

The 8<sup>th</sup> Global Fiscal Forum

## Overview

### *Towards Fiscal Innovation in the Platform Era*

**Sanghoon Ahn**

Executive Director

Center for International Development

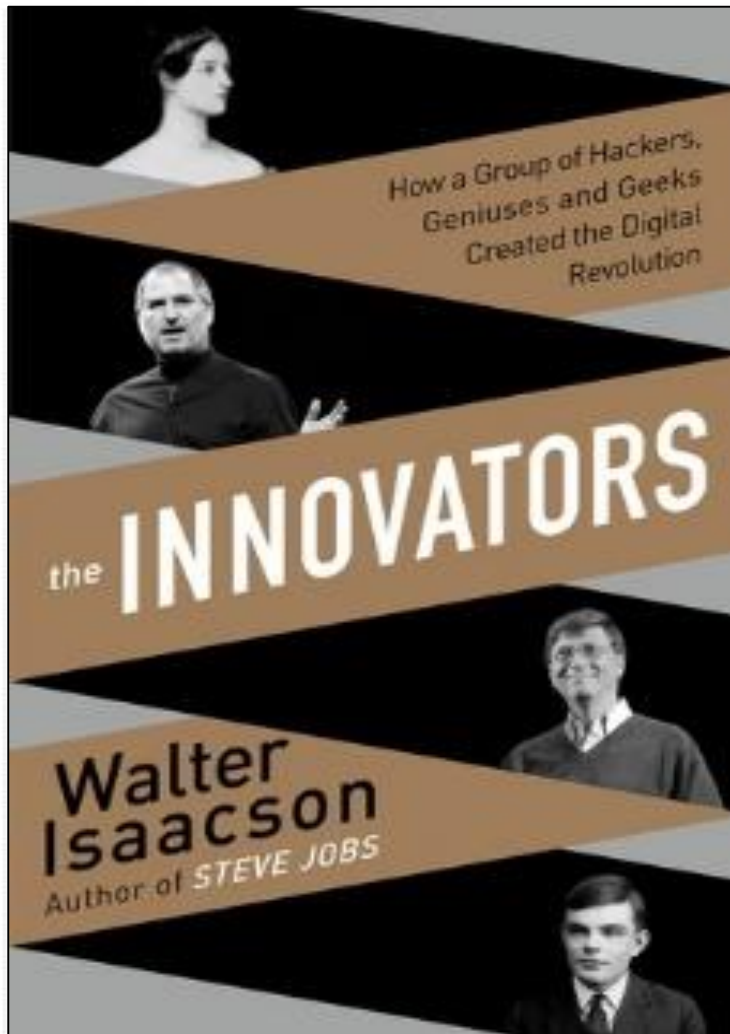
5 September, 2019

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- Governments are faced with a dilemma: they need to prepare for both the opportunities and risks associated with technological change, but **digital disruption is characterized by both a high degree of uncertainty and an accelerated technology lifecycle.**
- As a result, **governments need to be prepared to respond in a more agile fashion to technological developments** as they emerge, consider and invest in a wider range of technological options, and anticipate how their own goals and objectives might change with new technological possibilities.
- Top-down budget processes in general are not well-equipped to account for the needs of **bottom-up innovation and horizontal collaboration**, while maintaining **accountability for resources spent.**

# Background: *The Innovators*



Walter Isaacson,

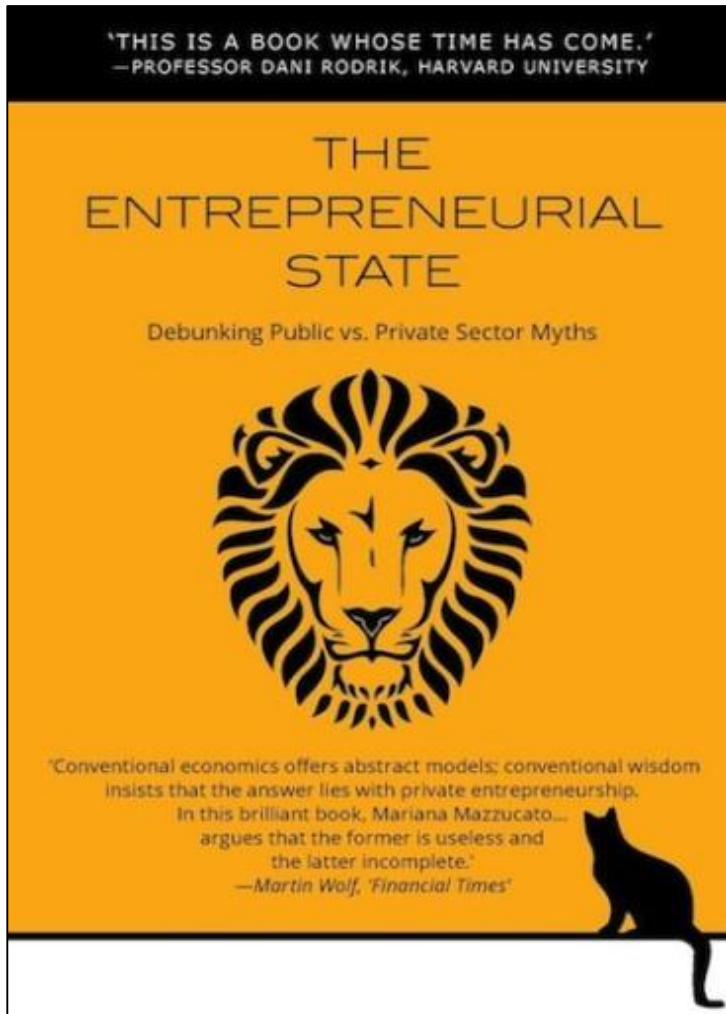
*The Innovators:  
How a Group of Inventors,  
Hackers, Geniuses,  
and Geeks Created  
the Digital Revolution*, 2014.

