

We need to add Eastern Perspectives like “奇正相生(qí zhèng xiāng shēng)” to the Understanding of “Emotional Economics” in the “DMZ(De-Monetization Zone) of Culture” that goes along with the “Satisfaction-Dissatisfaction Curve” by the intervention by something intangible. With that, we can set the proper way for the “Social Turn” in Cultural Policy to go forward the “Cultural 經世濟民(jīng shì jì mǐn)” which implies a good life with culture for all people, beyond the Cultural Economy(經濟) seeking for the prompt and tangible profit out of culture.

## Understanding of “Emotional Economics” in the “DMZ”(De-Monetization Zone) of Culture to go forward the “Cultural 經世濟民”(jīng shì jì mǐn) beyond the Cultural Economy(經濟)

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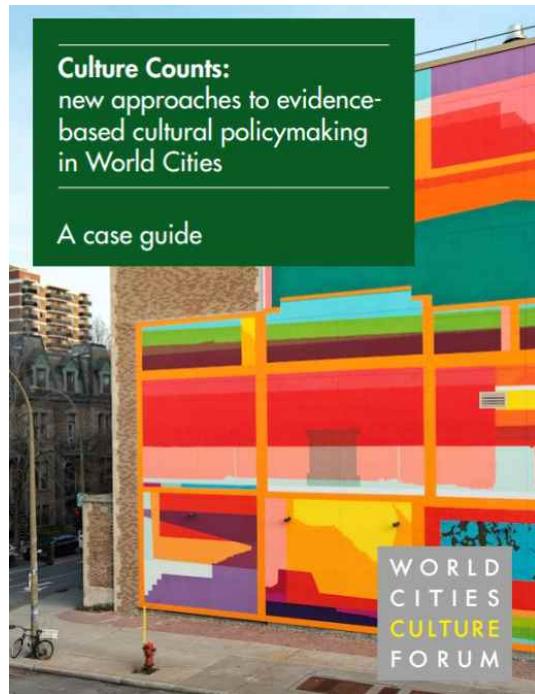
## Summary

We need to add Eastern Perspectives like “奇正相生(qí zhèng xiāng shēng)” to the **Understanding of “Emotional Economics” in the “DMZ(De-Monetization Zone) of Culture”** that goes along with the “Satisfaction-Dissatisfaction Curve” by the intervention by something intangible. With that, we can set the proper way for the “Social Turn” in Cultural Policy **to go forward the “Cultural 經世濟民(jīng shì jì mín)”** which implies a good life with culture for all people, **beyond the Cultural Economy(經濟)** seeking for the prompt and tangible profit out of culture.

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## 1. "Social Turn" & 『Culture Counts』



### 『Culture Counts : new approaches to evidence-based cultural policymaking in World Cities』 (WCCF, 2021)

...  
"Data to unearth inequalities"  
"Data to enable engagement"

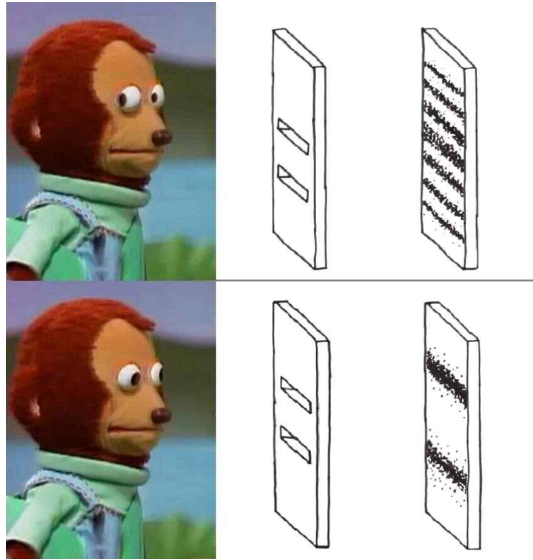
...  
"Six principles of policy research"  
**#6. Make it more than numbers!**

The recent call for a shift towards positivist evidence-based policies is becoming irresistible. In the cultural sector, it is also happening in the context of the response to the call for the realization of the social value of culture. Together, they can be referred to as the "social turn" in cultural policy. In contrast to the "cultural turn" in sociology in the 1970s, which opposed a research trend toward quantitative methodology, the "social turn," which demands evidence and practical implementation of values, represents a shift from "meaning" to "numbers". In particular, the call for economic effect demands that the "value" of culture be demonstrated in terms of a "price" expressed in cash on the marketplace. In 2021, WCCF published a report, "Culture Counts" as a result of the joint research program. The title implies that "culture matters (is important) and should be measured". It emphasizes "Data to unearth inequalities" and "Data to enable engagement". We definitely need numbers to make our cultural policies more effective and efficient. But, the report also proposed "Make it more than numbers" as the sixth principle of cultural policy research. It's also worth noting the remark by Randy Cohen, director of research at Americans for the Arts, which publishes "10 Reasons to Support the Arts." He said "I have a Golden Rule at Americans for the Arts: "No numbers without a story, and no stories without a number."<sup>1)</sup> We need both numbers and non-numbers to illustrate the value of a culture that is often invisible. While we should respond to the call for a social turn in cultural policy, we need to be wary of the tragedy it can cause in a public administration where quantitative performance competition is the norm.

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1) My Own Recovery, Inspired By Art (Randy Cohen, Americans for the Arts, 2023.6.27.)

## 2. The Heisenberg Principle of Economics



**"...an attempt to measure the value of a good will affect that value." (by Arjo Klamer(2004))**

$$\Delta x \Delta p \geq \hbar/2$$

**"By measuring something, we lose a lot of information about other values that originally existed outside the intent of our measurement." (by Hae-Bo Kim (2023))**

To measure something, firstly we must have a framework for perceiving its value. Especially in cultural policy, the perceptual framework on which we base our cultural value measurement must be chosen even more carefully. German cultural economist Arjo Klamer(2004)<sup>2)</sup> borrowed ideas from quantum physics to propose the "The Heisenberg Principle of Economics". He said that "an attempt to measure the value of a good will affect that value." He means "we need to choose the right measurement tool and frameworks." Professor Sehun Kim(2015)<sup>3)</sup> has pointed out that measuring economic value is a "double-edged sword", as it can "lead to the conclusion that investment in the arts should be reduced if it is shown to have less economic impact".

