



**THE REAWAKENED BOLIVIAN NATIONALISM CREATED CHANGES THAT
INITIATED BENEFICIAL PROGRAMS FOR THE PEOPLE**

The case study of Students Grant Recipients at San Francisco Xavier University

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Supervisor

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This master's thesis is carried out as a part of the education at the University of Agder and is therefore approved as a part of this education. However, this does not imply that the University answers for the methods that are used or the conclusions that are drawn.

University of Agder, 2015

Faculty of Economics and Social Sciences

Center for Development Studies

MASTER THESIS

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ABSTRACT

Natural resources have demonstrated to be viable resources in the development of revenues that benefit a large number of Bolivia's population. Hydrocarbons, oil, tin, are just few examples of the natural resources located within Bolivia's territory. Currently the extraction of natural gas represents Bolivia's main source of income allowing it to become the central pillar of the national economy.

This paper explores the events related to the extraction of natural resources in Bolivia. It analyzes its sources and its characteristics, as well as the ways in which these events influenced the past and the present hydrocarbon policy. Through three different analytical theories: the political ecology, the extractivism and the Vivir Bien thus provide the framework for this thesis.

This thesis is based on six months of research, first analyzing documents and literature on the hydrocarbon sector with interviews with academics and experts in the hydrocarbon field, gaining greater insight in the analysis prompting a wider research area. The in-depth analysis started with extraction of natural resource following with the development of legal framework to the distribution of the revenues. This thesis reveals first-hand the perception of some the recipients of the Student Grant Program.

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DECLARATION

I hereby declare that this Thesis:

**THE REAWAKENED BOLIVIAN NATIONALISM CREATED CHANGES THAT INITIATED
BENEFICIAL PROGRAMS FOR THE PEOPLE**

The case study of Students Grant Recipients at San Francisco Xavier University

Has not been submitted to any other University than
Agder University for any type of academic degree.

VERONICA DONOSO ORGAZ

14 December 2015

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Abbreviations or Acronyms

- (ADN) National Democratic Action
- (AP) Patriotic Accord
- (Bs) Bolivian Currency
- (CPE) Constitución Política del Estado – Bolivian State Constitution
- (CSFA) Compañía de Salitres y Ferrocarril de Antofagasta – Chilean Mining Company
- (ENFE) Empresa Ferroviaria Andina
- (ENTEL) Empresa Nacional de Telecomunicaciones
- (FG) Focus Groups
- (FUL) Local Federation of University Students' Union
- (FANCESA) Fabrica Nacional De Cemento S.A – National Cement Company South America
- (INE) National Statistics Institute
- (HIPCI) Highly Indebted Poor Country Initiative
- (IDH) Direct Tax of Hydrocarbon
- (IVA) Value Added Tax
- (LAB) Lloyd Aero Boliviano
- (LNG) (Liquefied Natural Gas
- (MERCOSUR) Common Market of the South
- (MBL) Movimiento Bolivia Libre – Free Bolivia Movement
- (MIR) Revolutionary Left Movement
- (MMCF) Million Cubic Feet
- (MNR) Movimiento Nacional Revolucionario - Nationalist Revolutionary Movement
- (NGO) Non-Governmental Organizations Publications
- (TGN) General National Treasury
- (YPFB) Yacimientos Petrolíferos Fiscales Bolivianos

Introduction

Natural resources when exploited generate economic growth and development, nevertheless, in some cases, the abundance of natural resources attracted more trouble than benefits. The relation between the positive and the negative effects of the resource's richness are the center of study of development theories.

Developing countries that possess natural richness, especially in Latin America, opted to follow and even to deepen in the extractivism current in the last decade. In the case of Bolivia that has the largest reservoirs of Natural Gas in South America the exploitation of this natural resource is seen as a strategy to contribute to the social and economic development of the country (Law N° 3058). In recent years, the Bolivian State exceeded in the extracted volumes of Natural Gas and as noted by the Fundacion Jubileo, the hydrocarbon production has increased reaching historic peaks in 2011 and 2012 (2012:3). Our natural resources are more exploited now than in the neoliberal regimes and proof of it is that in 2013 the 83% of the Bolivia's exportations came from hydrocarbons and mining activities (CEDIB 2014:109). The income obtained by Hydrocarbon activities has become the main pillar of the Bolivian economy, particularly for its contribution to the tax revenues for the national government and sub national governments.

An accurate analysis of the Bolivian situation should not only be directed to the Bolivian state and that form the revenues are spent in that level, but also the other different levels directly benefited such as local governments, municipalities and equally important, to the Public Universities.

The Public Universities in Bolivia are funded by the State with resources allocated annually by the Tax co-participation in 5% and the Direct Tax to Hydrocarbons (IDH) at 8%.

This research looks closely at the Public University of San Francisco Xavier (USFX) located in the Department of Chuquisaca and inside Sucre's Municipality. The Bolivian state distributes funds this public University at a rate of 69% and the rest 31% is produced by itself (USFX 2014 report). It's important to mention that all public Universities in Bolivia have autonomy in the administration of its resources, election of its authorities and selection of teaching and administrative staff, among other (Art. 192 Bolivia's constitution).

Although the University San Francisco Xavier is autonomous, the income from the Direct Tax of hydrocarbons is ruled to be invested in Infrastructure and academic equipment, evaluation and accreditation processes; Quality improvement programs in education; scientific research, technology and innovation; social interaction programs directed to vulnerable and high rates of poverty population (Supreme Decree N°28421).

Since 2012, the University San Francisco Xavier allocates an important amount of IDH income to benefit students with limited financial resources and / or outstanding performance. There are more than seventeen types of grants in different areas such as socioeconomic, academic and agreement. Just in 2014, the student population was 41,295 in 2014(USFX Report, 2014: 276) and 14% of them received some type of grant.

This research analyses the hydrocarbon policy implemented since 2006 and the public policies related to the income allocation of the Direct Tax of Hydrocarbon (IDH) on the Higher education sector. I focus on the case of the public University San Francisco Xavier de Chuquisaca. The way the IDH resources are invested and its management efficiency for the Student's welfare.

OPENING

Main Objective

The analysis of the struggles the Bolivian people endured before, during and after the formation of the Bolivian National Hydrocarbon Policy, and the current legal framework that resulted from the Nationalization of Hydrocarbon Act in 2006. This Act provided the distribution of Hydrocarbon Revenues from the direct tax from Hydrocarbons (IDH) to allocate money to different needs of the Bolivian people including grants to students at the San Francisco Xavier University from 2012 to present.

Specific Objectives

- A focus on the past and the present Hydrocarbon Policy in Bolivia
- Explain the distribution and allocation of revenues (Direct Tax from Hydrocarbons) to the Bolivian people.
- Describe the expenditure of the IDH income awarded to The University San Francisco Xavier, specifically the allocation of funds to the Socio-Economical grants for students.
 - ❖ Identify the impact from the investment of IDH in grants for the academic permanency and improvement in the life quality of college students.

RESEARCH QUESTIONS

About Specific Goal 1:

- What were the specific situations that brought about changes, which resulted in the current hydrocarbon policy?
- What is the current Hydrocarbon Policy in Bolivia?

About Specific Goal 2:

- How the Hydrocarbon Revenue (IDH) is distributed and allocated in Bolivia?

About Specific Goal 3:

- How the University San Francisco Xavier invested the Hydrocarbon revenue (IDH) in the funding of Socio Economical grants awarded to the students?
 - ❖ How the grants are affecting students' live?
 - ❖ How grants encourage students not to leave college?
 - ❖ How grants are improving their quality of life?

PROBLEM STATEMENT

Bolivia has a long history related to natural resources. Despite the fact that other countries came in and exploited the natural richness of Bolivia failed to provide any monies for toward economic development. Bolivia is still one of the poorest countries in South America and the most unequal in the region (UNDP 2014 Report). The exploitation of its natural resources has been always linked to historical events; some of them had led to armed conflicts such as the Chaco War of 1932 or the Gas War of 2003. Sergio Almaraz Paz, a prominent political analyst and journalist (accurately described the Bolivian situation related to the exploitation of natural resources over the time, when he said:

The foreign oppression described circles: silver, nitrate, rubber, tin and oil. With each new cycle is gone a bit of national life, each stage reaches its end with a new national independence mutilation. (CEDLA, 2010, p.5)

According to Sergio Almaraz Paz, during the past three centuries Bolivia realized no profit from foreign countries during their mining operations within its territory. The agreements from the past were unilateral and only benefited foreign interests.

Today, in the twenty-first century, Bolivia has not ceased to be rich in natural resources. In the last decade, Bolivia discovered to have the biggest deposits of hydrocarbons in South America. Such finding, has led the social movements granting them to take a leading role in the defense of their Natural Gas Resource. The Gas War of 2003 expressed the emergence of a new Nationalism that represented the indigenous nations, workers and impoverished social classes. This movement prevented the Gas exportation through a Chilean Sea Port, thus demanded the industrialization of Natural Gas within Bolivia and, most important, it demanded the nationalization of the economic surplus from the exploitation of this resource. (Orgaz, 2009, p.9) The main participants within this Social Movement supported the Natural Gas industry, realized that the financial resources resulting from this activity actuated in developmental social programs. Allowing a transition of these programs and actions to overcome extreme poverty and promote economic growth.

Sadly, this last conflict did not question the strategy of development through the extraction and depletion of Bolivia's Natural Gas resource. This clearly showed the power struggle between all participants regarding the control over the hydrocarbon revenues.

The IDH (Direct Tax from Hydrocarbons) created a response to the demands of the social movements from the Gas War. Before, the hydrocarbon royalties represented the 18% of the Natural Gas production value. However, later with the establishment of the IDH realized 32% revenue from royalties, thus the outcome of these measures brought about a great benefit for Bolivia resulting directly from the production of hydrocarbons.

The Nationalization of the Natural Gas placed new guidelines with the foreign transnational companies establishing tax benefits and the rising prices of the hydrocarbons created a better economy.

The IDH income has proven to be an important economic resource for the regions. The IDH has allocated these revenues with 42.2% to the Central Government and 57.8% to the Departments of Bolivia. Since 2006, this 57.8% is further broken down with 24% local governments, 66.9% municipalities and 8.6% universities (Hinojosa: 178).

The Bolivian Universities receive State funding for their operations that come from national tax revenues and the recently created Direct Hydrocarbon Tax (IDH). The first source the national tax revenues are negotiated annually amid strong pressure to the Government by the Public Universities. The second source, the IDH is regulated by law and

may vary annually according to revenues received. It is important to mention that the Bolivian public universities boast of 'Autonomy' that stops the state from intervening directly in its institutional life.

The Direct Tax on Hydrocarbons (IDH) income in the Public University must be allocated throughout the academic infrastructure and equipment; evaluation and accreditation processes under current regulations. Those regulations being quality improvement programs, academic performance; science, technology and innovation in the context of developmental plans and production at national, departmental and local levels and research; social interaction program targeting vulnerable populations with high rates of poverty. (Decree 28421)

Regarding the department of Chuquisaca 8.6% is allocated to the public University of San Francisco Xavier de Chuquisaca located in city of Sucre.

San Francisco Xavier University receives IDH income since 2005, according to regulations they spend part of it on social interaction programs that target students from vulnerable situations.

A total of 10% of the monies awarded are distributed to the student population as grants for higher education.

THEORETICAL APPROACHES and LITERATURE REVIEW

Beyond the Resource Curse

The resource curse describes as a paradox in which countries and regions with abundance in natural resources, especially nonrenewable resources tend to have less economic growth and lower development than the countries with few natural richness. Among the explanations for the resource curse, we have the structuralism theories; the rent seeking approach; and the ones based on the "Dutch Disease" that describes the struggle of Netherlands in the 1960's that after receiving incomes from the exploitation of a large Gas field, ended in an economic crisis. Scholars try to explain the negative political, economic and social outcomes that countries rich in natural resources experienced in the past and are still struggling with it today.

Other academic, such as Ziyadov and Shaffer described the Resource Curse as a tendency of certain countries that export their natural resources, to underperform in the economic field. The countries in which Ziyadov and Shaffer based are prone to economic, social and political instability that had led them to conflict. They also state,

The richness of a country natural resources does not have to necessarily lead to a deficient

economy or a to inferior developmental economy, but rather it has to be seen as double edged sword (2011:19).

Sachs, J. D., & Warner, A. M. (2001) affirm that the curse really exist and that resource abundant countries tended to have high price economies and that, partly as a consequence these countries tended to miss out on export led growth (2001:837).

More clearly, The Oxfam Report (2009) explains the “*Paradox of Resource Curse*” when states:

First, in order to exploit the natural resources it is required a lot of investment and foreign technology that usually poor countries do not have. Second, the revenues for the public sector received for the sale of the raw materials in the international market is very significant compared to those generated by productive activities. In addition, a model of economic growth based on extractive activities has often-negative impacts in the social, environmental, economic and institutional, which reinforces the “Paradox”. The Oxfam Report (2009)

Form other point of view, Williams A. (2011) blame to the lack of transparency as the heart of the resource curse

There are a number of ways that a lack of transparency can create or exacerbate the problems associated with resource rich countries. It can make corruption more attractive, undermine democracy, and make it easier to capture rents, create principle agent problems. (p.490).

However, Williams also highlights, at the end of his research, the fact that it has never been firmly established in the literature that countries with an abundance of resource revenues are actually less transparent than other countries. At first sight this is appealing due to the fact that some resource rich countries with good institutions have a good performance while other countries with poor institutions have not. It’s noted by Williams that;

The resources revenues themselves can affect the quality of the country’s institutions (2011, p.491) meaning that the transparency of the government can decrease precisely because of the resource revenues.

The mentioned academics give reasons for the resource curse and warn about the negative effects of it while others, like the World wide institutions such as the World Bank and the International Monetary Fund support the extraction of Natural resources. This international institutions recognize the that there might be some complication when natural resources are exploited but there are more positive effects than harm.

For the World Bank, it is essential to own solid public institutions. Institutional quality is a crucial factor for resource-dependent countries to achieve sustainable, development-oriented policies and sector governance (Barma, N., Kaiser K. et al 2012:4). They also state that mining or any other extractive industry can contribute to economic growth in the right economic and institutional setting.

Despite the much advancement that the theory of the resource curse has made in the study of the links between conflicts and natural resource extraction, there is little evidence that it can be apply to all cases.

Although the explanation for the resource curse may be useful in some cases, for the purpose of this research, it is insufficient considering the different context and the many advances in the literature related to the exploitation of natural richness.

Political Ecology

For the analysis on the extractive industry in Bolivia, the research will use elements related to political ecology. The political ecology is an approach that gathers environmental and political issues and its framework explores the complexities of political and environmental interaction. Bryant identified three elements in the framework: the contextual forces; the conflict over natural resources and political ramifications as listed below.

The contextual forces of environmental change identify state policies, interstate relations and global capitalism topics. Such topics reflect the growing impact of national and transnational forces on the environment in a world of increased political and economic interdependence; contextual forces are the state policies (Bryant R. 1992 p. 14).

Walker mentioned by Bryant notes that, *There is an inherent, continuing potential for conflict between the state's roles as developer and as protector and steward of the natural environment on which its existence ultimately depend (Bryant 1992 p.15).*

Related to Bolivia's extractive industry clearly reveals the old policies such as 1970 The Hydrocarbon Law and the reforms on the economy in the 1980's and 1990's. These measures were clearly influenced by capitalism. More clearly is depicted by the privatization of national companies in 1994 and the different incentives given by the Government to foreign companies for the exploitation of natural resources. Bolivia's situation changed with Gas War that asked for nationalization of private companies and a change of economic model that left more benefit for the Bolivian people.

The second element addresses conflict over natural resources access, it illustrates how; *“Those ‘without’ power fight to protect the environmental foundations of their livelihood”*. (Bryant R. 1992 p. 14)

The Chaco War, the Water War and the Gas War are examples of conflict over the control of natural resources that will be elaborated with the following sections which provoked social movements within Bolivia. It is also revealed the way that people took the leading role to incite the government to bring about the ownership of the natural resources property back to Bolivia.

The third element considers the political ramifications of environmental change.

This element focuses on human – environmental interaction the important effects of environmental change on Socio-economic impact and political processes. In this respect, the problems arising from the exploitation of natural resources and their possible solutions are inevitable linked to issues of power and governance. Robbins states that the political ecology has come to consider and to re-consider the diverse nature of power and authority in different environment contexts. (Robbins, 1998 cited by Peet R. et al 2010: 31). Such as the situation between indigenous people and the construction of roads and pipelines to Brazil and Argentina that crossed indigenous territories and national parks. Other example is the water war in which the ownership and governance of water was questioned.

From a political ecology perspective, it will be studied the extractivism’ progress and contradictions. As mentioned by CEIICH (2010:62)

The mining boom in Latin America, seen from a political ecology perspective was not casual, but an overt activity that was strategy and deliberately driven by centers of world power with the aim of affront, overcome and recompose their domination CEIICH (2010:62).

Consequently, this research attempts to illustrate the political analyses of the extraction of natural gas resources, and make a diagnosis using political ecology elements to identify the past and current hydrocarbon policies, management practices, especially related the distribution of benefits of the natural resources.

Extractivism

The extractivism is a theory developed by Latin American scholars that refers to the extraction of a large volume or high intensity of resources, oriented essentially to be exported as unprocessed or minimally processed raw materials (Gudynas, 2013 p. 3). According to this definition in order to consider an activity as extractive, three conditions

must be accomplished: A high volume or intensity in the resource extraction, the non-process or scarce process of the resource and the mostly exported destination of it.

About the high volume of extraction, it is said that there is an incorrect measurement of the extracted volume when it is just taken into account the physical product that is extracted from soil. It should be also included intensive impact that is made to the environment in the process of extraction. The scarce or non-process of the extracted resource, refers to exportation of primary products to which it was not added a value for instance raw materials

It's considered that the extractivism prevails in a country when more than the 50% of the resource is exported. For instance in Latin America the extension of the extractivism in the last decades was due to high demand of natural resources in other regions.

According to this first part of analysis, where a high volume or intensity in the resource extraction, that the extractivism model of development depicts perfectly Bolivia's situation of its natural resources throughout its history. First, the high volumes of oil were exploited since 1920 under the management of transnational companies such as Standard Oil and later the Gulf Oil Company. Such situation was reverted with the nationalization of both companies at different times. Later in the 1990's, with the privatization of national companies the Natural Gas reserves were, once again, intensively exploited by transnational companies. Changes in the structure of the government came with the nationalization of transnational companies, the New Constitution and new laws to regulate the extractive sector. Such changes did not help Bolivia to change the pattern of extractivism; what is more, it has deepened the extraction of natural Gas within Bolivian territory.

Very few attempts were made in order to process the raw materials in Bolivia. In various times of the Bolivian history showed some intention of the government to industrialize the oil in the 1960's and nowadays the Natural Gas. The industrialization was a premise of the Gas War in 2003 but still very little has been accomplished by the government for that purpose.

Bolivia is an exporter of natural resources. Facts and statistics show us that Bolivia is exporting more natural resources now than in all its history. The greatest beneficiaries of the exportation of Bolivia's natural Gas are Brazil and Argentina. For Gudynas, the denomination of an Extractivism exporter country is given, not due to the internal demand but for the demand of other regions (2013:04).

In Latin American contexts and throughout its history one can see that the extraction of natural resources have been a common practice since the colonial times. Some authors openly criticized the role of the extractive industries like Eduardo Galeano in his classic book *"The Open Veins of Latin America"*. Bunker S. (1985, p.1) in his research *"Under Developing the Amazon"* states that 350 years of different extractive economies had briefly enriched various dominant classes but progressively impoverished the entire region. For Bebbington, the expansion of the extractive industries is happening on such scale and at such a speed that is transforming the societies, political economies and territories in which it is occurring Bebbington A. (2012 p.1)

Despite the critics to Extractivism, many governments are still taking full advantage of the extraction of natural resources despite its limited contribution to a genuine development within Latin America. Bolivia uses the Extractivism as a basis in its development policies.

Gudynas explain in a deeper way the extractivism when he stated two kinds of extractivism: The Classic extractivism and the Neo extractivism. In the first, transnational companies play the most important role while the state plays a minor role, also, it is assumed that the benefits will be reached through market mechanisms, where exports generate spillover effects in the rest of the economy (new jobs), all of which lead to promote development in the region. Gudynas (2013:8)

Despite the critics to the conventional extractivism, the neo extractivism does not change in essence. Supported by the emergence of left wing governments and progressive governments in Latin America, the Neo extractivism theory points out a way of development also based on the extraction of natural resources but in this case, the provider state plays an active role. In some cases, the extraction activities are carried out by state companies or mixed, in other cases, the level of royalties and taxation is higher and even there the state has greater control over the production. Gudynas (2013:89)

In the case of Bolivia, the classic extractivism and the neo extractivism are applied as valid theories to show the past and the current hydrocarbon policy.

Prior to the Gas War, transnational companies had the main role in the exploitation of the natural resources. Companies like the Gulf oil in the 1960's strategically controlled 90% of the Natural Gas production and oil, while the National Company YPF controlled the rest. Later in the 1990's with the privatization measure, the state promoted private investment and reduced the state royalties and taxes from 50% to 18% also the National Oil Company YPF was excluded of any participation.

The neo extractivism arrived with Evo Morales as president of Bolivia following the left wing parties' trend in Latin America. Morales undertook to nationalize the hydrocarbon sector and Bolivia gained control of some capitalized assets and increased the Bolivia's shares of revenues. Bolivia's state now plays a major role in the hydrocarbon sector; nevertheless, the transnational power is still being strong within Bolivia.

Gudynas mentioned that there is strong contradiction in the left wing parties that promoted the "Vivir Bien" or "well living" and that at the same time support the extractivism that causes atrocities within their territories.