# Background: *The Innovators*

“

**But** the main lesson to draw from the birth of computers is that **innovation is usually a group effort**, involving collaboration between visionaries and engineers, and that creativity comes from drawing on many sources.”

# Background: *The Entrepreneurial State*

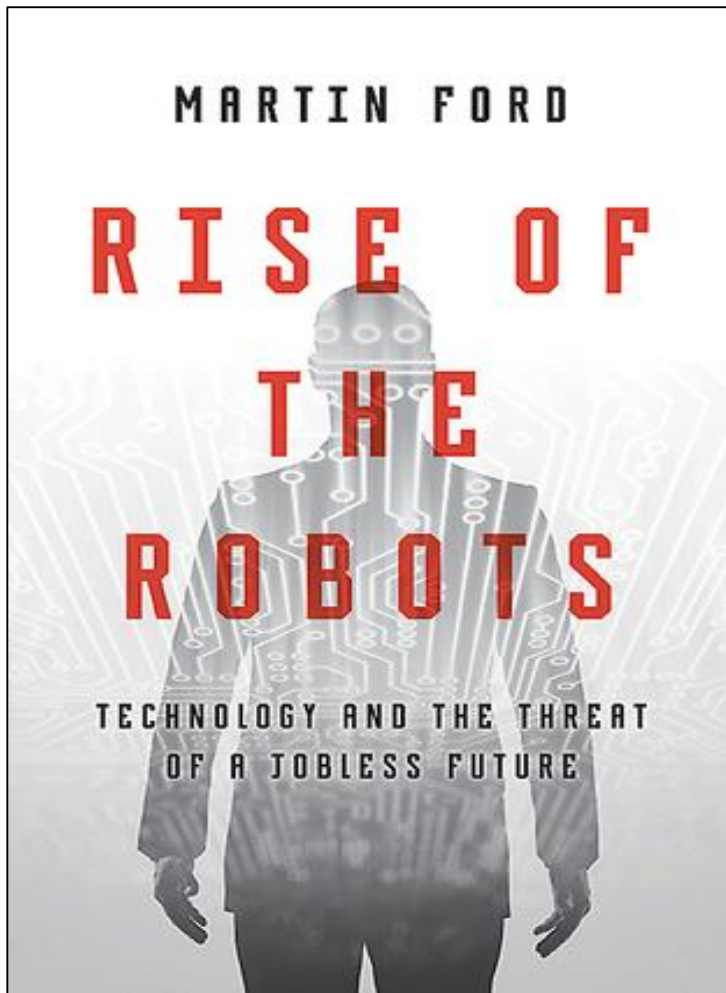


Mariana Mazzucato,

*The Entrepreneurial State:  
Debunking Public vs.  
Private Sector Myths*, 2013.

“**Creating** a symbiotic (more mutualistic) **public-private innovation ecosystem** thus requires new methods, metrics and indicators **to evaluate public investments and their results**. Without the right tools for evaluating investments, governments have a hard time knowing when they are merely operating in existing spaces and when they are making things happen that would not have happened otherwise.”