Understanding the other meaning of the "uncertainty principle" in quantum mechanics, I add my comment to the "The Heisenberg Principle of Economics" that "By measuring something, we lose a lot of information about other values that originally existed outside the intent of our measurement." Before we measure the value of culture, we need to make sure that it's not a measurement that makes us lose sight of what is not expressed in numbers or what is invisible.

2) "Social, cultural and economic values of cultural goods, Cultural Economics" (Arjo Klamer, Japanese Association for Cultural Economics (3), 2004)

3) "Research Trends Analysis of Economic Value of Culture and Arts" (Sehun Kim, Journal of Culture Industry, Vol.15, No.3, 2015)

### 3. De-Monetization of value trading

- = transactions utilizing non-monetary tokens
- + non-monetary value-oriented purchases

<Demonetization trend of transaction tokens and its implications>

Non-Currency Trading	Trading with Currency	De-Monetized Trading	Implications of change	
Physical goods	Fiat Currency (legal bills, coins)	Local Alternative Currency (LETS, Time Dollars...)  Credit Management System (membership, mileage...)	Diversification of Value and Power	De-centralization
Credit	Central Bank Digital Currency (CBDC)	Crypto-currency (Bitcoin, etc..)	Digitalization	

There's another important reason why we need to understand something other than numbers and invisible. It's the De-monetization of value transactions, a phenomenon that's particularly prevalent in the cultural economy these days. "De-monetization of value transactions" is a phenomenon in which "transactions are settled with non-monetary tokens more often" and "the purchase is increasingly oriented towards non-monetary values".

Historically, even in monetized transactions, invisible "non-monetary tokens" that are not expressed in price, such as respect, loyalty, support, or a letter of credit that makes them more visible, have been used to seal the deal. Unlike the non-monetary tokens in the past that relied on the memories of traders, now big tech companies manage them with a membership system or IoB(Internet of Behaviors) technology. Or they even issue alternative currencies themselves as more tangible tokens. The power of these alternative tokens, or "De-monetized tokens," is growing to rival fiat tokens. "De-monetization transactions" are not transactions that take place according to the "price" prevailing in the market with a state-issued/approved fiat currency as a mediating token, but transactions that take place based on the people's diverse "value" assessment reflecting different worldviews using various alternative tokens. Therefore, it can be understood as not only "decentralization of economic power" but also "diversification of value". In recent years, digital alternative currencies based on blockchain technology and the power of big tech companies to surpass the authority of the state, as well as AI-powered recommendation-based cultural services that target individual tastes, have led to an increase in demonetized transactions. This is also linked to the "lightening" of the physical world, the "anti-authoritarianism" and "diversification of values" brought about by "digitalization" across 21st-century civilizations, and the eventual spread of a "decentered" worldview.

**<The forms in which cultural values are traded  
and their recent changes>**

Form & utility of Culture in Trading	Change in Presence of culture	Change in Characteristics of culture	Changes in Trading methods
	De-materialization	De-culturalization	De- monetization
Cultural Symbols	↑ Digitization	↓ Paid Subscription Services	↑ Spending for non-monetary value
Cultural Services	Institutionalization	Commoditization of culture	Using credit and new transaction tokens
Cultural Goods	Artistic representation and symbolization ↓	↓	↓

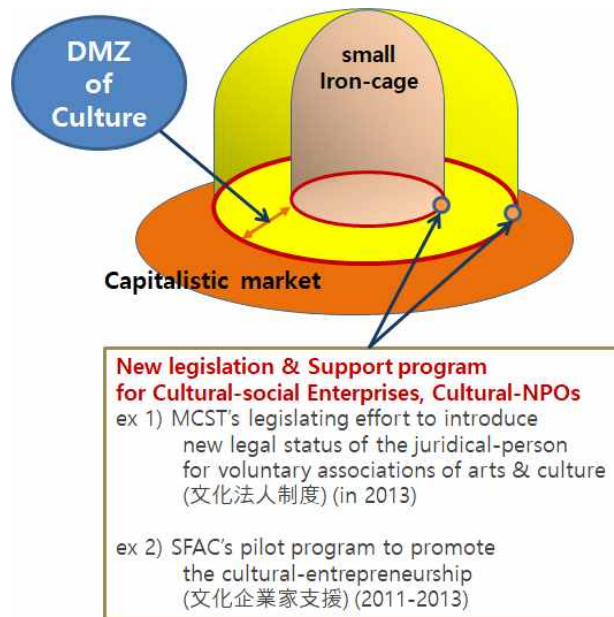
The "De-monetization" phenomenon is stronger in the cultural economy sector, where there has been a strong orientation toward non-monetary values, and where artistic appreciation and trust in common cultural values have been important transaction medium tokens. Although the 21st century was said to be the century of culture, cultural capitalism, in which the trading of symbolic utility and cultural halo becomes more important than the function of a commodity, was already firmly established even before the end of the 20th century. Now, not only the subscription economy of cultural content in the P2E model, which tries to convince people that they can even make money just by continuing to enjoy the recommended tastemaker content but also the fandom economy, epitomized by the recent boom in K-Pop industry, shows how the de-monetization of cultural value is becoming a new trend in the more advanced capitalism of the 21st century.

The transaction tokens that buyers pay for in the de-monetized trading of cultural value are also diversifying from fiat currency to credit(memberships), loyalty(miles), affinity(likes), and digital tokens(bitcoin). Furthermore, the cultural services provided by sellers are also diversifying from simply cultural commodity goods to immaterial cultural services and even cultural symbol subscription services. This phenomenon is sometimes analyzed as the "Affective Economy" of cognitive capitalism, where profits are created from the value created by interest and emotional responses. The phenomenon of De-monetization of cultural value transactions is accompanied by the phenomena of De-materialization of culture(institutionalization and digitalization) and De-culturalization(commodification of culture). While people worry about the "monetization of culture trading", we should be warier of the "de-monetization of culture trading" that the new cultural capitalism relies on, which is often mistaken for "not-for-profit". Google Arts & Culture, which claims to be a platform for cultural and artistic activity around the world, claims to be not-for-profit because it doesn't take cash for its services. But if it doesn't share fairly the revenue generated by the traffic and trust it generates, we should rethink the meaning of non-profit.

