasing tendency to express debt obligations in standardized units (such as rice equivalence or monetary conversion), which progressively detach land value from customary reciprocity and align it with fluctuating commodity prices. For example, in several cases, repayment obligations initially denominated in rice (sukat) were later recalculated into monetary equivalents based on prevailing market prices, thereby intensifying the burden of repayment for panggadai.

Third, unequal bargaining power is observable in negotiation processes that, while formally conducted through musyawarah, are structurally constrained by the superior economic position of the pamagang, who controls liquidity and determines the terms of credit. Informants consistently noted that while discussions appear collective, the urgent need for cash limits the ability of panggadai to contest conditions, particularly regarding loan amounts and duration of redemption. *Fourth*, monetization of land access is reflected in the transformation of *pusako tinggi* into a calculable economic asset, where access to land is effectively priced in terms of rice or monetary value rather than governed solely by customary obligation. *Fifth*, long-term control by capital holders is evident in cases where pledged land remains under the control of pamagang for extended periods—often spanning years or even decades—due to delayed repayment and flexible time arrangements that lack strict enforcement mechanisms.

Taken together, these indicators demonstrate that the panggadai-pamagang relationship exhibits a hybrid structure that cannot be fully categorized as either purely customary or fully capitalist. Instead, it represents a transitional or semi-capitalist formation in which capitalist-like mechanisms of surplus extraction, valuation, and prolonged control coexist with adat-based moral legitimation and kinship obligations. As discussed earlier, this coexistence is made possible through the superstructural role of adat, which stabilizes and legitimizes unequal economic relations by embedding them within narratives of solidarity and social obligation. Consequently, the historical outcome of pagang gadai is the reproduction of class-like inequalities within a framework that continues to be culturally recognized as reciprocal and morally justified.

The Minangkabau principle “*pusako tinggi indak dijuwa, indak digadai, indak dipakai pambali utang*” signifies that ancestral property (*pusako tinggi*) should not be sold, pawned, or used as collateral for personal debts. Given the central importance of *pusako tinggi* in Minangkabau society, selling or pawning it implies weakening the existence and integrity of the kin group (*kaum*). In the case of *pagang gadai* involving *pusako tinggi* in Pasar Muara Labuh, this practice has resulted in the temporary loss of access and control over productive assets such as rice fields. Restrictions on individuals’ ability to benefit from

collectively owned property often become a source of internal conflict among members of the kin group.

In many cases, unclear redemption processes and the accumulation of pawn periods beyond the original agreement make it increasingly difficult to reclaim *pusako tinggi*. In addition to the loss of cultivation rights over rice fields, pawning ancestral property also contributes to a gradual shift in effective land control. Although, according to customary law, *pusako tinggi* cannot be permanently transferred, prolonged failure to repay debts may result in the land being effectively controlled by the *pamagang*. The informant (panggadai) expressed concern regarding the gradual loss of control over ancestral inheritance, stating that “*pusako ka hilang di tangan urang*” (ancestral property is lost to outsiders). This expression signifies a perceived transformation in social relations toward a more exploitative configuration, wherein control and benefits increasingly shift away from the original pawners, resulting in diminished access to and control over ancestral land resources.

Nevertheless, the *pagang gadai* relationship is characterized by various risks and contradictions. While it can protect *pusako tinggi* from external entities such as financial institutions or lending companies, it may also generate tension when the debt period extends excessively, allowing the *pamagang* to control the land for prolonged periods. The dynamics of *pagang gadai* practices vary widely, ranging from familial support to arrangements that increasingly resemble semi capital accumulation.

From a historical materialist perspective, *pagang gadai* can be understood as a relation of production in which farmers lacking capital are compelled to pawn their land categorized as a means of production in order to sustain their livelihoods. However, both economically and culturally, *pagang gadai* embodies class contradictions between *panggadai* and *pamagang*. The *pamagang*, as the holder of capital, gains access to, control over, and temporary dominance over *pusako tinggi* land, while also benefiting from the accumulation of agricultural surplus.

In the case of Dt. Rajo, several aspects remain unresolved. Although, from a customary perspective, the *pagang gadai* arrangement is considered legitimate since the ancestral property was pawned for customary purposes the fact remains that the 10 *piring* of rice fields belonging to the *pusako tinggi* of Dt. Rajo’s kin group have undergone multiple transfers (*alih gadai*). In the case of *pagang gadai* involving Dt. Rajo, it is evident that a parcel of *pusako tinggi* has undergone multiple pawning processes over time: an initial *pagang gadai* in 1967, followed by *alih gadai* and additional pawning in 2011, another *alih gadai* in 2012, and most recently, a further transfer in 2025. This demonstrates that *pagang gadai* practices involving *pusako tinggi* can be historically traced over more than half a century. Nevertheless, several informants expressed no objection to pawning their *pusako tinggi* land using units of unhusked rice (*gabah*) or rice (*beras*) based on current market prices. This practice is considered reasonable, given the annual increase in the prices of rice and paddy. Upon closer examination, this

practice closely resembles a semi capitalist mechanism of value accumulation (Smith and Evans, 1983).



