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The Decline of Neoliberalism: Insights and Policy Implications

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Introduction

Classical liberalism made no objection to the state playing a role in funding and providing basic social services. By contrast, neoliberalism views access to such services – including education and healthcare – as the responsibility of the individual, and sees no harm in privatising them. Neoliberalism stems from intellectual roots that date back to the early 20th century, which gave rise to the Chicago School and the theories of Milton Friedman, then were rapidly implemented in the 1980s with the rise of Ronald Reagan in the United States and Margaret Thatcher in the United Kingdom, seeking to reduce the state's role to a minimum. This reshaped economic rules in a way that served the highest earners and the wealthiest in society at the expense of other groups, by removing regulatory constraints, particularly in the financial sector, reducing taxes on corporations and high personal incomes, weakening labour unions, and directing monetary policy toward combating inflation rather than focusing on achieving full employment.¹

Today, the world's economic system is in the throes of a fundamental reshaping, driven by major global economies – first and foremost the US, the world's leading political, economic, and strategic power. While these transformations are, in essence, the cumulative result of changes that have redrawn the relationship between the state and the economy and subjected neoliberalism to increasing scrutiny and criticism, they have gained rapid momentum since the return to power of US President Donald Trump. Trump's aggressive, interventionist agenda has accelerated these evolutions, reflecting a clearer shift towards new forms of state intervention in the economy and a redefinition of its role in guiding and regulating markets.

The Gradual Decline of Neoliberalism

The shifts underway in terms of economic, political, and social ideologies do not necessarily represent a fundamental break with the past, but rather a change in form and pace. Several indicators suggest a gradual disengagement from neoliberal ideology, not only in countries that were forced to adopt it under pressure from the major powers that formulated its rules and mechanisms, but also in those very countries that established and promoted this model.²

Over the course of these gradual transformations, a range of structural and policy factors have contributed to the erosion of the foundations of neoliberalism and the decline of its cohesion. As markets and corporations were unleashed to operate more freely in both the domestic and global spheres, in parallel with the slashing of regulation and cutting back of the economic and social roles of the state – which had previously held significant influence within liberal ideology – relative disparities in economic, technological, and institutional capabilities and resources became starkly evident in the economic and social landscape, both within and between countries. The bias towards

¹ Joseph E. Stiglitz, *Globalization and Its Discontents Revisited: Anti-Globalization in the Era of Trump* (New York: W. W. Norton & Company, 2018).

² Roger Burbach, Orlando Núñez Soto & Boris Kagarlitsky, *Globalization and Its Discontents: The Rise of Postmodern Socialisms* (London: Pluto Press, 1997).



the private sector at the expense of the public sector played a major role in driving the massive waves of innovation and technological development the world has witnessed over the past three decades. This contributed to the accumulation of unprecedented wealth and the "lifting" of hundreds of millions of people out of poverty. The middle class was likely the weakest link in this equation, as it proved unable to achieve economic growth or liberation comparable to that achieved by wealthier and more privileged groups. This led to a gradual decline in its social standing and made it more vulnerable to erosion and marginalization under these dynamics.

Inequality as a Structural Product of Neoliberalism

Over the past four decades, income inequality has intensified in most major economies, both advanced and emerging – particularly in the US, China, India, and Russia. This shift owes much to profound technological changes and digital innovations, driven primarily by the rules of globalization and the unchecked liberalization of the private sector from state oversight. These innovations have increasingly relied on highly skilled labour, and continue to do so. These transformations have also contributed to a redistribution of income in favour of capital at the expense of wages (labour income), and reinforced the dominance of large corporations in "winner-take-all" markets. Meanwhile, trade and the offshoring of production activities have undermined employment opportunities and weakened the wages of low-skilled workers. Thus, these changes are structurally biased toward educated, technical elites and the owners of wealth and capital, who already controlled a large share of national wealth to start with.³

In 1980, the richest 1% of Americans received about 10% of the income, compared to about 20% going to the poorest half of the population. This balance radically shifted in the following decades and into the current one: the top 1% now receive more than one-fifth of the national income, while the proportion going to the poorest half has fallen to around 10%.

In Canada, the share of income received by the wealthiest 10% of the population rose from approximately 30% in 1980 to about 34.6% in 2018, while the share flowing to the poorest half fell from about 22% to 17.8% over the same period. In Germany, whose model is closer to that of the welfare state, the share of income going to the wealthiest 10% of the population increased from 28.1% in 1980 to 37.2% in 2018, while that of least wealthy decreased from about 24.5% to approximately 19.2%.

