CORONAVIRUS IN THE CRADLE OF NEOLIBERALISM

Situational analysis

Bío-Bío Anarchist Assembly in Chile

Chile, April 2020
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Situational analysis by the Bío-Bío Anarchist Assembly in Chile

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In the Chilean territory we are living through turbulent times. Since the social uprising in October 2019—which was accompanied by repression, torture, mutilation and murder by the hands of the State—until the arrival of the coronavirus, daily life has been shaken.

If we add to this the recent experience of the 2010 earthquake, in addition to student revolts in 2011 as well as the years that followed, we have an entire decade marked by major disruptions to daily life and to the normal functioning of the capitalist system.
What the four events mentioned above have in common is how people reacted towards them and the decisions the State announced. The 2010 earthquake in the Bío-Bío region (in and around the city of Concepción) affected buildings, water and electrical supply, as well as food distribution chains for several days. The natural reaction of survival in those days after the earthquake was the looting of large supermarkets and retail stores, but there were also great expressions of solidarity and spontaneous coordination in different neighborhoods.

The first measures taken by the State were the militarization of the streets and the imposition of a nightly curfew, which were established to protect the interests of large companies, yet it took many days to under-
take concrete measures to help thousands of people affected by the earthquake and tsunami. The same thing happened during the revolt in October 2019, where militarization was again the first thing the State called for, which resulted in deaths and brutal repression.

However, at the arrival of the pandemic, the lessons learned from the previous five months of revolt, in addition to a now stronger sense of social organization from below, allowed people to act quickly and prevent the coronavirus by leaving the streets and massive demonstrations, thus still condemning the government for not stopping economic activities and not reacting adequately to the health and social emergency of the virus. To face this situation once more the government decided to call in the military to deal with the pandemic.
The global spread of the coronavirus comes at a time of great upheaval—not only in Chile but worldwide—in an era damaged by the climate crisis, the endless wars and intrigues over oil and its price, the slowdown of capitalism worldwide in the last decade, the trade war between the U.S. and China; the constant threats of the U.S. and its Saudi ally to Iran, as well as its proxy wars; the nuclear conflict between North Korea and the West and the humanitarian crisis of refugees both in the Greek-Turkish border and in the whole Mediterranean basin. On top of that we must add the 2019 popular revolts from Haiti to France, from Malta to India, from Lebanon to Hong Kong and in South America in Ecuador, Chile and Colombia, a continent that is going through a new right wing’s rise just like in Brazil, Bolivia and Uruguay.

Under this complex global scenario along with the arrival of the coronavirus and thousands of deaths worldwide, some started to talk about conspiracy theories. Among them we found a plan of world population reduction to be carried out by powerful interest groups and even biochemical attacks unleashed on China by the U.S. The most accepted explanation points at the animal origin of the virus and its subsequent spread to humans through so-called zoonosis. Zoonosis is also determined by and intrinsically related to the dynamics of capitalism and its devastating action against nature.

The outbreak of the virus in the markets of Wuhan, China is strongly related to the commercialization of wild animals that live in natural areas that now are farther and smaller due to deforestation and exploitation of them for cultivation and animal husbandry. Consequently there is a mutation of the virus strains at rates we don’t know and for which our immune system is not prepared. Added to this, the animals’ immune system has been altered by the livestock industry and excessive use of agro-toxic products and antibiotics; besides the overcrowding in animal markets that keep them in cages, where they defecate on each other and receive insufficient food. All of these factors mentioned above create favorable conditions for a virus outbreak or the transmission of a virus from one animal to another and finally to humans, just as we saw in 2002 with the bird flu (SARS CoV) or the swine flu A(H1N1) in 2009-2010.

The world needed a pandemic to think about the way we interact with each other and how the environmental devastation of capitalism influences the outbreak of viruses that in the end afects us all. However, humanity—the way it is currently divided by capitalism, states and in the midst of a commercial war—is not ready for what is coming and therefore will not able to face it. The global connection inherent in globalization and trade flows makes of viruses a constant threat to all countries. First world countries (regardless of their privileged position) are as vulnerable to outbreaks as third world countries and their precarious health systems. In short, the spread of the pandemic reveals pre-existing cracks in the global economic model.
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The world leaders spent weeks denying the real effects of the virus. However, the alarming threat to the markets forced them to come to grips with reality. A partial cessation of production was the immediate economic consequence of the coronavirus, which in turn reduced contamination and, in some cities, you could even see wild animals walking on the streets. Added to this, occupational accidents stopped and both deaths by contamination and environmental devastations decreased. We were forced to adapt to a new lifestyle leaving aside the indispensable and fictional aspects of capitalist life to resist the virus.

