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THE ECONOMICS OF HAPPINESS IN THE AGE OF ARTIFICIAL INTELLIGENCE: CHALLENGES AND OPPORTUNITIES

Abstract. This study examines the impact of artificial intelligence (AI) on the economics of happiness, which is defined as an interdisciplinary approach to assessing human well-being, taking into account not only material but also non-material factors. The key aspects of AI's influence on happiness—economic, social, and psychological—are analyzed. Particular attention is given to the potential of AI technologies in enhancing productivity, advancing personalized education, improving healthcare services, and automating routine tasks. At the same time, the study considers challenges related to the unequal distribution of AI benefits, job displacement risks due to automation, and the impact of digital technologies on social interactions. The paper emphasizes that the effective integration of AI into the economics of happiness requires a balanced approach focused on improving quality of life rather than solely on economic growth. The conclusions highlight the importance of regulation and the strategic implementation of AI technologies to ensure overall societal well-being.

Keywords: economics of happiness, artificial intelligence, well-being, automation, social impact, digital technologies.

AI has the potential to be a powerful tool for reducing stress and improving quality of life. However, to ensure that AI contributes to increasing happiness, its development must be guided by a balanced approach that prioritizes human well-being alongside technological progress. The economics of happiness in the age of AI requires a harmonious balance between technological capabilities and human values to ensure growth that makes people genuinely happier. The economics of happiness explores how material and non-material factors influence human well-being. Unlike traditional economic indicators like GDP, it considers subjective well-being, social connections, and health (Easterlin, 1974; Layard, 2005). Research confirms that beyond a certain income level, happiness depends more on non-material aspects than financial prosperity (Kahneman & Deaton, 2010). Artificial intelligence (AI) is reshaping modern perceptions of well-being by boosting productivity and living standards (Brynjolfsson & McAfee, 2014; Schwab, 2016). However, automation poses challenges such as job displacement and growing social inequality (Frey & Osborne, 2017; Manyika et al., 2017). Despite these risks, AI enhances personalized education, healthcare, and social welfare, contributing to overall well-being (Luckin, 2018; Topol, 2019). The social and psychological impact of AI is evident in digital assistants, adaptive learning, and "emotional AI," which helps mitigate loneliness (Parviainen et al., 2021; Esteva et al., 2019). However, over-reliance on technology remains a concern, as excessive dependence on AI companions may reduce real-life social

interactions (Smith & Anderson, 2018; West, 2018). To ensure AI contributes to increasing happiness, its implementation must be balanced and focused on improving quality of life rather than solely driving economic growth (Bostrom, 2014; Danaher, 2019). Future policy decisions should integrate economic and ethical considerations to maximize AI's benefits while minimizing its risks (World Economic Forum, 2023).

The economics of happiness is a field of economic research that focuses on how material and social factors influence well-being and the subjective perception of happiness. Unlike traditional economics, which primarily measures success through GDP and income, the economics of happiness offers a broader set of indicators. Key measures include subjective well-being (self-reported life satisfaction), indices such as the World Happiness Index or Gross National Happiness, as well as health, social connections, and environmental factors. Research shows that once a basic level of material well-being is achieved, further income growth has a diminishing impact on happiness—this phenomenon is known as the Easterlin paradox. Instead, the quality of human relationships, health, and sense of purpose play a more significant role: happiness appears to be less linked to income levels and more to social interactions and non-material factors.

Artificial intelligence (AI) is rapidly transforming traditional concepts of well-being and quality of life. Previous economic models assumed that technological progress would automatically enhance well-being through increased productivity and income. Indeed, AI-driven innovations have already become a key driver of economic growth, improving labor productivity, per capita income, and overall living standards. At the same time, widespread digitalization raises new questions: does economic growth facilitated by AI guarantee an increase in subjective happiness? How does automation affect feelings of security and self-fulfillment? Experts offer mixed forecasts regarding the impact of the digital era on human well-being. On the one hand, many believe that digital technologies expand human potential and will generally bring more benefits than harm to quality of life. On the other hand, about a third of surveyed experts express concerns that “digitalization” may negatively impact mental health and happiness. Thus, there is a need to explore how AI development affects the economics of happiness—both positively and negatively—across different aspects.