Finally, in China – which in the 1970s was one of the world's most equitable countries in terms of income distribution – the share of income received by the wealthiest 10% of the population rose from about 27.8% in 1980 to approximately 42.4% in 2018, while the share going to the poorest half decreased from 25.2% to about 14.2%. These evolutions coincided with China's adoption of a more open approach, based on market liberalization, facilitating the movement of capital and labour, and promoting private ownership.

³ Zia Qureshi, "Rising Inequality: A Major Issue of Our Time," Brookings Institution, 16/5/2023.



Generally, these trends in income distribution apply, to varying degrees, to the majority of countries around the world, but particularly to those that have moved closer to the principles of neoliberalism and economic globalization. However, the shifts seen in the fairness of income distribution, and increasing disparities between the richest and poorest, have coincided with a steady rise in average per capita GDP in most countries. Nevertheless, this paradox does not alter the fundamental fact that higher incomes and improved living standards do not necessarily guarantee social satisfaction or public acceptance – especially if they are accompanied by exacerbated inequality and a decline in the status of the middle class, which acts as the intermediary between wealth and poverty, and as a pillar of economic and social stability. This phenomenon finds explanations in several theoretical frameworks within political economy and economic sociology.

Furthermore, several recent applied studies have demonstrated that the exacerbation of inequality not only impacts social justice, but also negatively affects the rate, quality, and sustainability of economic growth.⁴

Neoliberalism's Meritocratic Bias

Even neoliberal theorists themselves do not deny that the deregulation of markets and means of production inevitably leads to a form of inequality that appears to be a structural syndrome of neoliberalism itself. With the rise of industry and the expansion of democracy, the ideology of meritocracy emerged as an alternative to hereditary privilege to justify the persistence of social inequalities. Elites needed a new discourse that preserved their dominant position as suffrage expanded; inequality was framed as a reflection of individual differences in competence and ability, rather than a product of privilege and social position. With the expansion of higher education, meritocracy became a central tool for the reproduction of elites, thus confirming that social inequality is essentially an ideological construct intended to justify the status of the victorious, rather than reflecting any genuine equality of opportunity. Many liberal theorists explicitly emphasized this view, most notably July monarchy-era French economist and conservative Charles Dunoyer in his 1845 book, *De la Liberté du travail* (On the Freedom of Labour). In it, he vehemently opposed all forms of labour law or social legislation, arguing that "one consequence of the industrial regime is to destroy artificial inequalities, but this only highlights natural inequalities all the more clearly."⁵

Perhaps the central question here is this: Was equality of opportunity, based on potential and capabilities – as promised by liberalism in its various manifestations – truly a natural outcome of market mechanisms? Historical and economic experience strongly refutes this notion. The countries that initiated the liberal system, and later reproduced it within the framework of neoliberalism, have not actually adhered to its strict theoretical principles, and free market mechanisms have not on their

⁴ Jonathan D. Ostry, Prakash Loungani & Davide Furceri, "Neoliberalism: Oversold?" *Finance & Development* (June 2016).

⁵ Thomas Piketty, *Capital and Ideology*, Arthur Goldhammer (trans.) (Cambridge, MA: Belknap Press of Harvard University Press, 2020), pp. 758 - 759.



own been responsible for the redistribution of income and wealth according to considerations of efficiency and productivity. On the contrary, the state has played a pivotal role, directly or indirectly, in making resources, knowledge, and technology available, and in adapting legislation and regulatory frameworks to serve the expansion and competitiveness of private companies and institutions.

In her book, *The Entrepreneurial State: Debunking Public vs. Private Sector Myths*, Mariana Mazzucato demonstrates that governments have played a central, decisive role in supporting industries and driving innovation, not only by addressing market failures but also by creating and guiding markets directly. Many of the most transformative technologies in the modern economy, such as the internet, GPS, semiconductors, biotechnology, renewable energy, and advanced pharmaceuticals, emerged as a result of long-term, high-risk public investments that private companies were hesitant to undertake on their own. Through public research institutions, development banks, strategic mission agencies, and government procurement instruments, the state shouldered the bulk of the associated risks, assumed a prominent regulatory and coordinating role, and laid the technological foundations that came to underpin entire industries.⁶

The state's role was not limited to supply; it also extended to demand. The state, particularly in the US, played an active role in shaping domestic, and even global, demand through its foreign policies and international institutions, most notably the United States Agency for International Development (USAID). The state consistently employed these various tools to create and sustain markets, providing programmes such as defence contracts, healthcare procurement, and green transition initiatives, all of which served as a stable source of demand, enabling companies to expand their innovation and to invest in productive capacity with greater confidence.