However, capital also adapts to take advantage of disasters like this one. All over the world,
governments haven’t completely stopped economic activity. It is more important for them to keep non-essential companies functioning than to save people’s lives. Even municipal elections were held in France despite the pandemic and the U.S. Federal Reserve reduced interest rates to contain the impacts on the market instead of financing the necessary measures to stop the virus. What has prevailed is the protection of each nation’s economic interests in spite of globalization and market interconnectedness. Different states are giving a discourse of social unity stating that we must stay together to face this pandemic, because, “it is the same for every social class”. But what they are actually trying to do is to hide the divisions between classes and the importance of labor in the capitalist machine.

In that sense, the working class is the one that suffers most with this pandemic as a victim of the neoliberal system that long ago turned the public health system into a precarious one giving all the benefits to the private health system. The right to a decent health care system ended up as a consumer good and not as a right anymore. In several countries, the most harmful effects of the pandemic on the popular classes are seen in prison riots or in calls for quarantine, considering that the wealthy can be quiet at home, yet the working class is exposed due to its need to keep producing and its lack of necessary protection, which is normal in the informal market or in the most precarious jobs.

In a society with antagonism between social classes and a clear international division of labor, health
efforts of countries and international organizations do not come as a result from spontaneous and genuine humanitarianism, but as biopolitical control of a global inventory, where human beings, as products-producers, must be sanitized and controlled.

Countries responded to this crisis with militarization, curfews and restrictions on movement that scandalized Europe. In Latin America, such measures were already part of recent history and in Chile, since the October revolt, have been a daily reality. The closing of borders, the panic instilled by the press, and the creation of a new enemy embodied in this coronavirus are the breeding ground for racist attitudes and the use of shock to implement militaristic regulations on the population. Aside from the implementation of policies that deepen the class divide and encourage the accumulation of capital through the bailing out of banks and large companies, there has been an injection of liquidity to markets and therefore an increase in debt in order for the capitalist machine to keep on running smoothly.
In Latin America, the virus has rapidly spread in countries with neoliberal right-winged presidents such as Brazil, Chile and Ecuador. These countries are in the top 3 on the list of most infected. Well-known are the statements made by Presidents Bolsonaro and Piñera on the matter during the first stages, downplaying it and minimizing the menace. As expected, these governments did not hold economic activities back nor did they establish quarantine in their countries. Their immediate response was militarization with a nightly curfew in Chile and partial curfew in Ecuador, as if the virus had a working schedule.

In the case of Chile, the horrors of the coronavirus were a reality even before the first infection happened in the country. China’s recession was already being announced and since our extractivist economy has the Asian Giant as its main buyer of
copper and agricultural produce the withdrawal was dreaded. A rise in the price of the dollar, a devaluation of the peso, a drop in tax revenue and salaries, and layoffs in various sectors had our economy trembling. Already with the first cases of coronavirus, and the accompanying health and containment measures, there was a shift in focus in public debate away from the protest and assembly movement initiated in October against the precaritization of life. With a slight drop of strength in the January/February summer vacations, the movement returned in March in full force and saw massive demonstrations on March 8th as the last landmark on the streets.

The widely criticized government tried to find relief amidst the health crisis politics. Because of their repressive actions, human rights violations, and the failing to meet popular demands, President Piñera reached a 6% approval rating in the polls; the lowest ever for a president in Chilean history. The protests were suspended by health organizations and the plebiscite that was to be held in April, to approve or reject a new Constitution—born as a strategy of recuperation in the face of the revolt—was postponed to October by parliament.

The first governmental measure before the shock was to surround and erase the slogans written on Plaza de la Dignidad, the epicenter of protests in Santiago. In the face of pandemic, the government tried to take advantage of the opportunity and wash its image anew to present itself as the carrier of salvation. But given its entrepreneurial nature, the State had little to offer except a deeply precarious public health system launched as a
neoliberal experiment initiated by Pinochet. With the government’s mishandling of the virus, adding to its rapid spread, people are beginning to question the government once again and are beginning to bang out the sounds of dissent on their pots and pans, only this time from their balconies.