## 4. DMZ (De-Monetization Zone) for Cultural enterprises

### DMZ(De-Monetization Zone) of Culture

to save the not-for-profit cultural business trapped in the **JSA(Joint-Security-Area)**



(Source: HaeBo Kim (2015)<sup>4</sup>)

In my presentation at Tokyo Arts Council in 2015, I called the economic zone in which de-monetized cultural value transactions could take place more smoothly the "De-Monetization Zone(DMZ) of Culture". If you know the situation on the Korean Peninsula, you'll understand that DMZ is a very Korean term. I borrowed DMZ from the De-Militarized Zone. Initially, I proposed the DMZ model to support the activities of cultural enterprises that are primarily "not-for-profit" and trapped in the Joint-Security-Area(JSA), where they are pressured by both market competition and public administration standards. Cultural enterprises mainly supply the values of culture into our society through demonetized transactions using public subsidies. However, the non-monetary aspects of the value of culture and art are easily devalued and exploited in the capitalist market. There is no public management system that can properly manage its non-monetary transactions at the same time as well as the monetary transactions while requiring non-profitability for subsidized businesses. In the end, their services are mostly provided for free, so cultural enterprises and arts organizations lose money as they carry out subsidized projects. Some profits out of subsidized projects that settle the all results of transactions carried out to become self-sustaining enterprises in pursuit of non-profitability are attacked from both sides of the capitalistic market and public administration for being too low-margin and too commercial. This is analogized to being under surveillance in a JSA (Joint Security Area). As a way to resolve these difficulties, the proposed DMZ was to establish a system that would appreciate the "social and economic aspect" of the "intrinsic value" of culture and arts converting them into a proper price and profit within the public procurement contract system, as well as the "social value" that is only partially recognized for job creation for vulnerable people by the social enterprise support law. It was also suggested that trust tokens such as alternative cultural currencies other than legal money could be used to activate cultural service transactions (Hae-Bo Kim, 2004)<sup>5</sup>.

4) "A way to the Self-Revolution of Cultural policy to save the Community, Society and the Culture in Danger" (Hae-Bo Kim, Open Forum by Arts Council Tokyo, 2015.2.7.)



## 5. DMZs of Culture, now everywhere!

as a New Platforms for the Affective Economy  
powered by the Big-Techs and the Loyalty of Fandom

Key Elements of technology	How Decentralized Trading Works	DMZ deployment practices
Information Management of credit	Membership	Membership Services
	Mileage rewards	Airline miles, multi-level marketing...
	Recommendation	SNS, IOB Platform
+	Credit-based transactions	Credit card
	P2E	Online games, subscription economy services...
	Fintech services	Kakao Pay, NAVER Pay...
Alternative tokens	Crypto Digital Currency	Bitcoin, NFT...
	CyberMoney	various online game money
	Securities issuance	Department store gift certificates

But now there are "DMZs of Culture" everywhere, powered by the Big-Tech companies, from P2E subscription service models to NFT artwork trading communities. These are platforms for a new kind of capitalism called the "Affective economy", and companies are competing to build them. Big tech companies maintain systems with cutting-edge technology that stores and appropriates the information of user minds such as fandom's loyalty and even their emotional responses. They also create alternative tokens to replace legal currency for trading on the platform. In recent years, crypto-currency based on digital technology and the influence of big tech companies that surpass the authority of the state, as well as ultra-personalized taste-sniping recommendations by artificial intelligence, have increased the de-monetization of transactions on the marketplace.

The reason why big tech companies are competitively building digital online platforms is that they can accumulate trust capital through such demonetized transactions, which can then be converted back into cash. This form of business seems even less commercial and therefore less resistant to the commercialization of cultural values. It really has become a part of our lives. Google accumulates information about its users and uses it to advertise or to recommend, yet proudly calls its "Google Arts & Culture" service a non-profit business. KakaoTalk accumulates information about every aspect of our lives and relationships and then conveniently mediates transactions we request. Not only that, but it reminds us that it's our friend's birthday, and nudges us to open the gift box instead of our wallets.

5) "Feasibility study on the cultural LETS as a new scheme for the cultural foundations : proposing a conceptual model for the Seoul cultural LETS" (Hae-Bo Kim, 2004)



### Random photo cards for idol fandom



### NFT artwork list on the CryptoPunks homepage



#### Overall Stats

Current Lowest Price Punk Available <b>44.95 ETH (\$69,688.23 USD)</b>	Number of Sales (Last 12 Months) <b>1,760</b>	Total Value of All Sales (Lifetime) <b>1.04M€ (\$2.63B)</b>
Value of Sales (24 Hours) <b>96.50€ (\$149.11K)</b>	Value of Sales (Week) <b>847.16€ (\$1.34M)</b>	Value of Sales (4 Weeks) <b>4.92K€ (\$8.01M)</b>

Top Punk Owners

All Punk Types and Attributes

#### Largest Sales

See all top sales

<b>1</b>  #5822 8K€ (\$23.7M) Feb 12, 2022	<b>2</b>  #7804 4.2K€ (\$7.57M) Mar 11, 2021	<b>3</b>  #3100 4.2K€ (\$7.58M) Mar 11, 2021	<b>4</b>  #2324 3.3K€ (\$4.45M) Sep 28, 2022	<b>5</b>  #4156 2.69K€ (\$3.31M) Jul 15, 2022	<b>6</b>  #5577 2.5K€ (\$7.7M) Feb 09, 2022
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**“... the emergence of a market for something that hasn’t been possible to value before: emotion”  
(Noelle Acheson, 2021)**

In the cultural capitalist market, where the symbols and utilities of culture are traded, the cultural satisfaction and halo effect of the purchased product is worth the money, rather than its functionality. P2E(play to earn) subscription economies, where users are told that they can even make money just by continuing to consume content recommended by companies, are becoming the new trend in cultural content trading. There have been attempts to burn physical artwork and mint the NFT of it as the only original. They say it drives up the price of artworks<sup>6)</sup>. The remark by a technology journalist referring to NFT trading is also a good snapshot of the cultural DMZ ; It is the emergence of a market for something that hasn’t been possible to value before: emotion. (Noelle Acheson, 2021)<sup>7)</sup>

Furthermore, the boom of the fandom economy demonstrates that such de-monetization of cultural value trading is becoming a new trend of capitalism. The K-pop industry is a typical example of a successful fandom economy. The fans who buy random photo cards are buying the non-monetary value of closeness to their idols, not the tangible utility of the cards. These fandoms don't just consume their idol's content, they also create stronger bonds with campaigns that act on shared values, such as taking action against climate change. That sense of belonging, in turn, is the revenue base for K-pop from an industrial perspective. Fandom forms an independent economic system where loyalty and belonging are reinforced by trading the value of culture in a demonetized way. So, now we need a new cultural economics that understands the trading of what's not priced and what's invisible.

