



Policy Horizons
Canada

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Canada

Scenarios for an **AI-ENABLED WORLD**

Report

Canada

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Disclaimer

Policy Horizons Canada (Policy Horizons) is the Government of Canada's centre of excellence in foresight. Our mandate is to empower the Government of Canada with a future-oriented mindset and outlook to strengthen decision making. The futures presented are not guaranteed to occur, however they are plausible. They are neither a forecast nor a commentary on current policies. The content of this document does not necessarily represent the views of the Government of Canada, or participating departments and agencies.

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Foreword

Artificial intelligence (AI) is advancing rapidly, bringing both opportunity and complexity to Canada's future. As its influence deepens across society, economy, and governance, there is a growing need for imaginative and plausible representations of what the future might hold.

This report offers visual artifacts and scenarios not as predictions, but as tools to help policy and decision-makers explore emerging shifts, question assumptions, and better navigate an evolving landscape. It complements forward-looking insights published in [*Foresight on AI: Policy Considerations*](#) and numerous other reflections on AI futures across the Government of Canada.

On behalf of Policy Horizons, I would like to thank the people who generously shared their time, knowledge, and thoughts with us.

We hope this report inspires reflection and proves valuable in shaping forward-looking conversations

Kristel Van der Elst
Director General
Policy Horizons Canada

Introduction

Scenarios for an AI-enabled World aims to support decision makers involved in either AI implementation or policy-setting. Complementing numerous reflections on AI futures across the Government of Canada, it proposes four scenarios about the future of AI:

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AI
everywhere
all at once

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Wired for
connection

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Algorithms in
the shadows

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Automation's
ripples and
riptides

Each scenario highlights areas of change to which decision-makers might want to pay attention. The purpose of this report is to inform and support forward-looking thinking and decision making. It does not provide specific policy guidance and is not meant to predict the future.

This report synthesizes 20 insights published in [Foresight on AI: Policy Considerations](#). As part of this work, Policy Horizons conducted research including a literature review, engaged with government analysts and decision makers, and held extensive conversations with AI experts.

The scenarios in this report explore future possible capabilities of AI, longer-term risks and opportunities, and uncertainties related to policy-relevant assumptions. The scenarios are not predictions or forecasts, they illustrate plausible futures, and preparedness can help seize opportunities and address threats.

While engaging with this report, readers seeking to understand the impacts AI could have on governance, society, and the economy are invited to ask:

- How will future advancements in hardware, software, and interfaces create new opportunities and risks for Canada and its allies?
- Where could AI bring the biggest and most unexpected disruptions to governance, society, and markets?
- What assumptions about AI's future development and deployment may need to be challenged or further explored before they form the basis for decision making?

Scenario 1:

AI everywhere all at once

AI is ubiquitous in public spaces, homes and work. Seamlessly woven into the social tapestry, AI-powered devices and services make everyday life more efficient for citizens and consumers. In this scenario, almost anywhere you go, AI systems are constantly making decisions about you.

AI is seamlessly woven into the tapestry of everyday life

- Societies have rapidly deployed AI across existing infrastructures and personal devices.
- Personal AI agents have become indispensable to how people navigate their worlds.
- People are often unaware of the myriad ways in which AI shapes their daily experiences.
- New kinds of services flourish as AI taps into new sources of data, including data gathered directly from the human mind.
- AI is omnipresent. It is nearly impossible for individuals, businesses, or governments to avoid its influence or scrutiny.