Also stated by Bebbington, the expansion of the extractive industries is happening on such scale and at such a speed that is transforming the societies, political economies and territories in which it is occurring. Bebbington A. (2012 p.1) unfortunately, the expansion of the extractivism is aggressive. In Bolivia the Natural reserves are in danger and also entire indigenous communities, this is happening despite the indigenous support to the government in 2003. The government under the headship of Evo Morales stipulates that all natural resources belong to the Nation, and that they are needed to finance national social policy and cash-transfer programs for the poor.

The theory of extractivism defines the concept of surplus when it states that the surplus generated from the extraction and commercialization of non-renewable resources, such as the hydrocarbons, will be eventually depleted. For Gudynas the idea of a natural capital generates an illusion of a possible retrieval and in the case of hydrocarbon revenues it generates the idea of a possible profit that doesn't exist, when in reality there is a net capital loss Gudynas (2015: 215)

There is a capital loss in the extraction of natural Gas in Bolivia because the cost of environmental damages impacts are much higher than the profit that the government is receiving in form of royalties or IDH revenues.

The States in which the extractivism is greater use different forms to capture economic surplus. In Brazil and Argentina they charge a percentage over the value of the production, in Chile and Peru they use a percentage based on net income while in Bolivia a percentage is used on the production value based on the international price range.

In Bolivia the hydrocarbon revenues produced for the extraction of Natural Gas are: the Hydrocarbon Royalties, the Direct tax to Hydrocarbon (IDH) and the participation of YPFB.

The Bolivian state receives 50% of benefits over the extraction of Natural Gas. This

imposition with the transnational companies working within Bolivia generates an extraordinary income for the Bolivian State. The IDH, that is the focus of this research, is direct tax to the hydrocarbon activity and it will be analyzed the form it's invested in benefit of higher education students.

On the other side, while Latin American academics like Gudynas depicts the danger of falling into extractivism some others international organization shows the bright side of it as it happened with the Resource Curse theory. According to the Oxfam multinational companies and institutions like the World Bank have promoted actively and passively a deepening in the mono-exporter model in many resource - rich countries. it's estimated that over 100 countries have reformed their hydrocarbon and/or miner sector in the past two decades under the world bank programs and the international monetary fund (IMF), in addition, the World Bank Group provides an average of more than one billion dollars (US Dollar) annually to extractive industries around the world (Oxfam, 2009, p.14)

The blurred role that International institutions play inside developing countries was evident in the 1980's. As It's showed in the research, the IMF and the World Bank suggested the implementation of the Washington Consensus that led to a proliferation of transnational companies through the liberalization of investments and labor markets in Bolivia in exchange of access to international funding.

El Vivir Bien “The Living Well’ or Sumaj Kawsay

Latin America is in the middle of a transformation that challenges the classical idea of development. First, it is recovering and maintaining its historical traditions, questioned in the past, and on the other side, it is linking them with new concepts from other region (Gudynas, Acosta 2012: 72).Latin American academics questioned the economic models and conventional ideas of development created overseas and applied in plans, programs and even projects that mostly failed in its purpose. Classical development ideas are based on material progress, dependence on the economic growth, through the appropriation of the natural resources. At the same time, scholars proposed to create new “alternatives to development” that go beyond the neoliberal regimes including all sectors of the society, defend the role of the state and fight against poverty.

Arturo Escobar in 1992, stated that the Alternative development shows the roles of different types of governments for instance conservatives and /or progressives; and that “the alternatives to development” go beyond political issues for instance the “Vivir Bien” (Living Well) that proposes a new vision of wellness. Acosta (2012:195) also states that it's increasingly necessary to generate alternatives to development. For him, the Buen Vivir

(The Living Well) is not a novelty or an original idea that has arisen from political processes in the XXI century in the Andean countries, nor it's a kind superstition or magical ointment for all the world's ills, it's part of a long quest for alternative lifestyles, forged in the heat of the struggle by humanity for emancipation and life (p.195).

In the Vivir Bien the nature is an integral part of the humanity whereas the capitalism, treat nature as an object that should be dominated, exploited and manipulated.

Unfortunately, in Latin America since time of the colony, nature and its richness have been extracted. It was first in command of the Spanish conquerors and now by different forms of governments even more by the so-called progressive governments. It's clear that the vision of dominating the nature remains in effect and it's shaped by the extractivism.

The extraction of natural resources is in fact not compatible to the Vivir Bien, not only because it leads to the depletion of nature but also because it retains an exploitative labor structure in the workforce, which moreover doesn't even guarantee adequate jobs. (Acosta 2012: 200)

In order to follow the values of Vivir Bien, the economy must change profoundly. The Vivir Bien promotes a dynamic relation between the society, markets and the state, not subordination to any of them. Nowadays one can see that markets related to natural resources are dominating the economy of entire country; they can easily monopolize and even speculate on prices. On the other side, in order to live inside in the "Vivir Bien" demands organization, the state intervention and wide participation of the society throughout the process.

Global capitalism's values are based on the accumulation of capital that brings inequality to people, so the Vivir Bien proposes to build a different society that considers solutions in many areas such as economics, ecology, culture, finance, etc. For most of the scholars the proposal of the Vivir Bien is not asking to go back to the past, ignoring the progress made through the years, but to recover some of these lost values and applied them in order to build a state that is different from the current ones.

El Vivir Bien in Bolivia

The constitutional adoption of the Vivir Bien in Bolivia was in 2009 when the New Constitution was approved and put into force. The adoption was part of a political process that started first with a reaction to a neoliberal market reforms in the late 1990s and early 2000s and second with the election of governments of the Latin American new left or progressives (Gudynas 2011:442) in the case of Bolivia with the election of Evo Morales.

The Vivir Bien is included in the New Bolivian Constitution in the section of principles,

values and purposes of the Bolivian state. “The state assumes and promotes as ethical moral, values from the plural society the Ama Qhilla (don’t be lazy) Ama llulla (don’t be a liar) Ama Suwa (don’t be a thief), Vivir Bien (well living), ñandareko (armonious life) teko kavi (good life) ivi marei (land with no harm) and Qhapaj ñan (noble life)” (art. 8 CPE). This approach is multicultural due to the contributions of indigenous cultures such as the Aymara and Guaraní and presented all at the same level.

All these ethical and moral principles are linked to the economic organization of the country. The Bolivian Constitution introduces an new economic plural model in order to increase the quality of life and ensure the “well living” of all Bolivians (art. 336 CPE). For scholars like Walsh mentioned by Gudynas (2011: 443) this formulation is impressive because it move away from the classical approach where a classical development strategy determines and limits economic and social life

In the case of natural resources’ extraction, the Bolivian Constitution recognizes that the human beings must use the natural resources and the environmental richness and that it should be used to guarantee the well living or Sumaq Kawsay. For the Andean cosmovisión the society and the nature are integrated, they cannot be separate. The Aymaran sociologist S. Yampara explains that the social and ecological conception of community is linked to the Andean concept of the Ayllu, where well-being encompasses not only persons but also crops, cattle and the rest of the nature (2001: 80).

This position is not different from other positions such as the one of political ecology. The nature can be used to satisfy key requirements are contraire from the capitalism where the capital is accumulated and the market of consumerism must be satisfied.

The “Vivir Bien” expresses a process that is in progress that somehow offers new answers to the post development questions. As seen, the Vivir Bien can be considered as a platform where critical views of development are shared, it certainly provides a new ground to move towards an alternative to development.

METHODOLOGICAL FRAMEWORK

Methodology in Brief

This thesis’s research was conducted over a period of eight weeks between March and May of 2015 in which it was gathered documents, data and statistics. The research design for this project is the case study and the research strategy is qualitative. The research methods is Focus groups to students that are grant recipients; semi-structured interviews

to academics and experts in the hydrocarbon field, also to authorities of San Francisco Xavier University, the student's representatives and the Student's welfare office; participant observation and document analysis.

Motivation

The Gas War brought attention to the fact that no monies benefitted the country. This thesis has information obtained via discussion with experts in the hydrocarbons field, journalists and sociologists. They expressed concern regarding the lack of research on the delegation of hydrocarbon revenues. Their concerns related directly to the last decade where the appropriations of funds if any, were distributed correctly.

The Authorities at the University of San Francisco Xavier had expressed interest regarding the views from the public on their allocations of monies spent. Certainly, this research will also give us an interesting insight in the way student's grants are improving the grant holder's quality of life and supporting academic continuity.

Strategies in Social Research

Social research refers to research conducted by social scientists, which follows a systematic plan. According to Bryman

Social research doesn't exist in a bubble isolated from the social sciences and the intellectual allegiances from its practitioners but rather the methods of social research are closely tied to the different visions of how social science should be studied. Bryman (2004:4).

Social methods have to be linked to the practical field and the research data should be collected in relation to a social problem or a theory.

Social research for May (2011: 8) is intended to understand and explain social phenomena and to focus attention on particular issues. Both authors, Bryman and May, agree that part of social research practice consist on finding theories that challenge our understanding of the social world.

When choosing a research approach for a project one should consider first numerous factors like ontology, epistemology, practical considerations, theory and values. In the following, I will discuss the most relevant concepts in more detail.

On an ontological level, the question raised is whether a social entity is considered to be objective and have an external reality to social actors or they are social constructions formed by insights and actions of the social actors.

There are two ontological positions: the objectivism and constructionism. The objectivism

implies that social phenomena and their meaning have existence and it is independent of social actors (Bryman, 2004: 16).

While, Constructionism holds that social entities are constructed but the social actors make up their very existence. (Bryman, 2004:17)

The ontological position of my research is based on social constructivism. I intend to describe the “reality” that’s not independent or disconnected from the observer, instead it’s dependent on perceptions and descriptions of the observers. As I stated before, I aim to establish the impact of the IDH investments in academic permanence and optimization of the quality of life of the students of San Francisco Xavier University.

Epistemology deals with the question of what is or should be regarded as acceptable knowledge or not (Bryman 2004:11). Qualitative research bases its epistemology on natural science model and more specifically in positivism. In order to gain knowledge, in natural science, one should measure: weight, distance, among others; while in social sciences, different variables can be measured.

Another important feature of qualitative research is that its epistemology is based on the interpretivism. It describes a view held by writers that have seen the limitations that traditional natural sciences model has when applied to social research (Bryman 2004: 12). The social realities must be understood based on how they are perceived by the social actors that belong to the context studied. I have chosen a qualitative approach over the quantitative, based on interpretivistic epistemology, as pointed out by Bryman, the study of the social world must reflect the distinctiveness of humans (2004:15).

Qualitative Research Approach

A quantitative research approach emphasizes quantification in the collection and analysis of data. It requires a deductive approach to the relation between research and theory and it sees the reality as an object. The qualitative research approach emphasizes in gaining a deeper understanding of a specific social phenomena through a small quantity of informants; it uses an inductive approach and it gives emphasis to the creation of theories and it describes social reality as a shifting emergent property of individual’s creation (Bryman, 2004:20). This involves not only an interpretation of human action but also an understanding of human action, which means a deeply understanding of a specific socio-economic and cultural context.

Choosing the Case Study as a Research Design

The research design refers to the structure that guides the execution of the research methods and the analysis of the data (Bryman, 2008:30). The research design chosen for

this research is the “case study design” which entails, according to Bryman, “the detailed and intensive analysis of a single case...such analysis has to be done in relation to which they engage in theoretical analysis” (2004: 52). The design will reflect the kind of priorities that are given in the investigation. Such priorities are the research questions and an exemplifying case that might provide a suitable context to answer them. In this regard, the direct benefit of choosing a study case for this research is that this design is more concerned with the theoretical reasoning regarding a particular, rather than the generalization of findings as suggested by (Bryman 2004:57).

My attempt now is to reveal how the monies brought in from the hydrocarbons Revenues do indeed benefit the Bolivian people in ways that had not been available for them. Therefore, this case study serves to bridge together all the background needed to expose the dire living conditions the Bolivian lived under and through and the changes that is revealed with students who probably would have never had the opportunity to enjoy higher education.

As a Bolivian student, I was part of all events narrated in this research and I feel passionate when talking about them and the profound changes that have been happening in Bolivia in the last years. I’ve seen and participated from protests in my home city during the Gas War, I voted in the referendum of 2004 and in the presidential election that took brought the first Indigenous president to power. I also participated as a student’s representative of my class in the Capitalia protests in 2009 when all the City of Sucre rebelled against the Constituent Assembly that approved the New Constitution. All these events expressed the need for better management of the income produced by the exploitation of our natural resources to improve the quality of life of Bolivians. Therefore, regulations changed and there were more recipients of the hydrocarbon revenues. These regulations specifically allowed Higher Education Institutions to receive more income than in the past. The topic is interesting because these institutions receive hydrocarbon revenues directly from the state but they also have an economic and financial autonomy from it to allocate the resources in ways to benefit directly the university population.

The particular case of this research is the representative or as (Bryman 2004: 52) call it the “exemplifying case” certainly because it aims to capture and analyze circumstances, activities and conditions of an everyday in a common place situation. The exemplifying case of this research is the public University of San Francisco Xavier de Chuquisaca chosen from the 11 public universities in Bolivia, which receives annually an income from hydrocarbon revenues IDH. As a former student from The University of San Francisco Xavier, I experienced myself the cost of studying in a career field within Bolivia. I had classmates from all over Bolivia and from different social classes and indigenous groups. I

was part of the few lucky ones whose families supported us while we were studying, some of my classmates received grants and others worked while studied. During the years, we studied together; I have seen the struggle of many of them to support themselves and their families and kept studying, other just quitted due to different reasons. I have seen the value of those grants for them especially because they expected to meet all their basic needs.

The fieldwork conducted for this study took me ten weeks in which I interacted with students from different careers that receive scholarships, University authorities, administrative staff, social workers and the Student's Union. I was able to look closer in the way students are living specially the student's coming from the countryside and other cities.

Although the situation changed a little over the last five years when I was a student at the San Francisco Xavier University, the student's needs are very similar from the ones in the past.

The experience of making a research in the university where I had studied in the past provided me with new and interesting knowledge about how the income received from the hydrocarbon exploitation is managed to benefit students and the way students are taking advantage of this provision.

How the Fieldwork Was Conducted

The proximity to the San Francisco Xavier University, my background knowledge about the region and experience as a former student, had been important reasons for choosing this line of research in Sucre.

The data collection took place with the different faculties and careers and administrative buildings settle in the Municipality of Sucre. The data was collected during ten weeks between March and May 2015. Before and during the collection of data I attended to seminars, conferences, and conversations with academics, economist, politicians and journalist, all of them experts in the hydrocarbon industry so I could have a better insight of how the hydrocarbon industry is being managed from official and dissenting points of view.

I engaged in participant observation at San Francisco Xavier University since the beginning of academic year 2015 when the call for applicants for the different grants was publicly displayed. In order to witness the selection process of students, I had to make a formal request to the Vice Chancellor explaining the nature of the research. As expected, the request was approved and I gained access as a researcher and a former student of the University to all actions of the Student's Welfare office. Using this technique I became very

aware of the process of selection for applicants regarding the different grants, especially those grants related to fulfill socio-economic needs.

At first it was planned to conduct one to one interviews with past and former grant holders but while conducting the participant observation and reviewing the data, I noticed the different grant's categories and the quantity of grant holders every year. I felt more interested to listen to the grant holders as members of a group than individually. I wanted to dig deeper about how grants are changing their lives and instead of using one to one interview, I wanted to give the students a chance to probe each other reasons. It is a fact that most of the grant holders are living in different circumstances, have different backgrounds some from the countryside and other cities in Bolivia, some from Sucre, some live with their families, others work. Therefore, my purpose with Focus Group was that the students bring to the discussion their different perceptions and experiences related to the Student's grant program in their different study areas also the impact grants have in their lives particularly to consecutive year grant recipients. As stated by Bryman (2008:473) the process of arguing means that the researcher may stand a chance of ending up with a more realistic accounts of what people think because they (informants) are forced to think about and possibly revise their views. The Student's Welfare office helped me contact last year's grant recipients in their faculties and the Focus group sessions were complete in four weeks.

In addition, I conducted semi-structured interviews with the University's authorities, administrative staff, the Student's welfare office and their social workers lasted four weeks. All interviews were scheduled in advance due to their little spare time available. I was able to interview student's representatives and the administrative staff with no complications and they provided me with information, data and guidance on the subject.

QUALITATIVE METHODS FOR DATA COLLECTION:

Among the main qualitative methods to gather information are participant observation, qualitative interview, focus groups, discourse and conversation analysis in addition of texts and documents (Bryman 2004, 369). In order to fulfill the aim of this research it was used the analysis of texts and documents, the participant observation, semi structured interviews and focus groups. I will also follow Bowen (2009) includes the analysis of documents as a method for qualitative research.

Participant Observation

I started the data collection with participant observation in March, when the first call for student's grants 2015 was displayed. This first call set requirements and an application that had to be filled online. The Student's Social welfare Office received all the applications and evaluated them. This office work jointly with the Students' Union (F.U.L) and formed the Evaluation Committee where they considered every case and selected the candidates that met the required conditions. In March, the Evaluation Committee published the list of possible recipients for the different grants and set more requirements that varied according to the grant. Since my research focuses on grants that help students in their basic needs, I followed the applications for food, housing, culture and sports grants that required a socioeconomic evaluation of each student. Social workers that are part of the Student's welfare office did such evaluation. They evaluated each case for the mentioned grants and provided reports to the office. The process finishes in June and the candidates received their first payment retroactively from the beginning of the semester. The student's welfare office also contacted me with the students that were applying for the grants in a consecutive year.

Document or Data Analysis

The document or data analysis is a procedure for reviewing or evaluating documents. According to Bowen (2009: 27) like other analytical methods in qualitative research, document analysis requires data be examined and interpreted in order to elicit meaning, gain understanding and develop empirical knowledge. The documents to be used for evaluations are: books, journals, maps, charts, press releases, radio, television programs, reports, survey data, and institutional files among others. This research used the document data analysis as a qualitative method for collecting data to provide a context of the Natural resources extraction in Bolivia. It also helped me to enrich the descriptions of events related to the History of natural resources in Bolivia. Merriam (1988) gives supreme importance to the document analysis when she states that documents of all types can help the researcher uncover meaning, develop understanding and discover insights relevant to the research problem Merriam, mentioned by Bowen (2009: 28)

The document analysis was done with a broad amount of writing material in which a great amount of this thesis is related to. Without it the foundation of where and how the Hydrocarbon funds came into being, one would not be able to recognize, the benefits obtained from these revenues.

The collection of historical data help me to encompassed the origins, conflicts and

personalities in the History of Bolivia's natural resources since the 1890's to the present. The main goal of using the history of Bolivia was to accurately communicate the past events. For that aim, I used official books narrating the History of Bolivia specially books that depict the different wars and conflicts throughout the years.

Changes in the management of the Natural Resources came with variations of economic and political policies expressed in the changes on the legal framework. The most important legal change was the change of Constitution in 2009. I also analyzed the relevant past and current laws related to the hydrocarbon industry. Among them the Old Hydrocarbon Law N° 1689, the Current Hydrocarbon Law N° 3058, the Supreme decree for the Nationalization of Hydrocarbon and other relevant Supreme Decrees and regulations within the Hydrocarbon sector. These changes were also useful for the analysis of the National Reports from economic and hydrocarbon activities in the past years. They were provided by the Economy Ministry and Hydrocarbon Ministry. Official data reports were taken from the National Statistics Institute (INE).

Other types of document sources are NGO's publications such as books, newspapers, documentaries, recordings of interviews, and blogs.

Official data about San Francisco Xavier University was first requested formally to the University Dean. He ordered the provision of all information needed for my research to the administrative office, which provided me with yearly reports of the IDH management since 2012. It was also consulted the University's yearly reports from 2012 - 2014. I had accessed to Original Thesis Publications, books and magazines

Semi Structured Interviews

Semi structured interviews were employed to gather information in this research. I used an interview guide for ensuring that all topics related to the Student's grants were covered and the informants were able to respond freely in extension.

I chose the most essential respondents for the semi-structured interviews. The key information was provided by people involved with grant holder recipients in the process of selection, evaluation and monitoring during the academic year. I interviewed the Vice Chancellor of the University and the Student's welfare Office's staff. From the student's perspective, I interviewed the Student's Union representatives (FUL). The questions were open and aimed to gain information about the process of selection of students and their own perceptions about the way the Student grant's Program is contributing to the improvement of the student's life. The questions were, following Bryman, somewhat more general in their frame of reference (2004:196) so the interviewees have more freedom to go deeper in the topic and the interviewer can ask follow up questions. The

interviews with the Student's welfare office emphasized aspects of management, evaluation and monitoring of grants recipients. While the interviews to the Student's union was more focused in the improvements on the students' life. These interviews took place at their place of work at working hours. It is important to note that even if these interviews were schedule in advance, I had to be flexible with times and dates due to the hectic agenda of the respondents.

Focus Groups

A research method used to gain and collect information in this research was mainly through a Focus Group (FG). As stated by Bryman the Focus Group approach offers the opportunity of allowing people to probe each other's reasons for holding a certain view. (2004: 475). Focus Group is appropriate for this research due to the variety of informants, students with different backgrounds and reasons to apply to the grant's program.

Therefore, in order to develop a better understanding about their situation I decided to gather grant holders from the same the Socio economic category

I chose to conduct Focus groups on students that receive a grant that allowed them the opportunity for higher education .Without such grants the same students would not be able to have this opportunity. The study area is large due to the quantity of past grant recipients of 2012-2014. So I divided the focus groups according to Student's study area. Since there are four areas of knowledge at the University, the Social, Economics, Technological and Health I conducted four focus groups. I was able to identify the target group for the Focus Group, thanks to a list of former grant recipients provided by the Student's welfare office and I look for them at each faculty. In addition, I invited the same quantity of male and female to the Focus group session to achieve parity in the research. I personally invited ten grant holders to each of the focus group sessions, and the average of six students attended. It was also a challenge to coordinate dates and time with the grant holders of faculties that have dispersed break time hours.