6) Banksy Work Physically Burned and Digitized as NFT in Art-World First (Jamie Crawley, COIN DESK, 2021.3.4 )

7) Crypto Long & Short: What NFT 'Markets for Emotion' Say About Tech Business Models (Noelle Acheson, CoinDesk, 2021.5.15.)

## 6. Cross-Cultural Perspective for Cultural Policy ; from West to East

化

(change)

文治教化<sup>8)</sup>

萬物將自化<sup>9)</sup>

待化以成<sup>10)</sup>

### Theory of Change



『Measuring the Social Dimension of Culture(MESOC)  
: Hand Book』 (Transit Projectes, EU, 2023)<sup>11)</sup>

- 8) wén zhì jiào huà : to govern and educate people with culture so to bring about their change instead of with military power
- 9) wàn wù jiāng zì huà : all things are going to change themselves voluntarily in the end (excerpt from 道德經(Tao Te Ching))
- 10) dài huà yǐ chéng : It is achieved through waiting for voluntary changes in human beings(excerpt from 孔子家語(Kǒng zǐ jiā yǔ))
- 11) 『Measuring the Social Dimension of Culture(MESOC) : Hand Book』 (EU, 2023)

In policy research, it is easy to perceive positivist research, which is measured and expressed in numbers, as more objective and scientific. However, there are things in the world that are invisible but still very important. In the name of objectivity, positivism usually adopts quantitative metrics that remove "values" that are ambiguous and reflect the subjectivity of the measurement. Hae-Bo Kim & Won Ho Jang(2020) argue that objectively accurate measurement is not only impossible to carry out but also such meaningless indicators are pointless for cultural policy.<sup>12)</sup> We need to turn to the Eastern perspective, which recognizes the tangible action of the intangible as more important. Even more important is the view that all changes happen naturally through the interaction among things. Policies based on positivism require quantitative data to prove whether they delivered the expected practical value. Not only does it prevent us from accurately communicating the intrinsic value of the culture, but it also runs the risk of becoming an inappropriate and meaningless numbers game to see if we changed the world with such policies. Even more dangerous than an inaccurate understanding of the world is "world-changing-policy", a belief that government policies can change the world entirely. Positivist-minded policymakers expect "causal" change to be implemented and measured like in the "closed system" of a laboratory, which is impossible in the "open system" of society. If the intended change, which would be interpreted as the outcome of a policy intervention, is not measured, statistical manipulation is not uncommon: this is the worst possible outcome of the combination of positivist research, world-changing-policy politics, and performance-based administration. Fortunately, the European Union's 2023 publication 『Measuring the Social Dimension of Culture (MESOC) : Hand Book』 applies a "Theory of Change" similar to the Eastern worldview. It clearly recognizes the limitation that social change always occurs even without policy intervention, so it cannot be claimed that policy caused that change, but rather focuses more on the interpretation of "contextual factors" that cause wider impacts.

- 12) "Preliminary Study on Introducing Critical Realism As a Research Methodology to Increase Communicative Capability of the Cultural Policies" (Hae-Bo Kim&Won Ho Jang , The Journal of Cultural Policy, vol 34(2), 2020, Korea Culture & Tourism Institute)

## 7. 奇正相生(qí zhèng xiāng shēng)

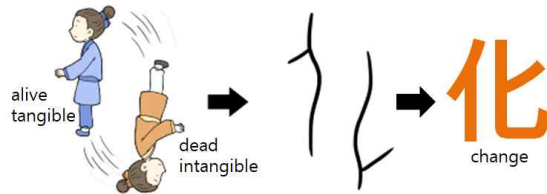
### to grasp the Intangible

戰勢不過奇正

奇勢之變 不可勝窮也

## 奇正相生(qí zhèng xiāng shēng)

如循環之無端 孰能窮之哉 (孫子兵法 5篇 “兵勢”)<sup>13)</sup>



<Etymology of 化 with tangential circulation of 奇正(QíZhèng)>

13) On the battlefield, the state of a warrior is nothing more than qi and zhèng, but the changes in qi and zhèng are not fully understood. The coexistence of qi and zhèng is like the endlessness of a round ring; who can comprehend it all?" (Excerpt from 孫子兵法(Sun Tzu's Art of War"))

Perhaps the most fundamental cross-cultural collaboration is to occur when we share or complement each other's perspectives. To compensate for the limitations of positivism, which emphasizes only the rational and visible, I suggest applying an Eastern perspective such as "奇正" (qí zhèng) and "一切有心造"(yīqiè wéixīn zào) those emphasize the importance of emotion and the invisible. "奇正"(qí zhèng) idea of 『Sun Tzu's Art of War』 emphasizes the importance of the intangible to win the war. It says, "All battles are fought with zhèng and won with qí," emphasizing the importance of qí over zhèng. When we talk about simple fighting tactics, we tend to think of "zhèng" as formal techniques and "qí" as unorthodox offensive techniques such as surprise warfare. However, it should be understood in a broader sense. The tangible corresponding to the tangible is called "zhèng," and the intangible subduing the tangible is understood as "qí."