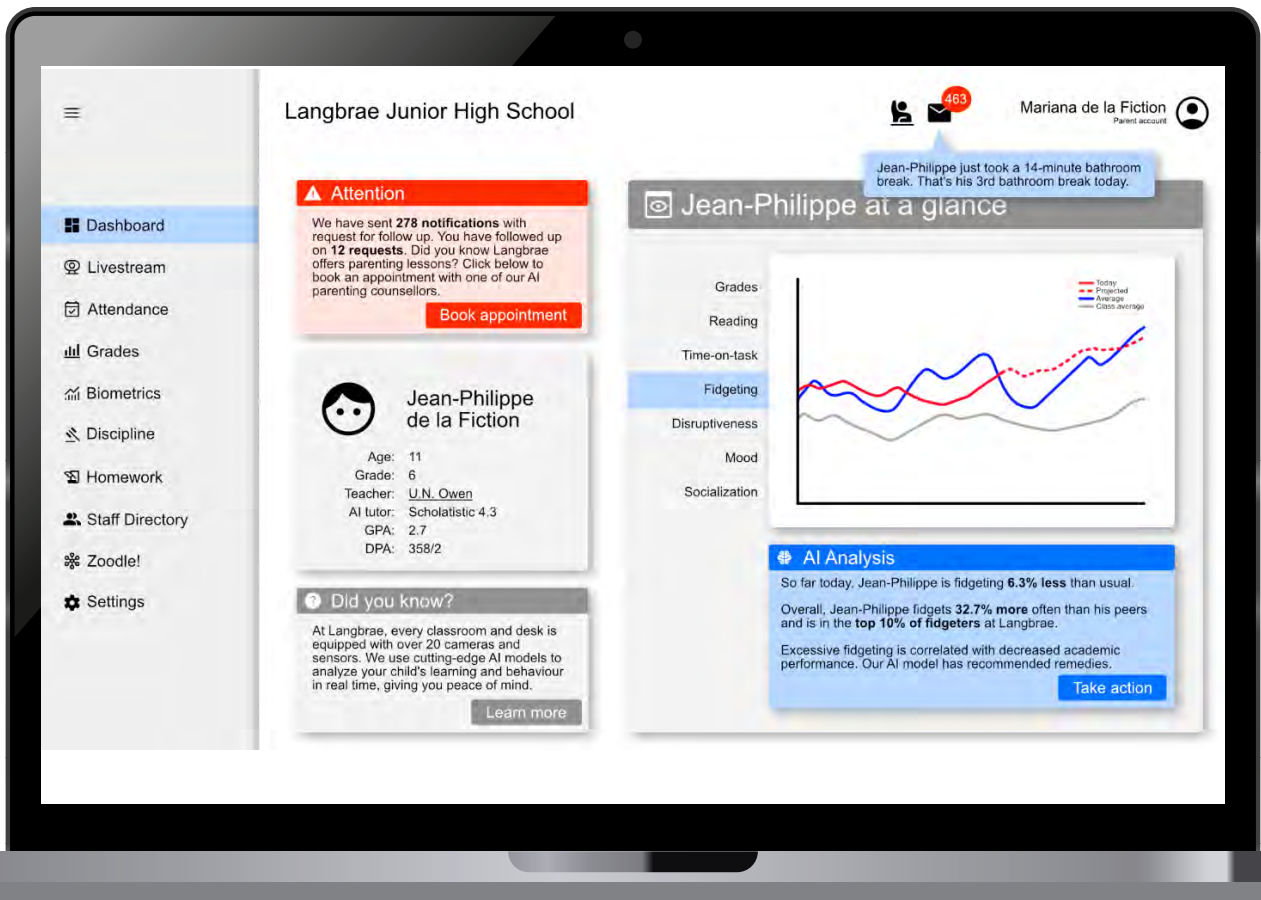
In the flood of data, privacy is often out of reach

- Data fuels the world. Investors and innovators focus on strategies to collect and manage data.
- AI combines online data with data from sensors in everyday environments such as schools, workplaces, cars, and homes.
- Some people still try to insist on the right to decide when, how, and with whom their data is shared. However, many have come to accept the end of privacy.

