

ABSTRACT

This study attempted to analyse the behaviour and importance of price in the production of tomatoes and cabbages in Trinidad and Tobago. The specific objectives of the study were: (a) to identify the factors that determine the structure and behaviour of the prices of tomatoes and cabbages in Trinidad and Tobago; (b) to quantify the effects of these factors and establish mathematical relationships between them; and (c) to analyse the supply responsiveness of vegetable producers.

The study utilized in the main, two tools to achieve these objectives: the moving average and the single equation regression model. The moving average was used to measure the extent of intra-year or seasonal price variation. This was done through the calculation of a seasonal index based on data from the period 1960-1971. Seasonality was found to be the cause of approximately 50 per cent of the total variation in the prices of both tomatoes and cabbages.

Two single equation regression models were utilized in this exercise. The first of these analysed inter-year price variation utilizing a price dependent equation and testing the influence of the following independent variables: per caput income, per caput availability, rainfall and the price of other vegetables. The insignificant nature of the results prevented a statement of firm conclusions as to the relevant variables affecting inter-year price variation. However, per caput income and per caput availability were important in terms of their explanatory power.

The second single equation model measured the supply responsiveness of vegetable producers. Here a Nerlovian-type adjustment

model was utilized, with acreage planted as the dependent variable, and lagged price and acreage under other vegetables as independent variables. The results of this aspect of the exercise suggested that acreage under other vegetables as being the most important variable affecting acreage planted from year to year.