# Background: *Rise of the Robots*



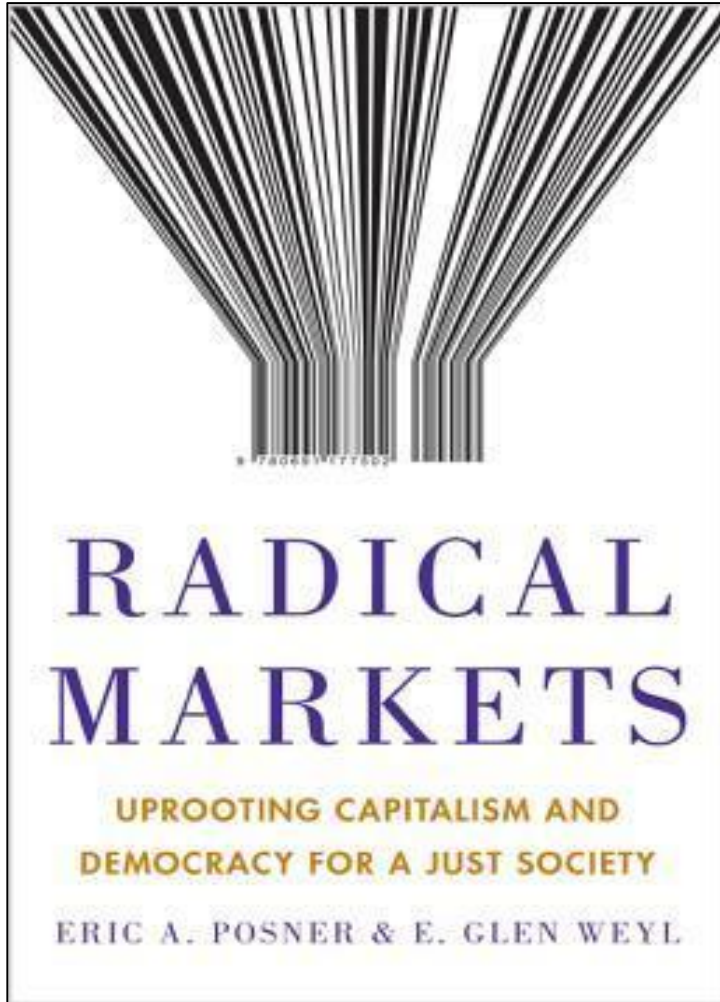
Martin Ford,

*Rise of the Robots:  
Technology and the Threat of  
a Jobless Future*, 2015.

# Background: *Rise of the Robots*

“If we accept the idea that ever more investment in education and training is unlikely to solve our problems, while calls to somehow halt the rise of job automation are unrealistic, then we are ultimately forced to **look beyond conventional policy prescriptions**. In my view, the most effective solution is likely to be **some form of basic income guarantee**.”

# Background: *Radical Markets*



Eric A. Posner  
and E. Glen Weyl,

*Radical Markets: Uprooting  
Capitalism and Democracy  
for a Just Society*, 2018.

“**A**Is are not actually the free-standing replacement for human labor they appear to be. They are trained with and learn from human data. Thus **AI**, just as much as fields or factories, **offers a critical role for ordinary human labor**—as suppliers of data, or what we call *data as labor*.”

## Open Innovation Networks to Optimize Resource Allocation

**Chair** Joonghae Suh, Executive Director, Economic Information and Education Center, KDI

### ■ Presentation

#### 1 **Policy Lab: A Design Process for Demand-oriented Policy Innovation**

Rebecca Filis, Head of Unit, Tax Department, Swedish Tax Agency

#### 2 **Five Ways the UK is Deepening Collaboration with Academics**

Chris Webber, Head, Open Innovation Team, Cabinet Office, UK Government

#### 3 **Innovation in Policy-making in Platform Era: The Korean Open Policy Lab Experiences**

Se-Hyun Cho, Director, Division of Government Innovation Research, Korea Institute of Public Administration

### ■ Discussion

**Seungho Park-Lee**, Professor, Ulsan National Institute of Science and Technology

**Seogwon Hwang**, Chief Director, Division of Innovation System Research, STEPI

**Sangdae Choi**, Director General for Social Budget Bureau, Ministry of Economy and Finance



- The development of new technologies is exponential. This makes the future more difficult to predict and the timing for governmental interventions even more delicate. It pressures government agencies to be proactive and to navigate in unknown waters as to how to act and when to intervene, to achieve sustainable solutions.
- **Policy lab** is an experimental working process that increases a deep understanding for real problems, which in turn, provides us with important knowledge and insights that guides us finding future solutions.
- The *Swedish Tax Agency* established a policy lab to investigate how to increase the number of taxpayers filing revenues from housing rentals.



UK

- The UK government has taken **a variety of steps to open up the policy-making process** in recent years.
- *What Works Centres*, the *Behavioural Insights Team*, *Policy Lab* and the *Open Policy Making Team* were all established during the Conservative/Liberal coalition period (2010-2015) and have experienced varying degrees of success.
- The *Open Innovation Team* is a more recent invention, set up to help departments generate analysis and ideas by deepening collaboration with academics.