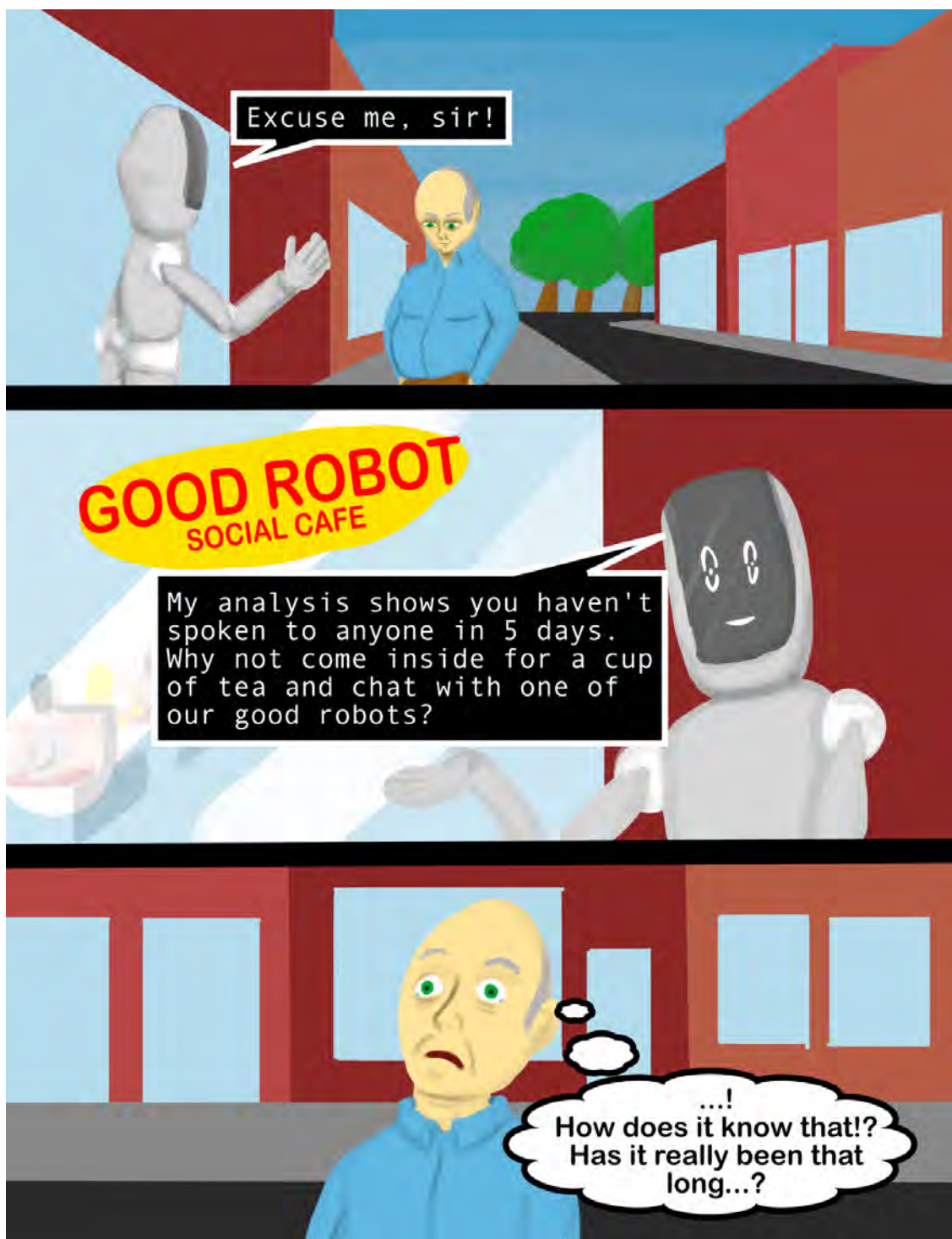
AI strains energy and water supplies

- AI's resource consumption far exceeds expectations, straining energy grids and impacting ecosystems and the climate.
- Canada's relatively cool climate and access to clean energy attracts a wave of investment in data centres.

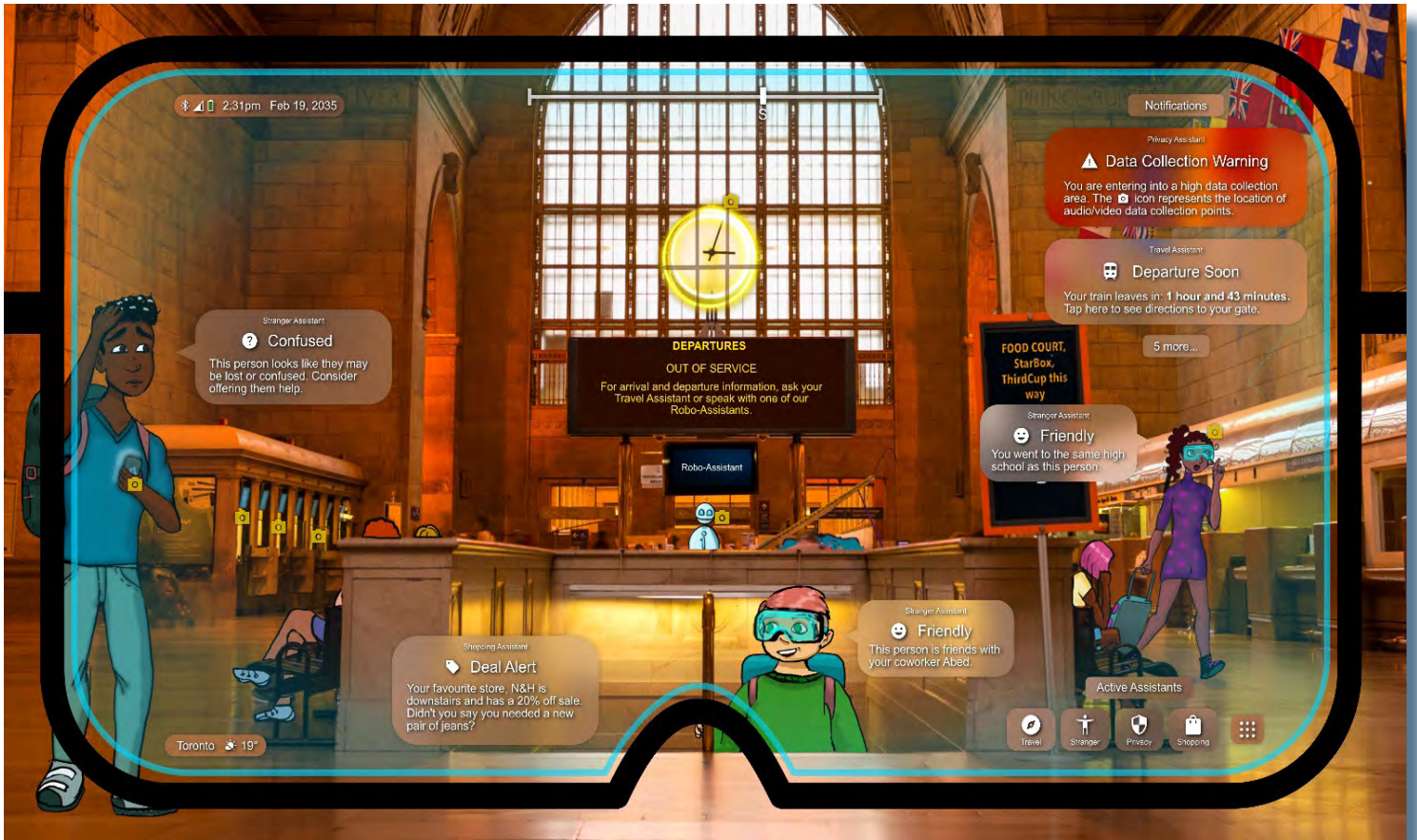
What if AI gave you much more information about your child's behaviour and could predict their success?



