

Most program investments were made in rural counties and showed a positive relationship with employment.

A significant negative relationship was indicated in changes in the number of farms for both areas. Improvement of water and sewer facilities in local communities often result in an expansion of nonfarm employment alternatives for farm operators and a movement away from the farm.

*Allotment.*—Allotment reductions and agricultural employment moved the same direction in each of the two groups of counties. Positive coefficients for this variable indicate movement in a general downward direction. Small standard errors were associated with the coefficients for the rural group. Allotment reductions had the effect of reducing agricultural employment.

Positive coefficients also were obtained for the allotment variable in the equations for changes in farm numbers. The largest impact was observed for the rural group, where the major proportion of allotment reductions occurred.

*Product Price.*—Changes in product demand as measured by changes in the index of product prices did appear to be important in explaining employment changes. Decreases in product prices were effective in reducing agricultural employment in the rural county group. The mean of the product price variable observations was negative as were those for the agricultural employment variable observations. Product price declines were also effective in reducing farm numbers for both groups of counties. The effect on farm numbers was very important due to the high level of statistical significance of the coefficients. Product price declines tend to enhance the rate of farm firm disappearance and foster consolidation of farm units, since prices are very important to small marginal farmers in maintaining their net income levels. The importance of product demand points out the responsiveness of agriculture to produce price changes.

*Wage Rate.*—Changes in factor prices as indicated by increases in the hired wage rate did not appear important in influencing employment changes. Mechanization is the normal substitute for labor employment in agriculture. Increased mechanization is also normally associated with increases in farm size and reductions in farm numbers. These expected results were not substantiated in the analysis of changes in farm numbers or changes in agricultural employment. In most cases the standard errors of the estimates were considerably larger than the partial regression coefficients.