At the end of March, a well-known public survey revealed that the citizenry rated the government's performance in the face of the crisis with a score of 3.6 (on a scale of 1 to 7). The government's disapproval is due to its failure to contain the expansion of contagion in the early days of the pandemic, which began with the detection of positive cases in Santiago’s upperclass neighborhoods. People were returning from European countries where the virus had expanded to thousands of death cases. This affluent sector was responsible for the spreading of the virus in Santiago. Once classes in schools and other services were paralyzed, the same
group of people decided to leave Santiago for a pandemic vacation to their central coast cabins. They were greeted by barricaded communities at arrival. Neighbors organized to try to block all access since the stakes for contagion were high. In view of the lack of containment of communes where the virus first spread, it was then in the hands of the people to look out for their own safety.

At the same time, the media bombardment began with the call for self-care, social distancing measures and hand sanitizing to avoid transmission. The reality is that the only reason the government did not decree a quarantine was to protect capital, thus workers continued to squeeze into public transportation together and the spread of the virus was imminent. The call for frequent hand washing only revealed that thousands of people do not have access to running water due to drought and the water privatization set in place since the dictatorship. As days went by and when contagion reached higher rates, President Piñera tried to call on the people to remain calm arguing, "we are better prepared than Italy," and even claiming that a number of ventilators were purchased in January, a situation later contradicted by another government representative who pointed out that the purchases were made in March. The government’s alleged "preparedness" for the pandemic contrasts with a public health system that is precarious, overcrowded, and under-equipped. A report reveals the sad figure of nearly 26,000 deaths per year of patients who do not find timely medical attention. The situation becomes increasingly worrying
since the daily increase of cases of infected healthcare workers, who have carried out protests and complaints about the lack of protective equipment delivered by the government.

Piñera’s right-hand man in this crusade, the Minister of Health Jaime Mañalich, is also an unaccountable political figure because of his statements and his record. Already in 2015 he was expelled from the Medical Association for misconduct, the result of a 2013 scandal when he occupied the same position in the ministry during Piñera’s first presidency. At that time an investigation found that 44% of waitlists in the public system were simply erased after a single unanswered call from a patient that resulted in about 30,000 people left unattended. The grave mistakes of the ministry began before the arrival of the coronavirus, as the case of the influenza vaccination demonstrates. The ministry’s faulty logistics delayed vaccination in several cities which turned out in thousands of people crowding outside health centers; highly exposed to contagion. This situation set off the alarms because of the real containment plan that will be deployed in the following weeks and the mass of contagion forecasted. In order to properly address the contingency, worldwide recommendations include early detection of infections, but in Chile only a hundred tests are performed per day and the results of the samples take up to 72 hours or more to come. In addition, the lack of transparency of the State with respect to the real number of infections has made it difficult to monitor and contain its expansion.
Disaster capitalism

The best-selling author Naomi Klein describes disaster capitalism as the way in which the private industry takes advantage directly from large-scale crises. With the arrival of the coronavirus in Chile, the increasing opportunity of doing business, in addition to the neoliberal deregulation of the healthcare market, led to a hike in prices in pharmacies of hygiene products such as alcohol and facemasks during the first days of pandemic. The same thing happened with the coronavirus test, whose price rose to around $181 USD in private clinics and around to $96 USD in public hospitals for people who have no health insurance, as in the case of independent workers. Even though for people with health insurance coverage the price of
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Another controversy about price gouging in the midst of the pandemic was the purchase of mechanical ventilators that are used for patients severely affected by the virus. The government acquired 23 mechanical ventilators for $778,000 USD, however the same model was offered in 2018 by the same supplier for $12,000 USD less per machine. The government justified the deal by saying that the supplier had stock for immediate delivery. By the end of March, something similar happened with the rent of “Espacio Riesco,” a venue in Santiago that was rented for $24,000 USD a month, where around 700 beds were placed to deal with the pandemic. This was really controversial, because the administration could have rented another physical space for a lower costs. The foregoing cases were controversial, because on March 18th President Piñera decreed a constitutional state of emergency, in which the government has the authority to set the prices of essential products, expropriate private property, and even nationalize companies.