In fact, there is no paragraph in 『Sun Tzu's Art of War』 dedicated to the concept of qí zhèng. But much like the yin-yang theory of understanding change in nature, recognizing the common action of qi, or the intangible, as well as zhèng, or the tangible, in any action was deeply embedded in East Asian perception. Taken together, these Eastern perspectives can help us better understand the changes in human emotions, cultures, and societies that result from the interaction and circulation of qí and zhèng, intangible and tangible. In the Art of War, Sun Tzu said that 奇正相生(qí zhèng xiāng shēng), or "the coexistence of qí and zhèng" is like the endlessness of a round ring. This also describes the reverse causal relationship between the part and the whole, the individual and society, and the cyclical interaction between the intangible and the tangible. This 奇正相生(qí zhèng xiāng shēng) is applied to understand the extraordinary tradings in the DMZ of Culture compared to the ordinary trading by the currency on the rational marketplace.

## 8. 一切唯心造(Yīqiè wéixīn zào)

### for the Affective Economy

**All things are created by the mind!**

**But, Which Mind?**

**Emotional trading going by the Affection**

**vs.**

**Rational trading going by the Price**

**마음, 心, 情, Mind?**

The tendency for the East to emphasize the mind is represented by the Buddhist phrase "一切有心造(Yīqiè wéixīn zào).<sup>14)</sup> It means "all things are created by the mind". Applying this Eastern perspective can help us better understand the Affective economy. But it's also important to understand that the way the minds is viewed is also different in the East and West, and that makes an important difference in measuring the performance of policies. While the West recognizes the existence of the absolute and values the human ration that embodies it universally, the East is more concerned with the emotional limitations of the individual, which change from moment to moment. And "Ānnín (well-being : 安寧)", which is a state of being comfortable and satisfied, is also considered as an important component of a good life as well as "happiness". Transactions in the marketplace can be made at rational prices, reflecting moments of universal rationality, but they can also be made on the whim of individual emotions, or affection, which change from moment to moment. Cultural economics needs to understand the latter in particular.

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14) excerpt from 華嚴經(Huayan Jing or Avatamsaka Sutra)

## 9. 安寧(Ānnín) vs. Happiness

안녕(安寧)하세요?

vs.

Are you happy?

'Why are East Asians Unhappy?'<sup>15)</sup>

### World Rankings (Economy vs. Happiness)

	GDP rank	HAPP rank	Diff
• Surprisingly Unhappy			
• Hong Kong	12	72	-60
• China	92	134	-42
• Korea	32	67	-35
• Japan	18	36	-18
• Singapore	22	38	-16
• Surprisingly Happy			
• Venezuela	90	16	+74
• Costa Rica	62	24	+38
• Brazil	66	31	+35
• Mexico	62	35	+27
• Colombia	79	52	+24

<source : Eunkook Seo(2018)>

Whether it is economic or practical, the outcome of the implemented cultural values is the improved quality of life or happiness of its citizens. However perceptions of happiness and quality of life differ between the East and the West. The United Nations(UN) publishes the "World Happiness Report" annually to gauge how happy people on Earth are, and to help guide the global community's efforts to live better. However, it is very difficult for humans to universally agree on what it means to live well. Generally speaking, the elements of a good life are "happiness," which is a set of positive emotions; "satisfaction" with life, which is an emotion that arises from the perceived difference between expectations and reality; and "well-being," which is a state of peacefulness and lack of agitation. These are actually slightly different goals. If you're pursuing one or the other for a good life, your happiness metrics will need to be different in each case. When Korean students were asked to fill out domestic and international questionnaires measuring happiness, the results showed differences between Korean and American conceptions of happiness. This study has shown that the Korean concept of happiness is more relational, with family relationships appearing as a factor that does not exist in the American concept of happiness.(Yoo, Na-young, et al., 2015<sup>16)</sup> The problem with the language of happiness questionnaires is not just a matter of ensuring the universality of quantification, such as the construction of proper scales. It is the difference in the idea of what it means to live well that determines whether to ask "Are you happy?" or "Are you well?". Situations in which cultural values are expressed and lead to feelings of "Happiness" are more likely to be attributed to enjoyable performances, sightseeing, or nightlife, while situations in which life "Satisfaction" and feelings of "Well-being" are more likely to be attributed to discovering authentic relationships or engaging in humanistic inquiry to interpret the world. Now, if you want to provide a better life for your citizens through a cultural project, the choice of which emotions to target and which methods to use will depend on the cultural context.

15) "Why Are East Asians Unhappy?" (Eunkook Seo, 2018, International Conference on Community Happiness and Quality of Life, Seoul Institute)

16) "An Exploratory Study on the Concept of Happiness in Korean Undergraduate Students" (Yoo, Na-young, et al., 2015, Korean National Culture)

## 10. 經世濟民(jīng shì jì mǐn)

### vs. Economy(oiko nomos)

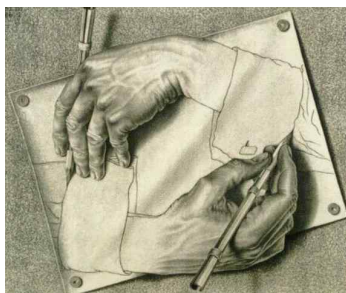
#### <Eastern and Western perspectives of Economy>

	Economy	經濟(Jīngjì)
Etymology of words	oiko nomos (οικονόμος)	經世濟民 (Jīngshì-jì mǐn)
Subjects Considered	Household	State to Individual
Perspectives	To manage resources efficiently	To ensure decent and comfortable life

修身齊家治國平天下<sup>17)</sup>

vs.

public or private



An illustration of the reciprocal relationship that creates each other.

"Drawing Hands"  
by M.C. Escher

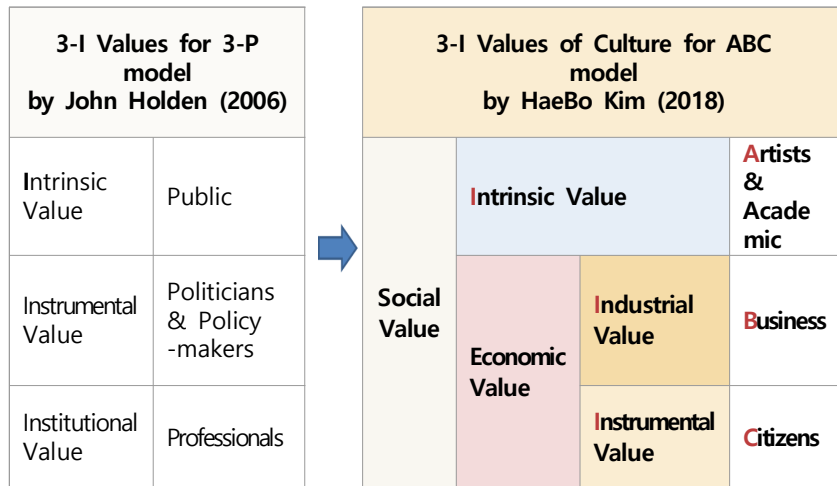
17) xiū shēn qí jiā zhì guó píng tiān xià : Cultivate oneself, regulate the family, govern the country, and bring peace to the world.