However, a key issue lies in the distinction between exchange value and use value of pusako tinggi as a partial commodity. The units used in pusako tinggi pawning consist of gabah and beras, measured locally in sukat (1.5 kg), while land area is measured in piring or tumpak sawah (with 6 piring constituting a standard unit). Within this framework, pusako tinggi demonstrates exchangeability; in capitalist terms, commodities often acquire uses that diverge from their original or intended purposes (Smith and Evans, 1983). As a commodity, *pusako tinggi* must enter into *pagang gadai* arrangements in order to be utilized, making *pagang gadai* a prerequisite for its productive use.

Further analysis can be deepened by linking Marx’s conceptual distinction between use value and exchange value to the empirical data presented in the table. The table illustrates how various components of pagang gadai over pusako tinggi – particularly rice fields – are reduced into quantifiable and exchangeable units, such as sukat (rice/paddy), gold, and rice harvest units (plates or production cycles). From a Marxian perspective, the use value of pusako tinggi lies in its capacity to produce food and sustain the household’s social reproduction, particularly through rice cultivation.

Tabel. Conversion of *Pagang Gadai* in the case of Dt.Rajodan Ibu Sur (2012-2025), below:

No	Debt component	Debt unit (2011)	Equivalent Price (2011)	Surplus Value Conversion (2025) ¹
1.	200 sukat of rice	(200 sukat x 1,5kg)= 300 kg of rice	(200 sukat x 1,5kg) x IDR 7.728 = IDR.2.318.400,00	200 sukat x 1,5 x IDR. 15.000 = IDR. 4.500.000,00
2.	2 (emas) gold minus one quarter	(2 emas x 2,5 gram) – 1,25 gram= 3,75 grams of 24 gold	3,75 gram emas 24 karat x IDR. 720.000= IDR. 2.700.000,00	3,75 gram emas 24 karat x IDR.2.000.000 = IDR. 7.500.000,00
3.	10 (piring) of rice field	3 harvest cycles	600 sukat x 1,5 kg x 3 kali x 7.728= IDR.20.865.600,00	600 sukat x 1,5 kg x 3 kali x IDR.15.000 = IDR.40.500.000,00
Total			IDR. Rp. 25.884.000	IDR 52.500.000,-

However, the table simultaneously demonstrates how this use value is transformed into exchange value through processes of commodity conversion. For instance, agricultural output is not only understood as food but is also converted into monetary equivalents (IDR), and further equated with gold (in grams) and paddy in sukat units. In the first row, 200 sukat of rice are converted into a specific rupiah value, illustrating how subsistence production is incorporated into a market-based valuation logic. Similarly, in the gold component, asset values are translated into karat standards and price-per-gram measurements, reinforcing a system of cross-commodity equivalence. Moreover, the table also shows how pusako tinggi land functions not only as a source of use value but also as a basis for exchange value formation through pagang gadai practices. The “land (rice field in plates)” component, calculated based on harvest cycles, indicates that access to land is assessed through projected productivity in economic terms. In other words, land is no longer valued solely for its social and ecological functions, but also for its capacity to generate surplus that can be converted into exchange value.

Within this framework, pagang gadai can be understood as a mechanism that bridges the transformation from use value to exchange value. The table demonstrates that different forms of assets (rice, gold, and land) are treated as equivalent and mutually convertible through standardized quantification systems. This process reflects what Marx theorized as commodification, whereby something originally embedded in social use relations is transformed into an object of exchange that can be measured, compared, and monetized.

Thus, the data in the table are not merely descriptive; they empirically demonstrate how pusako tinggi is situated within a tension between customary logic (which emphasizes social use value and inalienability) and exchange-oriented economic logic (which emphasizes

¹ □ The mortgaged land area is 10 *piring* = 1,200 m² = 0.12 hectares.
 □ One *sukat* of rice equals 1.5 kg.
 □ One *emas* equals 2.5 grams of gold.
 □ For 10 *piring*, one harvest yields 600 *sukat* = 900 kg of rice.
 □ One harvest cycle takes approximately 6 months = 2 harvests per year.
 □ One *emas* = IDR 1,500,000.

conversion, equivalence, and monetization). This tension reinforces the argument that pagang gadai constitutes a site in which use value is progressively transformed – and in certain cases governed – by the logic of exchange value.

