

Farm Operator Supplies

Changes in the numbers of farm operators affect agricultural employment in various ways. Several variables used in this study are quite unique with respect to the types of shifters discussed earlier. These shifters are thought to affect farm operator supplies which in turn affect agricultural employment.

Wage Opportunity.—Wages in industries other than agriculture represent opportunity costs to farm operators of remaining in present employment. Initially, wage increases in alternative employments would be expected to decrease the number of farm operators remaining in agriculture. As the larger farms realize greater residual returns some increase in farm numbers might occur. This effect should be minimal with an overall decline in farm numbers expected. The movement to fewer, larger, and more efficient farms should then cause a negative effect on agricultural employment.

Employment Opportunity.—Increases in employment opportunity in alternative employment situations would be expected to decrease the number of farm operators remaining in agriculture in a manner similar to that of increases in wages in employment alternatives.

Farm Operator Age.—Farm operator age represents the change in the number of farmers who were 55 or more years of age during the period 1959 to 1969. This variable is intended to reflect the relative effects of potential operator deaths and/or retirements on the numbers of farms during 1959 to 1969. The greater the number of farmers who are reaching an older age, the greater should be the decline in farm numbers and employment during the entire period. Declines in the number of older farm operators would be expected to cause declines in farm numbers through a greater impact of farm consolidation rather than operator replacement.

Manufacturing Labor Supplies

Wage Opportunity.—Wages in manufacturing industries other than the industry of present employment represent opportunity costs to employees of remaining in present employment as a result of changes in other employment alternatives. Initially, wage increases in other industries would entice employees to leave their present industry if their skills were transferable. Their present industry might bid wages upward and regain to some extent, but an overall negative effect would be expected.