Even when discussing the "economic" effects of culture, it's important to note the difference between Western and Eastern perspectives, starting with the etymology of the word "economy". In the era of demonetized cultural value transactions, it's important to understand this distinction to better understand what we can call "demonetized profits" or "non-profit profits". The fact that the Western word "economy" comes from the Greek word "oiko nomos" (οικονόμος), which means "household + who manages," suggests a private approach at the household level. The meaning of "thrifty, wise" in the English word "economic" is derived from the root meaning of "to allocate, distribute, and manage resources well." On the other hand, the word for economy "經濟(Jīngjì)" used by East Asian countries is an abbreviation of "經世濟民(jīng shì jì mǐn)" which originally meant "to govern the world and make life easier for the people." Compared to "Economy," which focused on the household level, "經世濟民(jīng shì jì mǐn)" takes into account the state level, showing a more public aspect, and a broader perspective that considers not just goods or money, but how to maintain social order and how to live well in the lives of people in general.

Here it should be recognized that the distinction between public and private in the East and West is different. When we emphasize the "social value" of culture, we do so with the notion that it is more public than the private enjoyment of cultural values by individuals that extends to communities and social units. However, as we can see from the most representative motto of the Confucius scholars, "修身齊家治國平天下" (xiū shēn qí jiā zhì guó píng tiān xià), the private was originally perceived in the East as in a relationship to be embodied in the public through individual moral cultivation, rather than as something to be strictly distinguished from the public and managed. When we move beyond "Economy" to "經世濟民(jīng shì jì mǐn)" from the perspective that individuals and society, private and public, are connected in a mutually generative relationship that creates each other, we can apply a perspective that includes "instrumental value" that has indirect and long-term impacts and potential values, rather than "industrial value" that naturally focuses on price and profit. The social is the economic, and the economic is the social.

## 11. 3-I Values of Culture for ABC

### <Framework proposals for the Value of culture>



Before we start to measure something, we need to set up a framework for understanding its value components. Numerous studies have attempted to create a framework to describe the value of culture as shown in 『Understanding the Value and Impacts of Cultural Experiences - A literature review』 (John D. Carnwath-Alan S. Brown, ACE, 2014), but no consensus has been reached. This is because we have different meanings and different boundaries for words, and most importantly, different ways of understanding the world. Even the existence and meaning of the word "society" varies across cultures. Hae-Bo Kim(2008)<sup>18)</sup> argued that in order to find ways for value-oriented innovation, it is necessary to understand the value elements of culture and their transactions first, and proposed a new cognitive framework for the value and transaction methods of public cultural services. I have proposed the "3-I Values of Culture for ABC model" by modifying the "3-I Values for 3-P model" by John Holden(2006)<sup>19)</sup>. In my model, the "Economic Value" includes indirect and long-term "Instrumental Values" in addition to immediate money-making "Industrial Value". "Social Value" is recognized as the most extensive, including Economic Value in a broad sense and "Intrinsic Value" of culture and arts.

18) "Values-Centered Innovation : Proposal for a Recognitive Frame for Value and Trading Method of Public Cultural Service - Focus on Public Innovation of Local Cultural Foundations" (Hae-Bo Kim, The Journal of Cultural Policy, vol 19, 2008, Korea Culture & Tourism Institute)

19) 『Cultural Value and the Crisis of Legitimacy』 (John Holden, DEMOS, 2006)



**<Value Components of 3-I  
and the Change in their Importance>**

Values of Culture			Value components of culture and the change in their importance	
			What used to matter more The Tangible ~ 正(Zhèng)	Newly emphasized components The Intangible ~ 奇(Qí)
Social Value	Intrinsic Value		Image	Story
	Economic Value	Industrial Value	Cash	Credit
		Instrumental Value	Development	Sustainability

Hae-Bo Kim(2008) simplified the details of the 3-I value elements that culture and arts can provide us with <image and story>, <cash and credit>, and <development and stability>, respectively. I analyzed the phenomenon that our viewpoint has changed from emphasizing the tangible (visible and explicit) elements to emphasizing the intangible (invisible and indeterminate) elements with the development of technology.

If we apply the concept of 奇正(QíZhèng) to this, we can understand something tangible, that is conventional and already established, as Zhèng, and something intangible, that is not yet grasped and uncertain, as Qí. However, Qí and Zhèng are not fixed statuses, but change according to circumstances. When Qí becomes established and universal over time, it is actually perceived as orthodoxy or Zhèng. Its status changes as a result of advances in technology, people's perceptions, and the institutionalization that reflects them.

## 12. New Economics for the Emotional Economy within DMZ of Culture

### We put

**Y** ≡ Cash (or tangible token) paid

**X** ≡ Credit paid

**T** ≡ Time paid

**P** ≡ Total Tokens paid

= {Tangible tokens, Intangible tokens}

= Y + X + T

**V** ≡ Total Values gained

= {Intrinsic value, Industrial value, Instrumental value}

= {Image, Story, Cash, Credit, Development, Sustainability}

### When the trade is sealed

**V(t) = P(t)**

= Y(t) + X(t) + T(t)<sup>20)</sup>

20) There are other unnecessarily wasted overhead costs in real cultural service transactions. Kim (2008) includes them as  $\alpha$  and analyzes them as "V = P = Y + X + T +  $\alpha$ ", but we omit them for simplicity.

