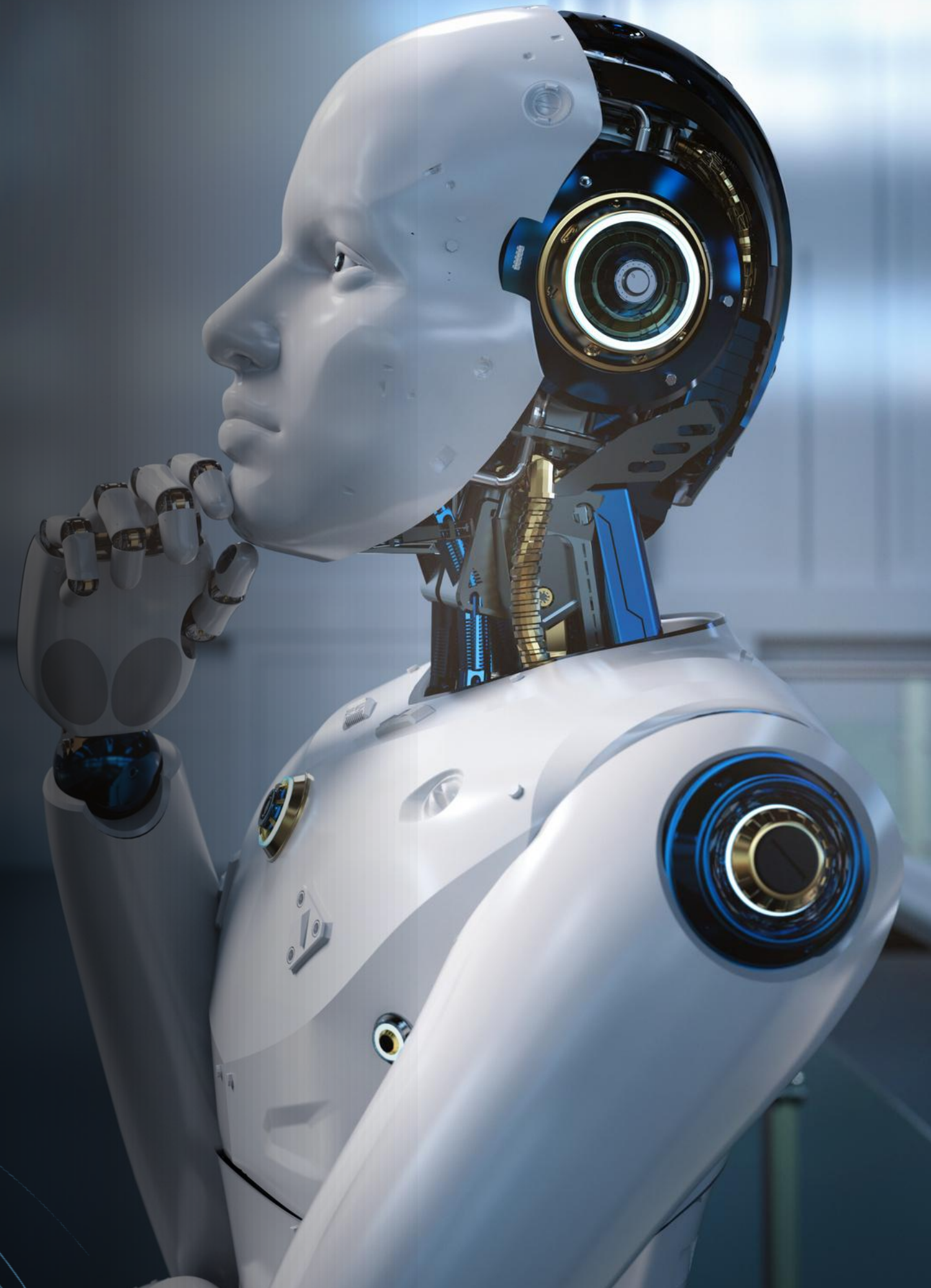


Korea-OECD International Forum on Budgeting

Artificial intelligence and the development of fiscal policy

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Overview

- Historical context of technology in fiscal policy
- Examples from the 1980s, 1990s, and 2000s
- AI's potential impacts
- Policy considerations for AI
- Lessons for the future



1980s Early computing

- ✓ Shift from calculators to PCs
- ✓ Faster fiscal policy analysis
- ✓ Higher demand for complex modeling



1990s Clinton era policies

- ✓ **Complex tax & spending initiatives**
- ✓ **Rapid market analysis with new tools**
- ✓ **Bond vigilantes shaped fiscal decisions**



2000s Behavioural effects

- ✓ CBO underestimated tax revenues
- ✓ Behavioral responses overlooked
- ✓ Improved accuracy with updated models

Lessons from technology evolution



New tools boost productivity



They also increase demand for analysis



Concerns usually precede benefits

Utopian vs. Dystopian views of AI

Utopian



Growth, breakthroughs,
even immortality

Reality



AI likely follows past
tech trajectories

Dystopian



Job losses, disruption,
existential risks

AI as normal technology

- Avoid exaggerating AI's power
- Similar to previous innovations
- Needs oversight and safeguards

Implications for fiscal analysts

01

Analysts configure and monitor AI

02

Human oversight is essential

03

AI is too error-prone without supervision

Policy defences against AI misuse

- ✓ **Whistleblower protection**
- ✓ **Compulsory disclosure of AI use**
- ✓ **Registration & tracking of deployments**
- ✓ **Mandatory incident reporting**

Broader impacts of AI

01 Influences tax collection efficiency

02 Shapes public spending analysis

03 Enhances forecasting accuracy

04 Raises ethical and governance challenges



Conclusions

- AI's role mirrors earlier tech revolutions
- Benefits outweigh risks with oversight
- Smart policies enable productive use
- Treat AI as a powerful, but normal tool