



KIPF/HAPI Conference

Fiscal and Tax Reform: Policy Responses for Low Fertility and Aging Society

Organized by the Korea Institute of Public Finance and the Hawaii Asia-Pacific Institute
Honolulu, Hawaii, 18-19 April 2024

With the precipitous decline in its fertility rate and increase in life-expectancy, Korea's population is rapidly aging. Notably, the poverty rate of the Korean elderly is also the highest among OECD countries. The market system has limited power to deal with the uncertainty and risks. This will have significant economic impacts, including on tax revenues and public expenditures. The fiscal implications of aging will be also shared across all levels of government.

The aging population may reduce direct tax revenues as a result of the decrease in the number of people that are active in the formal labor market. The drop in the workforce will reduce personal income taxes and social security contributions significantly. A reduction in direct tax revenues may also lower the capacity of central governments to continue providing transfers and grants to local governments. Increasing the tax burden further to pay for the old-age expenditure, without implementing more structural reforms, might exacerbate economic distortions. In addition, benefits for increasing fertility have been focused on allowing deductions for child support expenses from taxable income. Such policy has, however, been sometimes viewed insufficient and called for more effective policy.

Large retirees will create direct pressure on public finances through additional pension, health and long-term care expenditure. Pension, health care, and long-term care programs all require sustainable development in the face of an aging demographic of Korea. Social protection programs need to be designed to support later labor force withdrawal through health care programs to improve the health status of the working population, life-long education to counter obsolescence, retirement systems which incentivize working longer, and aged care programs which are sensitive to the work-care trade-off.

The 2024 KIPF/HAPI workshop aims to understand potential social and economic issues related with low fertility and population aging. It is a forum that exchanges ideas and solutions based on experts and policy makers across countries as well as international institutions. The resulting output will serve as an important reference material for Korean policy makers when they formulate policies regarding low fertility and population aging.

Agenda

Wednesday, 17 April 2024

Arrival Check-in at the hotel
 Prince Waikiki Hotel
 100 Holomoana St, Honolulu, HI 96815
 Phone: (855) 622-7558

6:30 p.m. **Opening ceremony**

 100 Sails Restaurant & Bar (Private Dining Room)
 Prince Waikiki Hotel

Welcoming remarks

Denise E. Konan, President, Hawaii Asia Pacific Institute, Dean, College of
Social Sciences, University of Hawaii at Manoa

Thursday, 18 April 2024

Manoa Boardroom, Prince Waikiki Hotel

8:30 a.m. Continental breakfast at the conference room

SESSION I: Aging and Fiscal Space

Chair: **Sang-Hyop Lee**, University of Hawaii at Manoa

9:00-9:10 a.m. Welcoming Remarks

Jaejin Kim, President, Korea Institute of Public Finance (KIPF)

9:10-9:40 a.m. *1. Aging and Debt: Lessons from Asian Economies*

Andrew Mason, Emeritus Professor, Department of Economics,
University of Hawaii at Manoa

9:40-10:10 a.m. *2. Tax and Fiscal Responses to Low Fertility and Population Aging in South
Korea*

Sungjin Kim, Visiting Professor, Department of Economics, Seoul

National University, Former Minister of Republic of Korea

10:10-10:30 a.m. Open Discussion

10:30-10:50 a.m. Coffee Break

SESSION II. Older People and Fiscal Implication

Chair: **Jaejin Kim**

10:50-11:20 a.m. 3. *Long-term Care Around the World*

Kathleen McGarry, Thomas Muench Endowed Chair, Department of
Economics, Stony Brook University

11:20-11:50 a.m. 4. *The Older People as Latent Assets in Aging Japan*

Naohiro Ogawa, Visiting Fellow, Asian Development Bank Institute,
Emeritus Professor, Nihon University

11:50-12:10 p.m. Open Discussion

12:10 p.m. Group Photo

12:10-1:10 p.m. Lunch

SESSION III. Technology and Jobs

Chair: **John Piggott**, University of New South Wales

1:10-1:40 p.m. 5. *Technology, Aging, and Jobs in Asia*

Yasuyuki Sawada, Professor, Faculty of Economics, University of Tokyo,
Former Chief Economist, Asian Development Bank

