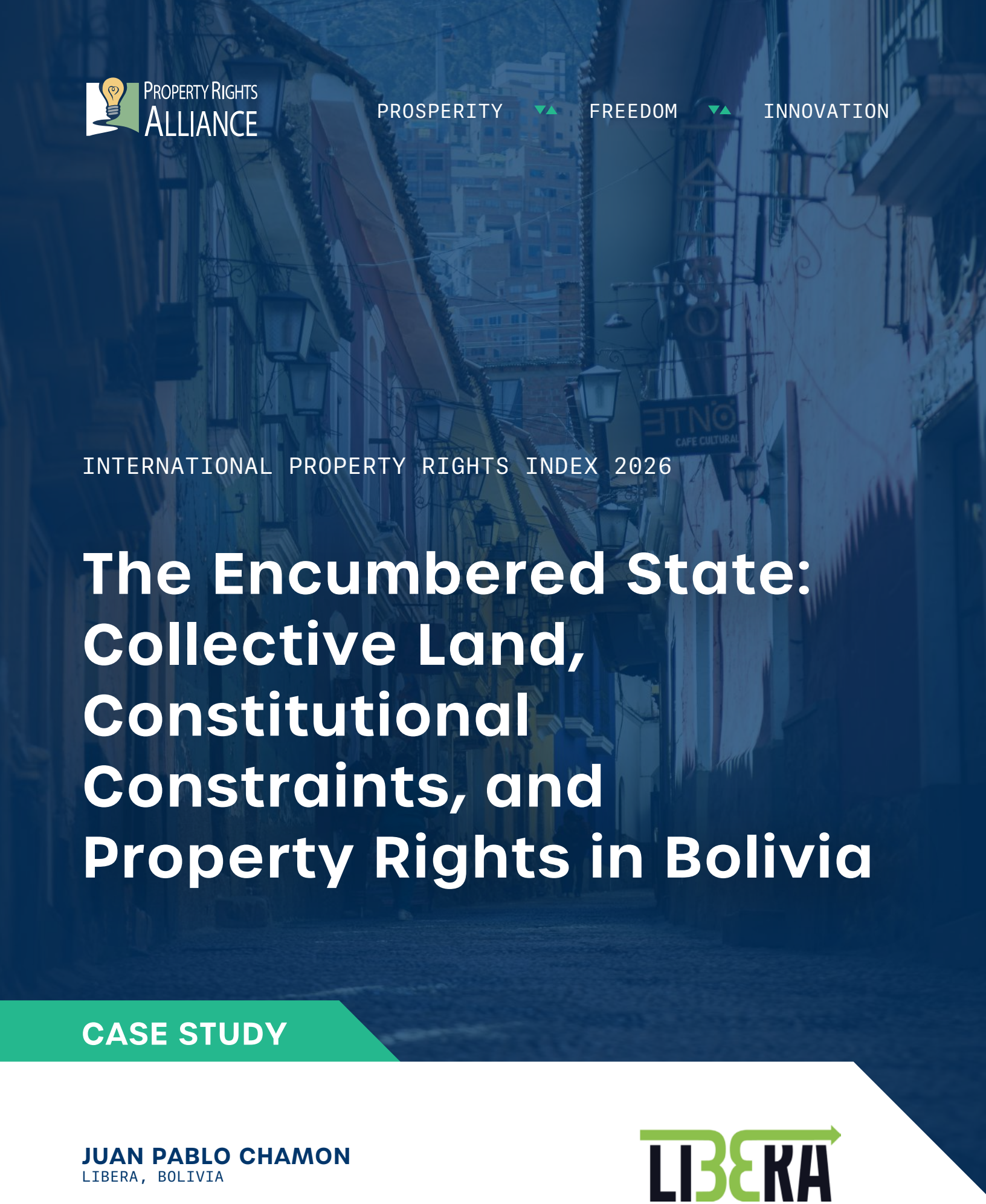


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The Encumbered State: Collective Land, Constitutional Constraints, and Property Rights in Bolivia

CASE STUDY

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English:

Bolivia's 2009 Constitution (*Constitución Política del Estado*, CPE) is frequently cited as a landmark achievement in indigenous rights and plurinational governance. For property rights analysts, it is something else: a constitutional blueprint for economic immobilization. The CPE's collective land regime, organized around the figures of Tierras Comunitarias de Origen (TCO) and Territorios Indígena Originario Campesinos (TIOC), declares over 25 million hectares of indigenous territory inalienable, indivisible, unseizable, and non-transferable. The result is not protection — it is legally mandated poverty. Millions of rural Bolivians hold title to land they cannot mortgage, sell, or leverage as collateral, while an undefined "economic social function" doctrine grants the executive branch unchecked authority to expropriate without compensation.

This case study argues that Bolivia is not an anomaly in comparative property rights rankings, nor a case of imperfect implementation of an otherwise sound model. It is the logical endpoint of a constitutional order that mistakes the restriction of property rights for their fulfillment — and in doing so, condemns its poorest citizens to hold assets they cannot use.



Spanish:

La Constitución Política del Estado boliviana de 2009 es frecuentemente presentada como un hito del derecho indígena y la gobernanza plurinacional. Para el análisis de derechos de propiedad, es otra cosa: un diseño constitucional de inmovilización económica. El régimen de propiedad colectiva establecido por la CPE, articulado en torno a las Tierras Comunitarias de Origen (TCO) y los Territorios Indígena Originario Campesinos (TIOC), declara inalienables, indivisibles, inembargables e intransferibles más de 25 millones de hectáreas. El resultado no es protección: es pobreza jurídicamente garantizada. Millones de bolivianos rurales son titulares de tierras que no pueden hipotecar, vender ni usar como garantía, mientras una doctrina de "función económica social" de contornos indefinidos otorga al Ejecutivo facultad irrestricta de expropiar sin compensación. Este estudio sostiene que Bolivia no es una anomalía en los rankings comparativos de derechos de propiedad, ni un caso de implementación imperfecta de un modelo por lo demás correcto. Es el punto de llegada lógico de un orden constitucional que confunde la restricción de los derechos de propiedad con su cumplimiento — y que, al hacerlo, condena a sus ciudadanos más pobres a poseer activos que no pueden usar.

Keywords: property rights, collective land tenure, institutional economics, Bolivia, constitutional design

INTRODUCTION

Douglass North defined institutions as the rules of the game — the constraints, formal and informal, that structure human interaction and determine how economies perform over time.[1] What makes institutions matter is not their design, but their incentive structure. Some institutions reward productive activity. Others reward political loyalty, rent-seeking, or mere possession. Bolivia's land tenure regime, as codified in the 2009 Political Constitution of the State (*Constitución Política del Estado*, CPE), belongs to the second category.

Bolivia is a landlocked country of roughly 12 million people in the heart of South America, bordered by Brazil, Argentina, Paraguay, Chile, and Peru. It is one of the poorest countries in the region, with a GDP per capita of approximately $3,600 — less than a third of the Latin American average. Its economy is heavily dependent on natural resource extraction; natural gas, lithium, silver, and zinc account for the bulk of export revenues, while agriculture employs an estimated 40% of the workforce. Indigenous peoples — Quechua, Aymara, and dozens of smaller Amazonian and lowland groups — constitute a majority of the population. For over a century, land has been the terrain on which their claims for recognition, justice, and political power have been fought. This history shaped the political conditions under which the CPE was written, and it explains why the document's land provisions remain so difficult to challenge publicly. To question collective land tenure in Bolivia is to question indigenous rights. That conflation is not accidental. It is the CPE's most effective political feature.

What the CPE actually did was simpler, and more damaging. It took an existing pattern of institutional weakness and gave it constitutional permanence. Collective indigenous territories — Tierras Comunitarias de Origen (TCO) and Territorios Indígena Originario Campesinos (TIOC) — were declared inalienable, indivisible, unseizable, and non-transferable. Over 25 million hectares were placed beyond the reach of any market. The families living on that land received titles they cannot mortgage, sell, or use as collateral. They were protected from dispossession. They were also cut off from capital.