The setting during the FG was located within their own faculties. I used empty classrooms and study rooms provided by the administrative staff of the University. At the beginning of each focus group session I introduced myself and explained briefly the aim of my research. I also made clear that I was not part of the Student's Welfare Office and that the information provided was not part of any type evaluation. The tone was easy, and friendly, so they feel encouraged to express themselves. All of the participants shared their insights and experiences about the grants. During the session, they brought relevant issues to the topic and it was clear that they felt encouraged to provide an opinion with other grant holders. They discuss about the way they are using the grant and they even gave some insights of how to improve this provision.

The Focus Group Respondents

Anyone from whom the topic is relevant can logically be an appropriate participant Bryman (2004: 481). The Focus Groups' participants were selected from the total of grant holders of 2012- 2014 that are 17,061 grant holders. The Social Science and Humanities have 2,876 recipients; the Health Science 6,060; the Economic and Financial Science 3,203; and the Technological and Agrarian Science 4,922.

Total Grant Recipients 2012-2014	
Knowledge area	2012- 2014
<i>Social Science and Humanities</i>	2,876
<i>Health Science</i>	6,060
<i>Economic and Financial Science</i>	3,203
<i>Technological and Agrarian Science</i>	4,922
TOTAL	17,061

Source: own

It was invited to the Focus Group sessions a total 20 former grant holders from each Knowledge area from whom an average of 10 grant holders attended. The total number of participants in the four focus groups was thirty-five. In every Focus Group a variety of grant holders were met. The FG consisted of eighteen male informants and seventeen female. Most of the female participants belong to the Social Knowledge Area while the majority of male participants belong to the Technological Areas. The average age of the participants is twenty-two years old. Ten out of the thirty-five participants expressed they have children or other dependents living with them. Twenty-five students indicated they enrolled full time at the university, while the other ten have part-time enrollment. 17 are rural- urban migrants and just two participants identified themselves as part of an indigenous group. The 35 of them expressed they plan to pursue their bachelor degree.

The picture below is an overview of all Focus group informants

Focus group : 1

Study Area: Economic Sciences

Number of Informants: 9

Nr	Code	Age	Sex	Place of birth	Faculty	Type of grant received
1	FG1-R1	19	M	Sucre	Economy	Food Grant
2	FG1-R2	20	F	Sucre	Economy	Food Grant
3	FG1-R3	20	F	Potosi	Bussines Adm.	Food Grant
4	FG1-R4	23	F	Potosi	Bussines Adm.	Housing Grants
5	FG1-R5	19	M	Sucre	Economy	Housing Grants
6	FG1-R6	20	F	Santa Cruz	Economy	Culture Grant
7	FG1-R7	20	M	Sucre	Accountability	Housing Grants
8	FG1-R8	21	M	Sucre	Accountability	Food Grant
9	FG1-R9	22	M	Sucre	Accountability	Food Grant

To the first focus group, nine grants recipients attended which receive mainly food and housing Grants.

Focus group : 2

Study Area : Social Sciences

Number of Informants: 7

Nr	Code	Age	Sex	Place of Birth	Faculty	Type of grant received
1	FG2-R10	20	F	Sucre	Idioms	Indigenous Grant
2	FG2-R11	19	F	Santa Cruz	Idioms	Housing Grant
3	FG2-R12	20	F	Sucre	Psychology	Food Grant
4	FG2-R13	20	F	Potosi	Idioms	Indigenous Grant
5	FG2-R14	21	F	Sucre	Pedagogy	Food Grant
6	FG2-R15	21	F	Sucre	Pedagogy	Indigenous Grant
7	FG2-R16	20	M	Beni	Tourism	Food Grant

The second Focus Group from the Social Science area gathered seven students, most women. They received food, housing and culture grants.

Focus group : 3

Study Area : Health Sciences

Number of Informants: 10

Nr	Code	Age	Sex	Place of birth	Faculty	Type of grant received
1	FG3-R17	24	M	Sucre	Odontology	Food Grant
2	FG3-R18	23	M	Sucre	Odontology	Sports Grant
3	FG3-R19	23	F	Beni	Odontology	Food Grant
4	FG3-R20	23	F	Beni	Odontology	Food Grant
5	FG3-R21	23	F	Sucre	Medicine	Housing Grant
6	FG3-R22	21	M	Santa Cruz	Medicine	Housing Grant
7	FG3-R23	20	M	Santa Cruz	Medicine	Food Grant
8	FG3-R24	20	F	Sucre	Nursing	Food Grant
9	FG3-R25	20	F	Beni	Nursing	Food Grant
10	FG3-R26	22	F	Cochabamba	Nursing	Housing Grant

In the Health area, five students attended the Focus group, Most were food grant holders.

Focus group : 4

Study Area : Technological Sciences

Number of Informants: 9

Nr	Code	Age	Sex	Place of birth	Faculty	Type of grant received
1	FG4-R27	23	M	Oruro	Civil Engineering	Housing Grants
2	FG4-R28	27	M	Potosi	Civil Engineering	Housing Grants
3	FG4-R29	23	M	Sucre	Civil Engineering	Food Grant
4	FG4-R30	31	M	Sucre	Agrarian	Food Grant
5	FG4-R31	22	F	Potosi	Architecture	Food Grant
6	FG4-R32	22	F	Sucre	Architecture	Food Grant
7	FG4-R33	25	M	Potosi	Industrial Eng.	Housing Grants
8	FG4-R34	23	M	Oruro	Information Tech.	Food Grant
9	FG4-R35	23	M	sucre	Information Tech.	Housing Grants

In the fourth Focus Group, Technological Sciences, represented grant holders from the

most attended grants: Housing and Food Grant categories.

Method

The focus groups were 1-2 hours in length and were digitally recorded and transcribed. The Focus groups were conducted in Spanish and were translated, transcribed and analyzed in English. Six questions were used as guides for the focus groups discussions.

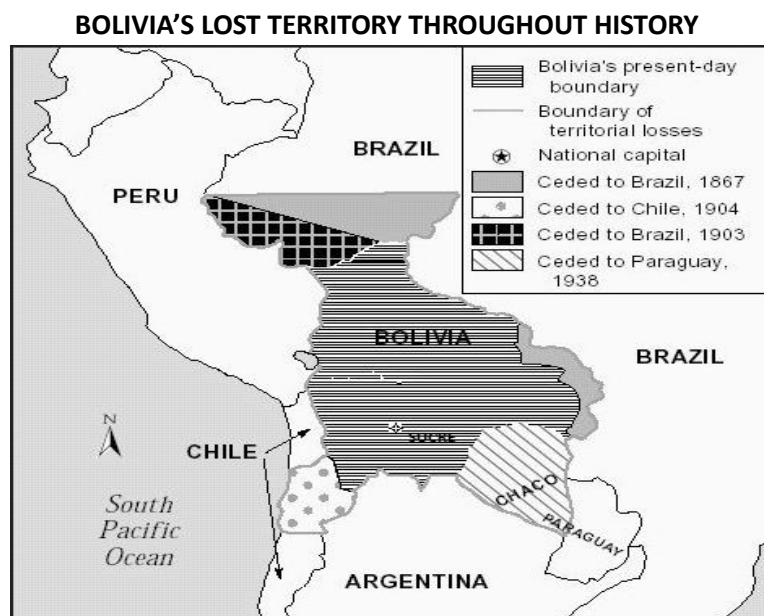
<i>Interview guide for the Focus Group</i>	
a.	Why did you decide to study in College?
b.	What do you need to study in College (basic needs)
c.	Why did you apply to the Student's grant program?
d.	How the grants change your life?
e.	How the grant is helping you to keep on studying?

Analyzing the Data Collected

When analyzing the data, the grounded theory has to be applied. According to May (2011 p. 153) Grounded Theory not only enables comparisons but also presents issues in analysis. At the time we are categorizing the data collected we should be focused on the aim of the research. In this case, the aim of the interviews and focus group was to gather the perception of grant holders, authorities and administrative staff at the San Francisco Xavier University. Once the sessions finished I tried to transcribe the recordings and the notes taken. For the first focus group session I typed all the recordings of the sessions and it took long hours due to the many student's interventions. After that experience, I decided to listen to the recordings and type the most relevant parts of the interventions. When analyzing the data I consulted several times the recordings not to overlook any important opinion. It is important to remark that being a native Spanish speaker help me to collect accurately all the information , that I used and analyzed in this research, as stated by Bryman one of the great challenges in data analysis is to transfer information from the field onto paper without missing relevant information (2004:455). In order to analyze each focus group and interview I used the system of coding. The coding was done according to the aim of every research question, and I organized and placed all the obtained data according to them. The process of coding while I was collecting the data , help me to be more effective making emphasis in some relevant questions, to avoid redundant questions or to pass the topic.

PART 1: NATURAL RESOURCES IN BOLIVIA and THE PROBLEMS THEY CAUSED

Bolivia has a history of not making the wisest decisions regarding the development and sale of its natural resources and minerals. By taking a look at past issues we quickly can understand the importance of the discovery of Natural Gas in Bolivia and its association to the Saltpeter mines and that of the rich Oil fields. The issues that have arose have been a huge determining factor linking it to event changes throughout Bolivia in the past few years that have had a direct relation to creating a new outlook with the findings of natural resources today and how they can directly benefit the Bolivian people.



Source: www.borisandina.com

Guerra del Pacífico 1879 (The Pacific War)

A great blow to Bolivia when it lost access to the Pacific Ocean, as a consequence of the Pacific War of 1879, Chile gained vast amount of land on the Pacific coast leaving Bolivia land locked. This unfortunate seizure came as a direct result of Bolivian Government violating the 1874 Boundary Treaty that they would not increase taxes on the Chilean persons or industries for twenty five years. Only four years later Bolivia imposed a new 10% tax on the Chilean mining company, CSFA Compañía de Salitres y Ferrocarril de Antofagasta on the fertilizer known as Saltpeter. Chile expressly submitted for mediation but Bolivia refused, therefore; this action brought about the war and loss of land along the Pacific coast.

The **War of the Pacific** (Spanish: *Guerra del Pacífico*) took place in western South America from 1879 to 1883, with Bolivia and Peru on one side and Chile on the other. The core issues were territorial claims and mining rights in the Atacama Desert; after the war ended with a Chilean victory, Chile gained a significant amount of land from Peru and Bolivia, making Bolivia a landlocked country. (wikipedia,2015)

Significant was the loss of land that was annexed to Chile.

The end of the war Chile gained access to a land mass of over 120,000 sq. km of Bolivian land. Thus Bolivia lost roughly 400 km of Pacific coastline. (Long G.,2013).

Chaco Boreal War



Source: <http://www.taringa.net/posts/ciencia-educacion/14262483/Mapas-Historicos-de-America-Latina.html>

Chaco Boreal War 1932-1935

History now takes us to take a look at the issue of oil as the central cause for the Chaco War that created a national consciousness or awareness to what the country was being exploited from its natural resources. The Chaco war was a conflict between Bolivia and Paraguay over the region known as the Chaco Boreal. The Chaco Boreal region was recognized for its strategic location allowing access to the Atlantic Ocean via the Paraguay River.

The presence of vast amounts of oil in the Chaco Boreal was the economic basis for the dispute. Paraguay not willing to be left behind economically sought access to the oil rich territory which arose in conflict with Bolivia over it. Bolivia lost the conflict that allowed Paraguay in 1938 to take control of the area known as the Chaco Boreal, when the Treaty of Peace was signed.

This loss drove another wedge between the governing body and the people with the loss of a huge portion of land from the Bolivian land mass and mineral assets that it contained.

Standard Oil Company Nationalized 1937

Standard Oil Company, the first company that gained rights to exploit the Oil Reserves within Bolivia. Standard Oil Company is a subsidiary of Standard Oil Company of New Jersey. The work of this transnational company was surrounded by conflicts and fraud. During the Chaco War the Standard Oil Company revealed its true colors.

The Standard Oil Company sabotaged the Bolivian national defense, preventing the production of jet fuel, while selling gasoline to Paraguay and destroyed equipment necessary for the army of Bolivia (Almaraz, 1958:112).

The war finished in 1935, with devastating blows to Bolivia with more loss of land and the mineral deposits within, but also increased discontent among the populous. The Bolivian people compelled the nationalization of the most powerful company known to them and so The Standard Oil was nationalized in 1937.

Yacimientos Petroliferos Ficales Bolivianos - YPFB

The dissolution of the Standard Oil Company a new Bolivian company was born YPFB (Yacimientos Petroliferos Ficales Bolivianos). Despite the fact that Bolivia recently finished a war, in which a large amount of territory was lost, that created an economic crisis.

Despite all the financial turmoil, YPFB diligently continued its work and it even achieved a state of auto-sufficiency in the domestic market in 1954 (Villegas, 2009:158).

Movimiento Nacional Revolucionario – MNR 1952 aka Nationalist Revolutionary Movement

In 1952, a revolution occurred in Bolivia and its consequences are continued to be felt strongly to this day. The Nationalist Revolutionary Movement (MNR) came into power in Bolivia by the revolution in 1952, under the leadership of Victor Paz Estensoro. The outcome from this revolution resulted in extreme measures happened such as the nationalization of the tin mines, the agrarian reform, the universal Franchise and the neutralization of the army. The major social accomplishment was the integration of the

indigenous population into the social and political issues of the nation, they were finally granted full civil and political rights. With the nationalization, the people finally had a voice in regards to the Tin Mines and the Tin Magnates that manipulate the Bolivian presidents and legislators. These Tin Magnates lost their mines and their control of power over the Bolivian people. The Army under their stronghold was also abolished as it was used as an instrument of suppression and political manipulation. Several historians of the 1952 revolution have argued that the revolution remain unfinished, and failed in its fundamental objectives.

Within few years, the MNR retreated from its radicalism and reshaped capitalism in a way that gave control to the state; this also made a way to encourage private companies to invest in a variety of strategic economic sectors. (Barr 2005:78)

The revolution of 1952 did not cause the effects that the Bolivian people were anticipating. Primarily, Government felt the pressure of miners and peasants that were divided and the struggle for power weakened the intention to gather all sectors of the Bolivian society. In addition, the nationalization of the tin mines left a negative effect on the economy.

The Petroleum Oil Code or so called the “Davenport Code”

The creation of the Petroleum Oil Code of 1955 was part of the structural changes of the revolution. This revolution did not affect the United States plans to monopolize the oil production in Bolivia; the government even supported them. During 1954-1958 the oil production increased and created refineries in Cochabamba and Santa Cruz. In 1955 the New York consultant Schuster & Davenport wrote the Bolivian Oil Code, approved and enacted by the Bolivian congress the same year. Among its principles, the “Davenport Code” established the direct, inalienable domain of the hydrocarbon deposits to the Bolivian nation; however, the other articles deprived the real property of the hydrocarbon to the Bolivian state.

Bolivian people criticized the enactment of the Davenport Oil Code. Where *Almaraz argues that:*

It was a strange irony that one the first acts of the revolutionary party in power was the reinstatement of the oil monopolies, which in other time; they fought strongly against. (Almaraz, 1958:115)

Gulf Oil Company 1956

The statement of the Davenport Code or known as the Petroleum Oil Code in 1955 opened up Bolivia’s oil fields to the private foreign companies. The major North American company at that time was the Gulf Oil Company. They did not hesitate to exploit natural

resources within the Bolivian territory. This company established oil operations within the country in 1956. They strategically controlled the 90% of Natural Gas production and oil and the National Company YPFB controlled the rest.

This was the first “tupackamarizacion” (dismemberment) of YPFB in order to plunder the country’s hydrocarbon resources (Orgaz, 2005:107).

Once the Gulf Oil Company realized the richness of the natural gas reservoirs, they began exploiting the oil fields then tensions arose between the government and the transnational company regarding the transparency of the company. In 1967, the Gulf Oil Company circumvented the Bolivian government by initiating a signed contract with the National Argentinian Company to sell natural gas within Argentina territory for 20 years. They also created the ‘Bolsur’ company with the partnership of the William Brothers & Co. with the sole purpose to build a pipeline into Argentina. So controversial was this omission that it brought about the dissolution of any and all contracts with the Gulf Oil Company.

Despite the fact that the Natural gas production increased from 20 million cubic feet per day in 1964 to 150 million cubic feet in 1971 (hydrocarbon ministry), due to the initial contracts errors of providing sufficient income from the sales of natural resources, the Bolivian economy became heavily dependent on North America economic aid.

During the 1960’s one-third of the Bolivian economy relied on U.S economic assistance (Morales 2011:138)

The increasing tension between the Bolivian state and the Gulf Oil Company made the Bolivian state abrogate the Davenport Code in 1969 and nationalize the Gulf Oil’s Bolivian holdings. Bolivia recognized the value of the oil extracted by the Gulf Oil Company within its territory that left nothing to the country exhibiting Bolivia as an enclave economy. Through the nationalization Bolivia recovered, the right to most of the revenues from sell of the hydrocarbons denied them throughout the prior years.

Bolivia recovered the Natural gas and the oil of an approximately value of 5 billion dollars (Quiroga Santa Cruz, 1978: 28).

The nationalization of the Gulf Oil Company was the second anti-imperialist measure of the Bolivian history and was part of a National project as noted by Orgaz,

The nationalization was a response to the occupation of the country and it expressed the national consciousness around the idea of nationalizing the economy and politics in order to end the control of power from the hands of North American Government that had been erected as safeguards at the end of the 1952 revolution. (Orgaz 2005:125).

Sergio Almaraz and Marcelo Quiroga both of Santa Cruz were the main ideologists of the Nationalization of the Gulf Company. Their keen insights lead to the implementation for Bolivia to maintain and develop political consciousness and periodic public reporting. Without national sovereignty over Bolivian natural resources and their production methods Bolivia would not realize any revenues that otherwise had not been achieved without it.

The national sovereignty promoted the prospect to develop conditions for improvements in the areas of social life, Justice, equality and political freedom for Bolivians people. (Quiroga Santa Cruz, 1978)

The changes established in 1978 encouraged the idea of foreign investors to invest in Bolivia. The next few years the production of oil declined with the transition to Natural Gas becoming the main hydrocarbon exported by the country due to the vast discoveries of Natural Gas reserves during the late 80's and early 90's. Nevertheless, due to failure on the part of the United States Standard Oil Company for political and economic reasons they did not disclose their findings of vast Natural Gas reserves located throughout Bolivia. In this regard,

Experts in the field expressed at that time that the new reserves found in this country were not new; they were new in the eyes of the Bolivians, but fully known to the United States government. (Quiroga Santa Cruz mentioned by Orgaz 2004: 150)

Quiroga Santa Cruz also explained that the "Policy of the Reserves" used by the Capitalist world to justify the privatization of Bolivia's Natural Gas wealth. The delayed disclosure revealed that they were safeguarding the energy needs of the United States with no regard to the needs of the Bolivian people.

General Hydrocarbon Law 1970

In 1970, the president Hugo Banzer Suarez reverted everything that all the progressive changes to date had accomplished. His changes brought about the de-nationalization of the Bolivian Natural Gas and gave privileges to transnational companies by creating the General Hydrocarbon Law decreasing drastically the revenues that should have been recognized to the Bolivian people.

The General Hydrocarbon Law has allowed more of fifteen foreign companies to start prospecting in Bolivia with operating systems and operating contracts with YPFB. This this new law has brought about an increase in hydrocarbon production to the highest output in history with 40,000 barrels of oil per day (Orgaz, 2004: 156).

Hugo Banzer Suarez initiated the Natural gas sale process with Brazil. There were several previous agreements prior to a final signed contract. The first draft came about in 1972, where both countries signed a joint declaration for the use of natural resources. Then in 1974, both countries signed the first agreement where Natural Gas would be sold directly to Brazil. From the onset, it was evident that the agreements were more favorable to Brazil than to Bolivia in many areas. Bolivia had established a baseline by agreeing to sell Natural Gas below market value; this has been later realized to Bolivia's shame. Bolivia then realized the Brazilian natural gas consumption was greater than previous expectations. Brazil designed ideas of the construction of an International Railway that would have allowed Brazil direct access to the Pacific Ocean. Brazil hoped to purchase the Natural Gas way below market value and through the pipeline pump it across Bolivia and Chile. Brazil would have realized significant gains from their gas from Bolivia then resell it to the International market. Various sectors of the Bolivian population opposed this agreement, including the armed forces. A failed attempted to coup Hugo Banzer Suarez made him back away of selling Natural Gas to Brazil and the railway never came into existence.

Argentina did sign an agreement with Bolivia in 1968 that established the sales of Natural Gas for twenty years. Bolivia started the exportation of Natural gas to Argentina in 1972 under the leadership of Hugo Banzer Suarez in which he completed the construction of the pipeline that linked both countries.

PART 2: DEEP ECONOMICA STRUGGLES

External Investors Sought (1980-1994)

During the 1980's and well into the 1990's Bolivia was recovering its democracy after living fifteen years under military rule. The country lived a long period of instability and felt the effect of the international economic crisis, in a deep economic crisis itself.

Economic Crisis

The Bolivian situation in the early 1980's is depicted by Sachs:

Bolivia suffered from major external shocks, including the rise in world interest rates, the cutoff in lending from the international capital markets, and a decline in world prices of Bolivia's commodity exports. (Sachs, 1989:57)

The 1980's brought about the worst inflation in Bolivia as direct result of the economic and political conflicts within the Bolivian society. In 1982, the civilian rule was restored with the election of President Hernan Siles Zuazo. For Sachs and Morales at that time,

The failure of economic development took its toll because Bolivia was the poorest country in South America, with a per capita income of about \$500, and the second poorest in the Western Hemisphere, behind Haiti; between 1952 and 1985, GNP grew at the meager annual rate of 2.4 percent. (Sachs and Morales, 1989:60)

With the President Victor Paz Estensoro, at the head of the government implemented a series of economic reforms and slowly began to dismantle the country's state-owned enterprises. The privatization of national companies was a reform that controlled the hyperinflation of the Bolivian economy that resulted in an economic stability.

The president's program was remarkably wide-ranging, and indeed radical, encompassing not only plans for macroeconomic stabilization, but also for trade liberalization, administrative and tax reform, and deregulation and privatization in the domestic market (Sachs and Morales, 1989:74).