To acquire the tangible or intangible values of a culture, we pay intangible tokens like credit and time as well as tangible tokens like cash. The acquired values of culture include images, stories, cash, credit, development, and sustainability in the forms of physical goods or services, or in cultural symbol. For example, we pay not only money to buy a book at a bookstore, but we also pay a portion of the book price with discount coupons or miles we receive when we sign up for a membership. We don't pay cash to enjoy cultural life by attending a free street art festival in Seoul, but when we take the time to do so and get a reasonable level of satisfaction, we show our trust in the organizers of the event and our support for the city's cultural policies or the mayor of Seoul who authorized it. Or we provide our personal information and sign up to be a member of the city's cultural information service.

Just like the 3-I of values, those are "Tangible" and "Intangible," the payment token that closes the transaction can also be categorized into tangible and intangible tokens. Tangible tokens include Cash( $\rightarrow$ Y), while intangible tokens include Credit( $\rightarrow$ X) and Time( $\rightarrow$ T). In the past, the intangible credit token was a non-monetary token such as a word of appreciation or a "letter of credit" that was used as the basis for facilitating a transaction. Nowadays, it's more common for a formal payment of a certain amount of Credit token(X(o)) to reduce a Cash payment (Y(o)). Examples include offering a price reduction in exchange for a new membership, reducing the installment price of electronics based on a promise to spend a certain amount on a card in the future, or substituting accumulated loyalty miles for a portion of a cash payment. When a trade is completed, the total amount of tokens paid must equal the value elements acquired by the trade participants to be recognized as a fair trade. Participants determine the amount of tokens to pay based on their values, using the market price as a reference.

**for the simplicity, T is included in X(~intangible token)**

**and put**

$$V(o) = X(o) + Y(o)$$

$$V(t) = X(t) + Y(t)$$

(total amount of value purchased with  
credit(intangible) tokens and cash(tangible) tokens)

**put**

$$a = a(t)$$

$$\equiv X(t') / X(t)$$

(Emotional factor that drive the valuation of the amount  
of tokens paid out immediately after a transaction at t.)

**while  $Y(t') \cong Y(t) \cong Y(o)$**

(as the token system is established and the valuation  
on it is stable)

$$X(t') = aX(t)$$

(the subjectively assessed amount of paid token  
fluctuates right after t(~t'))

**if seen being rational**

(going by the established price in the conventional market)

$$a(t') = a(t) = 1$$

(it means the stable mind(恒心) on rational market)

**if seen being emotional**

(in the DMZ going by the fluctuating Affection)

$$a(t') \neq a(t) \neq 1$$

**(it means unstable mind in DMZ of Culture)**

Let's apply an Eastern perspective here and bring the mind into the equation.

The tangible token Y(t), which reflects the price in cash that reflects the rationality of general people, changes very little and is relatively "stable". The intangible token X(t), on the other hand, is very unstable because the subjective assessment of the amount of the token paid (X(t)) varies constantly making a difference from the actual amount, reflecting the emotions of satisfaction, pride, dissatisfaction, or regret about the transaction at time t. The rational mind, or "general mind", which reflects the average value of the minds of many people in the market, should have  $a = 1$ . In other words, if you have the same mindset going into a market transaction, your assessment of the amount of tokens paid shouldn't change before or after the transaction closes. This is similar to the Eastern concept of "constant mind(恒心)". However, in practice, especially in transactions that take place in cultural DMZs,  $a(t') \neq a(t) \neq 1$ , and  $a(t)$  is very unstable.

if we define

$S(t) \equiv$  Satisfaction with the result of trade at  $t$

$D(t) \equiv$  Dissatisfaction with the result of trade at  $t$

$S(t) \neq a(t)$

(Fluctuating affection may result in some Happiness, but does not mean the Satisfaction.)

or

$S(t) \neq V(t)$

(Total value gained by the trading does not assure the Satisfaction.)

but

$S(t) = \Delta X(t)$

(subjective gain of paid intangible token at the trade of  $t$ , with  $Y(t) \cong Y(o)$ )

We calculate the satisfaction gained from this transaction as  $S(t)$  and the dissatisfaction as  $D(t)$ . The mental satisfaction that results from a transaction is not determined by the total amount of the value gained or the emotions that arise immediately after the transaction. Rather, satisfaction is the difference in perceived reality compared to what was initially expected.

For example, if you actually paid 100 tokens in a transaction that just took place, but based on your emotions immediately after the transaction, you assess that the appropriate amount of tokens that should have been paid was 110, your satisfaction is the difference, or the gain of 10 tokens (= 110 tokens - 100 tokens). Conversely, if you feel bad about the outcome of the transaction and think "I could have paid 90 tokens...", your dissatisfaction is 10 tokens. This gain or loss is largely determined by a subjective assessment of the appropriate amount of intangible tokens. This is because the subjective assessment of how much intangible tokens to pay for, which is not the same as the assessment of how much tangible tokens, which have a relatively stable price, fluctuates based on emotions. This is how our emotion affects the result of the transaction.

**S(t) = ΔX(t)** (subjective gain of paid intangible token at the trade of t, with  $Y(t) \cong Y(o)$ )

$$= X(t') - X(t) \text{ (with } a > 1 \text{)}$$

$$= (1 - 1/a)X(t')$$

$$\approx (1 - 1/a)(V(o) - Y(o))$$

$$\approx (1 - 1/a)X(o)$$

$$(\therefore) V(t') = X(t') + Y(t')$$

$$X(t') = V(t') - Y(t')$$

$$\approx V(o) - Y(o)$$

(if we assume relatively stable V and Y)

if  $a(t) \rightarrow \infty$ , **S(t) ~ X(o)**

(Satisfaction converges to X(o))

**D(t) = ΔX(t)** (subjective loss of paid credit token at the trade of t, with  $Y(t) \cong Y(o)$ )

$$= X(t) - X(t') \text{ (with } a < 1 \text{)}$$

$$= (1/a - 1)X(t')$$

$$\approx (1/a - 1)(V(o) - Y(o))$$

$$\approx (1/a - 1)X(o)$$

if  $a(t) \rightarrow 0$ , **D(t) → ∞**

(Dissatisfaction diverges to ∞ and the system collapses)