Friedrich Hayek argued in "The Use of Knowledge in Society" (1945) that the price system is not merely a mechanism for allocating resources — it is an information system, one that aggregates and transmits dispersed knowledge that no central planner can possess or replicate.[2] Property rights are the institutional foundation that makes that system function; they are what give individuals the ability to act on local knowledge, to signal value, to invest, and to bear the consequences of their decisions. When the CPE declares collective land non-transferable, it does not protect communities from the market. It removes them from the information system that would allow them to act as economic agents within it. In *Law, Legislation and Liberty* (1973), Hayek extended this critique to what he called constructivist rationalism — the belief that a central authority can design, from above, a system of property relations superior to those that emerge from voluntary exchange and evolved custom.[3] The CPE's collective land regime is a near-perfect institutional expression of that conceit.

1. Douglass C. North, *Institutions, Institutional Change and Economic Performance* (Cambridge: Cambridge University Press, 1990), 3.
2. F.A. Hayek, "The Use of Knowledge in Society," *American Economic Review* 35, no. 4 (1945): 519–530.
3. F.A. Hayek, *Law, Legislation and Liberty*, vol. 1: *Rules and Order* (Chicago: University of Chicago Press, 1973), 8–34.



The available data are consistent with this institutional diagnosis. According to the Atlas of Bolivia (INRA-FAO, 2023), more than 52.5 million hectares — 54.9% of Bolivia's titled land — are under collective order.[4] A recent study by Gobierno Abierto corroborates this at the subnational level. In Oruro, collective tenure reaches 98.5% of departmental territory; in Potosí, 97.2%.[5] These are not peripheral regions. They are also Bolivia's poorest. The correlation does not establish causation, but it is consistent with the institutional mechanisms this case study examines: restricted collateralization, limited exit options, weak investment incentives, and political intermediation.

Bolivia's 2026 International Property Rights Index score of 3.69 — with a Physical Property Rights component of 3.16, the lowest in the country's entire recorded history — is the measurable outcome of that institutional matrix.[6] It is also a prompt for three questions that this case study sets out to answer. First: what specific features of the CPE's land tenure architecture produce the property rights outcomes the IPRI records? Second: through what mechanisms does collective land tenure translate into credit exclusion, investment suppression, and persistent rural poverty? And third: what institutional reforms are available to a government that wishes to improve property rights protections without dismantling the constitutional recognition of indigenous territorial rights?

This case study proceeds as follows. The first section examines the legal architecture of Bolivia's collective land regime, with particular attention to the social function doctrine and its implications for tenure security. The second develops the dead capital argument at the Bolivian scale, drawing on IPRI subcomponent data and subnational land distribution figures. The third traces Bolivia's IPRI trajectory from 2007 to 2026 and situates it within the regional context. The fourth identifies the key structural issues that any reform effort must confront. The paper closes with policy suggestions and conclusions directed at both the international property rights community and Bolivian policymakers.

4. Instituto Nacional de Reforma Agraria (INRA) and Food and Agriculture Organization (FAO), *Atlas de Bolivia: Análisis situacional de la propiedad agraria base de los sistemas agroalimentarios sustentables* (La Paz: INRA-FAO, 2023), 37–39.
5. Gobierno Abierto, *Tierra, Poder y Pobreza: Estudio de la tenencia colectiva de la tierra y su relación con resultados electorales y niveles de pobreza en Bolivia* (Santa Cruz: Gobierno Abierto, 2026).
6. Tholos Foundation / Property Rights Alliance, *International Property Rights Index 2026* (Washington, D.C.: Tholos Foundation, 2026).