Let us accept the premise that the state having an active role in directing resources and empowering the private sector is not inherently harmful, even from a neoliberal perspective. Rather, the potential flaw in such interventions lies in their mechanisms and the beneficiaries they serve. The wider the range of beneficiaries and the narrower the disparity in benefits each receives, the more justifiable these interventions become, and vice versa. One of the most significant pitfalls of unbridled capitalism within its neoliberal framework is the inflated role of lobbying, a primary tool used by capital to influence and steer public policy in the service of private interests. While lobbying is seen as a legitimate practice in many developed countries, provided it adheres to standards of transparency and operates within democratic frameworks to serve the public good, the deeper problem lies in its transformation, in many cases, into an undeclared activity conducted beyond public oversight. According to one report by the Organisation for Economic Co-operation and Development (OECD), such covert forms of lobbying not only influence public decision-making but also contribute to reshaping laws, legislation, and regulatory frameworks to serve the interests of limited, influential groups. This often comes at the expense of the public interest and equal opportunities, ultimately undermining the essence of liberal democracy and transforming it into a mere facade for organised economic dominance.⁷

⁶ Mariana Mazzucato, *The Entrepreneurial State: Debunking Public vs. Private Sector Myths* (New York: Penguin Books, 2024).

⁷ Organisation for Economic Co-operation and Development (OECD), "Lobbying in the 21st Century: Transparency, Integrity and Access," (Paris: 2021).



What is more, the erosion of regulatory controls and the unleashing of markets, shielded from the corrective role of the state, has contributed to the rise of oligopolies and monopolies in key sectors such as finance, media, aviation, and telecommunications. By virtue of their size and influence, these companies have thus become subject to less effective regulations in their dealings with both customers and competitors.

However, the most striking concentration of power is seen in the growing dominance of technology companies, particularly the so-called "Magnificent Seven," whose exceptional financial power and broad influence now enables them to shape the regulatory and policymaking environment to serve their interests and reinforce their dominant position, a trajectory that could further complicate the situation of inequality and deepen the imbalance of power in the economy.⁸

Neoliberalism and its Neglect of Equal Opportunities

While neoliberalism has focused on merit and efficiency to ensure the effective distribution of factors of production and to reward their role in the production process, it has largely overlooked disparities in access to quality education, healthcare, living conditions, and even political participation, which play a significant role in determining merit.⁹ This is a fraught issue in light of considerable disparities in both developing and developed societies, albeit to a lesser degree in the latter. This is confirmed by a study from the OECD, which showed that socioeconomic status is a key factor behind disparities in 21st-century skills. This is because children and adults from more privileged families consistently tend to have higher levels of literacy, numeracy, problem-solving, and social skills – abilities that play a crucial role in determining individuals' future income prospects. Consequently, access to high-quality education and lifelong learning remains unequal across societies, meaning that in the absence of targeted policies, education systems and labour markets tend to reproduce, rather than reduce, inequalities in socioeconomic skills across generations.¹⁰

According to a study by the International Monetary Fund (IMF) on the causes and consequences of income inequality and unfairness in its distribution in a group of developing countries, improved health outcomes and expanded access to education, along with social policies (albeit to a lesser degree), contributed significantly to promoting fairer distribution of income and ensuring better income opportunities for the poor and middle classes in those societies. Conversely, the study showed that income fairness was negatively affected by labour market flexibility, financial globalization, and technological advancements – elements inherent to the liberal economic model.¹¹

⁸ Tim Wu, "The Curse of Bigness: Antitrust in the New Gilded Age," *Columbia Global Reports* (New York: 2018).

⁹ Martha C. Nussbaum, *Creating Capabilities: The Human Development Approach* (Cambridge, MA/ London: The Belknap Press of Harvard University Press, 2011).

¹⁰ OECD, "OECD Skills Outlook 2025: Building the Skills of the 21st Century for All," (Paris: 2025), accessed on 11/2/2026, at: <https://acr.ps/1L9F2E4>.

¹¹ Era Dabla-Norris et al., "Causes and Consequences of Income Inequality: A Global Perspective," IMF Staff Discussion Note No. SDN/15/13 Washington, DC: International Monetary Fund (June 2015), accessed on 11/2/2026, at: <https://acr.ps/1L9F2Yg>.



