

FOREWORD

John de Zulueta, Chairman of the *Círculo de Empresarios*

“Democracy is the worst form of government, except for all the others” . Winston Churchill

When the *Círculo de Empresarios* was founded some forty-three years ago, our main concern and aim was centered upon ensuring that economic freedom would develop in tandem with increased political freedom. Our founders understood that we would be unable to enjoy liberty in general if our political freedom did not extend to all aspects of public life. Although after all this time, more than four decades later, it may seem that the safeguarding of these freedoms is a task already accomplished, the defense of both political and economic freedom is as urgent today as in those times. Fortunately, today we enjoy the protection guaranteed by our membership of the European Union.

The current threats to liberal democracy mean that we must be particularly vigilant in protecting these precious freedoms. Just when we thought we had surfed the wave of interventionism derived from the 2008 crisis, the Covid-19 pandemic, inflicting poverty, unemployment and recession, threatens to become the perfect breeding ground for increased demagoguery, interventionism and populism that could jeopardize our freedoms. The truth is that we are already headed down that road. A reading of newspaper headlines on any day is sufficient to demonstrate this.

Some two years ago the *Círculo* drew attention to the need for higher quality institutions by means of a book entitled *“The Quality of Institutions in Spain”*, entrusted to the Professor of Political Science, **Víctor Lapuente**, who received contributions from a number of experts of his choosing to assist in the production. We then concluded that an improvement in the quality of institutions and the trust of citizens in these would lead, over the medium term, to the improved competitive positioning of Spain. This is due to the fact that the level of development and well-being of countries is clearly correlated with the quality of their institutions.

However, our current concerns go far beyond this. Rather than being focused on the significant room for improvement in our institutions, they are now centered upon the strengthening of democracy itself. In particular, there is an increasingly evident threat posed to democracy by populist and autocratic movements that, rather than appearing on the horizon, are becoming more prominent over the short and medium term. The reality of a coalition government that lacks a clear roadmap, questions the basic consensus and may unsettle the foundations of our social market economy, represents a genuinely worrying illiberal threat. It also generates uncertainty that continuously worsens our image with respect to both national and international investors who require guarantees in terms of both confidence and legal certainty.

As a result of the foregoing, the Institutional Relations Working Group of the *Círculo*, presided over by the member of the Board of Directors, **Carmen Mateo**, has decided to extend that first piece of work, once again entrusting this to Professor **Víctor Lapuente**,

now accompanied by the Doctor in Economics **Elena Costas**. A group of fully independent prestigious experts of their choosing have been invited to get to the bottom of whether there are now genuine reasons to believe that liberal democracy is under threat and, if this is the case, what we can do.

The initiative of the book *“How to save liberal democracies”* was launched just over a year ago with the aspiration, in the spirit and tradition of the Círculo, of contributing to the public debate on matters that concern Spanish society as a whole. Covid-19 reared its head just as the authors had completed their first drafts. We of course had to reformulate our approach to the subject, though remained convinced that the new circumstances brought about by the virus would only reinforce our initial fear: that liberal democracies are in danger, including our own youthful democracy. What can we do to protect them?

The fact that we can act on various fronts is, in principle, reassuring. This is a conclusion of the authors of the various works comprising this book, all prestigious lecturers and professors to whom we are grateful for their participation. If we wish to protect our liberal democracies, it is necessary, among other things, to restrain excessive state interventionism and respect and take into consideration the contribution of private sector initiatives and businesses. As demonstrated repeatedly by the Covid crisis, rather than exiting this situation through greater state intervention, a stronger entrepreneurial spirit and private sector initiative will be key. This needs to be reinforced with a firm commitment to public-private sector partnership, a bringing together of endeavors that has the virtue of multiplying benefits for all society.

In summary, it is no exaggeration to declare that liberal democracies are currently under serious attack and that our political and, in particular, economic freedoms, are also being questioned and compromised. By reading these pages, the Círculo invites the public to reflect upon this delicate situation as part of an attempt to ward off this threat. We still have time to avoid losing the hard-won freedoms gained in the Transition and restructure a now outdated social contract. Authoritarianism, using its new digital weapons, including “fake news”, will otherwise continue to attack our still liberal democracy.