## Fiscal Innovation for Efficiency and Effectiveness

**Chair** **Taesuk Lee**, Director and Vice President, Department of Public Finance and Social Policy, KDI

### ■ Presentation

#### **1** Budget Tools to Help Focus Effectiveness of Support for Economic Transformation

**Edwin Lau**, Head, Budgeting and Public Expenditures Division, Public Governance Directorate, OECD

#### **2** Fiscal Analysis and the Knowledge Economy: UK Case Studies

**Charles Price**, Deputy Director, Knowledge Assets Team, Fiscal HM Treasury, UK Government

#### **3** Estonian Spending Review on Entrepreneurship and Innovation

**Joonas Pärenson**, Advisor, State Budget Department, Ministry of Finance, Estonia

### ■ Discussion

**Minho Kim**, Fellow, Department of Knowledge Economy, KDI

**Sangwoo Kim**, Director, Industry & Employment Analysis Division, National Assembly Budget Office

**Taekon Kim**, Director, Industry SMEs and Startups Budget Division, Ministry of Economy and Finance



## Estonia

- Since regaining its independence in 1991 Estonia has been one of the fastest growing economies in Europe. **Proactive government, quick reforms, westernization of the economy, innovation, openness to foreign capital** and **digital ambition** have been the pillars for that.
- Environment and society have never faced as many changes in such a short time as today. These fast changes call for higher flexibility and ability to adapt.
- **Spending reviews** aim to increase the **flexibility in resources reallocation**. Such flexibility allows to address shifting **strategic priorities** and release higher **productivity**.

## Future of Work and the Role of Fiscal Policy

**Chair** **Kyungsoo Choi**, Director and Vice President, Department of Knowledge Economy, KDI

### ■ Presentation

#### **1 The Future of Work in OECD Countries: Some Key Trends and Emerging Implications for Fiscal Policy**

**Stijn Broecke**, Senior Economist and Lead of the Future of Work Initiative, OECD

#### **2 Reforming Education and Training Systems for the Future of Work – Case Study on Singapore’s *SkillsFuture* Movement**

**Michael Fung**, Deputy Chief Executive, SkillsFuture Singapore

#### **3 The Finnish Case Study – Modern Tools for Tackling Complex Issues**

**Ira Alanko**, Chief Expert, Strategy Unit, Prime Minister's Office, Finland

#### **4 Innovation Academy: A New Education System for Top-end Software Engineer**

**Minsuk Lee**, Dean, Innovation Academy

### ■ Discussion

**Yoonsoo Park**, Professor, Division of Economics, Sookmyung Women’s University

**Kyetaik Oh**, Director, Planning and Strategy Office, Korea Labor Institute

**Kyungchul Nam**, Director, Welfare Budget Division, Ministry of Economy and Finance



- Building upon systematic workforce development efforts over the past four decades, Singapore launched the *SkillsFuture* movement in 2015, a **national skills strategy** which seeks to help strengthen the foundations **for a highly-skilled, productive and innovative economy**.
- Besides serving an economic objective, *SkillsFuture* seeks to **help individuals realize their potential, regardless of their starting points**.
- Through a **multi-stakeholder approach** working across government agencies, industry experts, employers, and education and training institutions, a range of Skills Frameworks have been drawn up, covering various levels of job roles organized by job families across all major industry sectors in Singapore.



- Finland has taken concrete steps to **utilize tools like experimentation more extensively in the public sector.**
- *Experimental Finland* team took concrete actions to ensure the understanding and ability to utilize different types of experiments in the public sector.
- **Basic Income Experiment:** 2000 randomly picked unemployed receive 560 euros (tax free) unconditionally for 2 years – and they can keep the money even if they were employed again.

# Overview: Panel Discussion



## Panel Discussion

- **Chair**

**Sanghoon Ahn**, Executive Director, Center for International Development, KDI

- **Discussants**

**Rebecca Filis**, Head of Unit, Tax Department, Swedish Tax Agency

**Chris Webber**, Head, Open Innovation Team, Cabinet Office, UK Government

**Edwin Lau**, Head, Budgeting and Public Expenditures Division, Public Governance Directorate, OECD

**Ira Alanko**, Chief Expert, Strategy Unit, Prime Minister's Office, Finland

**Shaoqiang Chen**, Director, Resource and Environment Center, Chinese Academy of Fiscal Sciences

**Do Geol Ahn**, Director General for Budget Coordination, Ministry of Economy and Finance



- On August 8, 2019, the General Office of the State Council of China issued a guiding opinion on promoting the healthy development of the platform economy (国办发〔2019〕38号).
  1. Optimize and improve market access conditions and reduce corporate compliance costs.
  2. Innovate regulatory concepts and methods, implement inclusive and prudent supervision.
  3. Encourage the development of platform economy new formats and accelerate the development of new growth points.
  4. Optimize the platform economic development environment and consolidate the foundation of new business growth.
  5. Effectively protect the legitimate rights and interests of platform economic participants, strengthen the rule of law in implementing the platform economy.

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