Crises and Shocks as a Driver

Another element in the partial disintegration of liberalism is the series of economic and financial crises that have plagued countries across the world since the 1990s and throughout the first decade of the 21st century. These crises have emerged as an inevitable consequence of the liberal approach in its various forms. The ensuing debate has not been limited to the resilience of the neoliberal economic system and its ability to contain and adapt to shocks, nor to its structural role in producing them. Rather, it has extended to the nature of the interventions necessitated by these crises – interventions that have amounted to a direct assault on the intellectual and institutional foundations underpinning neoliberalism.

The 2007 - 2008 global financial crisis clearly demonstrated that unleashing markets and institutions, particularly financial ones, without effective regulatory frameworks and controls, creates a fertile ground for herd behaviour and unchecked speculation – often placing the burden of the imbalances inherent in unbridled capitalism on the shoulders of the most vulnerable. The crisis also prompted a strong resurgence of the state, in the form of its regulatory and supervisory arms, as it was compelled to intervene directly to readjust markets, restore confidence, and contain the excesses that market mechanisms alone could not address. Indeed, these interventions took on a character that challenged certain neoliberal tenets. In the case of the US, for example, it forced the government to acquire equity stakes in major corporations, as well as expanding regulations and controls that neoliberal discourse had long considered taboo and unacceptable.

The COVID-19 pandemic revealed that excessive reliance on free markets and the associated mechanisms, global market liberalization in the framework of globalization, and minimizing the role of the state had all rendered countries incapable of containing the repercussions of a crisis that caused a sudden, profound disruption to production chains, confounded markets, and disrupted the foundations of globalization in its various forms. These mechanisms proved incapable of regenerating themselves in the face of the shock. To contain the repercussions of the crisis, most countries – particularly developed nations – were forced to expand their public social spending significantly. In OECD countries, this spending rose from approximately 20% of GDP in 2019 to nearly 23% in 2020.¹²

In the US – the bastion of neoliberalism – the federal government approved financial support packages exceeding \$5 trillion, including stimulus checks for individuals; expanded unemployment benefits; support for small businesses; funding for the healthcare sector, testing and vaccination centres; expanded tax breaks for children; and aid to state and local governments. As a result, federal deficits surged to 14.9% of GDP in 2020 and 12.4% in 2021, the highest levels since World War II, while the public debt rose from 79% of GDP in 2019 to 97% by the end of 2022.¹³

¹² OECD, "The Rise and Fall of Public Social Spending with the COVID-19 Pandemic," Social Expenditure (SOCX) Update 2023 (January 2023), accessed on 5/2/2026, at: <https://acr.ps/1L9F2Rs>.

¹³ Tax Policy Center (TPC), "How did the Fiscal Response to the COVID-19 Pandemic Affect the Federal Budget Outlook?" *Briefing Book*, 24/1/2024, accessed on 4/2/2026, at: <https://acr.ps/1L9F2Qk>.



Political Developments and the Struggle for Hegemony

The COVID-19 pandemic and the subsequent Russian Ukrainian war represented significant shifts in the political-economic system governing the functioning of major Western economies. Western countries resorted to policies that, in both direction and substance, contradict the neoliberal approach – and even forms of liberalism with a less favourable view of private ownership and the free movement of markets, capital, and labour. Those policies included relocating production; investing in digitalization, healthcare, green industries, and critical infrastructure; and reducing dependence on Russian energy by diversifying energy sources and investing in domestic energy production. This shift was reflected in major initiatives such as the CHIPS and Science Act and the Inflation Reduction Act (IRA) in the US, along with the European Union's Green Industrial Strategy, including the European Battery Alliance and the European Green Deal. This indicates a broader transition from a laissez-faire economy to a more state-led model of development.

As the US pursues policies that fundamentally contradict the tenets of neoliberalism, its shift toward a model closer to state capitalism is becoming increasingly evident through a series of measures and decisions. These include protectionist policies, stricter restrictions on immigration, state intervention through acquisition of equity stakes in companies deemed strategic to national security, and requirements on companies enjoying regulatory protection and preferential treatment to relinquish a portion of their revenues to the state. Notwithstanding the heated debate surrounding the country's long-term economic and political interests, the most significant challenge it may face – even amidst its marked departure from traditional liberal principles – lies in the impact of these transformations on income distribution.