LITERATURE REVIEW

The relationship between property rights and economic development has been one of the most productive research programs in institutional economics over the past four decades. Its foundational contribution came from North and Thomas (1973), who argued that the rise of the Western world was not primarily a product of technological innovation or geographic advantage, but of the development of efficient institutions — above all, property rights systems that allowed individuals to capture the returns on their productive activity.[7] North's subsequent work refined this insight into a general theory; economies diverge not because some societies are more rational or better endowed, but because their institutional matrices generate different incentive structures, and those structures compound over time through path dependence.[8]

Hayek's contribution to this literature operates at a different but complementary level. Where North emphasized the incentive dimension of property rights, Hayek emphasized the epistemic dimension. In his 1945 essay and in the broader argument of *Law, Legislation and Liberty*, Hayek showed that property rights are not merely protections against expropriation — they are the institutional precondition for the price system to function as a decentralized information processor.[9] A regime that removes land from market exchange does not merely reduce the owner's options. It eliminates the price signals through which dispersed knowledge about land value, productive potential, and comparative advantage is generated and transmitted. This is the Hayekian indictment of Bolivia's collective land regime: not only that it restricts freedom, but that it destroys information.

The third pillar of the theoretical framework is Hernando de Soto's work on dead capital. De Soto's central argument in *The Mystery of Capital* (2000) is that the legal systems of developing countries fail not because they lack property — the poor hold enormous assets — but because those assets exist outside the formal legal framework that would allow them to generate capital.[10] De Soto documented this phenomenon across Latin America, Asia, and Africa, and estimated the global stock of dead capital at over $9 trillion. Bolivia is not mentioned prominently in de Soto's original analysis, but its institutional profile fits his framework with unusual precision: a country where millions of rural citizens hold titled land that the constitutional order has rendered legally and financially inert.

The literature on collective land tenure in Latin America offers a more contested picture. Advocates of communal property arrangements — drawing on Elinor Ostrom's work on the governance of common pool resources — argue that collective tenure can sustain productive outcomes when communities develop effective internal rules for managing shared resources.[11]

7. Douglass C. North and Robert Paul Thomas, *The Rise of the Western World: A New Economic History* (Cambridge: Cambridge University Press, 1973), 1–8.
8. North, *Institutions, Institutional Change and Economic Performance*, 92–104.
9. Hayek, "The Use of Knowledge in Society," 519–530; Hayek, *Law, Legislation and Liberty*, vol. 1, 35–54.
10. Hernando de Soto, *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else* (New York: Basic Books, 2000), 15–55.
11. Elinor Ostrom, *Governing the Commons: The Evolution of Institutions for Collective Action* (Cambridge: Cambridge University Press, 1990), 88–102.

Ostrom's research demonstrated that the tragedy of the commons is not inevitable; communities can and do develop governance mechanisms that prevent overexploitation without privatization. This is an important qualification, and it applies to some Bolivian contexts. But Ostrom's conditions for successful commons governance — clearly defined boundaries, locally designed rules, effective monitoring, graduated sanctions, and conflict resolution mechanisms — are precisely what the CPE's collective land regime does not provide. The CPE does not empower communities to govern their own land on their own terms. It subjects them to a state-administered regime of inalienability that removes individual exit options without replacing them with functional collective governance structures.

More directly relevant to the Bolivian case is the literature on constitutional design and property rights. Acemoglu and Robinson's work on extractive versus inclusive institutions provides a framework for understanding how constitutional choices can lock in patterns of economic exclusion.[12] A constitution that concentrates control over land in the hands of the state — through the social function doctrine and the reversion mechanism — creates the institutional conditions for extractive governance; political elites control access to productive resources, and that control is exercised through discretionary authority rather than rule-based administration. Bolivia's CPE, read through this lens, is not a document of indigenous empowerment. It is a document of state expansion dressed in the language of indigenous rights. The liberal objection is not to collective ownership freely chosen and effectively governed — the historical grievances that motivated the CPE's land provisions were real.

It is to a constitutional regime that suppresses exit, limits adaptation, and treats one tenure form as permanently binding regardless of community preferences or changing economic conditions. The result is a framework that concentrates discretionary authority in the state while presenting that concentration as the fulfillment of indigenous rights.

This case study contributes to this literature in two ways. First, it applies the North-Hayek-De Soto framework to a constitutional system that has rarely been analyzed through an institutional economics lens, preferring instead the vocabulary of indigenous rights and social justice. Second, it brings nearly two decades of IPRI data to bear on a country-level case, allowing the theoretical argument to be grounded in a longitudinal empirical record that makes the institutional deterioration visible and measurable.