In practice, *pusako tinggi* carries a dual meaning. Meanwhile, it represents both an economic asset and the honor of the kin group (*kaum*), traditionally managed through *ganggam bauntuak*. On the other hand, it becomes subject to pawning. This duality generates tensions, not in its function as a means of livelihood and social cohesion, but in its transformation into a tradable commodity.

To facilitate the calculation of capital accumulation derived from the exploitation of 10 *piring* of rice fields, this research focuses on the case of Ibu Sur, due to the availability of price data for rice and paddy. In this case, Ibu Sur (as *pamagang*) and Dt. Rajo (as *panggadai*) entered into a *pagang gadai* arrangement in 2011. Ibu Sur obtained temporary cultivation rights over 10 *piring* of rice fields belonging to Dt. Rajo as a result of an *alih gadai* transaction from Zainudin. The total pawn value for these 10 *piring* of rice fields amounted to 5,000 *sukat* of paddy, 200 *sukat* of rice, and 3.75 grams of gold. In total, 200 *sukat* of paddy (equivalent to 300 kg of dry unhusked rice) combined with 3.75 grams of gold amounted to approximately IDR 25,884,000 in 2011. Thus, the table functions not merely as a descriptive device, but also as an analytical instrument that transparently demonstrates how production components, economic assumptions, and data limitations are constructed to represent the transformation from use value into exchange value within the practice of *pagang gadai*.

However, by 2025, Dt. Rajo has not yet been able to repay the debt. This situation is influenced by both economic and cultural factors. Financial constraints and urgent needs have led to repeated delays in debt repayment. Additionally, since the *pamagang* originates from within the same kin group, the *panggadai* experiences a sense of security, as there are no mechanisms of confiscation, interest, or penalties. Consequently, although *pagang gadai* is categorized as an economic transaction, it simultaneously embodies values of solidarity, which in turn reduces the perceived urgency of debt repayment. The conversion of debt values between 2011 and 2025 is presented in the following table.

Within this 12-year period, in addition to the debt that continued to increase following fluctuations in recent commodity prices, Mrs. Sur accumulated capital from 10 plots of rice fields that had been pledged for 13 years. These 10 plots were managed by Mrs. Sur and produced 600 *sukat* of unhusked rice per harvest. Of the 600 *sukat*, 200 were allocated to cover production costs, while the remaining 400 *sukat* constituted Mrs. Sur net profit. The table below illustrates rice production from the 10 plots between 2012 and 2024, adjusted to prevailing rice prices. Based on this data, Mrs. Sur generated nearly IDR 18 million in net income per year.

In this case, the *pamagang* (pledge holder) benefits by gaining control over land without possessing *pusako tinggi* (ancestral land) according to customary law. Meanwhile, the *panggadai* (pledger), although still recognized as the

customary owner of the *pusako tinggi*, has lost access to the productive use of the land. The combination of limited access to capital and customary regulations creates a complex contradiction in production relations. From a materialist perspective, control over the means of production enables the *pamagang* to dominate these means, while the owner must temporarily relinquish control over the land until the debt is repaid. Ultimately, the *pagang gadai* system produces new forms of inequality, as the *pamagang* is able to accumulate capital from agricultural surplus over the repayment period.

The governance of *pusako tinggi* has shifted from a communal arrangement to a more exploitative one, resulting in the *panggadai* losing both access and control over their livelihood resources. As demonstrated in the previous tables, patterns of capital accumulation are derived from extended tenures beyond contractual agreements, as well as from the continuously increasing exchange values of unhusked rice, rice, or gold each year.

D. CONCLUSIONS

This article concludes that the practice of *pagang gadai* in Nagari Pasar Muara Labuh cannot be reduced merely to a credit-access mechanism that enables farmers to maintain formal ownership of *pusako tinggi* (ancestral land). Rather, it must be understood as a socio-economic relation characterized by a fundamental contradiction between social embeddedness and unequal control over productive resources. Although normatively *pagang gadai* is regarded as a customary institution (*adat*) that sustains the continuity of communal land tenure while providing liquidity for peasant households, empirical findings indicate that, in practice, it has historically generated asymmetric patterns of control between the *panggadai* and the *pamagang*, particularly in relation to the prolonged control of pledged land.

The case of Dt. Rajo-Ibu Sur specifically demonstrates how an initially temporary debt relation may evolve into long-term *de facto* control over land, whereby delayed repayment and asymmetries in bargaining power strengthen the position of the pledge holder to continuously appropriate and exploit agricultural production from the land. Consequently, the use-value of land as a means of subsistence is transformed into exchange value mediated through debt relations, which in turn produces indirect forms of surplus accumulation within a social structure that appears to be firmly embedded in customary norms. Therefore, *pagang gadai* should be understood as a complex arena of agrarian power negotiation, in which customary institutions are not fully able to eliminate the structural inequalities generated through debt-based economic practices.

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