The Kingdom of Saudi Arabia has a persistent human capital problem which manifests itself in high unemployment and a low share of nationals in the labor force. The Saudi government has long tried to address this with little success. The plans for diversification of the economy increased the vigor of reforms and obtained some tangible results. Nonetheless, for the future success of reforms, the government needs to change the country’s social contract along with citizens’ mindset. Without political reform, such a complete fundamental change does not seem realistic. Nevertheless, there are interim goals that would mitigate the concerns for the economy’s future.