12. Daron Acemoglu and James A. Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* (New York: Crown Publishers, 2012), 73–83.

DATA AND METHODOLOGY

This case study draws on four primary sources, selected for their complementarity: one longitudinal index dataset, one constitutional text, one national land registry analysis, and one subnational empirical study.

The primary quantitative source is the International Property Rights Index (IPRI) dataset covering Bolivia from 2007 to 2026, compiled by the Property Rights Alliance and Tholos Foundation.[13] The dataset provides annual scores for the overall IPRI and its three components — Legal and Political Environment (LP), Physical Property Rights (PPR), and Intellectual Property Rights (IPR) — as well as subcomponent scores including rule of law, judicial independence, expropriation and government action risk, ease of registering property, access to loans, and protection of physical property rights. The longitudinal dimension of this dataset is its principal analytical value; it allows the study to trace the institutional trajectory of Bolivia's property rights regime across nineteen years, identify inflection points, and connect score changes to identifiable policy and constitutional events. Regional comparators — Chile, Peru, Colombia, Argentina, and Ecuador — are included in the 2026 cross-sectional analysis to situate Bolivia's performance within its geographic and political context.

The second source is Bolivia's 2009 Political Constitution of the State, analyzed in the English translation published by constitute project.org (2017).[14] The constitutional text is treated as the primary institutional document — the formal rule set, in North's sense, that structures the incentives and constraints of Bolivia's land tenure system. The analysis focuses on Articles 393 through 404, which establish the legal regime of rural property, the social function doctrine, and the reversion mechanism. The approach is interpretive rather than purely legal: the study reads the constitutional text for its institutional implications — what behaviors it incentivizes, what rights it forecloses, and what discretionary authority it concentrates in the executive branch.

The third source is the Atlas of Bolivia: Situational Analysis of Agricultural Property as the Basis of Sustainable Agri-food Systems (INRA-FAO, 2023), which provides the most comprehensive available data on land distribution by property category and department.[15] This source supplies the hectare figures and percentage breakdowns used throughout the analysis. The Atlas draws on INRA's land remediation records — the official land titling and adjudication process — and represents the most authoritative available mapping of Bolivia's rural property structure.

The fourth source is Gobierno Abierto's *Tierra, Poder y Pobreza* (2026), a recent empirical study that disaggregates land tenure data at the departmental level and correlates property type distribution with poverty indicators.[16] This study provides the subnational figures cited in the analysis — including the finding that collective tenure reaches 98.5% of Oruro's departmental territory and 97.2% of Potosí's — and serves as the primary empirical basis for the argument connecting collective land concentration to persistent poverty.

13. Tholos Foundation / Property Rights Alliance, *International Property Rights Index*, BD_IPRI_2007–2026 (Washington, D.C.: Tholos Foundation, 2026).
14. Bolivia, *Political Constitution of the State* (2009), English translation, constitute project.org, 2017.
15. INRA-FAO, *Atlas de Bolivia: Análisis situacional de la propiedad agraria base de los sistemas agroalimentarios sustentables* (La Paz: INRA-FAO, 2023).
16. Tholos Foundation / Property Rights Alliance, *International Property Rights Index 2026*.

The study's scope is bounded in two ways. Temporally, the analysis covers 2007 to 2026, beginning with Bolivia's first IPRI measurement and ending with the most recent available edition. Spatially, the analysis is national in its institutional argument and subnational in its empirical illustration, using departmental data to demonstrate the geographic concentration of collective tenure and its correlation with poverty outcomes.

The study does not attempt a causal identification strategy — it does not claim to isolate the effect of collective land tenure from other determinants of poverty or institutional quality through regression or quasi-experimental methods. Its claim is institutional and theoretical: that the CPE's land tenure architecture generates, through identifiable mechanisms, the property rights outcomes the IPRI records. The empirical data is used to document and illustrate that argument, not to establish it econometrically.