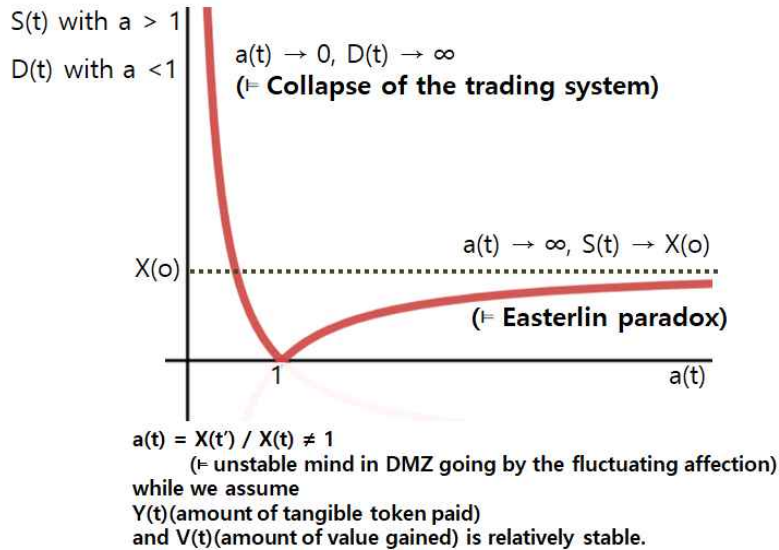
If  $Y(t) \cong Y(o)$ , i.e. the value of the tangible token is stable, then the satisfaction gained from trading the value of culture in a market becomes

$$S(t) = \Delta X(t) \approx (1 - 1/a)X(o).$$

Conversely, if we calculate the dissatisfaction from this trade, we get

$$D(t) = \Delta X(t) \approx (1/a - 1)X(o).$$

### 13. The Satisfaction-Dissatisfaction Curve



If we graph the formula, we get a bird's beak-shaped curve that bends around  $a = 1$ , as shown here. As  $a(t)$  goes to infinity ( $\infty$ ),  $S(t)$ , or satisfaction, converges to  $X(o)$ .

On the other hand, as  $a(t)$  less than 1 goes to zero,  $D(t)$ , or dissatisfaction, diverges to infinity ( $\infty$ ).

We can call this the "Satisfaction-Dissatisfaction Curve in Demonetized Transactions".

Since  $X(o) = V(o) - Y(o)$ , this is the sum of the value gained if no cash was paid and 100% of the transaction was paid in intangible credit tokens.  $a(t)$  can grow to infinity because it is subject to fluctuating emotions, but  $S(t)$ , or the satisfaction gained from the transaction, will never exceed the original value  $V(o)$  and will stop to increase as  $a(t)$  grows to the infinity. This is analogous to the phenomenon of taking a drug and having your mood swings go to infinity, but the satisfaction you get from it doesn't keep increasing.

## 14. Its implications for Public innovation & Easterlin paradox

### A new Cultural Economics

to understand the mechanisms  
of the "Emotional Economy" in the DMZ of Culture

### Implication for the public service innovation

$X \mapsto T$

(It shows how the satisfaction with paid T changes)



### "Easterlin paradox" may be explained

安寧(well-being) should be considered as well as Happiness

$S(t)$  increases more efficiently when  $a(t) \sim 1$

This analysis helps us better understand how the cultural economy works in a capitalist market that is evolving from "Cultural capitalism" to "Cognitive capitalism". Symbolic consumption of goods, emotions, and satisfaction are becoming more important factors in determining transactions and prices than in the previous era of commodity capitalism. Therefore, the "Satisfaction-Dissatisfaction curve" derived from this analysis can be called new cultural economics that understands the mechanism of the "Emotional Economy" in the so-called DMZ of culture.

The above analysis is a simplified analysis of intangible and tangible tokens with Credit and Cash. But substituting Time as an intangible token can also help us understand how much time we can take from our citizens in line for a free event. This can also be used to design public service innovations.

This graph also illustrates the "Easterlin paradox," where the increase in happiness that comes with an increase in income stops growing after a certain point and plateaus. It can also be used to interpret the implications of the difference between Western and Eastern views of "happiness" and "well-being". Eastern people are more likely to prefer a state where the emotional change  $a(t)$  is close to 1 and does not change much while  $S(t)$  increases rapidly. This suggests that if "well-being(安寧)" is as important and efficient as the quality of life as "happiness", then not only effects such as entertainment, pleasure, and economic growth, but also effects such as cultivation, inner fulfillment, and social stability should be measured as important social values.



## 15. Forward Cultural 經世濟民(jīng shì jì mǐn) beyond Cultural Economy

**Cultural Economy ~ 文化 經濟**

∈ **Cultural 經世濟民(jīng shì jì mǐn)**

**Measuring Culture  
with a broader perspective**

**Setting up New Rules  
for fair distribution of De-monetized Profits**

Based on this new cultural economics, it is necessary to understand and measure the economic value of culture more broadly. In other words, the "cultural economy"(文化經濟) should not only mean "making money from culture" and "efficiently using cultural resources". The social value of culture, including the utilitarian value of culture and the intrinsic value of culture, understood from a long-term perspective, is the broader "經世濟民(jīng shì jì mǐn)" value. In order to realize the meaning of "cultural 經世濟民(jīng shì jì mǐn)" that enables people to enjoy a culturally good life, the morals and rules of economic transactions at a level consistent with cultural values are also necessary. We need new rules of the game that fairly distribute not only the traditional profit generated by cultural transactions, but also the "De-monetized profit".

I believe this "Emotional economics" can be useful in interpreting the implications of France's enactment of a "taxe sur les services numériques" (digital services tax), also known as the "GAFA(Google, Amazon, Facebook, Apple) Tax", in July 2019, and the EU's AI Act, which first came into force in June 2023, which emphasizes a "ban on emotion-recognizing AI"<sup>21)</sup>, not only technologically and culturally, but also from an economic perspective.

Appropriate regulatory mechanisms should be developed to ensure that the cultural DMZs created by big tech companies are not abused as platforms for emotional exploitation. However the regulation should not prevent them from being used as platforms for innovative cultural value transactions. Rules for fair distribution of "profits" from cultural transactions, which are common assets of society, should be created to return them to human society. Then the claimed "non-profit" purpose could be fulfilled. In addition, the originally proposed cultural DMZ model in the public domain should be established to support the activities of cultural companies. (sea@sfac.or.kr)

<sup>21)</sup> EU AI Act: first regulation on artificial intelligence (News, European Parliament, 2023.6.14.)