The development of artificial intelligence has a multifaceted impact on various components of well-being—economic, social, and psychological. Let's examine each of these aspects separately.

In the economic sphere, AI's impact manifests through automation and changes in the labor market, employment structures, and access to resources. AI implementation in industry and services increases production efficiency and may lower the cost of goods and services, theoretically improving consumers' material well-being. Analysts estimate that AI adoption could boost global GDP by trillions of dollars and accelerate economic growth. However, the flip side of automation is job displacement: algorithms and robots are taking over not only routine but also highly skilled tasks. Some projections suggest that AI could displace up to 300 million jobs worldwide by 2030.

Job loss negatively affects subjective well-being, as employment provides not only income but also social interactions and a sense of purpose. Researchers note that work offers not just material benefits (which can theoretically be compensated, for example, by universal basic income) but also psychological ones—self-esteem, life purpose—which are much harder to replace. In the short term, automation may lead to rising unemployment

and anxiety about the future, reducing happiness levels. In the long term, new employment sectors related to AI may emerge, but this requires large-scale worker retraining and adaptation of educational systems. Thus, AI's economic impact on happiness is dual: on the one hand, AI technologies enhance productivity and societal well-being, while on the other, they create challenges for employment and the fair distribution of material benefits.

Artificial intelligence is radically transforming key sectors such as education, healthcare, and social welfare—areas that directly shape quality of life and social well-being. In education, AI enables personalized learning: adaptive learning programs adjust to students' needs and pace, improving engagement and academic performance. Research confirms that AI-based adaptive learning technologies enhance students' emotional well-being and academic results. In other words, AI can reduce student stress by providing individualized support and feedback in education.

In healthcare, AI is already demonstrating significant positive effects on people's well-being. Medical AI assists doctors in making faster and more accurate diagnoses, predicting disease risks, and selecting optimal treatment methods. For example, computer vision algorithms have learned to detect cancer signs in scans faster than human doctors, while decision-support systems recommend personalized treatment plans. These advancements directly affect the quality and longevity of life. Innovative AI-driven neurotechnologies offer hope for restoring lost bodily functions—for instance, brain-computer interfaces are beginning to restore speech and movement abilities to paralyzed patients, significantly improving their quality of life. Additionally, wearable devices and mobile applications powered by AI monitor users' health and encourage healthy habits, promoting both physical and mental well-being.

AI also plays a crucial role in social welfare: governments can use algorithms to more effectively distribute social assistance and identify those in need. Experts note that AI can drastically improve the efficiency of public services—from education and healthcare to social protection. For example, in the social sector, AI-driven systems are already used to assess citizens' needs, make decisions on assistance allocation, and monitor aid delivery. If properly configured, such systems reduce bureaucracy and ensure more targeted support, increasing fairness and trust in society. Thus, AI development in the social sphere has the potential to significantly enhance human capital, health, and social security—factors that have the greatest impact on people's happiness.

Artificial intelligence is increasingly integrated into people's daily lives through digital assistants, smart services, and even "emotional AI", directly influencing psychological well-being and emotional comfort. Digital assistants (such as Siri, Alexa, and Google Assistant) take on small routine tasks—from scheduling to smart home management—thereby saving time and reducing user stress. According to research, using an AI-based personal assistant has increased people's sense of productivity and overall life satisfaction due to time savings. In other words, automating daily tasks through AI allows people to accomplish more with less effort and stress, positively impacting happiness levels, especially among busy individuals. These assistants are available 24/7, enhancing feelings of comfort and security.

Moreover, modern personalized AI services can anticipate user needs. For example, streaming platforms and news feeds use recommendation algorithms to curate content tailored to individual preferences, increasing enjoyment of leisure activities. However,

excessive content filtering may reduce diversity of experience and create “filter bubbles”, potentially limiting personal growth.

AI has the potential to be a powerful tool for reducing stress and improving quality of life. However, to ensure that AI contributes to increasing happiness, its development must be guided by a balanced approach that prioritizes human well-being alongside technological progress. The economics of happiness in the age of AI requires a harmonious balance between technological capabilities and human values to ensure growth that makes people genuinely happier.

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