DISCUSSION AND ANALYSIS: CONSTITUTIONAL CONSTRAINTS AND BOLIVIA'S IPRI TRAJECTORY

Bolivia's collective land tenure system is not a monolithic regime. The CPE distinguishes, at least formally, between different property categories and different standards of social obligation. Understanding those distinctions is necessary before the analysis can identify where the system fails — and why the failure is structural rather than incidental.

The CPE establishes two separate standards for land tenure. For indigenous community territories, — TCOs and TIOCs — Article 394 applies a regime of absolute inalienability; collective property is indivisible, non-seizable, non-transferable, and irreversible. There is no productive use requirement attached to this category. The title is unconditional — but so are its restrictions. For medium and enterprise property, Article 397 applies a different standard: the "social economic function," defined as productive use for the benefit of society, the collective interest, and the owner. Failure to meet this standard triggers Article 401: reversion to the state, without compensation. Small property occupies an intermediate position — protected from expropriation under Article 394 but constrained in its economic functionality by restrictions on its use as financial collateral.

These distinctions matter because they produce different institutional pathologies across categories. TCO and TIOC holders face the inalienability trap; they cannot exit, divide, or collateralize their land regardless of their individual preferences or economic circumstances. Medium and enterprise property holders face the social function trap; their titles are formally alienable but substantively insecure, subject to reversion on terms the executive branch defines and enforces without independent judicial oversight. Small property holders — the category that Law 157 sought to partially liberate before it was abrogated

— face both constraints simultaneously: protected from expropriation but excluded from formal credit markets by restrictions on collateralization that the constitution has never defined precisely and the legislature has never codified clearly.

The IPRI trajectory between 2007 and 2026 maps onto these institutional pathologies with considerable precision. Bolivia's Physical Property Rights component peaked at 5.70 in 2013 — the high point of the commodity boom, when INRA was accelerating the restructuring process and state credit programs were expanding financial access through channels that did not require land collateral. When commodity revenues declined after 2015, the structural deficits that growth had masked reasserted themselves. By 2022, the PPR had fallen to 3.73. By 2026, it stands at 3.16 — the lowest recorded value in the country's IPRI history. The expropriation and government action risk subcomponent, which most directly captures tenure insecurity, registers 1.67 out of 10 in 2026, also an historical minimum.

The regional comparison makes the structural nature of Bolivia's deficit legible. In 2026, Chile scores 6.72 on the PPR component, Colombia 4.74, Peru 4.24, and Argentina 4.02. Bolivia's 3.16 places it below every South American comparator. The gap is not explained by poverty, geography, or historical disadvantage alone. Ecuador — which shares several of Bolivia's political and geographic characteristics, and which also adopted a new constitution in 2008 with significant collective land provisions — scores 4.00 on the PPR in 2026, nearly a full point above Bolivia. The divergence between Ecuador and Bolivia is not large enough to be conclusive on its own, but it is consistent with the argument that Bolivia's constitutional design is a distinct and independent contributor to its property rights outcomes.

The mechanism connecting constitutional design to IPRI outcomes runs through three identifiable channels. The first is collateral exclusion; because collective and small property cannot be pledged as collateral, rural credit markets are structurally segmented. Formal credit flows to 16% of national territory held under medium and enterprise property categories; the remaining 54.9% of titled land under collective order is served by informal lenders at rates that suppress productive investment. The second channel is investment deterrence; the undefined social function standard creates tenure insecurity across all property categories, discouraging long-term capital commitments from landowners who cannot be confident their title will survive a change of political circumstances. The third channel is political intermediation; when access to land — and the credit, inputs, and state programs that accompany it — depends on political relationships rather than legal title, the intermediary organizations that broker those relationships acquire structural power. In Bolivia, those organizations — sindicatos (peasant unions), ayllus (traditional Andean community governance units), and indigenous federations — became the enforcement mechanism of the collective tenure system, and they have consistently used that position to resist reforms that would reduce their members' dependence on collective arrangements.