Supreme Decree 21060 1985

The most important economic measure was the statement of the Supreme Decree 21060 that established a new economic policy on August 29, 1985. Supreme Decree 21060 was promulgated by President Victor Paz Estensoro, was brought about in order to tackle twin crises happening at the same time within Bolivia; to resolve the International Debt of over \$57 billion and hyperinflation.

The new economic policy sought to replace the State for the market as a regulatory mechanism of the economy, it means that the configuration of an economic system where the supply and the demand were the regulatory criteria of the economy. (Orgaz 2004: 157).

The fiscal part of the program was to operate on five fundamental bases:

- 1. A stable unified exchange rate backed by tight fiscal and monetary policies*
- 2. Increased public-sector revenues, via tax reform and improved public sector prices*
- 3. A reduced public-sector wage bill, through reductions of employment in state enterprises (particularly COMIBOL) and reduced rates of real compensation.*
- 4. An effective elimination of debt servicing, through a combination of rescheduling with official creditors, and a unilateral suspension of payments to private creditors until a more fundamental debt settlement could be arranged.*
- 5. A resumption of concessional foreign financial assistance, from foreign governments and the multilateral institutions. (Sachs J. Morales J 1989:74)*

The Bolivian economy, after recording negative growth rates in 1986, it finally experienced a positive GDP growth in 1987, the exchange rate stabilized immediately and the inflation fell from the previous rate.

Seeking Measures to Reconstruct the National Debt 1989

Another concern after recovering democracy in Bolivia was the enormous debt left by the military regimes. The debt rose dramatically in the 1970's mostly during the military rule with President Hugo Banzer Suarez. Foreign borrowing allowed for investments in projects that attempted to diversify the National Natural gas exportation. By the end of the 1980's with the accumulation of the interest on the national debt, President Paz Estensoro had no choice but to take measures for the restructuring of the national debt to be reduced.

Highly Indebted Poor Country Initiative HIPCI

The president of Bolivia sought measures to reduce the national debt enrolling the country into a traditional debt relief program called the Highly Indebted Poor Country Initiative (HIPCI) created by the IMF and World Bank to reduce the debt of low-income countries with high debt burdens. (IMF, 2015)

Once engaged with the HIPCI, Bolivia endured paying this debt back by taking revenues meant for services such as education and health programs creating a more desperate situation for the low- income population.

The Washington Consensus Restructuring of Debt Phase

The 1980's was still pressing exhaustively upon the weakened economy which maintained to be a difficult period for Latin America in general. Most of the countries were facing debt crisis and they desperately needed economic reform and outside assistance to carry them through the struggles they were facing.

The United States government along with some international financial institutions such as the World Bank and the International Monetary Fund, presented the "Washington Consensus" an agreement intended to establish certain conditions to be accomplished by developing countries to have access to international funding. The ten recommendation of economic policy were:

Washington Consensus: Ten Recommendations of Economic Policy

1. Fiscal Discipline
2. A redirection of public expenditure priorities toward fields offering both high economic returns and the potential to improve income distribution, such as primary health care, primary education and infrastructure.
3. Tax reform (lower marginal rates to broaden the tax base)
4. Interest rate liberalization
5. A competitive exchange rate
6. Trade liberalization
7. Liberalization of inflows of foreign direct investment
8. Privatization
9. Deregulation (abolish barriers to entry and exit)
10. Secure property rights.

Source: Brid- Moreno J., Caldentey E.& Napoles P. 2004: 151

A deeper analysis of the Latin America situation during the late 1980's revealed that much of the demise came as a result on the most part of excessive government spending exceeding budgets allocated to work within.

Brid- Moreno J., Caldentey E.& Napoles P. argued that the financial international institutions and Latin American governments interpreted the collapse of the Latin-American economies as a probe that the strategy used in last decades was failure. The economic crisis of Latin America was blame to the inefficient public sector that caused inflation given the fiscal deficits resulting from the low tax burden combined with excessive government spending, thus the development paradigm need to be changed (Brid- Moreno J., Caldentey E.& Napoles P.g 2004:152).

In Bolivia, the implementation of the Washington Consensus led to a proliferation of transnational companies through the liberalization of investments and labor markets. In order to accomplish the requirements and get access to international funding,

Bolivia took the first step with the enactment of the Capitalization Law in 1994 in which the main Bolivian companies were transferred to private investors. After more than thirty years of public property, the two main exporting sectors, mining (regions of the west Potosi, Oruro and La Paz) and Hydrocarbons (south east of Bolivia) were opened to foreign direct investment. (Fundacion Tierra et al, 2012: 97).

Among the institutional reforms in Bolivia during the 90's we have; the creation of the Decentralization Law, the New Agrarian Law, and the reform of the education sector. After the success in the adjustments policies at a macroeconomic level and the rise on the international prices for metal and hydrocarbons between 2004 and 2008 , the GDP in 2008

almost double to the one in 1988 and the hydrocarbon revenues increased in over ten times.

PART 3: SLOW ROAD TO RECOVERY - Privatization and Capitalization in Bolivia

The Neoliberal Privatizing Model

The Neoliberal Privatizing Model began in Bolivia in 1985 with the implementation of policies of economic stabilization and structural adjustment. This process started as an effort to tame hyperinflation and stabilize the economy from the recession. This process was long, lasting until the end of 2005 when stability in the country was finally realized.

According to Garrón, Machicado and Capra, the Bolivian privatization was extremely unique for its use of two different techniques to transfer State Owned Enterprises (SOE) to the private sector: via the standard privatization (the outright sale of the enterprises) and through capitalization. They said that,

Capitalization differs from traditional privatization in that ownership is not transferred entirely to the strategic private investor. While the private investor owns a controlling share of the enterprise, the Bolivian population, represented by an institutional investor, owns a significant part of the shares. (Garrón, M., Machicado, C. G., & Capra, K. (2003).

In the case of Bolivia both types of privatization were applied at different times. The first came about in 1992, during the Presidency of Jaime Paz Zamora, through the enactment of the Privatization Law. Bolivia started to privatize its public enterprises and thirty-four of them were privatized. The aim of the first wave of privatization was to reduce the fiscal deficit and use the income in education and health programs.

The Energy Triangle Policy 1993

In 1993, the elected government headed by Gonzalo Sanchez de Lozada set up its “Energy Triangle” policy. It consisted in Creation of a New Hydrocarbon Law; the capitalization of the state’s hydrocarbon company (YPFB); and the construction of the Natural Gas pipeline to Brazil. All three actions created better conditions for the transnational oil corporation’s work in Bolivia.

The Capitalization Law 1994

The Capitalization, another form of privatization, transferred ownership into private hands the state’s largest enterprises. The Capitalization law was enacted in 1994 and privatized five strategic Bolivian industries:

- Natural Gas and Oil - Yacimientos Petrolíferos Fiscales Bolivianos (YPFB), YPFB was created in 1936 as a state-owned and run petrol company. During the first presidency of Gonzalo Sánchez de Lozada, capitalized oil companies were formed from YPFB properties under the capitalization (privatization) reform. The companies owned 80 percent by direct private investors and 20 percent by all the citizens of Bolivia over the age of 21 and residents in Bolivia. This was also the case with the capitalizations of the other four principal state-owned companies. YPFB remained at that time as a state-owned service company for the hydrocarbon sector.
- Telecommunication company of ENTEL, Restructured in 1995 as a State Company holds equivalent to 50% holding with the right to continue administration over the company. The Remaining 50% is divided among the Bolivian people to promote widespread share holdings. The restructuring company of ENTEL was STET from Italy. The Bolivian government considered in all the processes for privatization. The following criteria include; objective data including all investment plans, financial indicators, and the consideration of a partner that will make larger capital contributions to the company. Before the restructuring Bolivia had the lowest line density in Latin America, 4 lines per 100 households, now almost attaining its goal of 16 per 100 households
- Airline Company of Lloyd Aéreo Boliviano - LAB, also known as LAB Airlines, was an airline serving as flag carrier of Bolivia. It operated domestic and international flights, aiming at passenger as well as cargo transport. LAB was active for more than 80 years. Opening 14 September 1925 and forced into closure 19 October 1995 after the sale of more than 51% of shares (unknown to the population) through the realization of large loss of revenues.
- Electricity Empresa Nacional de Electricidad - ENDE of Bolivia is dominated by the state-owned ENDE Corporation is also a major producer of electricity. had been unbundled into generation, transmission and distribution and privatized in the 1990s, but most of the sector was re-nationalized in 2010 (generation) and 2012 (transmission and distribution) (ENDE)
- Railroad (ENFE). The private companies acquired the 50% of the Bolivians SEOs rather than the 100%. The capitalization law stipulated that instead of paying to become majority shareholders, investors were obligated to invest the sale value of the company they purchase to expand, strengthen and fortify the company's presence within the Bolivian economy (Capitalization law).

With the capitalization, each SOE became a corporation as shares were sold to interested workers. On the other hand, the State's 50% was transferred to the Pension Fund Administrator (AFP's).

The move made pension fund contributors dependent on the profitability of oil and gas development, causing them to inadvertently finance activities that were destructive to the country's Indigenous peoples and sensitive ecosystems (Hindery, 2013:29).

Benjamin Kohl, a University Professor in Temple's Geography and Urban Studies Department, was a leading expert on Bolivia, shares his professional insights to the whole privatization time period, as follows.

Neoliberal theorists and development practitioners contend that economic liberalization and privatization lead to increased private sector productivity and decentralization accompanied by administrative reforms lead to greater democracy, more efficient public sector investment, and faster local development.

Examination of the Bolivian case, which has been promoted as a global model for neoliberal restructuring, presents a different picture. There, economic restructuring and privatization have led to a decline in government revenues and a continuing economic crisis. Privatization of public services has led to rate hikes, which, in turn, have generated massive social protests. Political restructuring through decentralization has as often resulted in the entrenchment of local elites as in increases in truly democratic control of resources and social investments. This economic and political restructuring has also served to territorialize opposition to privatization and neoliberal economic policies and, in some areas, reinforce regional social movements.

When examined together, it becomes clear how economic and administrative restructuring has sought to provide transnational firms both access to Bolivian natural resources as well as the social stability necessary in which to operate. As privatization through the Law of Capitalization further opened the country's borders to global capital, the decentralization program through the Law of Popular Participation served to focus the attention of popular movements from national to local arenas. While foreign investment has increased, the lack of benefits for the majority of the country has led to mounting regional social protests in the face of reduced government spending on social programs and increased prices for basic services. (Kohl 2002:449)

Effect of the Capitalization of YPFB

The capitalization and hydrocarbon law addressed in greater depth the economic and social crisis in Bolivia during the 1990's. Private companies that share the capitalized companies stop investing on them and didn't provide employment for the local people. Regions that were once prosperous due to the activities of the oil sector were now affected.

Transnational's failed to invest in the country. A 2004 audit by the Bolivian government found that Enron and Shell had invested only about one – fourth of what they had committed to in their agreement (Fernandez, 2009 mentioned by Hindery, 2013:30).

Capitalized SOE's in 1994

SOE	Sale Value (\$ US)
Empresa Nacional de Telecomunicaciones (ENTEL)	1,220,000,476
Lloyd Aereo Boliviano (LAB)	94,949,999
Empresa petrolera Andina (YPFB)	529,554,041
Empresa Petrolera Chaco (YPFB)	613,334,002
Transportadora de hidrocarburos (TRANSREDES-YPFB)	526,999,999
Empresa Generadora de electricidad (ENDE)	67,842,200
Empresa Ferroviaria Andina (ENFE)	26,502,000
Empresa Ferroviaria Oriental(ENFE)	51,706,197

Source: Garrón, M., Machicado, C. G., & Capra, K. 2003:19

According to Orgaz, Bolivia became, once again, an exporter of natural richness incapable of retaining a surplus from those activities. (2004: 132) Transnational companies divided YPFB in to three different companies: Andina, Chaco and Transredes.

All activities of YPFB were reduced to administrative and small operation activities. The main stakeholders in the hydrocarbon activities were the transnational companies such as Enron, Shell and TR holdings, they held 50% interest in the national company and an additional portion of some other companies involved (Hydrocarbons Ministry Report, 2008, 499).

The Hydrocarbon Law N° 1698 1996

In order to create clear rules for the capitalization and following the “Energy triangle policy”, it was enacted a new Law for the Hydrocarbon sector.

The hydrocarbon Law N° 1689 was enacted in 1996. Few years before, Bolivia was looking for more investors in the hydrocarbons sector, because the contract of sale to Argentina was finished and Brazil was interested in the provision of bigger quantities of this resource. The hydrocarbon law, in order to promote private investment, reduced the state royalties and taxes from 50% to 18% in all new fields (Hydrocarbon Law N°1689). Formerly foreign companies had to split benefits in 50/50 with the Bolivian government, so this reward to transnational's encouraged investors to discover new reserves.

The liberalization of the hydrocarbons sector was encouraged by the US government and the Inter-American Development Bank and was explicitly promoted by the World Bank

through specific sectorial loans, “institution building” programs (and associated loans), and direct lobbying of members of Bolivia’s congress to pass enabling legislation. (Hindery 2004:103)

Hydrocarbon Law N° 1689 Detrimental Effect Incurred

The creation of the Hydrocarbon Law N° 1698 brought more harm than good to the country. According to Orgaz (2005:131) Bolivia stepped back with the establishment of the Capitalization Law in 1994 and Hydrocarbon Law N° 1689 in 1996, it became a source of supply and transfer of surplus value as it was one and a half century ago.

The Hydrocarbon Law N° 1689 established forms of joint venture contracts and declared free the activities of exploration, exploitation, refining, industrialization of hydrocarbons and its Commercialization, meaning that any foreign or national company could perform freely any of those activities in national territory. Such conditions attracted investors in the hydrocarbon field from different countries, especially the neighboring ones.

Transnational companies working in Bolivia, at that time, were Shell, British Petroleum, Exxon, Repsol España and from Latin America, Petrobras.

Their intentions were to export the gas richness of Bolivia to countries like Argentina, Brazil and Chile, just leaving the 18% of the participation to the Bolivian state and so turn this country into an exporting colony of natural resources (Orgaz, 2005:138)

PART 4: THE CONSOLIDATION OF EXTRACTIVISM IN BOLIVIA

Political Quote: *“In the last two decades Bolivia has seen great changes in the way the Bolivian society organizes, particularly with regards to the economic structures and political institutions that govern” (Hoffman, S et al 2006:11)*

Pipeline to Brazil

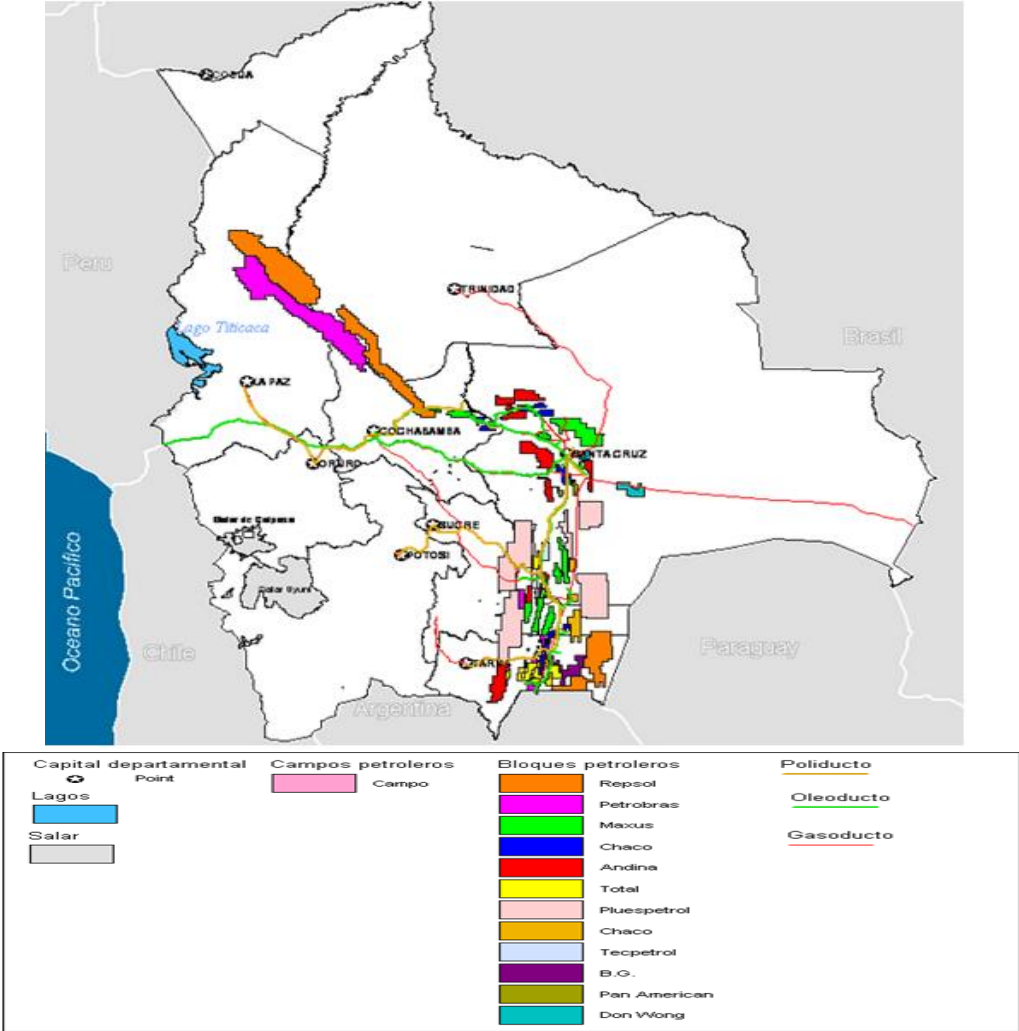
The most important pipeline built in Bolivia is for the exportation of natural Gas to Brazil, which was built 27 years after the first pipeline to Argentina. In order to assure the transportation of natural gas to different destinations the first priority was building these pipelines.

Brazil’s interest in Bolivia’s natural Gas dates back from the 1970’s and it was only until 1993 that a contract was signed between both countries. In 1996 Gonzalo Sanchez de

Lozada and the former president of Brazil Cardoso signed the Natural Gas sale contract that updated the previous one and expanded the gas volume from 16 mmcd to 30 mmcd, the construction of the pipeline to carry Natural Gas to the southern Brazil began this same year.

The picture below shows the different pipelines, natural gas reserves, transnational's oil blocks located in Bolivia.

Bolivian pipelines, Natural Gas Reserves and Transnational Oil Blocks



Source: hidrocarburosbolivia.com

Transredes took over the construction of the pipeline in 1997 and demanded great investment. According to Kohl,

Transredes owned by a consortium of companies including Enron and the Brazilian National Petroleum Company, Petrobras, Transredes invested more than US \$435 million by mid-1999 to complete the Bolivian side of the gas pipeline to Brazil with loans provided

by the Inter-American Development Bank and Andean Development Corporation (CAF). Kohl 2004:903).

Bolivia – Brazil pipeline was assembled between 1997 and 1999 and has a length of 3,150 km, of which 17.7 per percent in Bolivia. Its diameter is 32 inches and its transport capacity is 30 MMCD32. Official length and diameter obtained from the Hydrocarbon Ministry.

This pipeline became the longest in South America, commencing at the Rio Grande 20 km south of Santa Cruz, across to the Brazilian Bolivian border crossing at Puerto Suarez, reaching 110 km from Sao Paulo (Campinas) and then turns south to the Brazilian town of Porto Alegre.

In Campinas, the system was interconnected with the Sao Paulo-Rio de Janeiro line in order to allow Bolivian gas reaches Rio de Janeiro in the north to Porto Alegre in the south. A journey of over 3,000 km (Fundacion Milenio 2009: 140)

The contract sale with Brazil in 1997, contemplated a sell of 7 mmcd and a linear increase in seven years to reach 16 mmcd and after 7 years to 24 mmcd. In 2004 the contract of Gas sale to Brazil was renegotiated, and the quantity of gas exported increased from 16 MMCF to 30 MMCF (Candia F, 2009:33).

The foreign investment in the gas sector increased and the probable and proved gas reservoirs augmented.

The exportation of Liquefied Natural Gas - LNG

The Exportation of Natural Gas transformed to LNG (Liquefied Natural Gas) was an ambitious project proposed by the President Gonzalo Sanchez de Lozada during his second presidential term.

The project consisted in developing the transport of the Natural Gas from the southern region of Bolivia to a plant in Baja California.

...Margarita Oil and Gas field located in the south region of Bolivia. Such production will be transported by pipeline to a Chilean location in the Pacific coast. In this point the gas liquefaction plants would be installed to export to Baja California, Mexico where it would be gasified and transported to consumers in Mexico and the United States (Fundacion Milenio, 2009:144).

A consortium of the transnational energy firms Repsol YPF, British Gas, and Pan-American Energy, formed the Pacific LNG with the expectation of transporting Natural Gas from Bolivia to the United States (Perreault, 2006: 160). The price of Natural Gas sale in the

project were low, less than a dollar for a million of BTU and the profit to the Bolivian state was just the 18%. (Orgaz, 2004:265)

The cost of the project was \$5,000,000,000 dollars and it included the field development, the Natural Gas pipeline, the liquefaction plants and the LGN carrier ships. (Perreault, 2006:161)

The construction of the Pacific liquefaction plant in Chilean territory started a discussion between both countries, Bolivia asked for a sovereign port to export the LNG and Chile denied it. The Chilean option, though rejected by the armed forces, nationalist politicians, and the majority of the country's population, was favored by Pacific LNG as closer to Bolivia's gas fields, and therefore more cost effective, than any Peruvian alternative (Perreault, 2006:161)

Experts in the field denounced the hydrocarbon situation and the population represented by social movements showed disagreement, especially with the plans of exporting Gas to The United States through Chilean ports, that clearly it involved the increase in the extracted volumes of Gas with no benefit for Bolivia. Despite protests President Gonzalo Sanchez de Lozada ratified the project.

