

*Corps of Engineers.*—Corps of Engineers' investments seemed quite important in influencing construction employment in urban counties. Much of this construction activity results in reported employment in urban areas although the actual work may be done in a rural county.

*Small Watershed Program.*—Flood and water control investments were expected to result in increased construction employment. Negative effects were obtained for both county groups, although the estimated regression coefficients were considerably smaller than the estimate of the standard errors of PL-566 investments. Large numbers of construction workers are not required, since many of these projects are not large scale.

*Agricultural Conservation Program.*—Since this is a cost-share program, participating landowners and farm operators probably implement some practices using their own equipment. This may be reflected in the fact that employment effects were negative and significant for the urban county group. Contract work is often done by contractors from outside the project county. Larger farm operators with special equipment also do custom construction work with no apparent construction employment increase.

*Water and Sewer Programs.*—Since most projects are located in rural communities, the negative employment effects obtained for rural areas may reflect the use of contractors located outside the recipient county. The initial construction employment impact is not felt in the county where sewer or water systems are installed. Also, these investments are often made in areas where overall economic activity and employment has been declining. In such cases a negative relationship would be expected.

*Wage Rate.*—Factor price increases in the form of wage increases would be expected to decrease employment if other factors could be substituted for labor. Growth in the demand for labor used in construction activity resulting from overall increases in economic activity appears to have outweighed any substitutions of other factors for labor as indicated by the positive relationships obtained for both county groups. As wages increased through an expansion in demand for construction activities, the level of employment also increased.

*Wage Opportunity.*—Opportunity costs of construction employment are apparently quite high. Many workers transferred to higher paying industries, as evidenced by the negative coefficients obtained for both county groups.