The abrogation of Law 157 illustrates all three channels simultaneously. The law offered small property holders a voluntary reclassification option — a modest reform that would have opened a legal pathway to formal credit without touching collective territories or requiring a constitutional amendment. It was abrogated following sustained mobilization by precisely the organizations whose institutional position depends on maintaining the credit exclusion of their members. The episode is a textbook case of what North called the lock-in of dysfunctional institutions; the actors who benefit from the existing arrangement have the capacity to block alternatives,

and they exercise that capacity even when the reform in question would benefit the people they represent. The failure of Law 157 is not evidence that reform is impossible. It is evidence that reform strategies that ignore the political economy of veto players will fail regardless of their technical merits.

What nineteen years of IPRI data ultimately document is a constitutional order that has been consistently more successful at protecting the institutional interests of collective tenure administrators than the economic interests of collective tenure holders. The rural poor of Bolivia's highlands do not lack land. They lack the legally exercisable powers that allow land to operate as property — the right to mortgage, to sell, to divide, to exit. The constitutional order recognizes their collective title while withholding the economic powers ordinarily associated with ownership. That is not a secondary defect of the model. It is the model.

KEY ISSUES

Three structural issues emerge from the analysis. Each is, on its own, a significant constraint on property rights protection in Bolivia. Together, they constitute a system that is self-reinforcing and, under the current constitutional framework, largely self-perpetuating.

The inalienability trap. The CPE's declaration that collective land is inalienable, indivisible, and non-transferable was presented as a protection for indigenous communities against dispossession. In practice, it functions as a trap. Communities cannot exit the collective tenure system voluntarily, cannot divide land among members who wish to farm independently, and cannot pledge their holdings to access formal credit. The protection runs in one direction only; it prevents loss of land to outsiders, but it also prevents any individual member from converting the economic value of that land into productive investment. This is not a trade-off that communities made freely. It is a constitutional imposition that removes the choice entirely. The recent controversy surrounding Law 157 — which offered small property holders the voluntary option to reclassify their land as medium property, thereby enabling its use as collateral — illustrates how politically charged even the most modest reform of this architecture has become. The law was met with protests organized by the same union structures that benefit most from maintaining collective tenure arrangements. That opposition is itself a symptom of the problem; when collective tenure becomes a mechanism for political control, those who control it have every incentive to resist its liberalization.

The social function doctrine as an instrument of discretionary power. The absence of a defined standard for what constitutes productive use under Articles 397 and 401 is not an oversight. It is a design feature. An undefined standard cannot be challenged in court, cannot be anticipated by landowners, and cannot be applied consistently across cases. What it can be is selectively enforced — applied against politically disfavored landowners and withheld from politically aligned ones. Bolivia's judicial system, which scores 2.46 on the rule of law subcomponent of the 2026 IPRI, provides no meaningful check on this discretion.[17] The result is a property rights regime in which security of tenure is a function not of legal title but of political relationship. Acemoglu and Robinson's extractive institution framework maps precisely onto this dynamic; control over land reversion is a form of political power, and that power is exercised through the same constitutional text that purports to protect property.

Path dependence and the reform constraint. North's concept of path dependence — the tendency of institutional arrangements to persist even when they generate suboptimal outcomes because the actors who benefit from them acquire the capacity to block alternatives — applies with particular force to Bolivia's land tenure system. The CPE requires a two-thirds supermajority in the Plurinational Legislative Assembly to amend its provisions, a threshold that has never been reached on property-related reforms. The social organizations that manage collective territories — unions, ayllus, and indigenous federations — have become entrenched institutional actors whose political influence depends on maintaining control over land access and allocation. They are, in effect, the enforcement mechanism of the current system, and they have demonstrated both the capacity and the willingness to mobilize against reform. This does not mean reform is impossible. It means that any reform strategy that ignores the political economy of the existing system will fail, regardless of its technical merits.

POLICY SUGGESTIONS AND CONCLUSIONS

Bolivia's property rights deficit is constitutional in origin. That makes it harder to address than a policy failure, but not impossible. The following suggestions are directed at two audiences simultaneously: the international community of property rights advocates, who need to understand why Bolivia's case is structurally distinct from ordinary institutional weakness, and Bolivian policymakers and legislators, who operate within the constraints of the existing constitutional framework and need reform options that are legally viable, politically defensible, and economically meaningful.

