

INVITED SYMPOSIUM *Direct Payments as an Alternative Approach to Conservation Investment*

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**Environmental Payments to Farmers in the U.S: Experience, Promise, and Pitfalls**

The U.S. has extended environmental payments to farmers for nearly 70 years, directed for most of that time to control soil erosion. Since 1990, the range of widely recognized agri-environmental problems has expanded, prompting policy makers to broaden agri-environmental program objectives. At present, the U.S. Congress is debating a new multi-year farm bill that will almost certainly include a new--or at least greatly expanded--program of agri-environmental payments. But the devil is in the detail--the environmental gain produced by a subsidy program can vary widely depending on the pedestrian details of program design. Drawing on U.S. experience with agri-environmental payment programs and analysis of potential programs, a series of issues and potential pitfalls are discussed: providing flexibility to accommodate heterogeneous conditions; targeting limited funds across multiple environmental problems; equity and efficiency issues related to the treatment of producers who have already achieved a high level of environmental performance (so-called "good actors"); the potential for unintended consequences that could undercut environmental gains; and difficulties inherent in paying farmers *not* to take a specific action.