The use of fiscal resources to face the pandemic has been at the heart of the debate. The discussion has been fuelled by the intention of some municipalities to
buy the drug Interferon Alfa 2B, produced in Cuba. It is known that this drug is not a definitive solution. Its proponents claim that this protein stops the virus from spreading and has been used successfully in China and Spain to treat severe cases of Covid-19. The massive purchase of Interferon Alfa 2B has been dismissed by the administration since the debate is fuelled by the news about the decision of Spain to nationalize private hospitals to face the health crisis. This measure would be unthinkable in neoliberal Chile, where the possibili-
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However, the “me-first” mindset of capitalism led several people to buy more than what they needed and even to trade with alcohol and facemasks at higher prices in informal markets and on the internet, as was the case with many pharmacies.

The debate on the neoliberal nature of the Chilean system has sparked off because of the State’s capitalist priorities of its resources during the pandemic, where the limits between public and private spheres are established to benefit business over common good, even in the midst of the pandemic.
Given the spread of the virus in Chile, communities and civil society took measures to prevent and pushed the government to contain the spread. After the first case was detected on March 3rd and the fast increase day after day, educational communities were the first to ask for the closure of educational establishments, a measure that was postponed by the government despite of the pressure of mayors. The government gave in on March 15th and the students stopped attending, but in many educational centers their workers continued attending.

This situation was repeated in several companies with demonstrations and spontaneous strikes calling for the suspension of activities and the
implemented care measures in public transport. The administration responded with insufficient actions such as closing the companies just a few hours earlier than usual. The demonstrations reached a peak with protests and pot banging of mall workers and big commercial centers, through which a definitive closure was achieved after several days. In the province of Arauco, Bío-Bío Region, there were massive strikes and road blockades led by construction workers of forestry plant MAPA, which has 8,200 workers, who after many days of strike halted the work. Likewise, the municipalities in other cities in the same region (Cañete and Tirúa) closed the entrance to the towns.
The security forces have lost credibility due to their performance during the revolt in October last year and yet the government decided to establish a nightly curfew in hands of, once again, military and national police forces that have already claimed their first victim. In Santiago, a person was shot by a police officer on March 26th. The uniformed officer argued self-defense, however there are videos which refute that version. Furthermore, two of the general officers in charge of the curfew are involved in cases of corruption that were discovered a few years ago in the army.

There are less people on the street, but most of the economic activity hasn’t stopped. Most of the population are living a partial quarantine while there are
just a few areas of the capital and a couple of cities in the rest of the country in a proper quarantine. This business behavior from the administration could be seen too in the case of medical leaves. On March 18th an statement of the Minister of Health pointed out that medical leaves would only be paid to people whose result in the corona virus test was positive, but excluding those who had contact with them. The measure was quickly deposed by the government as a result of the reactions of wide sectors of the society and the medical leaves were extended. Meanwhile, there have been many occasions in which people have been forced to unnecessary and avoidable crowds, situations that are strongly rejected by the population. As mentioned above, in relation to the errors in the administering of influenza vaccinations, the beginning of quarantine in 7 areas of the capital started with a mechanism of temporary permissions to move around on March 26th. These permissions were obtained at a government’s website which quickly collapsed and forced thousands of people to stand in long lines outside government offices. While people were crowded waiting for their turn, the president announced on national chain that registration was no longer necessary and it would only be obtained with the identification document. On March 31st, municipal buildings were crowded because that day was the road tax payment deadline. Although, a few days earlier, parliament had passed a law extending the period of the payment, this should be actually paid with interests. The measure crowded thousands of outraged people who forced the government and par-
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Despite of the Chilean Medical Association’s advise, the government refuses to order total quarantine, as Peru or Argentina did, even when these countries had fewer contagion cases than Chile. However, many municipalities ordered preventive quarantines, which the government rejects, claiming that they don’t have the legal authority to do so. The military commands at the head of the regional governments dismissed the initiative immediately in an attempt to seek “normality.”