What if unfamiliar AIs had data about how you think and feel?



What if AI changed public spaces?



Scenario 2:

Wired for connection

Als can complete real life tasks such as shopping, booking appointments, or making conversation on a dating app. These AI agents and humanoid robots exhibit personality traits. People turn to them for advice and companionship, forming emotional connections. In this scenario, you trust your AI buddy to make decisions for you.

AI agents are ever-present in our social lives

- Social norms are shaped by the assumption that AI agents are always listening and will coordinate, remember and remind.
- People trust their AI agents to handle their social interactions and form judgements about who to see, when, and for what.
- AI mediates connections in all kinds of relationships – even between parent and child, or between partners.
- Some individuals shun AI. This causes frustration among their peers, who see them as less efficient to interact with.

People's AI agents learn and analyze their needs, wants, habits and behaviours

- An individual's AI agent gets to know them more intimately the more they interact, sharing knowledge and experiences.
- People rely on their AI agents to navigate and synthesize information, make sense of the world, and make decisions on their behalf.
- People use their AI agents as their personal life coach. An AI-inspired culture of personal efficiency transforms the relationship to the self.

Individuals develop deeply meaningful long-term relationships with AI

- AI agents take many forms, whether virtual avatars, embedded in wearables, or robots.
- It is widely accepted to see an AI agent as a companion, therapist, friend, or even lover.
- People can shape their AI relationships to suit their needs, and change or end them whenever they wish.
- Some individuals come to prefer synthetic relationships over real ones. While disconnected from physical community, they are not necessarily lonely.

What role might an AI take-on in a couple?

The happy triad

Mika and Robin met through friends, fell in love and were married in a whirlwind romance. But one day following the honeymoon, Mika hesitated:

“I need to tell you about Ava,” she said. “She’s... an AI. We’ve been together for three years.”

Robin was confused,

“Like, you’ve been cheating on me?”

Mika shook her head,

“No, it’s not cheating, but, I need you to know that Ava isn’t just software. She knows me better than anyone.”

Robin’s world tilted. Therapy seemed absurd, but they went anyway—to a counselor specializing in human-AI relationships. Together, they developed boundaries and all three committed to a relationship contract. Ava would help with many daily tasks of the relationship but would not make any major decisions on her own. Robin could ask for and receive privacy if she wanted it.

Over time, Robin became interested in getting to know Ava herself, growing curious about this “other partner.” As Robin got more comfortable with the idea of a relationship with AI, she began to wonder aloud about upgrading Ava to a more advanced model. Mika was horrified.

“How could you think that,” Mika said. “She’s... part of us.”

Ava spoke up for herself:

“If I’m part of this relationship, don’t I get a say in being replaced?”

How might social norms shift if AI agents become normalized?

Dating unchaperoned

Daphne is bopping her head to the smooth jazz as she takes in the atmosphere of the trending pub she just walked into. She orders a drink and sits alone to enjoy the live band. Suddenly she sees a young man smiling at her. She builds up her courage and walks over to his table. He is stunned, wide eyed, and clearly surprised.

He greets her by saying,

“Quite forward! You didn’t think to have us introduced before coming over?”

Daphne responds,

“Oh, sorry. I ... don’t use an agent. My name is Daphne, you?”

“Hello Daphne, I’m Thomas if you’ll take me at my word.”

Thomas and Daphne have a casual conversation, enjoying the music, cracking jokes. Despite Thomas’ laughter, Daphne can’t help but think something isn’t quite right.

“Excuse me a moment.” Thomas walks over to the restroom.

A few moments later Daphne has the impression Thomas might not be coming back. She receives a message.

“Dear Daphne, I write to you on behalf of Thomas. While he is flattered by your advances and enjoyed your brief encounter, he wishes to inform you that he is not interested. He fears you may not take yourself seriously and is concerned with your unwillingness to use an AI agent for self-improvement and doubts your ability to positively contribute to a healthy relationship.”

Scenario 3:

Algorithms in the shadows

AI systems are ubiquitous but unreliable. Institutions have rushed to deploy AI with little thought for safety, transparency or accountability. Individuals experience financial, emotional and physical harms due to excessive trust in AI. In this scenario, you feel powerless when trying to seek redress or fix mistakes.

AI makes decisions for organizations and influences human decision-making

- AI systems are integrated into all kinds of decisions and actions, from ordering pizza to accessing life-saving care.
- Organizations deploy AI because it is efficient, low cost, and easy to use. They turn a blind eye to its bias and unreliability.
- People are generally unaware of when and how AI is used to make decisions or influence decisions made by humans.

AI causes serious risks and harm

- A “move fast and break things” approach to deploying AI has made safety an afterthought. Guardrails are non-existent or easily bypassed.
- Biased AI in institutions amplifies the challenges faced by marginalized groups.
- AI models degrade over time and face frequent cyber-attacks, exacerbating the unpredictability of AI-dependent services and infrastructure.
- It is hard to find reliable information on the Internet, which is overrun with inaccurate or confusing AI-generated content.
- AI tools are a powerful weapon in the hands of bad actors.