Perhaps the most striking manifestation of this was the tax cuts enacted under Trump's "One Big Beautiful Act," which benefited the highest-income earners while simultaneously imposing proportional increases on lower-income groups, alongside reductions in social spending and the curtailment of certain workers' rights. These policies can be seen in the context of oligarchy, as they are fundamentally driven by the interests of those closest to the circles of power and economic influence.¹⁴

The cumulative repercussions of the implementation of the neoliberal system, a more anti-state model than classical liberalism; the successive crises and shocks faced by the countries that adopted it; the repeated violations of the model's own rules due to its inability to meet developmental and strategic needs over the past four decades: all this has contributed to a partial disintegration of the political order that had long framed the consensus among political actors in the US and the other countries that adopted the contemporary version of liberalism. This disintegration has manifested itself in a partial retreat from some of its traditional tenets, notably those related to absolute private ownership, unrestricted deregulation, near-exclusive reliance on market mechanisms, and even the unconditional commitment to the free flow of goods and services across borders.

¹⁴ Rebecca Riddell, "Unequal: The Rise of a New American Oligarchy and the Agenda We Need," OXFAM, (Washington, DC: 3/11/2025), accessed on, 5/2/2026, at: <https://acr.ps/1L9F2Le>.



State-Owned Enterprises and Sovereign Wealth Funds: Tools for Addressing Market Failures

State intervention in the economy through state-owned enterprises has become the subject of considerable debate in many cases around the world, particularly regarding their efficiency, their ability to separate their social and economic objectives, and their adherence to market logic and profitability. Yet despite neoliberalism's categorical rejection of state involvement in what it considers the exclusive domain of the private sector, such enterprises have maintained a significant presence in many economies worldwide – especially in South Asia, Latin America, and Africa, but also in some developed countries where neoliberalism is a firmly established economic doctrine. Despite neoliberalism's reserved, even resentful, view of this role, numerous examples demonstrate that these enterprises have achieved economic and developmental successes that would have been difficult for the private sector to accomplish alone.

Today, a growing number of economists and an expanding body of contemporary literature advocate for the strategic re-employment of state-owned enterprises (SOEs) to recalibrate markets and give economies a developmental boost, given the declining confidence in both neoliberal and centrally planned economies. Drawing on successful Asian experiences, many governments are moving towards combining market mechanisms with strategic state intervention. This is perhaps particularly relevant for developing countries, which still lack the data necessary for fostering fair competition, and suffer from weak institutions and low risk tolerance in the private sector, all of which limits the efficiency of allocation by the market. Experience also shows that the free market alone neither provides sufficient incentives for investments with social returns (such as expertise, skills, and innovation), nor guarantees coordination among related investments, nor enables domestic producers effectively to integrate into advanced global value chains.¹⁵

Naturally, effective and efficient state intervention through SOEs cannot be divorced from the lessons offered by failed experiences of such models in centrally planned economies. Rather, it must be addressed within the framework of a comprehensive and robust system of governance that rewards and fosters success while penalizing and addressing failure. Yet achieving this should not be viewed as an insurmountable challenge. For example, China has successfully implemented radical reforms to its system of governance around state-owned enterprises (SOEs), which constitute a significant portion of the Chinese economy and around 47% of the total equity in listed companies. Over the past two decades, the share of SOEs among the world's largest companies has nearly quadrupled. Today, 126 such entities count among the world's top 500 listed and unlisted companies by revenue – around a quarter of the total. This compares to 34 such companies in 2000 and 102 in 2017. By 2024, SOEs employed over 21.2 million people, managed assets worth \$53.5 trillion, and generated revenues of around \$12 trillion and profits of approximately \$730 billion annually.¹⁶

¹⁵ OECD, *State-Owned Enterprises in the Development Process* (Paris: 2015), accessed on 11/2/2026, at: <https://acr.ps/1L9F2CG>.

¹⁶ OECD, "Ownership and Governance of State-Owned Enterprises 2024," (Paris: 28/10/2024), accessed on 11/2/2026, at: <https://acr.ps/1L9F36L>.



While sovereign wealth funds and similar entities such as pension funds have increasingly focused on foreign investments in various projects and activities, they have long aimed to play a significant role in domestic investments with long-term developmental objectives. Most of these funds combine financial goals (such as achieving sustainable returns, protecting wealth, and enhancing financial stability) with developmental aspirations (such as economic diversification, industrial development, building infrastructure, and creating jobs). Some funds, such as Australia's Future Fund and Kuwait's Future Generations Fund, focus primarily on savings and financial sustainability, while others, such as Abu Dhabi's Mubadala, Malaysia's Khazanah Nasional Berhad, and Kazakhstan's Samruk-Kazyna, play more active roles in development and strategic planning.¹⁷ In general, these funds have acted not only as investors but also as instruments of national economic policy, including by promoting activities in which the private sector is reluctant to invest, either due to the large financial resources required, or in some cases, the high level of risk.

