

MORTGAGE IN THE TRINIDAD INDUSTRY.

The mortgage system has played a notable part in the development of the local industry. The reason for this is to be found in the very prosperous state of cacao planting during the latter part of the nineteenth century, when ordinary estates gave 15% to 20% on capital expended. Such a lucrative return made the industry an attractive one, and offered scope to two types of investor. It can be understood that such a large return, especially when it did not entail any serious risk, gave a splendid opportunity to the ambitious man of small means and so the first type was the planter who had enough security to borrow sufficient money to establish an estate. Cacao does not entail any heavy expenditure until it is established. Once it became a going concern the revenue was quite sufficient to cover all expenditure, pay interest on borrowed money, and leave a handsome profit to the planter.

Being safe and profitable it offered scope to the second type of investor of money namely the financier. In those days secure investments did not usually pay more than 4%. The large profits in the industry enabled planters to pay 6-7% interest of borrowed money and so the borrower never had difficulty in obtaining capital. Men of known character and ability were then able to obtain estates under the mortgage system.

The desire to own land is a very human one and when it is combined with hope of profit it becomes very attractive to men of all kinds. The result is that in Trinidad merchants and officials alike put their surplus money into the cacao industry and the local investment became a heavy one. A short resumé of the growth of the system will be instructive.