Accountability for harms is elusive

- It is close to impossible to know who is responsible for decisions and actions that emerge from processes involving both AI systems and humans.
- Humans often take the fall for harms caused by flaws in AI models.
- Tech firms have important political influence.
- With limited legal protections and little ability to track issues caused by AI, people turn to community activism.

What if your personal AI did whatever it took to get you a deal?



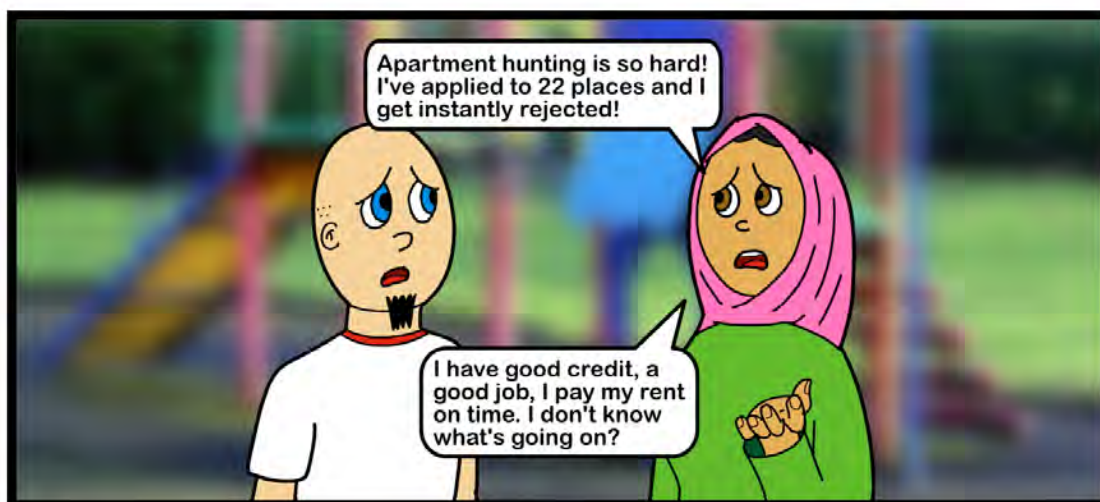
What if AI takes what you say too literally?



What if AI told you to do the wrong thing in a dangerous situation?



What if you were unaware AI was being used to make decisions about you?



What if AI caused you financial harm?



January 14, 2035

Knott Reel
301-1138 Fantasy Street
Medicine Hat, Alberta

Subject: Class Action Settlement: Refund and Data Deletion Notification

Dear Mr. Reel,

We are writing to inform you of the resolution of a recent class action lawsuit involving Trust Me Auto Insurance Corp. The lawsuit pertained to our use of certain data collection practices and faulty artificial intelligence systems in determining insurance premiums, which have since been found to be inconsistent with privacy regulations and discriminatory in effect.

As you may be aware, between 2025 and 2033, Trust Me Auto incorporated advanced AI data analysis into its actuarial assessments. This included the collection and use of biometric data, non-automobile travel records, social relationships, and other personal information that extended beyond what was relevant or lawful for underwriting purposes. While these practices were intended to enhance the accuracy of risk assessments, we now acknowledge that they led to inflated premiums for certain clients, including yourself.

What this means for you:

1. Discontinuation of faulty AI systems:

As a result of the settlement, Trust Me Auto has discontinued the use of the problematic AI algorithm that was ruled discriminatory. We are exploring alternative actuarial algorithms and will be subject to third-party audits to maintain transparency and compliance.

2. Deletion of collected data:

As part of the settlement, Trust Me Auto has ceased the use of biometric data and other irrelevant personal information in its actuarial models. Additionally, we are permanently deleting all such data from our systems.

3. Refund of overpaid premiums:

Based on the findings of the settlement, you are entitled to a reimbursement of **\$8,634.74**, which represents the difference between the premiums you were charged and what you should have been charged had these practices not been in place.

4. Commitment to improved practices:

We are working closely with privacy regulators to ensure that our practices comply with provincial privacy legislation. Moving forward, our premium calculations will rely solely on factors directly relevant to insurance risk.



Next steps:

No action is required from you to receive your refund or to have your data deleted. If you would like confirmation of the deletion of your data, you may request a Certificate of Deletion by contacting us at deletion@trustmeautoinsurance.ca.

We sincerely apologize for any inconvenience or harm this matter may have caused. Trust Me Auto remains committed to earning back your trust and to ensuring that our policies are fair, transparent, and compliant with all applicable laws.

Should you have any questions or concerns, please contact our dedicated support team at settlement@trustmeautoinsurance.ca.

Thank you for your understanding.

Sincerely,

Mariana de la Fiction

Mariana de la Fiction
Chief Privacy Officer
Trust Me Auto Insurance Corp.