In 2003, the social movements protested against this unfair situation and they started in the poorest city of Bolivia, El Alto. They demanded the "Nationalization and Industrialization of gas and the rejection of its exportation". Orgaz described the situation accurately when he said:

The gas became an economic matter of life or death for the vast majority of the Bolivian people who saw in the natural resource the last chance to solve structural problems dragged since the earliest times of the Republic (Orgaz 2004:265)

PART 5: ONGOING NATURAL RESOURCES STRUGGLES

The Water War

In April 2000, the city of Cochabamba started protests over attempts to privatize the water and sewerage services. The roots of this conflict can be traced to an early conflict in the 1990's between irrigators in Cochabamba's communities and the Municipal Water Service (SEMAPA). SEMAPA wanted to provide water for the city of Cochabamba and the nearest location water location was the low valley at the outside the city. SEMAPA was a threat to the local communities that settled there and through mobilizations they limited water rights to the city. After this conflict the water irrigators organized themselves in federations and unions that played a vital role in the Water War.



<http://alternativasocialistarevolucionaria.com/2007/03/de-la-guerra-del-agua-la-guerra-por-el.html>

In the mid 1990's the Bolivian government following the neoliberal reforms privatized the water services in Cochabamba. In 1999, the government granted a concession to a transnational consortium 'Aguas del Tunari' controlled by the American Betchel company. This company increased the water rates to double claiming that it will cover the cost of the upgrade to the existing water infrastructure. They also claimed; *control over all water systems in the city—including the many neighborhood-based water cooperatives for which members had provided their labor and ingenuity, and which were collectively managed without assistance from the city (Finnegan mentioned by Perrault 2006 : 158).*

La Marcha de la Coordinadora del Agua



<http://semancha.com/2013/04/24/bolivia-chile-less-hot-air-more-gas/>

The Coordinators of water (Coordinadora del Agua) organized a referendum in which the majority of the population rejected the privatization of the water services and asked for a revision of the contract signed by the Aguas el Tunari. After the referendum, social

movements began to mobilize. The Coordinadora del Agua called for marches and road blockades to protest about the concessions. This paralyzed the city of Cochabamba for several days and put thousands of people in the streets demanding the cancellation of contract with Aguas del Tunari. Clashes between policemen and citizens left one dead and several injured, many leaders of the organizations were jailed and the President Hugo Banzer declared State of Emergency sending military to the streets. On April 9th the government cancelled its contract with Aguas del Tunari and announced that the water management was going to be controlled by the old SEMAPA.

People of Cochabamba forced the national government to rescind the concession made to the foreign transnational Aguas de Tunari.

This conflict showed the defense of the Bolivian citizens for the resource access, moreover it showed the rejection of the privatization of the Natural resources by foreign interests.

For Perreault (2006) the customary uses were conceptually central to this struggle, and constituted a moral economy of water rights for irrigator associations and neighborhood water cooperatives involved in the struggle. Customary uses, recognized throughout Andean Bolivia in the management of common property resources, are established and enforced through traditional, commonly agreed upon practices, and are inherently local, collective, idiosyncratic, and mutable. (Perreault 2006: 159)

The Gas War 2003

The gas war in 2003 started with the debate regarding what to do with Bolivia's Natural Gas reserves. First, the Bolivian Government proposed that the gas would be exported to the United States through Chile instead of exporting it through Peru. This proposal gave rise to a new tension due to the profound contempt towards Chile that originated in the Pacific war in 1879 when Chile took over a vast territory leaving Bolivia with no access to the coast.

Espinoza mentioned by Perrault (2006:161) expressed that several factors converged in 2002–2003 that facilitated the formation of a radicalized politics focused on opposing neoliberalism and particularly the control of the country's Natural Gas by foreign firms. These factors included:

- (1) The formation of the National Coordinator for the Defense of Gas;
- (2) The establishment of well-coordinated neighborhood organizations in the city of El Alto;
- (3) The resurgence of the Bolivian Workers Central, COB, Bolivia's major labor union;

(4) The election of several members of parliament from leftist and indigenous political parties. Those events unified the social movements and were capable of interrupt the LGN exportation plan.

Conflict started at the beginning of September 2003 when peasants started to protest with blockades in the roads that connected La Paz city with other departments. They demanded the attention of the government. The government answered with a strong repression and sent militaries to clear the roadblocks. The first clash happened in the community of Warisata where five peasants died and a numerous left injured. Since then, The National coordinator for the Defense of Gas intensified the pressure and organized mobilizations in the mid-September.

El Alto Roadblock 2003



http://www.nytimes.com/2013/05/14/world/americas/a-colorful-bolivian-bastion-floating-above-it-all.html?pagewanted=all&_r=0

The people of El Alto fought relentlessly with the army, they built trenches in the streets, brought down bridges, they even move some abandoned railroad cars to constrain the mobilization of military convoys. (Linsalata, 2010:64)

In October 12, 2003 in order to break the siege to the city of La Paz that caused severe fuel and food shortage, the government repressed the people of el Alto by killing at least 50 people. This mobilization affected the whole country, and clashes were registered in all cities.

The Gas War was not only an expression of the impoverished people; numerous sectors of the middle class started to express their dissent to the repressive policies of the government and demanded the resignation of the President. (Linsalata, 2010:65)

The Gas War city of La Paz



<http://www.enduringamerica.com/home/2011/1/1/bolivia-amidst-protests-government-withdraws-subsidy-cuts-on.html>

After the second day of clashes, the demands also increased. The social movement protested not only against the exportation of Natural Gas through Chilean ports but they also expressed their desire to nationalize the hydrocarbon companies so that the profit can help the neediest sectors of the society.

With no closure to the situation, the repression toward the people was increasing in El Alto and La Paz. The protesting sector began focusing on the resignation of the President Gonzalo Sanchez de Lozada. On October 13th the state's administration suspended the Gas project until the consultations with Bolivian people were conducted.

Between the 13th and the 16th of October, many ministers submitted their resignations and even the Vice President who in an open forum publically distanced himself from the government. Finally, on October 17th the President resigned and left Bolivia. Vice President Carlos de Mesa assumed the position of President.

Citizens criticized the excessive force used in the repression in Alto City that left a total of 85 people killed and more than 500 people injured. The ferocity with which the murderous government of Sanchez de Lozada acted, responded to commands given by transnational companies that were interested in Bolivia's Natural Gas wealth (Orgaz, 2004: 269)

Mesa's purpose was to calm down the protesting sectors by conceding some of their diverse demands, gathered in the "October Agenda". Among the demands were the

nationalization and industrialization of the hydrocarbons, the call for a national Gas Referendum and justice for the victims the Gas War.

The Gas War of 2003 ruined the large scale hydrocarbon exportation projects of the government, it defied the transnational power and more importantly a new nationalism emerged from the worker's, the impoverished classes and indigenous groups. One can say that October 2003 showed a crisis in the economy model that capitalized national companies and prioritized the exportation of hydrocarbons and at the same time, it exposed the unity of the Bolivia's nation around the nationalization of hydrocarbons.

Bolivian struggles over water and gas were two sets of claims to social justice. First, protestors demanded procedural justice, calling for greater participation and transparency in decisions over the management of natural resources. Secondly, protestors demanded distributive justice, calling for more equitable distribution of the benefits deriving from the exploitation of natural resources. (Perreault, 2006: 154)

PART 6: THE TRANSITIONAL YEARS

Bolivia's Development and Social Statistics 2006 - 2013

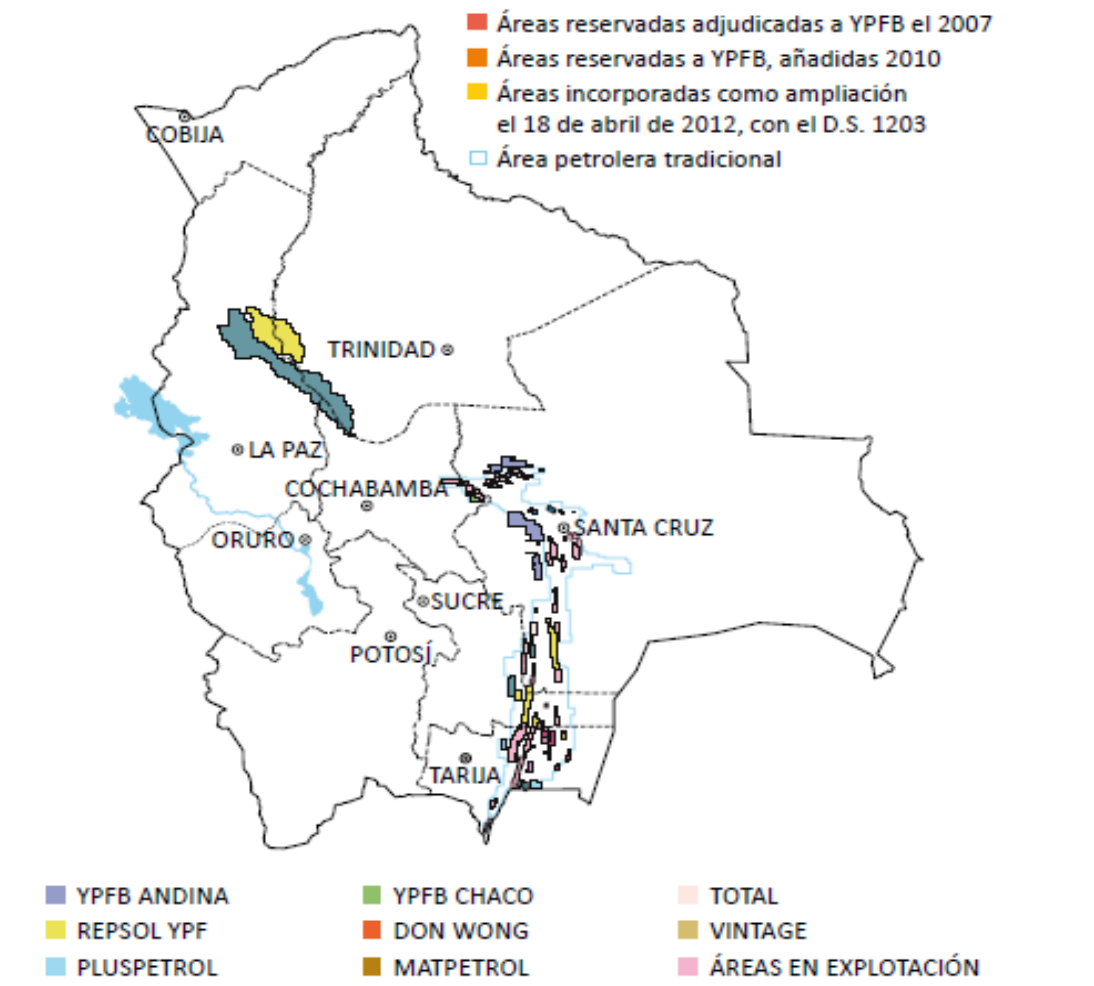
The pictures shown below supports the theory of extractivism argued in the theoretical framework of this research. Bolivia since 2006 is expanding the limit of the extractive industry. This expansion is aggressive due to the invading Natural reserves areas and indigenous community's territories totally contradicting the living well Vivir bien inscribed by the government but not applied.

Examining the condition of the Nation will reveal the conditions that the Bolivian's endured through and in these transitional years.

Bolivia is a resource rich country that is experiencing a strong growth attributed, to the Natural Gas exports to neighboring countries like Brazil and Argentina. The Natural gas exports accounts for 50% of Bolivia's total exports. However, Bolivia remains one of the least developed countries in Latin America as shown in the data below.

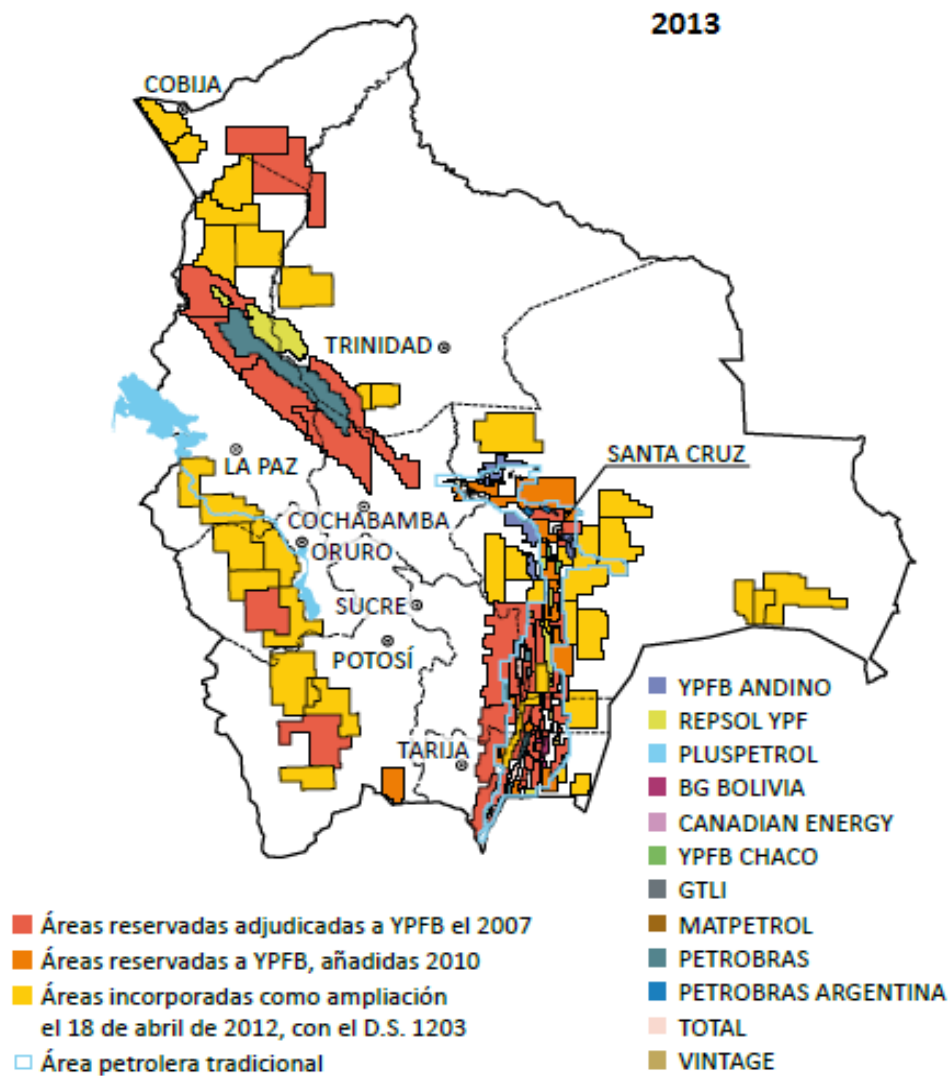
Expansion of Natural Gas Extraction

2006



Source: Campanini, Villegas et al, 2104

2013 The Expansion of Natural Gas Extraction



Source: Campanini, Villegas et al, 2104

Bolivia's HDI value for 2013 is 0.667, which is the medium human development category. Within this index Bolivia is positioned at 113 out of 187 countries in the World.

Human Development Chart Comparison

	HDI value	HDI rank	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (PPP US\$)
Bolivia (Plurinational State of)	0.667	113	67.3	13.2	9.2	5,552
Ecuador	0.711	99	76.5	12.3	7.6	9,998
Paraguay	0.676	111	72.3	11.9	7.7	7,580

Source: Explanatory note on the 2014 Human Development Report composite indices

The tables below show Bolivia's undisputed progress in each HDI indicator between 1980 and 2013.

Human Development Chart 2005 - 2013

	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (2011 PPP\$)	HDI value
1980	52.0	9.4	4.5	5,110	0.494
1985	55.7	10.4	5.3	3,104	0.510
1990	58.8	11.3	6.4	3,571	0.554
1995	61.1	12.2	7.1	3,959	0.588
2000	63.0	13.4	7.4	4,238	0.615
2005	64.7	13.6	8.3	4,415	0.636
2010	66.4	13.2	9.2	5,054	0.658
2011	66.7	13.2	9.2	5,197	0.661
2012	67.0	13.2	9.2	5,297	0.663
2013	67.3	13.2	9.2	5,552	0.667

Source: Explanatory note on the 2014 Human Development Report composite indices

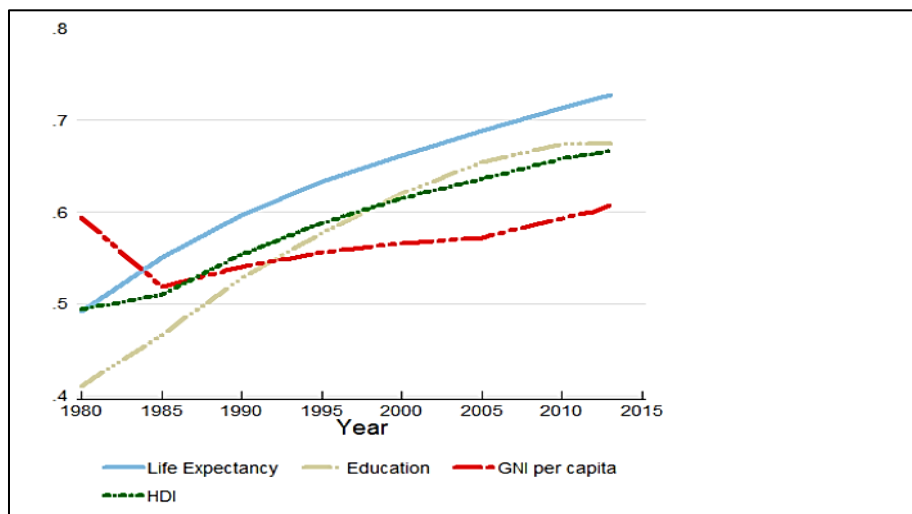
The table reviews that Bolivia's life expectancy at birth increased in a 15.3% since the 1980 statistic of 52% chance of survival to 67.3% in 2013. The expected years of schooling increased from 4.5 to 9.2 a total of 3.8 years and mean years of schooling increased to a 4.7 years. Bolivia's GNI per capita increased 8.6 percent between same years.

The human development index for Bolivia for 2013 is 0.667; however, the value is discounted for inequality, so the HDI falls to 0.470. Thus the Human inequality coefficient for Bolivia is equal to 29.4%. Regarding the Gender Inequality Index (GII) the value is 0.472, ranking it 97 out of 149 countries in 2013 index.

In a regional level, Bolivia with 0.667 HDI is situated above countries like Ecuador and Paraguay

The Multidimensional Poverty index (MPI) shows data of the last survey data available for Bolivia in 2008. It shows a 20.6 percent of population that are multidimensional poor while and additional 17.3 are near a multidimensional poverty. Many people in Bolivia live well below the \$1.25 US per day. The MPI uses three dimensions: Education, health and living standards and according to the table below, individuals living above the poverty line may still suffer deprivations in education health and living conditions

The trends in Bolivia's HDI component indices 1980- 2013 are show in the figure below:



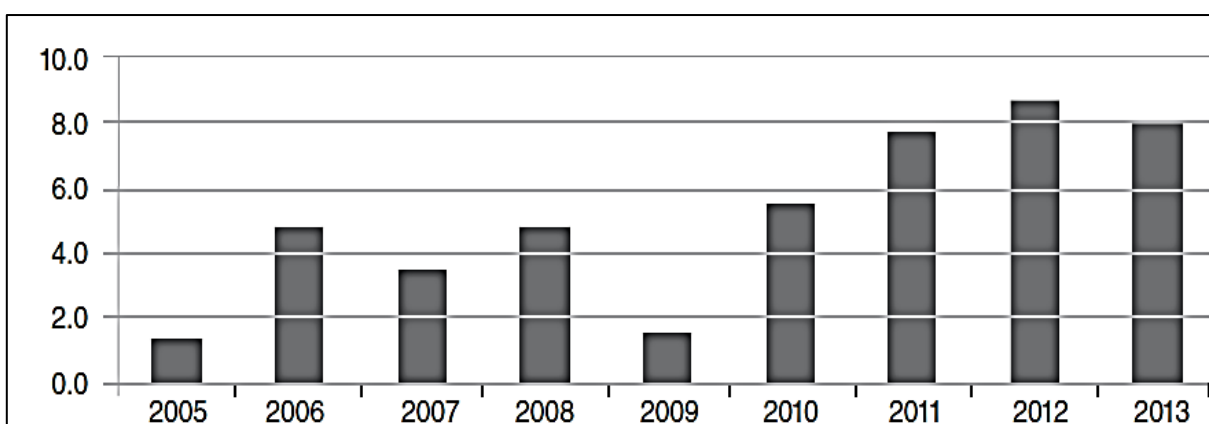
Source: Explanatory note on the 2014 Human Development Report composite indices

A 2008 look at internal poverty conditions within Bolivia.

	Survey year	MPI value	Head-count (%)	Intensity of deprivations (%)	Population share (%)			Contribution to overall poverty of deprivations in (%)		
					Near poverty	In severe poverty	Below income poverty line	Health	Education	Living Standards
Bolivia (Plurinational State of)	2008	0.097	20.6	47.0	17.3	7.8	15.6	27.9	21.9	50.2

Source: Explanatory note on the 2014 Human Development Report composite indices

The graph below depicts in percentage the Growth of Bolivia's GDP since 2005-2013



Source: Fundacion Milenio 2014

Bolivia's Economy is the 95th largest economy in the world in normal term and the 87th economy in terms of purchasing power parity and qualifies as a 'lower middle income country' (World bank)

GDP is 34.18 billion and the GDP growth in 5.4% (World Bank)

October's Agenda 2003

These demands are called the October's agenda and at that time, their accomplishment became essential for the Future of Bolivia. From that moment the demands were not only popular claims, they were part of the Bolivian agenda. These charges came about as a direct result brought about because the families of the Gas War wanted restitution for the deaths of their loved ones.

