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# Decoupled Payments in a Changing Policy Setting

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## Abstract

The studies in this report analyze the effects of decoupled payments in the Federal Agriculture Improvement and Reform (FAIR) Act on recipient households, and assess land, labor, risk management, and capital market conditions that can lead to links between decoupled payments and production choices. Each study contributes a different perspective to understanding the response of U.S. farm households and production to decoupled income transfers. Some use new microdata on farm households collected through USDA's Agricultural Resource Management Survey (ARMS), initiated in 1996, and its predecessor survey. These data are used to compare household and producer behavior and outcomes before and after the FAIR Act. Other studies use applied or conceptual models to characterize the impact of introducing decoupled payments. Collectively, the chapters represent an early stage in the empirical analysis of decoupled payments. The studies address many aspects of the payments' household impacts but remaining issues call for additional analysis. As the analytical paradigm changes with the evolution of farm programs, the development of appropriate data and models will improve our understanding of farm program impacts on the behavior and well-being of U.S. farm households, and the agricultural sector.

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