# Does a farmland zoning program impact farm income: empirical evidence from farm households in Taiwan

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### **Abstract**

Does farmland zoning affect farm income, and why? This study addresses these questions using a case study in Taiwan. We use a unique farmland-level dataset and apply the regression discontinuity design to quantify the effects of zoning on farm income. We find that the zoning program decreases farm income. The programme effects are heterogeneous, as they are more pronounced for farms in the higher percentiles of the farm income distribution. Moreover, a larger effect is found for elderly farm operators. Concerning the mechanism, we argue that the zoning program generated an optional benefit or wealth effect for eligible farms. This wealth effect then reallocates family labour to off-farm jobs. Consequently, the zoning program reduces income from farming.

**JEL:** Q12 - Micro Analysis of Farm Firms, Farm Households, and Farm Input Markets, Q15 - Land Ownership and Tenure; Land Reform; Land Use; Irrigation; Agriculture and Environment

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