October 2003 brought about a change in the Government immediately after the Gas War. Bolivia recognized the resignation of President Gonzalo Sanchez de Lozada when he went into exile to the United States. The Vice President Carlos D. Mesa ascended as the Presidency as head of the Bolivian state. The new President looked for support through social movements and within the congress. The day after taken possession, Mesa addressed the country in a speech to the mobilized sectors in the city of La Paz where he pledged to:

- (1) Call for binding Gas referendum
- (2) The establishment of a Constituent Assembly
- (3) Reform of the Hydrocarbon Law, which included the review of the privatization process. (Arrarás et al, 2005:2).

Criminal Charges Brought Against Government Officials

After the gas War, the new Government filed charges against former President Gonzalo Sanchez de Lozada, along with the ministers that worked for him, plus a number of former officials from Enron and former executives of YPF, for entering into contract that damaged the Bolivian State and contravening the Bolivia constitution. The trial went ahead in absentia of the former President Gonzalo Sanchez de Lozada, because Lozada and his ministers exiled themselves within the United States..

In 2008, the Morales administration formally asked the United States to extradite Sánchez de Lozada and two of his former ministers based on charges that included homicide,

torture, and crimes against freedom of the press, United States to date has failed to reply to the request. (Hindery, 2013:151).

National Gas Referendum 2004

The immediate overcome of the Gas War was the establishment of a National Gas Referendum in 2004 in which all Bolivians had a voice in the direction for the future of the hydrocarbons.

Bolivia: Issues at Stake in the July 2004 Referendum

1. Do you agree with the repeal of the Hydrocarbon Law 1689 enacted by Gonzalo Sánchez de Lozada?
2. Do you agree with the recovery of ownership over all wellhead hydrocarbons by the Bolivian state?
3. Do you agree with the refoundation of Yacimientos Petrolíferos Fiscales Bolivianos, reinstating state ownership over the stock of capitalized oil companies so that all citizens may participate in the whole hydrocarbon production chain?
4. Do you agree with the policy of President Carlos Mesa promoting the use of gas as strategic resource for the achievement of a useful and sovereign exit to the Pacific Ocean?
5. Do you agree with Bolivia exporting gas in the context of a domestic policy fulfilling gas consumption needs of Bolivian citizens; promoting gas processing in the country; collecting taxes and/or royalties from oil companies, 50% of the gas and oil production value on behalf of the country; destining the resources obtained from gas exports and processing mainly to education, health, roads and employment?

Source: Own

On July 16th 2004 these five questions of the National Gas Referendum were presented to the Bolivian people for vote that day, the Bolivians decided the future of the hydrocarbon wealth. The majority of the population answered positively to the questions and thus the results worked as a frame for the creation of the new Hydrocarbon Law.

The first step for the national referendum was to introduce a reform to the Bolivian Constitution. Two years later, The Constitutional Reform Law was created and the National Congress approved all changes in the Constitution. These changes that were introduced are the National Referendum and the establishment of the Constituent Assembly.

However, once introduced the National Referendum contained many inconsistencies within the legal framework. People from all areas brought forward questions seeking a framework that would benefit all peoples. Many were desirous of a boycott until such time that the National Referendum would be dissolved of all discrepancies. As stated by

Arrarás et al (2005:03) the National Workers Union, El Alto worker's Union and other organizations from that city, refuted the questions of the referendum due to their inconsistency with the Nationalization of the hydrocarbons also the head of the National Peasants Union, Felipe Quispe, called for a boycott. On the other side, the indigenous organizations, led by Evo Morales supported the referendum.

Call for Presidential Elections: Evo Morales Elected

December 2005 Evo Morales Ayma became Bolivia's first Indigenous President. He won the elections with 54% of votes.

He won an unprecedented 54% of the popular vote in a country where 66% of the population's self-identifies as indigenous (Hindery, 2013: 148).

Beyond raising the banner of Indigenous rights, the arrival of the Morales administration represented a re-articulation of Indigenous and popular movements, between the years 2000– 2005 that, *had carried out a wave of intense popular protests in the later years of neoliberal hegemony (1985– 2000) (Webber, mentioned by Hindery, 2013:148)*

Within the regional level, the election of Morales followed the trend of some governments toward a Socialistic Government. This trend of movement toward Socialistic Government started in Venezuela, later in Brazil, Argentina, Peru and Ecuador.

There were big expectations with the election of Evo Morales, especially from indigenous people that wanted their rights to be recognized by the State. These indigenous people were excluded for a long time from any political participation. Time will tell if President Evo will fulfill their hopes of being included in the political future of Bolivia.

The vice president of Bolivia mentioned that *the presence of the indigenous-populous are within the management of the Bolivian state since 2006, this has materialized not only as a simple individual occupation of indigenous and popular representatives, but also as an organic transformation of the state institution through the presence of their own organizational indigenous-populous structures in the decisional and deliberative state frame (Garcia Linera, 2012:150).*

Constituent Assembly to Create the New Constitution

The creation of a New Constitution was the end of the social conflicts Bolivia was going thorough since the water and gas war and it also represented the emergence of a new Bolivia that recognized the indigenous demands. The importance of this process also lies in

the fact that it was the first time that the Bolivian population had an opportunity to be associated with the preparation of a new Constitution.

“The Bolivian people demanded a Constitution that guarantees its sovereignty, rights, wealth, prosperity and future, however its approval and implementation will occur in new settings if approved the regional autonomies” (Rojas 2006:62)

Prior to the Constituent Assembly, the government had to ensure the participation of leaders from all social sectors such as the miners, peasants and other unions representatives due to the political importance of the Constituent Assembly. The most important political parties proposed their candidates and the Bolivian population participated on the elections.

The election process had some irregularities, one of which mentioned by Rojas that argued that during the campaign for the elections of Constituents, *the government’s party (MAS) illegally used resources from the State and Evo Morales acted as the leader of the cocaleros (Coca growers) rather than the president of the Bolivian State (Rojas2006: 61).*

In July 2006, the elections of the constituents took place and 225 members of the Constituent Assembly were elected to write the New Constitutions and to discuss the introduction of regional Autonomies.

The outcome of this election the Government’s Political Party (MAS) got 137 positions out of 225. Bolivian people were pleased to finally have representation in the Constituent Assembly.

The Bolivian Constituent Assembly started working in August 2006, the original due time was on December 2007 but Constituents extended their work until August 2007. Conflicts and disagreements between the Constituents were evident in topics like the two-third vote to approve the new constitution and the ratification of Sucre as the sole Capital City of Bolivia. Despite those conflicts the New Constitution was out for a national referendum held in January 2009 and it finally went in force on February 2009.

The New Bolivian Constitution

The Constituent Assembly officially set up on the 6th of August 2006. A day freshly recollected by all Bolivian people. The New Constitution finally recognized 2009.

The new Bolivian Constitution’s preamble says:

In ancient times mountains arose, rivers moved, and lakes were formed. Our Amazonia, our swamps, our highlands, and our plains and valleys were covered with greenery and flowers. We populated this sacred Mother Earth with different faces, and since that time we have understood the plurality that exists in all things and in our diversity as human beings and cultures. Thus, our peoples were formed,

and we never knew racism until we were subjected to it during the terrible times of colonialism.

- *Ownership of natural resources*

We, the Bolivian people, of plural composition, from the depths of history, inspired by the struggles of the past, by the anti-colonial indigenous uprising, and in independence, by the popular struggles of liberation, by the indigenous, social and labor marches, by the water and October wars, by the struggles for land and territory, construct a new State in memory of our martyrs. A State based on respect and equality for all, on principles of sovereignty, dignity, interdependence, solidarity, harmony, and equity in the distribution and redistribution of the social wealth, where the search for a good life predominates; based on respect for the economic, social, juridical, political and cultural pluralism of the inhabitants of this land; and on collective coexistence with access to water, work, education, health and housing for all.

- *Human dignity*

We have left the colonial, republican and neo-liberal State in the past. We take on the historic challenge of collectively constructing a Unified Social State of Pluri-National Communitarian law, which includes and articulates the goal of advancing toward a democratic, productive, peace-loving and peaceful Bolivia, committed to the full development and free determination of the peoples. We women and men, through the Constituent Assembly (Asamblea Constituyente) and with power originating from the people, demonstrate our commitment to the unity and integrity of the country. We found Bolivia anew, fulfilling the mandate of our people, with the strength of our Pachamama and with gratefulness to God.

- *God or other deities*

Honor and glory to the martyrs of the heroic constituent and liberating effort, who have made this new history possible

https://www.constituteproject.org/constitution/Bolivia_2009.pdf English Translation.

The Bolivian Constitution was enforced in 2009, few years after the creation of the Hydrocarbon Law N° 3058. The New Constitution supports the changes introduced to the new hydrocarbon policy expressed in the Hydrocarbon Law and other regulations.

The Constitution and the Significance of Hydrocarbons

The Constitution recognizes and proclaims the hydrocarbons as a natural resource of strategic importance.

The most important features found in the Constitution related to the hydrocarbons are the proclamation of the Bolivian state as the owner of the hydrocarbon production and the sole authority for its marketing; and the re foundation of the local state company (YPFB) the only that can perform activities in the production chain and the gas commercialization. Exploration, development and production activities are subject to a service provision regime. If a company intends to any of the activities mentioned, first they have to: Create a joint stock company in association with YPFB; or enter into service contract with YPFB. the constitution also states that the service contracts with YPFB need an approval of the Legislative Assembly in order to enter in force and effect. Therefore, any Foreign Companies operating in Bolivia, in the hydrocarbons industry, shall be subject to the Bolivian courts and laws and in no case, shall the State be subject to foreign jurisdictions nor shall it be subject it international arbitration or diplomatic reclamation. The only accepted jurisdiction is the Bolivian courts (article 336 Bolivian Constitution)

The management of the hydrocarbons is of a collective interest within the developing country and whose property is inalienable and no statute of limitations for the Bolivian people represented by the State. (CPE, Art.359)

The New Constitution also defines guidelines for the new Hydrocarbon Policy and promotes an integral, sustainable and equitable development that ensures the energy sovereignty (CPE, Art. 360).

Another section within the Constitution defines the role of the State regarding the extraction of the Natural Gas resource. The main function of the state is to promote and ensure a responsible and planned utilization of natural resources, also to promote the industrialization through the development and strengthening of the productive base in its different dimensions and levels.

The industrialization of the natural resources was a premise of the Gas war and it's clearly defined in the Article 311 that stipulates:

The industrialization of the natural resources to overcome the dependency of raw material exportation and to achieve an economy with a productive base, inside a sustainable development framework and harmony with the nature. (Article 311 NCPE 2009)

PART 7: A NEW BOLIVIA EMERGING

Hydrocarbon Law N° 3058 of 2006

The actual Hydrocarbon Law N° 3058 created in 2006 revoked the previous 1970 Hydrocarbon Law N° 1689. It was a direct product from the 2004 National Referendum

that intended to redefine the Bolivia's energy policy. The referendum showed that the majority of population wanted to recover natural gas resources and reinforce the National Company YPF. The new Hydrocarbon Law increased the tax revenues, the direct tax to hydrocarbons (IDH) that was initially established at 32 % rate increased to 50% rate over the previous Hydrocarbon Law N°1689.

The hydrocarbon law states that YPF may enter into three types of agreements with private owned companies to produce oil and Natural Gas:

- Shared production agreements
- Operation agreements
- Association agreements

The Nationalization Decree 28701 of 2006

On May 1st 2006, the Supreme Decree 28701 'Heroes del Chaco' also called the 'Hydrocarbons Nationalization Decree' was enacted. It determined that:

- All companies operating in the Oil and NG industry by the May 1st of 2006 were to hand over all their production to the Bolivian company YPF.
- YPF exercising full ownership rights over such production was the only entity authorized to commercialized it , both in the domestic and international markets
- Only Companies that entered into one of the YPF agreements would be able to operate in Bolivia
- The Bolivian state assumed control over production, transportation, storage, refining, distribution, trading and industrialization of all hydrocarbons within its territory.

The Nationalization decree expounds two main key elements: The imposition of a temporarily obligation to the biggest exploited gas fields. They had to pay an additional tax over the 32% of the production value during 180 days and the purchase of the shares of five private companies, which in the past belonged to the Bolivian state, reaching the 50% plus 1, in order to regain the state control (SD. 28701).

According to the Fundacion Milenio, the Supreme Decree 28701 failed any purpose of nationalization of the hydrocarbons. First, it ruled temporarily and partially the participation of YPF established in the actual Hydrocarbon Law. It was temporarily

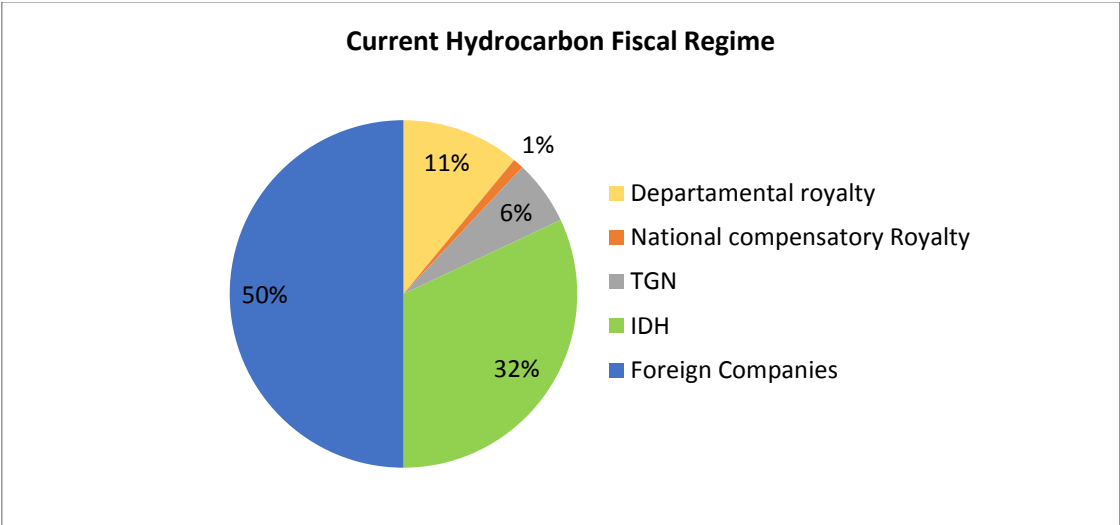
because when the new contracts were signed the real percentages were definitive and partial because the decree affected just two exploitation fields operated by Petrobras: San Alberto and Sábalo (2007:4) and second, the transnational companies that dominated the hydrocarbon field at that time, were not expropriated consequently the foreign investment was not replaced by the state monopoly.

The nationalization of oil that proclaims the government of Evo Morales was limited to the acquisition of a part of the mining companies, more specifically Chaco S.A. and Andina SA. The transnational companies control the Natural Gas production. The 69% of gas production comes from three Gas fields: Sábalo, San Alberto and Margarita. One can see that all those gas fields are operated by Repsol.

Results of the enactment of the Nationalization Decree, 44 operation agreements were entered between YPFB and 17 private companies. As stated by the Constitution, the Legislative Assembly individually authorized these agreements and created laws from each of them. The list below shows the private companies authorized by the legislative assembly

The Hydrocarbon Revenues

The Hydrocarbon revenue is defined as the difference between the values of hydrocarbons extracted from the subsoil to sales prices in the international market, less the cost of the extraction (Fundación Jubileo, 2012, p 7). The revenue obtained from the hydrocarbons exploitation is divided between the Bolivian state and the companies that participated in the chain of production.

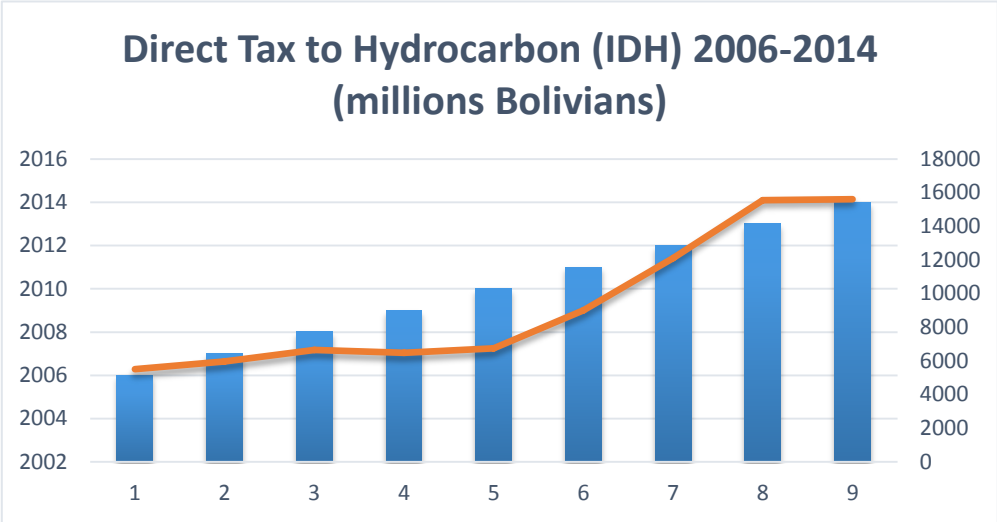


Source: Ministry of Hydrocarbons

The hydrocarbon revenues produced for the extraction of Gas are: the Hydrocarbon Royalties, the Direct tax to hydrocarbon (IDH) and the participation of YPFB. In the case of Bolivia, the hydrocarbon revenues produced for the extraction of Natural Gas are: the Hydrocarbon Royalties, the Direct tax to Hydrocarbon (IDH) and the participation of YPFB.

The Direct Tax to Hydrocarbons IDH

One of the main changes introduced by the hydrocarbon law is the creation of the direct tax of the hydrocarbon (IDH) that is equivalent to the 32% of the gross production of hydrocarbons at the wellhead. The IDH added to the royalties and the participation of 18%, makes 50% in total. Therefore, the Bolivian state received 50% of benefits over the extraction of Natural Gas. This imposition to the transnational companies already working within Bolivia generated an extraordinary income for the Bolivian State. It went from 5,497 million Bolivians in 2006 to 15,601 million in 2014 as depicted the picture below.

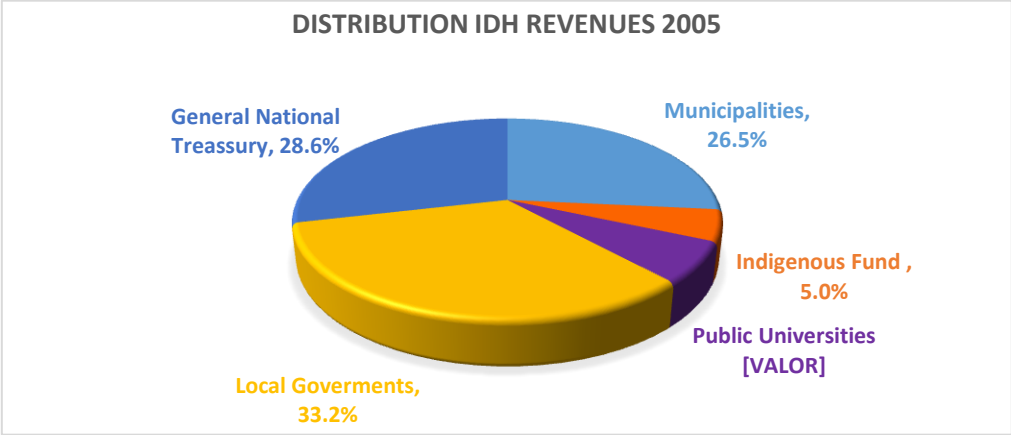


Source: Fundacion Milenio 2014

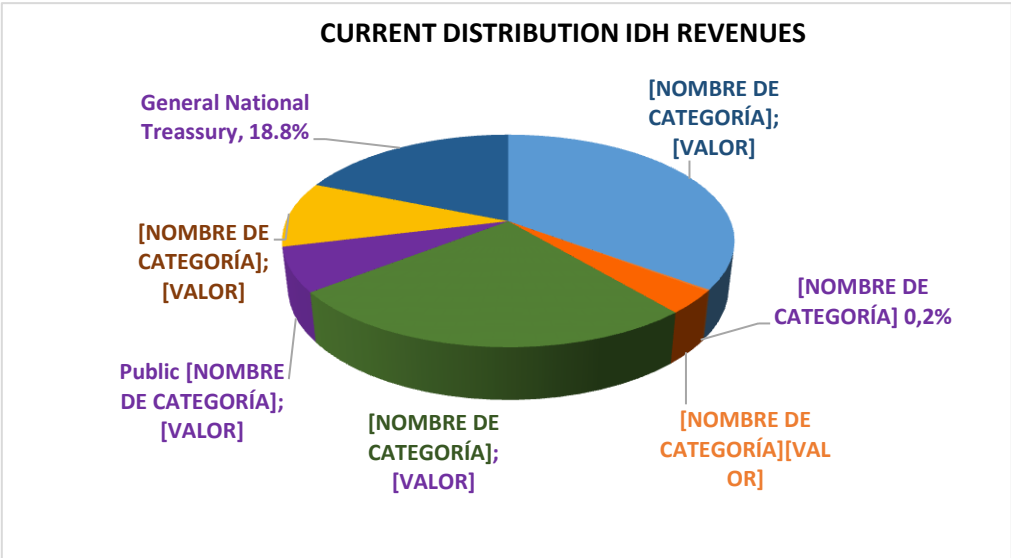
The Distribution of the Hydrocarbon Revenues IDH

The distribution of the hydrocarbon revenues IDH led to a significant debate between the different actors in Bolivia. It was questioned the state’s structured that concentrated the central power in just one region of Bolivia leaving aside the other regions. To this debate, it was added the request of autonomy of the eastern part of the country. The monopoly of power in the central state is exhausted and the regional demand for a new State system that distributes power territorially and shares the fruits of natural wealth has been unstoppable (Fundacion Milenio, 2009:64). Debates between all social actors and the government resulted in the incorporation IDH recipients such as the local governments,

municipalities, public universities. Over the time, the distribution and allocation of the IDH changed due to the new regulations. The picture below compares the prior and the current the distribution of IDH revenues



Source: Ministry of finances 2014:117



This change on the regulations introduced new beneficiaries and modified the amount of money received. Nowadays, the municipalities received 35.1% of the IDH, the Dignity Rent 25.6 %, the National General Treasury (TGN) 18.8%, and the local governments with 10.0%, the universities 6.7%, the indigenous fund with 3.5%, and the civic education fund with 0.2%.