1:40-2:10 p.m. 6. *Young vs. Experienced Worker Substitutability in South Korea*

Shin-hyuk Kang, Fellow, KIPF

2:10-2:30 p.m. Open discussion

2:30-2:50 p.m. Coffee Break

SESSION IV. Fertility and Policy Responses

Chair: **Yasuyuki Sawada**

2:50-3:20 p.m. 7. *Fertility Developments in Europe: Between Uncertainty and Policy
Interventions*

Agnieszka Chłoń-Domińczak, Professor, SGH Warsaw School of

Economics, Former Deputy Minister of Poland

3:20-3:50 p.m. 8. *Declining Fertility and Policy Responses in Latin America*

Rafael Rofman, Principal Researcher, Center for Implementation of Public Policies (CIPPEC). Argentina

3:50-4:10 p.m. Open discussion

Friday, 19 April 2024

Makiki Conference Room, Hawaii Prince Hotel Waikiki

8:30 a.m. Continental breakfast

SESSION V. Social Protection for Older People

Chair: **Kathleen McGarry**

9:00-9:30 a.m. 9. *The Australian Approach to Pension and Retirement Policy – is this a better model under population ageing?*

John Piggott, Director, Australian Research Council Centre of Excellence in Population Ageing Research, University of New South Wales, Australia,

9:30-10:00 a.m. 10. *Optimal Unemployment Insurance for the Elderly*

Ji-woong Moon, Fellow, KIPF

10:00-10:20 a.m. Open Discussion

10:20-10:40 a.m. Coffee break

10:40-11:50 a.m. *Round-table discussion:* Convened by **Sang-Hyop Lee**

11:50 a.m. Wrap-up

12:00 p.m. Lunch

List of Participants

DR. AGNIESZKA CHŁOŃ-MONIŃCZAK

Professor
SGH Warsaw School of Economics
Former Deputy Minister, Poland
Former Vice President of Social Protection
Committee, European Council
Email: achlon@sgh.waw.pl

DR. SHIN-HYUK KANG

Fellow
Korea Institute of Public Finance (KIPF)
Email: shinkang@kipf.re.kr

DR. JAEJIN KIM

President
Korea Institute of Public Finance (KIPF)
Email: kimjaeji@kipf.re.kr

DR. SUNGJIN KIM

Visiting Professor
Seoul National University
Former Minister, Republic of Korea
Email: sjkmpb@hanmail.net

DR. DENISE KONAN

President
Hawaii Asia-Pacific Institute
Dean
College of Social Sciences
University of Hawaii at Manoa
Email: konan@hawaii.edu

DR. SANG-HYOP LEE

Professor
Department of Economics
University of Hawaii at Manoa
Email: leesang@hawaii.edu

DR. ANDREW MASON

Emeritus Professor
Department of Economics
University of Hawaii at Manoa
Email: amason@hawaii.edu

DR. KATHLEEN MCGARRY

Thomas Muench Endowed Chair
Department of Economics
Stony Brook University
Email: kathleen.mcgarry@stonybrook.edu

DR. JI-WOONG MOON

Fellow
Korea Institute of Public Finance (KIPF)
Email: jwmoon@kipf.re.kr

DR. JOHN PIGGOT

Director
Australian Research Council Centre of
Excellence in Population Ageing Research
University of New South Wales, Australia
Email: j.piggott@unsw.edu.au

DR. NAOHIRO OGAWA

Visiting Fellow

Asian Development Bank Institute

Emeritus Professor

Nihon University, Japan

Email: ogawa.naohiro@nihon-u.ac.jp

DR. RAFAEL ROFMAN

Principal Researcher

Center for Implementation of Public Policies
(CIPPEC)

Buenos Aires, Argentina

Email: rafaelrofman@gmail.com

DR. YASUYUKI SAWADA

Professor

Faculty of Economics

University of Tokyo, Japan

Former Chief Economist

Asian Development Bank

Email: sawada@e.u-tokyo.ac.jp

STAFF

MRS. SIOBHÁN NG

Program Coordinator

Hawaii Asia-Pacific Institute

Email: sng8@hawaii.edu

admin@neaef.org