

I. INTRODUCTION.

When the Economic Survey of the Cacao Industry was started by the Department of Economics of the Imperial College of Tropical Agriculture, the industry was giving the planters of the Island cause for great alarm. The industry was in a depressed condition, and symptoms of a crisis were developing. It was decided to start an investigation into the condition of the industry with three objects in view:-

1. To obtain a reliable statistical and economic description of the industry as a whole.
2. To ascertain those dominating factors associated with the financial success or failure of estates.
3. To establish detailed standards of costs of production with which the individual planter could compare his own costs.

Up to the present time the work of the Survey has been directed mainly on the collection of the data. In addition, descriptive data has been submitted in the form of theses.

The problem of how to improve the cacao industry is being studied from various angles. Studies of a quantitative nature and of a non-quantitative nature have been included, and it is the purpose of this paper to deal with the subject of Diversification of cacao from both the above aspects. Since the paper was begun, the world financial crisis has arisen, and whether or not the improvements suggested to the industry, based on Diversification, still hold good is beyond the power of man to predict.

This paper deals first of all with the economic theory of diversification and specialisation. The theory is explained by the relative advantages and disadvantages of each system. In addition, some miscellaneous observations and a short history

of the cacao crop are given. In Section VI I have endeavoured to show how the economic theories have applied themselves to Trinidad, and in what measure they are responsible for the present position of the industry in the Island.

I have only attempted to summarise the present position of the Cacao Industry, but there again, since writing the paper recent events have altered the conditions. The devaluation of the pound sterling has increased the value of the commodity, but whether this increase is merely one of a sympathetic nature or not, still remains to be seen.

In the last two sections, IX and X, I have dealt with Diversification extensively. Firstly, I have described the existing diversification to be found in the island at the present time, and the reasons for its adoption. Secondly, I have given the methods whereby the industry might be improved by diversifying cacao with other crops. Lastly I have endeavoured to show how the methods of diversifying cacao can be applied to conditions in Trinidad.

Confusion is frequently caused by the inaccurate use of terms; for example, a fruit farm is said to be highly specialised, whereas it is frequently found to be highly diversified, as many types and kinds of fruit are grown.

A very clear definition of the two terms and the intermediate stages merging into each other is given by Gray. He divides farms into four classes:-

- (i) Specialised.
- (ii) Semi-Specialised.
- (iii) Semi-Diversified.
- (iv) Diversified.

"When a system of farming comprises a single product and only one main source of income, it is known as specialised farming". Examples of this are pure cacao estates.