

Abstract:

Frequently, small farmers in developing countries pay excessive interest rates for loans, sell their products at low prices, and hire themselves and other family members to others. Participation in agricultural cooperatives may enable small farmers to benefit from the economy of scale, raise their bargaining power, counter the pressures of those who exploit them, and carry out measures to raise production and productivity. To determine whether this occurs, 183 small farmers in Um Ruaba, western Sudan, were interviewed. Participation in an agricultural cooperative was related to reduced levels of exploitation of small farmers and greater income. Comments on the importance of agricultural cooperatives conclude this paper.