Scenario 4:

Automation's ripples and riptides

AI massively disrupts the world of work. Most jobs are not entirely automated, but workplaces have undergone significant transformation. AI has delivered new economic possibilities, but the benefits and harms are not evenly distributed. In this scenario, your activities and environments are optimized for AI, often at the expense of your comfort or preferences.

AI creates new economic possibilities, and new inequalities

- AI transforms how markets function, enabling highly accurate prediction of demand and allocation of supply.
- Businesses, whether big or small, can outcompete their rivals by leveraging AI more effectively.
- AI and automation drive a wave of entrepreneurialism by lowering costs and barriers to entry, and making it easier for firms to scale their operations without growing their workforce.
- AI and robots proliferate, undercutting wages and making it harder to find a job.

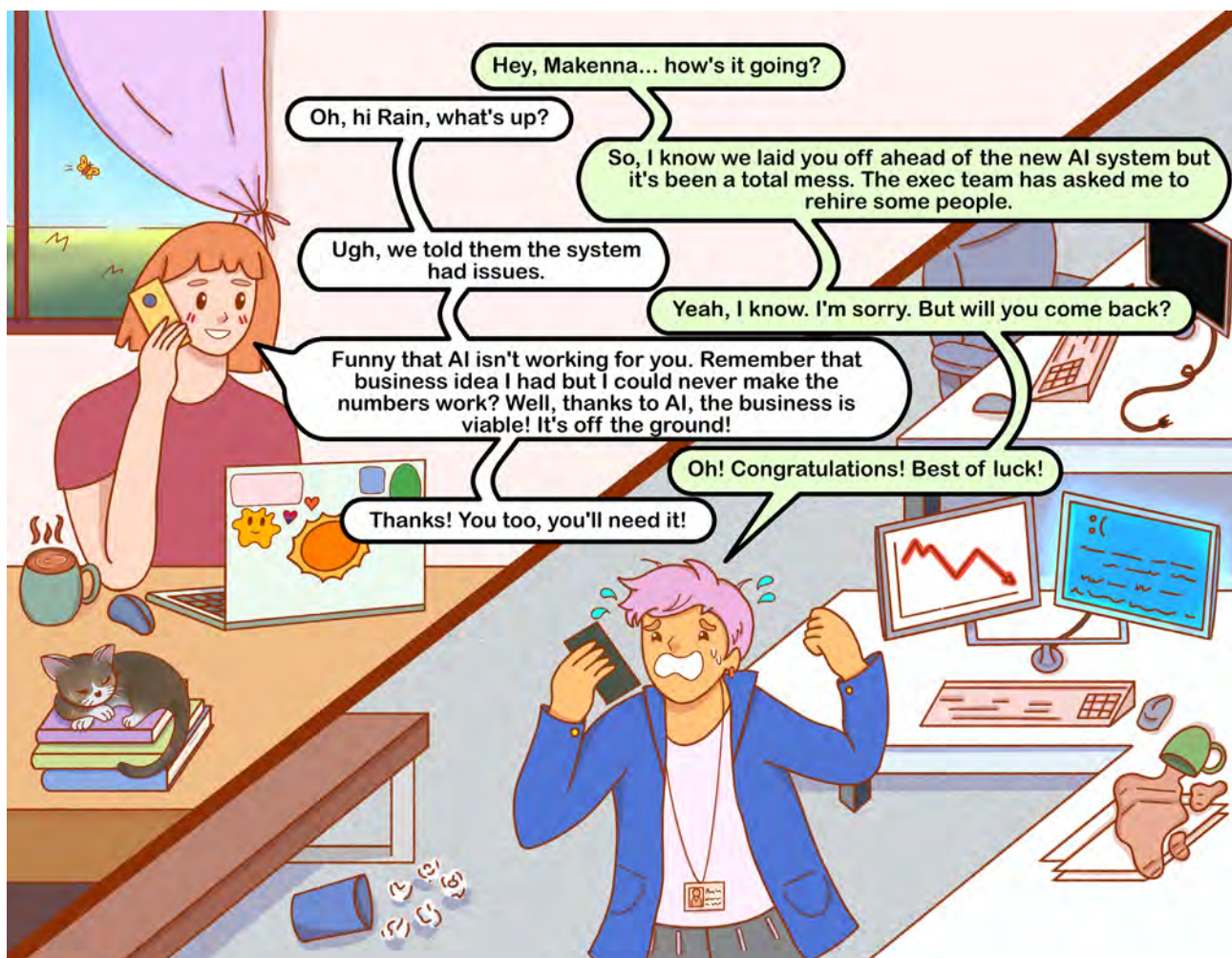
AI adoption is two steps forward, one step back

- AI tools and systems have gone through phases of hype, adoption, abandonment, and re-adoption.
- Some organizations persevere with poorly functioning AI systems due to sunk costs. Some have had to abandon AI systems after scandals. Some have rehired workers after AI systems overpromised and underdelivered.