The government and the media make insisting calls to everyone and appeal to people’s individual responsibility, but not everyone can do a voluntary quarantine. Besides, whether voluntary or total, a quarantine without a massive sample taking means that the healthy population will get infected, this also hinders the follow-up of contagions.
The tough reality of the Chilean labor market makes it very hard for most workers to do a voluntary quarantine without receiving direct aid. In addition, only a small percentage can work remotely and the rest are forced to go out of their houses and expose themselves.

As Minister of Health, Jaime Mañalich, said on March 20th while giving a televised interview, we just have to wait for the virus to become “a good guy.” While confinement at home is encouraged, under the patriarchal structure of society, homes are stage for a rise in cases of violence against women. This is shown through 70% increase in calls to the number for “Guidance on Violence Against Women.” Another concern is the situation in the buildings of the National Service for Minors (SENAME in its Spanish acronym), institution responsible for children and adolescents in conflict with
the law or whose parents cannot provide their care. It operates through abusive prison practices that have resulted in the death of 1,700 minors between 2005 and 2019. Even more critical is the situation in prisons, where as of April 13th, 24 prisoners and 59 prison guards were infected. This has led to riots by prisoners demanding the implementation of measures of containment for coronavirus, where the poor sanitation and overcrowding favors the virus spread. Within this context, social organizations are trying to put pressure for the 2,500 prisoners from the popular revolt that started in October can serve their sentences outside prison. Lastly, homeless people are the most affected of all. The number of homeless people is estimated to be 20,000.
On March 19th, Piñera’s government announced the implementation of an economic package of USD$11,750 million to contain the sanitary catastrophe, equivalent to 4.7% of the GDP. From it, only 35% is for health, severance insurance and the so-called Bono Covid-19, a voucher that will be given only once to those within the 60% of lower income. According to the government, 1.6 million people would receive this benefit of $60 USD; an amount that is not enough to go through the pandemic and it’s even absurd considering the high cost of living in Chile.

Meanwhile, the other percentage consists of loans to provide companies with cash flow to pay bills and money at hand. This means that, for a couple of months, the State will pay the
In order to disburse the economic package, the government passed the “Employment Protection Law.” A detrimental law to the workers that strengthens labor flexibility, by allowing companies to “suspend” contracts with their workers, to freeze salary payments and to reduce social security and health care taxes by 50% of wages. The funds will come from the own employees’ unemployment insurance savings. The first payment will be equivalent of a 70% of the salary, and the following payments will decrease 10% to 15% every month, until the funds in their accounts run out. Only then, the solidarity insurance funds are activated, which is financed by contributions from companies and the State. In addition, companies can “reach an agreement” with their workers about to reduce the working hours and the salary in concordance to the previously mentioned implementation, complementing workers’ salaries with 25% of their remuneration charged to the unemployment insurance. In all cases, the “suspension” of work hours basically implies, the exhaustion of the funds from each unemployment insurance accounts.

These measures make clear that the market will decide the impact of the crisis on the working class, since it will be up to the companies to suspend contracts (assuming social security and health payments for the workers) or just fire them. Workers under preca-
rious conditions, with no contract or unemployment insurance, are not eligible for the package. These workers represent 38.9% of workforce, almost 3.6 million people. In this climate, massive layoffs and companies going bankrupt are predicted, especially in sectors such as retail, transportation, tourism, gastronomy, and outdoor and professional activities, which together employ more than two million people in the country.

Continuing with the neoliberal system, the State doesn’t intervene on the market, not even in time of crisis, when it could be in charge of wages, abolish the charging of basic services and financial debts. And in this regard, the government “negotiated” with the companies a suspension of basic services accounts to the 40% of lower income population. Some banks also have postponed the payment of credit loans, but in several cases it is just a new loan with higher interest rates. On the same line, on March 16th the Central Bank announced the fall of interest rates to pump up financial system, what means that banks could ask for more favorable rates in order to provide quicker loans to people and companies. All these postponements and new indebtedness will have a devastating effect in the mid-term, especially if we consider that an 82% of people of legal age are indebted, namely, more than 11 million of people in a country of 18 million inhabitants.