The favored parts in the distribution of this income are the subnational governments including their municipalities and local governments, along with universities that together receive 51.9%. The same actors receive indirectly a 25.6 % more of resources with the provision of the dignity rent to elderly people of all departments and 3.5% to the

indigenous groups with the via investment projects. (Ministry of Economy and Finance, 2013:135)

The IDH Expenditure

In the national referendum of 2004, the majority of the population answered about the allocation of the Hydrocarbon Revenues and the intention showed was to invest the IDH income mainly in education, health, roads and employment. Through the years, different regulations changed the form of allocation of the IDH income, the number of recipients, and the amount. In order to analyze the way the IDH is allocated first we have to difference between the public investment and the current expenses. Public investments are necessary to the growth and the development of a country, especially if the income is invested in roads, damns, electrification, hospitals, schools etc. while the current expenses, are the operating costs of the government, meaning the costs for the operation of the public institutions.

A study performed by the Fundacion Jubileo in 2012 describes accurately the way recipients are spending resources coming from the Direct Tax to Hydrocarbon (IDH). The picture below gives us a general overall look on the way the IDH was managed in 2012.



Source: Ministry of Economics

Local municipalities invested at 53% of IDH in public investment while 47% in current expenses. The Local Governments in 2012 allocated the two-thirds of IDH resources in public investment and one-third to public expenses. The Universities allocates the 82% of IDH resources in public investment while just 18% with current expenses.

PART 8: DISTRIBUTION OF HYDROCARBON REVENUES TO PUBLIC UNIVERSITIES

The reason for focusing my research in the public universities is due to the important role they play in fostering sustainable development.

According to Sedlacek S. (2013 p. 75) universities fulfill different functions, which affect society and it has the ability and potential to foster sustainable development at the regional level. Through these functions, universities are able to contribute to human capital, social capital and economic development in particular regions.

In Latin America the expansion of the higher education has been significant, the number of students growth to 1 million in the sixties to 90 million in the nineties (Garcia, 2007:51) Nevertheless, one cannot generalize this fact to all countries in Latin America. There are three macro universities in the region the UBA in Argentina, the UNAM in Mexico and the University of Sao Paulo in Brazil. Just in Brazil there are 3 million of students while together seven countries of Latin America can be counted less than a 150 thousand students.

Socio economic and cultural development of a country depends, in a very special way, on the value of its higher education and scientific and technological level (Osuna, 2009:134).

In Bolivia, students from low social classes and with poor backgrounds are excluded from this level of education. For Gomez, they have been excluded for two reasons: the lack of places in public universities, there is a high demand and high competition for those places; and the inability to pay for private education.

The expansion and democratization of these opportunities can be reached through the increase of public funding in the higher education institutions. It must be met the demands of the low-income society especially from student that cannot afford their higher education.

Public Universities in Bolivia have played an important role on the socioeconomic and cultural development this country. Universities as social actors have contributed not only with critical thinking in all periods of the Bolivian history but they also have actively participated in the construction of new perspective for Bolivia.

Bolivian Universities Overview

In Bolivia the Universities are divided in Public, Private and Special Regime Universities. The public Universities receive state funding, while the private one's funding and management are particular. *The Universities with especial regime are public but their tuition is not covered. Currently there are 19 public universities, 11 of them are autonomous, 4 have an special regime and 4 depend from the Education Ministry, also there are 40 private universities. (Rodriguez and Weize, 2006:52)*

The higher education funding in Bolivia is complex. National regulations give the Public Autonomous Universities the major part of funding from fiscal sources, including the Tax to direct hydrocarbons (IDH). Some of these resources are fixed by regulations but some others have to be negotiated between the university representatives and national authorities. Each university negotiates with the government bilaterally at the beginning of every year. Lately bigger universities located in populated regions are more benefited than small ones due to the compensation percentage received. On the other side, Universities have an autonomy that keeps the government away from any financial decision even though all the income received by the universities are audited by the National Comptroller of the Republic. In order to have a clear idea I explain the concepts of Co-Government and autonomy.

Public universities in Bolivia have a joint co-government and autonomy. The first means that the University governance is formed and exercised by professors and students in a joint Co-government. They elect their representatives based on the university's regulations in an equal representation. Both actors participate from all levels of decision and policymaking. The University's autonomy refers to the entity's right to manage freely their financial resources, to choose their rectors, academic and administrative staff, and to develop their own curricula and budgets (Bolivian Constitution, art. 158) with no intervention of the Bolivian state.

Public Universities Funding Sources

The public autonomous universities depend mainly on the Bolivian State's money allocation. As stated in the Bolivian Constitution: Public universities will be compulsory and sufficiently subsidized by the state, regardless of their departmental, municipal and own created or to be created resources. (Bolivian Constitution, article 93). One other source of fund is the enrollment fee that students pay which is very low, 150 Bs. per semester.

For matters of this research, we will focus our attention on the funds received by the State. The public funds come from three different sources originated in tax revenues:

The first one is an aliquot part of the Value Added Tax (IVA) of 5% (Law N° 843) and it's distributed in each of the eleven universities according to the department's population where it is located.

The second one is given by the General National Treasury (TGN) that allocates an amount to universities annually. Rodriguez G. (2006: 157) explains that there are no criteria, any formula or algorithm used to determine the quantity of the allocation. The Ministry of Finance assigns an amount and most of the times it has to be negotiated with the universities.

The third public funding source is the Direct Tax of Hydrocarbon (IDH) that consigns the 8.62% of the total collected and it is distributed between the public autonomous universities

according to the population size of the department in which is located. (Supreme Decree N° 28421)

The picture below depicts all sources of funding the Public University have:

FUNDING SOURCES OF PUBLIC UNIVERSITIES
RESOURCE
I. PUBLIC FUNDING
1. Ordinary Subvencion
2. Tax Co-participation
3. Direct Tax to Hydrocarbon (IDH)
II. OWN RESOURCES
1. Fees and Charges
2. Capital resources
III. LOANS
IV. DONATIONS

Source: Fuentes, 2012:21

IDH Expenditure in Public Universities

A Supreme Decree regulates the allocation of IDH sources in the Public Autonomous universities. It's stated that IDH must invest in : Infrastructure and academic equipment; evaluation and accreditation processes; programs for quality improvement and academic performance; scientific research, technology and innovation in the frame of the national, regional and local development programs; and Social Interaction programs focus mainly in vulnerable population and with high levels of poverty. (S.D. 28421, art, 57).

Each University has internal regulations for the use of the IDH, so in order to go deeper in the topic; the specific case of the University of San Francisco Xavier will be studied.

PART 9: THE CASE OF SAN FRANCISCO XAVIER de CHUQUISACA

This section will show the academic, administrative and financial characteristics of the Public Autonomous University of San Francisco Xavier de Chuquisaca

The Importance of San Francisco Xavier University in Bolivia's History

The University Of San Francisco Xavier De Chuquisaca was founded in 1624 by the Jesuit Juan Frias de Herrán in the times of the colony. This is the second oldest University in Latin America. Since its creation, it has had influence in all South America. First, it played important role in the first attempt of the Revolution in 1809 and in the independence of the American colonies during the Spanish empire. It formed the critical minds of glorious men that start revolution in other places of the continent. (Querejazu, 1990:376) Some of them

were the liberators of countries and formed independent governments in South America. Likewise, San Francisco Xavier University was the first University in the country to reach an autonomy character in 1930 and a year later a National Referendum established University Autonomy for all the country. During Bolivia's military rule in the 70's and 80's the University of San Francisco Xavier was close down several times until the democracy was established again. More recently, students of San Francisco stood up against the Constituent Assembly for the recognition of Sucre as the Capital of Bolivia.

Academic Structure

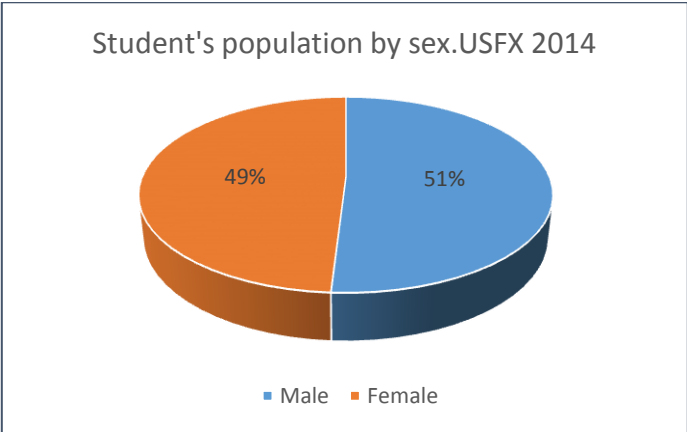
The University of San Francisco Xavier De Chuquisaca has 15 faculties, 85 careers and programs in the urban area of Sucre and 16 in the rural area of Chuquisaca department.

USFX Student Population Distribution by Departments

AREAS OF KNOWLEGDE	MALE	%	FEMALE	%	TOTAL STUDENTS	%
Social Sciences	3,498	42.4	4,753	57.6	8,251	20.0
Health Sciences	2,844	30.7	6,428	69.3	9,272	22.5
Economic Sciences	4,223	45.2	5,111	54.8	9,334	22.6
Technological Sciences	10,478	72.6	3,960	27.4	14,438	35.0
Total	21,043	51.0	20,252	49.0	41,295	100

The number of registered students in 2014 was 41.295 (USFX Report, 2014: 276). The different faculties are grouped in areas of knowledge: Social sciences; Health Sciences; Economic Sciences; and Technological Sciences.

The student population is almost equally divided between 20,252 female students that represents the 49% and 21,043 male students the 51% of the total student population. The student population is almost equally divided between 20,252 female students that represents the 49% and 21,043 male students the 51% of the total student population,



Administrative Structure

The University governance is formed and exercised by professors and students in a joint Co-government. They elect their representatives based on the University's statutes and regulations and their representation is equal. Both actors participate from all levels of decision and policymaking. Since San Francisco Xavier de Chuquisaca is an autonomous institution, both actors can elect their own representatives every two years. The student's representatives are elected by the student's vote in the different careers and faculties. The elected representatives are gathered in a local students union called F.U.L. Professors also elect their representatives by vote and once elected they form part of the University Professors Union (FUD). Both representatives, 50% from each side, form a University Board, in which the decisions are taken with a shared power.

San Francisco Xavier Demographic Coverage

Rodriguez and Weise are right when they mention that in Bolivia the possibilities of professionalization options are restricted exclusively to the University higher education. (2006:58) because other types of education do not have prestige and professional recognition. However, the University of San Francisco Xavier is expanding its demographic coverage with new faculties in rural areas of Chuquisaca resulting in more students that don't migrate to urban areas for technical studies.

The average study time for a degree is 6,000 academic hours that should last between four and five years, for a higher technical level is between 2,000 and 3.500 and for the mid technical level just 1.500 hours. (Rodriguez, Weize, 2006:58)

Financial Structure

San Francisco Xavier University receives funds in a 68% from the Bolivian State and the rest 32% is produced by its own (USFX report, 2014). This university has shares of 33.33% in the local cement company (FANCESA) supporting also the local economic development of the region. The Bolivian State funds to San Francisco Xavier University come from taxes, TGN, tributary Co-participation and the IDH.

SOURCE OF INCOME AT USFX			
	2012	2013	2014
TGN	83.400.594	89.519.615	86.319.615
Tributary Co-participation	94.631.359	111.451.467	109.393.679
IDH	65.248.213	84.054.393	83.693.055

Source: own

As seen in the picture, the IDH income to USFX increased between 2012- 2014. The reason

is attributed to the international increase oil and mineral prices. Here it is important to state that the IDH income can vary within the years and that the amount of income heavily depends on the extraction of Natural Gas.

STUDENT GRANT PROGRAM AT USFX

The student Grant program at San Francisco Xavier University was created in 2001 and it aims to provide economic grants to the vulnerable population of students. The Student's Welfare Office is in charge of selecting grant recipients; provide them the grant; and monitor grant recipients throughout the year. The economic provision is an encouragement to students to continue keep on studying at the University.

The IDH, provided by the Bolivian State to the Public Universities, funds part of the Student's grant program since 2012. This provision became very important within the last years.

“The addition of IDH income to support the Student's grant program was positive, we could create more grant types reaching more students with different needs, we increased the number of grant recipients also we raised the economic support to them” Source: Head of the Student's welfare Office.

Categories and Types of Grants

The law regulates the provision of Grants to the public Universities and it also created three categories within the Student's grant Program s: Socio-economic grants; Academic grants; and College Extension Grants. Each of these categories has specific type's grants that intend to fulfill different student's needs.

The socio Economic grants' objective is to encourage the permanency of university students that come from impoverished sectors, indigenous communities and peasants groups of the Bolivian Society. This category includes the provision of food and housing grants to ensure the minimum conditions for the academic achievement of students (Supreme Decree N° 0961) At USFX the Socio economic grants are: the food grant, the food grant “Qhara Punku” and the housing grant.

The Academic grants' category intends to optimize the academic quality and the development of scientific research in favor of the university students through the allocation of research grants and academic excellence grants.

USFX Student's Grant Program Funding Sources

The Students Grant Program is funded partly IDH source and with the shares of the Local cement company of Sucre (FANCESA) owned by the University. A total of 27,013,314 Bs was invested in the program last year.

TYPES OF GRANTS AT USFX

GRANT'S CATEGORIES	TYPES OF GRANTS AT USFX
SOCIO-ECONOMIC	<ul style="list-style-type: none"> • Food Grant • Housing Grant • Indigenous grant (Ayllus, Markas and Guaranies)
ACADEMIC	<ul style="list-style-type: none"> • Lecturer's assistants Grant • Study Scholarship • Rural, community interaction Grant • Urban Interaction Grant • Health Internships Grant • Internship Grant for other careers • Research Grant • Lecturer's assistants Grant • Clinical practices Grant • Obligatory Rural Service Grant
COLLEGE EXTENSION	<ul style="list-style-type: none"> • Culture Grant • Special Food grant for Secretaries of Student's Union • Sport grant • Symphonic Grant

Source: Own

STUDENT'S GRANTS SOURCE OF FUNDING 2012-2014

	2012	2013	2014
IDH	3,213,622	4,806,161	4,815,648
Fancesa	12,112,548	16,433,442	22,197,666
total	15,326,170	21,239,603	27,013,314

Source: USFX 2014 Report

Several changes are perceived since the allocation of IDH income to the Student's grant program. For instance, more types of grants in each category were created and the number of beneficiaries has increased.

GRANTS PROVIDED BY KNOWLEGDE AREA 2012-2014

	Knowlegde area	2012	2013	2014
1	Social Science and Humanities	899	990	987
2	Health Science	1,871	2,079	2,110
3	Economic and Financial Science	1,077	1,008	1,118
4	Technological and Agrarian Science	1,630	1,611	1,681
	TOTAL	5,477	5,688	5,896

Source: own

GRANTS PROVIDED TO STUDENTS BY TYPE 2012-2014

	Type of Grant	2012	2013	2014
1	Food grant	1,971	1,972	2,271
2	Food Grant "Qhara Punku"	13	8	7
3	Lecturer's assistants Grant	588	753	584
4	Indigenous grant (Ayllus, Markas and Guaranies)	2	17	14
5	Culture Grant	19	80	78
6	Study Schollarship	52	84	117
7	Rural , comunitary interaction Grant	102	109	48
8	Urban Interaction Grant	263	351	200
9	Health Interships Grant	824	714	982
10	Internship Grant for other careers	418	505	568
11	Research Grant	80	185	250
12	Lecturer's assistants Grant	300	239	316
13	Clinical practices Grant	165	387	345
14	Special Food grant for Secretaries of Student's Union	57	86	84
15	Housing Grant	45	51	32
16	Sport grant	150	73	0
17	Obligatory Rural Service Grant	100	74	0
18	Symphonic Grant	25	0	0
19	food grant for	303		
	Total Students	5,477	5,688	5,896

Source: own

Analysis of Findings and Discussions

The analysis of the findings about the fieldwork conducted in San Francisco Xavier University reveals the fulfillment of the desired outcome of The Direct Tax to Hydrocarbon IDH income, by benefitting recipients. Without expressing this goal to the participants it was my desire to hear the way the monies granted to them worked to their advantage and thereby granted them avenues of success in their educational endeavors.

In order to identify the impact from the investment of IDH in grants for the academic permanency and improvement in the quality of college students a qualitative investigation was done at the University of San Francisco Xavier that resulted in extensive collected information such as recorded Focus Groups, field diaries, notes and secondary data.

The research project held semi-structured interviews with San Francisco Xavier's authorities and administrative staff; and four Focus groups with various students that benefit from the Student Grant's program at San Francisco Xavier University. The collection of information lasted twelve weeks between March and May 2015. The Focus Groups participants were students from the five Study Areas of College: Technology, Health, Economic, and Social. In addition, among them, it was involved various groups within the student population including actual and former grant recipients, indigenous students and students from different cities of Bolivia

The Semi-structured interviews done to the University authorities, administrative staff and the department of Student's Welfare office were aimed to gather information about the creation of the Student's grant program and the process of selecting grant holders, providing them the grant and evaluating their academic performance. On the other hand, the focus groups sessions were intended to gather the grant holder's perception about the Student's Grant Program and the way it's affecting their lives.

The Focus Groups participants discussed the reasons for enrolling at the Public University and gave specific reasons for choosing San Francisco Xavier University.

Across many focus groups, participants reported that their primary reason to continue studying at the University was to increase their job opportunities in a future with a career. This answer could explain the student's will to work right after they get their degree.

Unfortunately, having a degree does not always guarantee a position or a job. The rates for unemployment among young people are high. According to the International Labor Office, in October 2012, the urban unemployment rate of young people in Latin America reached 14.9%, which represents more than double the overall average unemployment rate in the region of 6.7% *Among the young people working, fewer than 10% have a steady job, 30 million work in the informal sector, only 35% have health insurance and only 3,100 young people are enrolled in a pension system in the region. (Cedla, 2015:01).* In the case of Bolivia despite the fact that the rates

of unemployment have recently decreased the young people are still vulnerable especially between the 20-24 years old in which the unemployment rate reached the 20.5% (Cedla 2015: 01).

Some participants mentioned that the family support was crucial to continue their studies, this support is not always an economic support, and student value the moral support also.

“I come from the town of Rios, there my parents didn’t have the chance to study; they couldn’t finish primary school because they felt pressure to work. I’m conscious about the opportunity that they gave me to study at the University. They always tell me that ‘they want me to be better than them.’” female, idioms students. FG2-R13

On the other hand, other participant expressed that they felt pressured by family and society to enroll at the University. The pressure made them took the wrong academic choice and it took them few years to reconsider their choice.

Students see in their careers a way to develop their own potential. Students from the Health area expressed their natural vocation as the one to serve others. The most important aspect for the Health field students is the interaction with people that they helped.

Across the Focus Groups, students indicated that with a degree they could attain a high social status and even gain respect of the society. This answer could explain the difference between social classes in Bolivia. In the past most people from the countryside or that belonged to indigenous groups, didn’t have access to Higher education. Nowadays with the recognition of the indigenous groups’ rights in the Constitution these groups are encouraged to pursue a degree of their choice and have access to grants. San Francisco Xavier University created special grants designated to indigenous people from the Ayllus, Mark’as and Guaranies groups settled in Chuquisaca. According to the Head of Student’s Welfare office the numbers of applications to the indigenous grant are increasing in number since the creation of this category.

“I come from a small town where everybody knows each other and they all know that I study dentistry. They are looking forward for me to open a dental clinic there” Male Odontology student FG3- R12

“I lived in a small community in the valleys. We organized very well there. All issues concerned to the community are discussed by the representatives. In my case, after I finished secondary in a my town , the community encouraged me to come to the city , so I can learn more about agriculture and in a future help them with crops.” Male agrarian student FG4-R30

Participants mentioned that they have migrated to the city in search of education, in this case higher education. The fourth part of a total rural-urban migration can be explained by the need to access education (Lykke, 2002:10).

Participants that have part-time jobs expressed that they wanted to improve their current job conditions with a career. They said that the chances to get a rise on salaries or even get a promotion are greater with a bachelor degree. This may be because science has advanced in an incredible rate and professionals need to be able to keep with the changes within the ever evolving

world.

The majority of students agreed on the importance of having a degree in order to assure a good income in a future. Despite the fact that students have a choice to take an informal job, students stay positive about the benefits of having a degree.

“One can’t expect much of an informal job, it can give you money but it’s priceless compared to knowledge you get at University. With a career, you can be your own boss and have your own office”. Female architecture student FG4-R21

Students from different locations of Bolivia gave specific reason for choosing San Francisco Xavier University. They mentioned the availability to specific programs such as chemical engineering that cannot be found in other cities. They also remarked the University prestige in careers like Medicine, Odontology and Social sciences in general that are well known all over the country.

Related to the San Francisco Xavier University Prestige, The vice-chancellor mentioned that:

Careers like Medicine, Odontology, Architecture, Nursing, Languages among others, are nationally and internationally recognized for their accreditations to the MERCOSUR education system. This accreditation allows students from the mentioned careers to validate their degree in any of the countries that belong to MERCOSUR.

A big part of the participants mentioned having trouble finding affordable housing. They expressed that rooms for students have increased in price and that house owners ask for guarantees to rent places to students. Students gather in groups of three or two in order to afford the cost despite the small size of rooms. Participants also made comments about their concerns regarding the lack housing for University Students. This critics are funded in the fact that Universities in Latin America provide students with cheap and even free accommodations while students in Bolivia struggle looking for housing.