Conclusion: Lessons Learned

1. Economic Growth is Important, But Not at the Expense of Distributive Justice

Countries make great efforts to raise their rates of economic growth rates—a legitimate and important goal that should not be compromised. However, ignoring the way in which different segments of the population benefit from this growth, or the fairness of its distribution, can entail huge social and political risks. Repeatedly ignoring the aspect of distributive justice can generate a growing sense of resentment and dissatisfaction, and may constitute a powerful incentive for radical shifts in approaches to development. The noticeable rise in levels of discontent and scepticism regarding the effectiveness of the economic and social policies adopted by countries most open to and committed to neoliberal rules, despite their success in expanding their economies and their leadership in innovation and technology, is compelling evidence that neglecting the question of fairness in the distribution of the fruits of growth has been a pivotal factor driving social and political unrest.

2. Equality of Opportunity is the Sustainable Approach to Ensuring Distributive Justice

Liberalism views merit and competence as the best means to achieve justice the distribution of the benefits of economic growth. This is a valid argument in itself; yet a lack of equitable access to the prerequisites for meritocracy – most importantly, high-quality, effective education and equitable access to appropriate healthcare for lower-income groups – deepens the existing dilemma between the logic of meritocracy and the principle of equality of opportunity. Instead of meritocracy serving as

¹⁷ Alan Gelb et al., "Sovereign Wealth Funds and Long-Term Development Finance: Risks and Opportunities," *Policy Research Working Paper 6776*, (February 2014), accessed on 11/2/2026, at: <https://acr.ps/1L9F2jZ>.



a mechanism for social mobility, it may, in practice, reproduce inequalities, making the rich richer and the poor poorer, with the exception of a few isolated cases, which do not disprove the general rule.

While social protection policies can be important tools for mitigating imbalances in distributive justice, they remain incapable, on their own, of achieving sustainable prosperity. Therefore, overcoming the paradox of "justice versus meritocracy" demands that states systematically improve educational opportunities and ensure equitable access to healthcare and other essential resources, thereby consolidating and sustainably raising the level of equal opportunities.

3. The State's Role is Complementary to the Market, not a Replacement for It

Contrary to neoliberal ideology, which posits that curbing the role of the state is a prerequisite for achieving sustainable growth and more efficient resource allocation, and that any expansion of the state's role necessarily comes at the expense of the more efficient private sector, practical experience has proven the contrary. Even at the zenith of neoliberalism, the state maintained a pivotal role in driving development and innovation, particularly in advanced technologies and knowledge-based industries, often due to the private sector's reluctance to take the initiative – either because of its limited capabilities, or because the level of risk involved was more than it could bear.

This interventionist state is not necessarily limited to high-risk or capital-intensive emerging industries; it also extends to areas where the private sector plays the greatest role under normal circumstances, but from which it withdraws during prolonged economic crises, in contexts of geopolitical uncertainty, or when stimulatory industrial and investment policies intensify in competing or alternative economies.

However, the most crucial question here is the extent to which states can create innovative investment and policy tools that enable them to nurture economic activity or establish markets without compromising the principles of good governance, and without the state assuming the management of companies or activities it has financed; that is to say, a state that guides and enables the market, not one that replaces it. Experience around the world has shown that the transition of productive and service activities to more advanced stages of development and prosperity, once the state has played a pivotal role in launching or rescuing them, necessarily requires subjecting these activities to the rules of the private sphere. This can be achieved either through full or partial transfer of ownership, or through the restructuring of administrative and operational systems and the strengthening of governance and efficiency standards to ensure sustainable performance and greater competitiveness.

As can be inferred from the arguments presented in this study, the fundamental question for research is not whether or not government is obligated to intervene to address market failures and support the foundations of growth and sustainability. The state's presence has been and remains a constant in most countries worldwide, including those that have clearly adopted the principles of neoliberalism.



Rather, the focus should be on how the state should operate to respond to the emerging challenges facing the labour market and its rapidly evolving dynamics in light of the significant technological advancements underway around the world, which are threatening a large number of workers with being replaced by technology. The state must become more flexible in dealing with issues that have long been decisive in determining the sustainability of economic systems and the ability to keep their rules in place: first and foremost, social justice and protection of the environment, public goods whose provision is the state's fundamental concern.



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