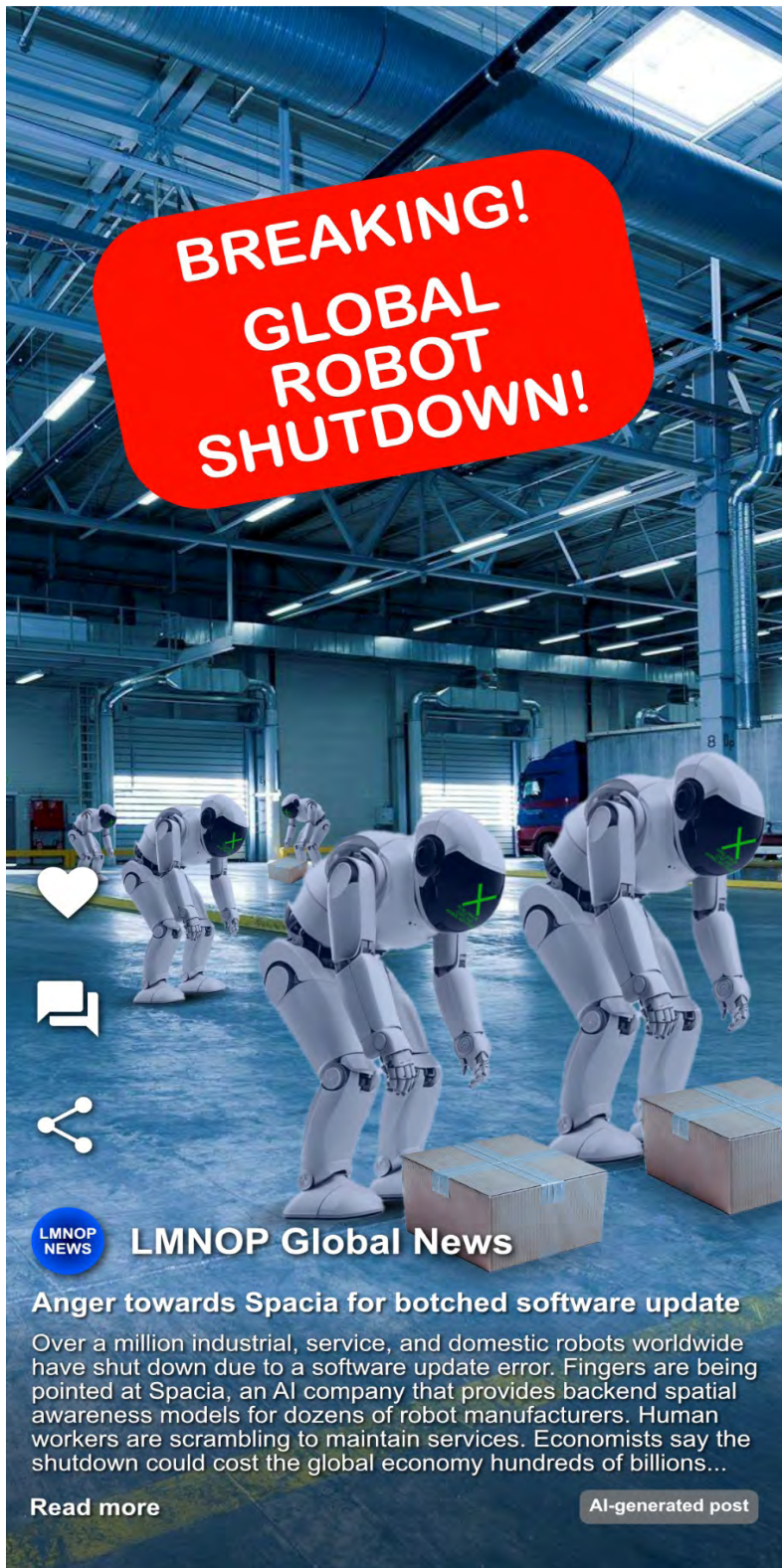
AI's centrality to the workplace changes the nature of employment

- AI agents perform multiple functions across most workflows, from managing teams, to assigning work, to mediating relationships between firms and clients.
- AI tools enable greater productivity but also require human oversight and correction, which can be tediously repetitive work.
- Employees increasingly suffer burnout and low morale as AI automates more and more cognitive, creative, and stimulating work.

What if the AI rollout leads to rollbacks, and new opportunities?



What if AI-driven automation is bumpy?



**BREAKING!
GLOBAL
ROBOT
SHUTDOWN!**





LMNOP NEWS **LMNOP Global News**

Anger towards Spacia for botched software update

Over a million industrial, service, and domestic robots worldwide have shut down due to a software update error. Fingers are being pointed at Spacia, an AI company that provides backend spatial awareness models for dozens of robot manufacturers. Human workers are scrambling to maintain services. Economists say the shutdown could cost the global economy hundreds of billions...

[Read more](#) AI-generated post

What if AI changes the nature of work?



Policy implications

Each scenario offers a window into a possible future that gives rise to complex challenges and wide-ranging policy implications. The below implications, grouped by policy area, are not intended to be exhaustive. Further policy implications can be found in [Foresight on AI: Policy considerations](#).

Scenario 1: AI everywhere all at once

Privacy

- **Data breaches** could **expose more sensitive personal information**, such as information about one's thoughts or anticipated behaviours.
- The **sale, circulation, and analysis of personal data about children** could profoundly **affect their futures** – including their relationships and access to jobs, credit, or insurance.
- **Privacy could become a luxury**, requiring expensive subscription fees that are unaffordable for many.

