

Feeling Economy: How AI Redefines Resource Allocation in China

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Abstract

Artificial intelligence is transforming the economy from the Thinking Economy era to the Feeling Economy era, which means AI takes over cognitive tasks and emotional values that are unique to humans become more valuable than ever. This essay discussed several key issues emerging with these transformations, including macroeconomic challenges such as unemployment, income inequality, and immobility of capital, as well as microeconomic impacts such as changes in consumer markets, industries, and the nature of work. To address these issues, this paper provides two solutions based on economic models and careful research. The first one is re-education of the unemployed financed by issuing new government bonds, with participants paying back money after they find new jobs. The research used the current financial situation of China to prove the feasibility of this solution, evaluated its benefits on different stakeholders, and pointed out its potential drawbacks. Using a linear regression model, the second proposed solution is to encourage human collaboration with AI for corporations, offering suggestions on the human-AI collaboration level based on corporate sizes and the optimal input combination ratio. The paper concludes that by combining these two solutions, they can work collaboratively and promote a smooth transition to the feeling economy era, reducing inequality, mitigating short-term disruptions, and fostering long-term resilience of the economy.

Keywords: artificial intelligence; economic transformation; feeling economy; human-AI collaboration; income inequality