At the beginning of April, the government announced a second package of economic measure that continues with fragmented bonds and loans to companies. It is about 5 thousand million dollars, along with the first package sum up to USD$16,750 million, i.e. a 6,7% of
GDP. Of this second package, USD$2 thousand million will be used as bonuses for informal workers that have no access to unemployment insurance. According to government figures, the measure will help nearly to 2 million 600 thousand people from lower-income sectors; however, there isn’t yet any announcement about the sum of the bonuses or help to the workers who issue invoices. Another 3 thousand million dollars will be destined to the small business guarantee fund “FOGAPE” (for its acronym in Spanish, Fondo de Garantías para Pequeños Empresarios), which has a final balance estimated in USD$24,000 million.
This “FOGAPE” fund is used to provide state guarantees of loans taken out by companies, that in times of commercial uncertainty increase the risk of not paying the loans they requested from the banks. Facing this as a possibility, the State will take over up to 85% of the loan in case of default. In other words, the companies’ credit risk and a possible bailout of the banking system will be financed with public funds.

This scenario brings along the debate about the Chilean pension system and the possibility of using its funds to deal with the pandemic. However, as soon as some proposals to use 5% of these funds for those who need them most were presented, the government refused them, despite the fact that the losses of the pension funds in March were the largest in history. The companies that manage these funds—let’s not forget about AFPs, Chile’s private pension system—invest them in the financial market, which has been severely affected because of the virus. According to figures from the AFPs themselves, the pension funds lost almost USD$25 billion, equivalent to 10% of the national GDP. In other words, they invest the pensions of the working class in their businesses and now that they are doing badly, they share the losses.

We are living a new neoliberal assault in the midst of the pandemic, where the powerful interest groups are taking advantage of the shock to impose state economic measures to save banks and companies, but not to meet the needs of the population. All of this is being disguised with the "solidarity" of the large economic groups,
who created at the end of March a so-called "Private Emergency Health Fund," which aims to collect USD$41,000 million and donate them to public health expenses to fight the coronavirus. In addition, they made "disinterested" contributions to the business feast of the Teletón in early April, a “charitable marathon” that intents to contribute to different healing processes for people with disabilities.
Mutations in capital’s virus

Throughout its history, capitalism has demonstrated to be on a constant crisis. But now, due to its global dimension, it could allow experimentation with new-old forms of control and militarization that could remain on a daily basis beyond catastrophes. In spite of the complaints of the United States against China about hiding and manipulating figures of people infected and dead by the corona virus, the Chinese way of digital surveillance and total control is spreading as a model to face the pandemic. The Chinese model to fight the virus—based on a centralized State—is being more effective than Western liberalism, which is now more affected than China itself, reviving statist positions of capital management.

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The capitalist world-system is in recession and in order to reactivate capitalism it will use the same strategy than in the 2008 crisis: the State will rescue the banks and financial companies, and also it will give loans to revive the system. The current crisis will increase the levels of unemployment and inequality, the fiscal debts will be paid with a cutback of the State’s social spending and precariatization of the working class, which will again end up paying for the crisis.
The pandemic will have serious consequences on the oppressed classes of the world that might result in a deepening of the fighting cycle that started in 2019 in different parts of the world. In Chile, the pandemic arrived when the people had already developed certain levels of social organization through assemblies over the 5 months of revolt. This regeneration of the social fabric is maybe the reason for the acts of solidarity and care in the community that have been multiplied in many territories.

In parallel and symbolically, the government opens old wounds through the Humanitarian Law Project. Even though this law seeks to guarantee elderly people to serve their jail sentences at their homes, it might also benefit murders, torturers and violators of Human Rights.
Right who are at present serving their sentences at their special prisons. For its part, the judiciary took advantage of the silence in the streets to absolve eight convicted violators of Human Rights during the dictatorship and also it reduced the sentences of other nine convicted to three years and one day; who moreover were released under surveillance. This twisted way of taking advantage of the shock by the government, became a provocation at the beginning of April when President Piñera posed for photographs on Dignity Square; an act rejected by many.

Social atomization, as consequence of the pandemic, should be fought by taking to the streets again and by entering into a new phase of the revolt. Harsh ideological battles will take place in October near the “constituent plebiscite,” delayed from April and now the best card of the government to contain the popular uprising started in 2019.

Our bet is to continue revolting and to design ways of getting rid of the authority principle, the base of patriarchal domination, social class division and the separation of humanity from nature. This is what has led us into the current ecological depredation and the new virus emergency, making evident the vicious circle of the capitalist pandemic.