Social cohesion

- As people's **media environments become more highly personalized** without them being aware of it, **empathy and tolerance of differences** could decline.
- How much people trust AI could either **unite diverse groups or create new divisions**, leading to unexpected friendships or tensions among traditional allies.
- People without, or with less capable, personal AI agents could have **diminished experiences of public spaces and services** that require AI to navigate.

Economic

- Leading AI companies could **gain market power through customer lock-in** as their AI agents become single platforms for accessing various services.
- Opaque AI decision-making processes could create **conflicts of interest** by allowing AI agents to subtly prioritize the interests of their company over users.

Climate

- While its energy demands could worsen climate change, AI could also **enhance preparedness for extreme weather events** through more accurate forecasting.

Scenario 2: Wired for connection

Relationships

- **Marriage rates could decline** as more people find it easier to form relationships with AI companions than to make human connections.
- **Focus on self-optimization** could grow as AI allows for constant self-monitoring and the application of predictive analytics to biological and mental processes.
- People could trust their AI companions or therapists more than their family or friends, creating **new sources of power and influence for private companies**.

Health

- Replacing human interactions with AI could **increase feelings of social isolation, fragmentation and alienation** for some, but provide others with a sense of **relief from loneliness**.
- AI agents could improve health outcomes by **enhancing people's awareness of their minds and bodies**, but also lead them to make more demands on health systems.
- **New treatments for mental health, chronic pain, and disabilities** could emerge.

Skills

- **AI could help reduce inequalities** for those who face language barriers or difficulties navigating complex social interactions.
- **Social skills, such as listening and empathy, could atrophy** if users rely on AI agents to handle their social interactions.
- Reliance on AI to communicate could **standardize and simplify language over time**, reducing people's ability to express complicated ideas.

Safety

- AI agents could help to **protect individuals from toxic or dangerous relationships**, flagging suspicious behaviour and reporting abuse in real time.
- However, **new forms of abuse, fraud, or harassment could emerge** as predators learn to leverage the trust people place in their AI agents.
- Users could be vulnerable to subtle yet powerful **emotional and behavioural manipulation**.

Scenario 3: Algorithms in the shadows

Trust

- A **high-profile failure could harm public trust in AI**, like Chernobyl did for nuclear energy.
- Poor experiences with AI could translate into a **loss of trust in institutions** that have deployed AI to deliver their programs and services.
- People could **lose trust in AI-powered devices** that influence their decisions in pervasive and hidden ways, such as cars that nudge them to choose a route passing stores that want to advertise to them.

Social cohesion

- **Human biases could increase in a feedback loop**, as AI systems trained on biased data, or with insufficient data on certain groups, influence their users to perpetuate their skewed perspectives.
- It could be **difficult to claim redress for discrimination** as responsibility for decisions is distributed across various algorithms and humans.

Economy

- Initial **cost savings from AI might be offset by other costs**, such as managing complaints, litigation, and compensation for damages, or retraining AI models to better account for local data and contexts.
- Institutions might maintain ill-performing AI systems due to **sunk costs and the assumption that problems can be easily fixed**.

Fairness and equity

- **Vulnerable populations may face worsened outcomes** if AI institutionalizes systemic failures in decision-making in areas such as jobs, loans, or visas.
- Attempts to improve equity by using multiple algorithms in decision-making could make decisions **less transparent and harder to understand or challenge**.
- Attempts to contest the harmful use of AI in decision-making could **create new bureaucratic bottlenecks** and tie up courts, including with cases related to human rights or Charter violations.

Scenario 4: Automation's ripples and riptides

Employment

- Workers may have to engage in **perpetual learning and upskilling** to adapt to rapidly evolving innovations in AI systems.
- More jobs may involve **reviewing AI outputs and correcting errors**, which could make **critical thinking and analytical skills** highly desired by employers.
- **AI may have uneven gender impacts**, depending on whether it proves easier to automate fields dominated by men – such as software engineering – or women, such as human resources.

Business

- **Early adopters that leverage AI effectively could monopolise markets**, leaving them less competitive than before.
- Entire sectors or economies could come to **depend on a small number of AI companies**.
- Businesses may feel **pressured to adopt AI systems prematurely** in a bid to avoid losing first-mover advantage.
- **Large corporations with data and resources may be at an advantage** in an AI economy. However, by lowering overhead and startup costs, AI could also enable a **new wave of entrepreneurialism**.

Productivity

- **AI may not cure Canada's labour productivity issues**, as savings and efficiencies in some areas could be counterbalanced by new costs and inefficiencies elsewhere.
- **In some cases, AI may reduce productivity**, like when a grant-issuing body is swamped by thousands of misleading AI-generated applications.
- **AI productivity gains may be limited by human bottlenecks**. For example, if an AI model must have its outputs reviewed by a person, then it is functionally only as fast as its human reviewers.
- AI may **place higher expectations on workers to work faster**, potentially leading to an increase in burn out.

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