The starting point for any serious reform discussion must be a recognition that the current system does not produce owners. It produces occupants. A family living on a TIOC in Potosí — where collective and community tenure together cover 93.8% of departmental territory — cannot sell their land, cannot mortgage it, cannot divide it among their children, and cannot exit the collective arrangement voluntarily. The CPE calls them owners. The legal reality is that they hold land on terms the state sets, enforces, and can revoke. The actual owner, in every economically meaningful sense of the word, is the Bolivian state. This is not a secondary defect of the model. It is its defining feature — and acknowledging it openly is the precondition for any reform that takes the interests of rural Bolivians seriously.

The most direct attempt to address this deficit came with Law 157, enacted in 2026 under President Rodrigo Paz. The law offered small property holders the voluntary option to reclassify their holdings as medium property, thereby enabling their use as financial collateral. It did not touch collective territories. It did not threaten indigenous land rights. It did not require a constitutional amendment. It simply extended to small property holders the same access to formal credit that medium and enterprise property holders already enjoy. Although Law 157 was subsequently abrogated following sustained mobilization by collective tenure organizations, its voluntary reclassification mechanism remains the most instructive reform attempt Bolivia has seen in three decades. Its abrogation is itself diagnostic; the speed and intensity of the opposition it generated confirms that the political economy of collective tenure is maintained not by community preference but by organizational interest. Any future reform effort that

seeks to extend formal credit access to small property holders must contend with the same veto players — and must build a broader coalition than Law 157's proponents were able to assemble.

Beyond Law 157, the most tractable reform within the current constitutional framework is a legislative definition of the social function standard. Articles 397 and 401 of the CPE establish that land which fails to fulfill a social or social economic function reverts to the state — without compensation, without appeal, without a defined process. The absence of a legal standard for what constitutes productive use is not an oversight. It is the constitutional source of Bolivia's expropriation risk problem, which registered 1.67 out of 10 in the 2026 IPRI — the lowest recorded value in the country's history. A legislative definition that establishes clear criteria, measurable thresholds, and an independent review process would not eliminate the social function doctrine. It would constrain the executive discretion the doctrine currently enables. That constraint is achievable through ordinary legislation, without touching the constitutional text.

The deeper reform — the one that would genuinely transform the situation of Bolivia's rural poor — requires confronting the ownership question directly. True owners must be able to sell. They must be able to mortgage. They must be able to divide their land, transfer it to their children, or exit a collective arrangement that no longer serves them. None of this is currently possible for the majority of Bolivia's rural population. A constitutional reform that converts collective tenure from state-administered usufruct into genuine individual or community ownership — with the full bundle of economic rights that ownership implies — would be transformative. It would also require the two-thirds supermajority that no reform coalition has yet assembled. The political path to that supermajority runs through the communities currently living under collective tenure; the argument that must be made to them is not that their land will be taken, but that what they currently hold is not yet truly theirs.

The fourth priority is addressed to the international property rights community. Bolivia is not a case of imperfect reform or incomplete institutional development. It is a case of deliberate constitutional design producing predictable institutional outcomes. The IPRI data document this across nineteen years with unusual clarity: a country that improved when commodity revenues masked its institutional deficits and deteriorated when they did not. The analytical lesson is generalizable. Across Latin America and beyond, constitutional land tenure regimes that subordinate individual property rights to collective administration and executive discretion — regardless of the indigenous rights language in which they are framed — will produce the same incentive structures and the same outcomes. Bolivia is an unusually transparent case. It should be used as one.

The broader conclusion is not complex, even if the politics are. Bolivian families living on TCOs and TIOCs in Oruro and Potosí are not poor because they lack land. They hold, collectively, tens of millions of hectares. They are poor because the constitutional order has removed from that land every attribute that would allow them to convert it into capital, investment, or economic mobility. The CPE calls them owners. They are not. And until the legal system gives them genuine ownership — with the right to sell, to mortgage, to decide — the land they live on will remain the State's dressed in their name.

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