In the case of food provision, participants complained about the fact that the University does not have a common canteen where to find healthy food options. It was emphasized by participants that they risk their health by eating in Public Markets where the price of lunch is between 8-10 Bs. and the food conditions are not the best

“If you are not lucky enough to have a family settled in Sucre, then four meals a day is a luxury because a regular student can afford just one meal at lunch time.” female nursing student FG3-R25

About the food provision, it was mentioned by the Social workers from the department of Student’s welfare that there used to be a common canteen for all students at the University before, but the policy was changed when they decided to provide food grants to students, and sadly student’s don’t make healthy choices.

Regarding the school supplies and books, across all focus groups, the complaint on the price of books was heard. The availability of original books is limited and the high cost makes original books not affordable for average students thus students use unauthorized copies of them. In addition, libraries at every faculty have limited number of book editions. Professors are conscious about

this situation and take books on the curricula to the closest copy places.

In addition, extra curricula materials are required for practical subjects in study areas like Health and Engineering. It is compulsory for student to acquire the high expense materials for their practical hours Participants expressed:

“I’m on my third year of dentistry, so my practices just began, I need a full pack of dental instruments to start treating patients and the average cost for all is \$300 US dollars”. FG3-R17 male, odontology student.

“Architecture is an expensive career, all students need to present at least 3 house models every semester, and we know that only the ones who can afford to have a different model won’t fail”. FG4-R21, female architecture student.

The head of the Student’s welfare office expressed that student’s necessities vary according to the careers choice. Therefore, when evaluating student’s application to the Grant’s program, they took into account expenses related to their career.

Female participants that have children expressed the struggles they have being through when having a dependent and study at the same time. Young mothers deal with the hardest part when studying at the University. Despite having a day care center owned by the University, the student’s grant doesn’t provide enough money to support the child. They suggested the creation of a new grant category that recognizes pregnant women and women with children that aims to pursue higher education.

“Student’s grant program aims to ensure good living conditions of low-income students in order to complete their studies at the university” Head of the Student’s Wellness Office.

The reason for students to apply to the Student’s grant program is similar in all focus groups. Among the common answers, we have the lack of economic support of the student’s families. The majority of participants described their families to belong to low-middle class.

“My parents are farmers at the poorest town of Potosi. When I finished secondary school and decided to keep on studying and I knew I was coming to Sucre by my own means”. Male engineering student (FG4-R31)

In the case of student’s coming from Rural areas expressed their desire to improve their life conditions when migrate to urban areas despite the lack of support of relatives. This position is well understood when analyzing that Poverty is concentrated in rural areas in Bolivia. There is still a lack of basic infrastructure such as electricity, water, sanitation and road connections. The World Bank reports that despite the progress in poverty reduction over the last decade, people in rural areas are still living below the poverty line with a high percent living in extreme poverty. (World Bank data, 2015)

In all Focus Groups it was referred the rising prices of housing, food and basic products as reasons for applying more than once to the program. About this situation the Head of the Student’ welfare office stated that it is common for students to apply to the Grant Program two times in a row, we (the welfare office) evaluate every student situation and try to monitor the student’s

achievements”

For particular participants that work part time and study, the reason to apply for a grant is to increase their main income. In this case, students choose careers where their schedule can be organized to make possible to have a half time job or just work at night hours. Job’s vacancies for young people are among the Informal jobs. The Latin American Center of analysis CEDLA depicts the growing trend of work labor in Bolivia.

New jobs remain concentrated in those that demand low qualifications, perform routine tasks and few specialized in which there is a high rate of labor turnover (construction, trade and personal services, etc.) where the work labor is easily replaceable. (Cedla 2014:28)

Participants are not only conscious about the extra income they can earn from enrolling in informal jobs but also they do now about the risk they exposed to. One student mentioned that the most required jobs in Sucre for young people is security guards.

“I work as security guard at night shifts, there aren’t’ important requirements to fulfill when applying for this job, and they pay very well. People who hires safety guards expects us to take care of a property for night hours. They don’t provide us with means of defense. Sometimes I’m exposed to all types of situations at night shifts and I always try to avoid those with non-violence.”
Civil Engineering Male student FG4-R30

In addition, Students that experienced having part time jobs and study at the same time, mentioned that a great discipline is needed in order to succeed in both activities.

For most students in all focus groups, grants have certainly changed their lives in many aspects.

“The grant helps me to continue studying my career. I was about to leave the career because I needed resources for lab practices. Fortunately, the opportunity to apply for a grant arrived just in time before I quitted. The grant helped me to finish my career with good grades.” Male, odontology student. FG3-R17

The participants expressed that they feel more compromised with their studies since the University provided them a grant. On the other side, for some of them it was their only choice to apply for a grant. In the case they were rejected for the grants they were going back to their towns or to the countryside.

“I applied two times for the housing grant, but the first time they rejected me. I was about to go back to my hometown but my professor of physics persuaded me to continue. I shared a small room with three of my classmates, though the place was rented just to one. (FG- R16 male, civil engineering student).

The grants encourage students to continue studying and to finish their careers. “We, as grant holders, we don’t have to worry about not having money to eat or where to live, we have to focus on our grades, and we do it (FG1- R3, female, business administration student)”.

On the other hand, “having a grant” also allow students to help their families.

“I support my grandparents with the food expenses, not only the grant change just my life but it also changed my family’s life, we appreciated it” (FG2- R9 female, pedagogy student)

The applicants’ satisfaction with the Student Grants can be related to Sirgy at AL’s research about the College quality of life that states that the greater the satisfaction with the academics and social aspects of the college, the greater the satisfaction with college life overall. (2010:377).

A very similar point is the one showed by Jian Xiao et al research which suggests that there is a relationship between financial behavior and life .In this investigation, they founded evidence that suggests that positive financial behaviors contribute to financial satisfaction and financial satisfaction contributes to life satisfaction. In addition, that positive financial behavior contributes to life satisfaction through two mediating variables: academic performance and academic satisfaction (Xiao et al, 2009:53).

Having good grades is a requisite to apply for a scholarship and the most of the informants expressed their strong commitment with their studies especially if they are applying for more than a semester.

“Every semester I have my grades calculated, so I won’t fail any subject and my scholarship is secure for August” FG2-R8 female, psychology student.

On the other side, the head of the Student’s welfare office, mentioned that his office try to consider every student’ case due to the level of difficulty of some faculties. “The average time to study at a technological faculty is from 5-8 years and for social sciences is 4 years; we can’t compare grades between those areas.

For some participants, having a scholarship is a privileged, which keeps them away from working full-time.

“We have to choose between working or studying, because we can’t certainly do both” female, odontology student.” FG3- R15.

Students are willing to gain recognition and respect by the society once they finish their careers. It can be explained by the fact that professionals in Bolivia are still few compared to the population that does not apply to continue their studies at higher education.

As a concluding remark it has been proven that provision from the grants is helping students to continue their studies as it improves their quality of life.

CONCLUSIONS

As stated at the start of this thesis research, the main objective of it was the analysis of the struggles the Bolivian people endured before, during and after the formation of the Bolivian National Hydrocarbon Policy, and the current legal framework that resulted from the Nationalization of Hydrocarbon Act in 2006. This Act provided the distribution of Hydrocarbon Revenues from the direct tax from Hydrocarbons (IDH) to allocate money to different needs of the Bolivian people including grants to students at the San Francisco Xavier University from 2012 to present.

Through my work I wanted to get to describe the past and the present Hydrocarbon Policy in Bolivia and explain the distribution and allocation of revenues (Direct Tax from Hydrocarbons) to the Bolivian people. Moreover, I wanted to describe the expenditure of the IDH income awarded to The University San Francisco Xavier, specifically the allocation of funds to the Socio-Economical grants for students. I also identify the impact from the investment of IDH in grants for the academic permanency and improvement in the life quality of college students.

Rather the new approaches such as the political ecology, the extractivism and the Vivir Bien have been proven valuable for the analysis of the struggles before during and after the hydrocarbon policy.

This first part sets the stage to understand the social and political issues surround the conflicts for natural resources such as the Pacific War and Chaco war where Bolivia lost access to the Pacific Ocean and long extension territories. Later the arrival of the first transnational company to work in Bolivia the Standard Oil Company brought discontent to the Bolivian people. After the Chaco War, the Bolivian sense of nationalism was evident especially with the creation of the national company YPF. The national revolution brought important structural changes to the country that are still beneficial for the workers and miners sectors. In the hydrocarbon field one new private company arrived to Bolivia, The Gulf Oil Company. During its stay, the national gas production increased, irregular activities were performed and it overshadowed YPF. Once again, the national consciousness was expressed against the work of transnational companies and this company was nationalized. This part also depicts the long period of political instability with the military rules during.

The second part depicts the return to democracy of Bolivia with deep economical struggles. Here it's seen the desperate measures in order to adjust Bolivia's economy, the enactment of 21060 decree and the enrollment to a debt relief program.

The role of International Financial Institutions in the recovery of the country was showed in the ten recommendation of economic policy, the Washington Consensus.

The third part shows a slowly road to recovery of the deep economic crisis of the 1980's.

The neoliberal privatization model began to take action with the implementation of policies of economic stabilization. On the hydrocarbon sector, central to the research, the national company YPFB was capitalized and a new hydrocarbon law was put in force. The hydrocarbon law promoted private investment and reduced the benefits to the Bolivian state from 50% to 18%. Here it was reinforced the exporter role of Bolivia's state.

The fourth part shows Brazil's interests in Bolivia's Natural gas throughout the history. The agreements and conversations between both countries and the final construction of a pipeline to Brazil, it is also analyzed the ambitious project to export natural Gas transformed to LNG to the United Stated through Chilean ports. This project was highly criticized by the Bolivian society.

Part 5 describes the most recent struggles over the control and management of the Natural resources, which gave way to the Water war, and the Gas War. Both conflicts showed the claims of the social sectors for a greater participation and transparency in the management of natural resources. On both conflicts the power of transitional companies were defied and more significantly the Nationalism showed in the 1920 with the nationalization of the Standard Oil and in the 1960's with the Gulf Oil Company was showed once again.

The transitional years of Part Six refers to the changes promoted by the Gas War demands reflected in the October's Agenda. The accomplishment was the call for a Gas referendum in which all Bolivians had a voice in the direction of the hydrocarbon resources. The call for presidential elections in which Evo Morales was elected with 54% of votes and the Constituent Assembly to create a New Constitution. All the measures have great significance for the hydrocarbon sector. The Constitution proclaimed the hydrocarbons as a natural resource of strategic importance also defines guidelines for the new Hydrocarbon Policy and promotes an integral, sustainable and equitable development that ensures the Bolivian energy sovereignty. Unfortunately, nowadays the government is ignoring the Constitution and the expansion of the extractivism is extending dangerously to National protected areas and indigenous communities.

The part seven reveals the analyzes the hydrocarbon structural changes such as the enactment of the new hydrocarbon law and the nationalization decree. The hydrocarbon law was a product of the national Gas referendum of 2004. It increased the tax revenues from 18% to 50% rate over the previous Hydrocarbon Law N°1689. The nationalization

determined that all companies operating in the gas sector industry were to hand over all their production to the Bolivian company YPFB and gave YPFB the full ownership.

The outcomes on the hydrocarbon structural change are the hydrocarbon revenues. The IDH is equivalent to the 32% of the gross production of hydrocarbons at the wellhead. Their distributions provoke an intense debate between social actors that wanted part of this revenue. Changes on its regulation added more recipients and changed the values. Finally the IDH was divided between The municipalities, the Dignity Rent the National General Treasury (TGN) the local governments, the universities the indigenous fund with and the civic education fund. Regarding the IDH expenditure, it is stated in the research, the IDH expenditure goes mostly to current expenses and not to investment.

In part eight the distribution of hydrocarbon revenues to public universities was analyzed due to the importance that higher education institutions have in fostering sustainable development.

The public autonomous universities depend mainly on the Bolivian State's money allocation as stated in the Bolivian Constitution. National regulations give the Public Autonomous Universities the major part of funding from fiscal sources, including the Tax to direct hydrocarbons (IDH).

The IDH expenditure in public universities is regulated by law and shall be invested in Social Interaction programs focus mainly in vulnerable population and with high levels of poverty.

In part nine the specific case of San Francisco Xavier de Chuquisaca shows us its academic, administrative and financial structure focuses on the Student's grant program. Its creation, categories and types of grants, and the IDH as its source of funding

The conclusions I have drawn after the realization of the document research, interviews and interviews with academics and experts on the hydrocarbon sector are:

Bolivia developed political consciousness shown since the first nationalization of natural resources in 1920 of the Standard Oil Company and later the Gulf Oil Company. That came back at the hands of social movements in 2003.

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APPENDIX

BOLIVIAN CONSTITUTION 2006

CHAPTER III: Hydrocarbons

Article 359

- I. The hydrocarbons, in whatever state they are found or form in which they are, are the inalienable and unlimited property of the Bolivian people. The State, on behalf of and in representation of the Bolivian people, is owner of the entire hydrocarbon production of the country and is the only one authorized to sell them. The totality of the income received by the sale of hydrocarbons shall be the property of the State.
- II. No contract, agreement or convention, whether direct or indirect, tacit or express, may violate totally or partially that which is established in this article. In the event of violation, the contracts shall be null and void as a matter of law, and those who have agreed to, signed, approved or executed them, have committed the crime of treason.

Article 360

The state shall define the policy for hydrocarbons, shall promote their comprehensive, sustainable and equitable development, and shall guarantee energy sovereignty.

Article 361

- I. Yacimientos Petroliferos Fiscales Bolivianos (YPFB) is a self-sufficient enterprise of public law, which cannot be subject to attachment, with autonomy of administrative, technical and economic management, within the framework of the state hydrocarbon policy. YPFB, under the legal protection of the Ministry of the branch and as the operative arm of the State, is the only one authorized to carry out activities in the productive chain of hydrocarbons and their sale.
- II. YPFB may not transfer its rights or obligations in any form or modality, whether tacit or express, direct or indirectly.

Article 362

- I. The YPFB is authorized to sign contracts for services with public, mixed or private enterprises, Bolivian or foreign, so that said enterprises, in their name and representation, carry out determined activities in the productive chain in exchange for compensation or payment for their services. In no case may the signing of these contracts signify losses for YPFB or the State.
- II. The contracts referring to activities of exploration and exploitation of hydrocarbons must have prior authorization and express approval of the Pluri-National Legislative Assembly. In the event this authorization is not obtained, they shall be null and void as a matter of law, without the necessity of a judicial or extra-judicial declaration.

HYDROCARBON LAW N° 3058

CAPITULO I

POLÍTICA NACIONAL DE HIDROCARBUROS Y PRINCIPIOS GENERALES

ARTÍCULO 9º (Política de Hidrocarburos, Desarrollo Nacional y Soberanía). El Estado, a través de sus órganos competentes, en ejercicio y resguardo de su soberanía, establecerá la Política Hidrocarburífera del país en todos sus ámbitos.

El aprovechamiento de los hidrocarburos deberá promover el desarrollo integral, sustentable y equitativo del país, garantizando el abastecimiento de hidrocarburos al mercado interno, incentivando la expansión del consumo en todos los sectores de la sociedad, desarrollando su industrialización en el territorio nacional y promoviendo la exportación de excedentes en condiciones que favorezcan los intereses del Estado y el logro de sus objetivos de política interna y externa, de acuerdo a una Planificación de Política Hidrocarburífera.

En lo integral, se buscará el bienestar de la sociedad en su conjunto.

En lo sustentable, el desarrollo equilibrado con el medio ambiente, resguardando los derechos de los pueblos, velando por su bienestar y preservando sus culturas.

En lo equitativo, se buscará el mayor beneficio para el país, incentivando la inversión, otorgando seguridad jurídica y generando condiciones favorables para el desarrollo del sector.

Los planes, programas y actividades del sector de hidrocarburos serán enmarcados en los principios del Desarrollo Sostenible, dándose cumplimiento a las disposiciones establecidas en el Artículo 171º de la Constitución Política del Estado, la Ley del Medio Ambiente, y la Ley N° 1257, de 11 de julio de 1991, que ratifica el Convenio N° 169 de la OIT y Reglamentos conexos.

ARTÍCULO 11º (Objetivos de la Política Nacional de Hidrocarburos). Constituyen objetivos generales de la Política Nacional de Hidrocarburos:

- a) Utilizar los hidrocarburos como factor del desarrollo nacional e integral de forma sostenible y sustentable en todas las actividades económicas y servicios, tanto públicos como privados.
- b) Ejercer el control y la dirección efectiva, por parte del Estado, de la actividad hidrocarburífera en resguardo de su soberanía política y económica.
- c) Generar recursos económicos para fortalecer un proceso sustentable de desarrollo económico y social.
- d) Garantizar, a corto, mediano y largo plazo, la seguridad energética, satisfaciendo adecuadamente la demanda nacional de hidrocarburos.
- e) Fortalecer, técnica y económicamente, a Yacimientos Petrolíferos Fiscales Bolivianos (YPFB) como la empresa estatal encargada de ejecutar la Política Nacional de Hidrocarburos para garantizar el aprovechamiento soberano de la industria hidrocarburífera.
- f) Garantizar y fomentar el aprovechamiento racional de los hidrocarburos, abasteciendo con prioridad a las necesidades internas del país.
- g) Garantizar y fomentar la industrialización, comercialización y exportación de los hidrocarburos con valor agregado.
- h) Establecer políticas competitivas de exportación, industrialización y comercialización de los hidrocarburos y sus derivados, en beneficio de los objetivos estratégicos del país.

The following details the changes that occurred under different leaders under the military rule.

Brief Political Chronology, 1952 – Present

1952	Bolivian Revolution, carried out by National Revolutionary Movement (MMR), under the leadership of Dr. Víctor Paz Estenssoro.
1952-56	Presidency of Paz Estenssoro; Sharp rise in inflation, to 178% in 1956
1956-60	Presidency of Hernan Siles Zuazo (MMR); economic stabilization under U.S. and IMF supervision and finance
1960-64	Second Presidency of Paz Estenssoro.
1964	Third Presidency of Paz Estenssoro, Paz Estenssoro deposed in military coup led by General René Barrientos Ortuno.
1964-66	Co-presidencies of Alfredo Ovando Candía and Barrientos Ortuno.
1966-69	Civilian Presidency of Barrientos (dies in plane crash, April 1969)
1969	Vice President Luis Siles Salinas becomes President; deposed in coup by Ovando Candía.
1970	Ovando Candía deposed by General Miranda. Miranda deposed by General Juan José Torres.
1971	Torres rules left-wing radical government. Deposed in coup, jointly sponsored by the military, FBS, and MNR support.
1971-73	General Hugo Banzer Suarez rules with MNR support.
1974-78	Banzer Presidency under military rule; MNR withdrawal from government in 1974
1979	Election results in stalemate (no Majority); Senate President Walter Guevara Arze serves as interim president. Guevara deposed by Colonel Natusch Busch; Busch resigns in 15 days. President of Chamber of Deputies, Lidia Gueiler, becomes interim President.
1980	Electoral stalemate. Gueiler deposed in coup by Major General Luis Garcia Meza.
1981	Garcia Mera forced to resign in favor of General Bernal. General Bernal resigns in favor of General Torrelió.
1982-85	General Torrelió deposed in coup by General Vidoso Calderos, Congress reconvenes; names Hernán Siles Zuaso as President, following a general strike that brought the country close to civil war. Under Zuaso there was severe social tension, exacerbated by economic mismanagement and weak leadership, this forced Zuaso to call for early elections and relinquish power a year before end of his constitutional term.
1985-89	Victor Paz Estenssoro becomes President (fourth term). New economic policy declared on 29 August 1985. Estenssoro faced a staggering economic crisis. Economic output and exports had been declining for several years. Hyperinflation had reached an annual rate of 24%. Social unrest, chronic strikes, and unchecked drug trafficking were widespread. In 4 years this administration achieved economic and social stability.
1989-93	Jaime Paz Zamora continued the neoliberal economic reforms initiated by the prior administration, codifying some of them. He took a fairly hard line against domestic terrorism as December 1990 ordered an attack on terrorists; Néstor Paz Zamora Commission. He was extremely reluctant to pursue coca eradication.
1993-97	Gonzalo Sánchez de Lozada brought about the most dramatic changes by bringing in the capitalization program which gave investors 50% ownership and management control of public enterprises.
1997-01	General Hugo Banzer Suárez under his rule a series of anti-privatization protests took place between January and April of 2000 against the privation of water that was being pushed by the World Bank and IMF. The Bolivian government declared martial law and killed several people, arrested protest leaders. Finally after continued disturbances and civic pressure, the government finally rolled back the privatization on April 10, 2000.
2001-02	Jorge Quiroga Ramírez was vice president when President Hugo Banzer resigned August 2001 after being diagnosed with lung cancer. He assumed the position of President.
2002-03	Gonzalo Sánchez de Lozada won the Presidency only after the US Ambassador Manuel

- Rocha warned the Bolivian people that if they voted for a candidate known for having links with drug-trafficking (referring to Morales) the US would cut off all foreign aid and close its markets to the country. The country became violent in regards to the Gas war and the exploitation of the natural gas reserves. Strikes, blockades started in 2003 along with several deaths. Lozada resigned under pressure from protesters.
- 2003-05 Carlos Mesa assumed the presidency with the resignation of Lozada. He too was unable to continue governing the country due to mounting protest and resigned March 7, 2005. He withdrew this resignation with promises of support but permanently left office on June 9, 2005.
- 2005-06 Eduardo Velzé President of the Supreme Court became President overnight with the resignation of Mesa. Political agreements were reached to modify the Constitution, and allow a full renewal of Parliament. These would happen simultaneously with a Presidential Election on December 4, 2005.
- 2006 –present Evo Morales gained a victory vote of 54% becoming the first Native Bolivian president in history, increased minimum wage by 50%. May 1, 2006 nationalized most of the natural gas fields. Military troops were sent in that day to take back control. February 2009 the new constitution was enacted giving the Bolivians of indigenous descent more economic and political rights.